ONTRACK DAVID VANDYKE EUROPEAN IMPORT FUND NO 1

PARTNERSHIP MANAGEMENT AGREEMENT

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1. DEFINITIONS

(a) "The Partnership" means "The ONTRACK DAVID VANDYKE EUROPEAN IMPORT FUND NO 1" and all the members thereof (hereafter referred to as "Partnership Members").
(b) "The Principal Racing Authority" means any Principal Racing Authority as defined by the Australian Rules of Racing.
(c) "The Partnerships Horse" means the horse registered as or to be registered by the Partnership described as: HORSE NAME TBC ON PURCHASE
(d) "The Partnership Manager" means the person required under the Rules of Racing to act for and represent the ONTRACK DAVID VANDYKE EUROPEAN IMPORT FUND NO 1 in all respects.
(e) "Monthly Expenses" means the Calendar Monthly expenses payable in respect of the Partnership shares held by members and payable on account of and including but not limited to training fees, racing expenses, floating and other transportation, spelling, agistment, veterinary services, Jockeys' fees (other than Prize money percentages), gear & racing colours
(f) "Ordinary Resolution" means —

(i) A resolution passed by Members holding a majority of shares at a duly convened meeting – or
(ii) A resolution by Members holding a majority of shares.

(g) "Shares" means the shares in the Partnership referred to in Clause 2(a) to (e) and 2.1 and 2.2..
(h) "Special Resolution" means —

(i) A resolution passed by Members holding in aggregate at least (70%) of Shares at a duly convened meeting – or
(ii) A resolution contained in a letter signed by Members holding in aggregate at least (70%) of the Shares.

(i) "Duly Serving" means either delivering personally to the person concerned or sending it by prepaid post to the person to be served at the address shown in the Register maintained by the Manager.
(j) "Partnership Members" means those natural persons or Partnerships with shareholding in the Partnership.
(k) "Partnership Management Fees" means the fees charged by the Partnership Manager to the Partnership Members.

2. PARTNERSHIP FORMATION

(a) A Formation Expenses Disclosure Statement of Partnership is provided within this agreement (2.1). This is a Private Partnership governed by this Partnership Management Agreement.
(b) The combined interests of Partnership Members in the horse shall be 100%. Shares can be purchased in the following manner: (i) 5% $20,000, (ii) 1% $4,000.
(c) The application to register the Partnership shall be submitted by the Partnership Manager for approval and due registration by the Principal Racing Authority and thereafter the Partnership Manager shall forward to the Partnership Members a copy of this registration.
(d) No Disqualified Person shall be eligible to become or to continue as a Member of the Partnership.
(e) Refunds: Should the partnership fail to secure a horse by 15 December, 2021, the Partnership Manager agrees to refund in full all funds to all Partnership Members within 7 days of that date.
(f) Residual Funds: Should there be initial unused funds from 'Formation Budget' the partnership manager agrees to credit pro rata to the Partnership Members monthly expense account.

(g) Cooling Off: the manager will provide full details of the 'Partnership horse' to partnership members within 24 hours of purchase. After being notified of the details of the Partnership Horse, Partnership Members shall have 3 days to exercise cooling off and request a full refund. Refunds will be processed to shareholders who cool off by 22 December, 2021.

(h) The share price is made up of the following expense categories as summarized (Australian Dollars) in 2.1:

2.1 Partnership Formation Budget (Projected)

ONTRACK DAVID VANDYKE EUROPEAN IMPORT FUND NO 1 - FORMATION BUDGET							
			Exchange Rate	GBP	AUD	GST	Share
Partnership Budget	***Supplier***	***Comment***			*(ex GST)*	*10%*	*(inc GST)*
Purchase Price	TBA		1.82	150000	$ 273,000.00		**$ 273,000.00**
VAT on Purchase Price (UK)	Not Applicable/Export						
GST on Import Value (AUS)	ATO						**$ 27,300.00**
Auction House Commission (UK)	If Applicable						
Vet Fees (UK)	TBA			3000	$ 5,460.00		**$ 5,460.00**
Agents Fee (UK)	Blandford Bloodstock (Stuart Boman)	5% of purchase price	1.82	7,500.00	$ 13,650.00		**$ 13,650.00**
Agents Fee (AUS)	Ontrack	5% of purchase price	1.82	7,500.00	$ 13,650.00	$ 1,365.00	**$ 15,015.00**
Partnership Fee (AUS)	Ontrack				$ 10,000.00	$ 1,000.00	**$ 11,000.00**
Livestock Mortality Insurance (UK) 2 months	TBA	2 months	1.82	3,150.00	$ 5,733.00		**$ 5,733.00**
Air Transport to Australia (One Way) (UK)	IRT		1.82	16,000.00	$ 29,120.00		**$ 29,120.00**
Agistment & Holding Costs Pre Flight (UK)	TBA		1.82	$ 4,000.00	$ 7,280.00		**$ 7,280.00**
Miscellaneous Expenses (UK)	Various		1.82	13,836.00	$ 12,442.00		**$ 12,442.00**
TOTAL FUND VALUE (inc GST)						AUD	**$ 400,000.00**
PARTNERSHIP PRICES (INC GST)							
					AUD	5%	**$ 20,000.00**
					AUD	1%	**$ 4,000.00**

2.2 Agents Margin of Formation Expenses (OnTrack):

(a) Agents Purchase fee of **$15,015 (inc GST)** (5% of purchase price plus GST) to undertake and complete the Partnership.

(b) Partnership Formation Fee: $11,000 (inc GST).

This represents a margin totaling **$26,015 (inc GST)**. These fees are based on a horse purchase price of 150,000 pounds GB. These fees are included in 2.1.

3. PARTNERSHIP FINANCES

3.1 Monthly Expenses

(a) Commencing from the horses arrival in Australia, the Partnership members shall be liable for all ordinary expenses incurred by the horse pro rata to their shareholding.

(b) The Manager will bill each Partnership Member their share of expenses pro rata to their shareholdings on a monthly basis on itemised invoice/statements.
The Manager may at their discretion elect to direct some suppliers to charge Partnership Members directly, provided they provide Partnership Members with notice of no less than 14 days.

(c) The first invoices will be issued for the calendar month of TBA. Invoices will be sent to members by approximately the 15th day of each month.

(d) The average Monthly Expenses for the horse are initially estimated to be:
(i) 5% $300 per month (ii) 1% $60 per month.

(e) Monthly Expenses will vary dependent upon charges levied on the Partnership by suppliers including the trainer, spelling farm, vet, transport provider, farrier. The Partnership manager shall notify Partnership Members of such increases when notified by suppliers.

(f) Upon receipt of each invoice the Partnership Members agree to make payment of each invoice in full within 14 days.
(g) Extraordinary Vet Expenses: All ordinary vet expenses are accounted for during the period to up to arrival in Australia, as noted in 2.1. Should any extraordinary vet expenses (for example, major surgical procedures) occur during this period, Partnership Members shall be additionally liable for such expenses.

3.2 Partnership Management Fees

Partnership Management Fees charged by the Partnership Manager to the Partnership are limited to the following fees and charges:
(a) Monthly Horse Management Fee: $30.00 (inc GST) per month per owner. For owners with multiple shareholdings in other horses, this monthly fee is only charged on the first horse.
(b) Horse Re-Sale Fee: 8% (plus GST) of the net purchase price if the horse is sold by the Partnership.
(c) Share Re-Sale Fee: 8% (plus GST) of the net sale price of any share sold by the Partnership manager for a Partnership member during the course of the Partnership or $500 (plus GST) per share (whichever is greater).
(d) Trainers Commission: 5% (plus GST) of the net purchase price if the horse is sold by the Partnership.

3.3 Prizemoney & Trophies

(a) Prizemoney will distributed to Partnership Members in the following manner, according to shareholding:

(i) 10% & 5% Partnerships Members: Will be paid prizemoney direct to each Partnership Members to their bank account via EFT from each PRA (Principal Racing Authority inc Racing NSW, Racing QLD & Racing Victoria).

(ii) 1% Partnerships Members: All prize money entitlements for 1% Partnership Members shall be received and distributed by the Partnership Manager to the Partnership Members on a monthly basis on or around the 15th day of each month.

(b) Any trophy won shall be the property of the Partnership and will be held at the registered office of the Partnership Manger until such time that the Partnership is wound up or disbanded. At such time, each trophy will be available for tender to the highest bid from a Partnership member. The proceeds from such a tender will distributed to Partnership Members Pro Rata to their shareholdings.

4. PARTNERSHIP MANAGER

(a) The Partnership Manager for the time being shall be Grant Morgan (Ontrack Thoroughbreds).

(b) Subject to Clause 5(a)(b)(c)(d) and any Ordinary or Special Resolutions which are not inconsistent with this Agreement and the Rules of Racing, the Partnership Manager has complete power to manage the Partnership's Horse(s) on behalf of the Partnership.

(c) Without limiting the generality of Clause 5(a)(b)(c)(d) the Partnership Manager's duties include —

(1) The keeping of a Register noting:
(i) The names and addresses of the Members and the number of shares held by each, and
(ii) Dates of entries in the Register.
(2) Ensuring that all fees owing by the Members are paid and that at all times the Members are financial.
(3) Preparation and distribution of regular news on the status of the horse using various mediums including e-mail, fax, SMS text message, recorded voice message or secure website access. Still images of the horse will be periodically loaded onto the website. The manager will also provide online access to video footage of all wins by the horse, together with other periodic video footage of the horse during its racing career. Such services are provided to Partnership Members under subscription upon payment of the annual Communication Fee due annually on 1 August (3.2.e).
(4) Notifying the Principal Racing Authority in writing of every change in the membership of a Partnership (including a death of a Member), every change in the percentage of a Member's interest in the Partnership, and every change in the Member's registered address, within fourteen days of the change.
(5) Ensuring that any new Member joining the Partnership shall execute a Standard Partnership Agreement.

(6) Punctual compliance in all respects with the requirements of the Principal Racing Authority from time to time in force relating to Partnership horses.
(7) Ensuring that at all times the Partnership is fully subscribed.

(d) The Manager may retire thirty (30) days after Duly Serving the Members with a notice of his intention so to do and he may be removed by Ordinary Resolution.

(e) Upon retirement or removal of the Manager, the person named after the name of the Manager on the Certificate of Registration of the first horse registered by the Partnership shall be the new Manager of the Partnership unless the Members by Ordinary Resolution appoint another one of their number to be the Manager. The Partnership shall immediately notify the Principal Racing Authority upon the resignation or removal of the Manager or the appointment of a new Manager.

(f) In the event of a tied or deadlocked Ordinary Resolution, the Partnership Manager shall have a casting & deciding vote.

(g) The Partnership Manager shall also act as the Racing Manager for the horse(s), in respect of the Australian Rules of Racing.

5. DECISIONS REQUIRING ORDINARY RESOLUTIONS

The following decisions by the Partnership will require approval by Partnership members by the way of an Ordinary Resolution: (a) To change the initial trainer.
(b) To geld the horse (if applicable).
(c) To sell the horse.
(d) To Partnership or sell the horse for stud duties (if applicable)

6. ACCESS TO PARTNERSHIP HORSES

(a) The Partnership's Horse(s) shall be available for inspection at all reasonable times after arrangements for any such inspection have been made by the Member with the Partnership Manager.

7. PARTNERSHIP MEMBERS PRIVILEGES

(a) **5% Partnership Members:** Each individual Partnership Member or individual Partnership holding a minimum of 5% interest in each horse shall be listed as a partner in the horse with the principal race body, with full owner's privileges available to that person, with their name displayed in the racebook. Owners Privileges are then in turn issued to each Partnership Member at the discretion of each raceclub.

(b) **1% Partnership Members:** names of these Partnership Members shall not appear in the racebook, but will be listed under a registered Syndicate "OnTrack David Vandyke European Import Fund No 1". Owners Ticket entitlements for these Partnership Members will be issued at the discretion of each raceclub. Every effort will be made by the Partnership Manager to obtain maximum ticket privileges for these Partnership Members at all times.

8. SALE OF PARTNERSHIP SHARES

(a) Shares may be offered for sale during the currency of the Partnership provided that the remaining Members shall have the first option to purchase them. In the event that the Partnership Manager disposes of such Shares for a Partnership Member a commission to the Partnership Manager is payable as set out in 3.2c of this agreement.

9. INITIAL TRAINER

The initial trainer of the horse will be DAVID VANDYKE (Sunshine Coast).

10. PARTNERSHIP MEETINGS

(a) The Partnership Manager may at any time call a meeting of Members.

(b) The Partnership Manager shall call a meeting of Members within fourteen (14) days of receiving a requisition in writing signed by Members holding in the aggregate at least twenty-five (25%) of the total number of Shares.

(c) A Partnership Member's requisition must state clearly the objectives of the meeting and the terms of any resolution proposed to be submitted to the meeting.

(d) The Partnership Manager shall call meetings by Duly Serving Members with a circular giving fourteen (14) days clear notice of the meeting and specifying:

(i) the time and place of the meeting
(ii) the objectives of the meeting and the terms of any resolution proposed to be submitted to the meeting, and
(iii) a statement that postal votes for any resolution will be accepted and that Members may appoint a proxy to attend in their stead.

(e) The quorum for meetings shall be Members who hold in the aggregate at least twenty-five per cent (25%) of the Shares, present personally or by proxy.

(f) Each share shall carry the voting weight of the percentage of the share, the base measure being 10% share = 1 vote.

(g) Any Member may at or after a meeting inspect all documents relating to the giving of votes on any matter determined at that meeting.

11. PAYMENT DEFAULTS

(a) In the event that any Partnership Member fails to pay the Monthly Expenses payable by him/her/them hereunder within one month after being Duly Served with a written notice demanding payment the Manager shall cause the defaulting Partnership Member Share(s) in the Partnership to be de-registered and such shareholding shall then be offered for sale. Any moneys remaining after settlement of the amounts due by the defaulting Member shall become due and payable by the defaulting Partnership Member and such Partnership Member shall do all things necessary to give effect to this clause.

12. DIVIDED SHARE OWNERSHIP & SYNDICATES

(a) Shares of 5% or greater may be held in more than one name and will be registered with the Manager accordingly. For these purposes, people who wish to divide share ownership must form an official Syndicate, approved by Racing Queensland, Racing NSW, Racing Victoria or any other Australian principal racing body. The cost of forming such a Syndicate will be born by its Syndicate Members only, with no liability to either Ontrack Racing Partnerships or the ONTRACK DAVID VANDYKE EUROPEAN IMPORT FUND NO 1 Partnership.

(b) 1% shares may only be held by 1 natural person and not held by a syndicate or group of individuals.

13. AGREEMENT AMENDMENTS

(a) The terms and conditions of this Agreement may only be amended by Special Resolution.

14. TENANTS IN COMMON

(a) The Partnership Members hold their respective shares in the Partnership as beneficial owners and tenants in common of the Partnership's Horse(s) and all other assets of the Partnership.

15. PARTNERSHIP TERMINATION

(a) Every Partnership shall be terminated if:

(i) the Partnership's horse(s) has been sold or otherwise disposed of on behalf of the Partnership.

(ii) the Partnership so resolves by Special Resolution.

(iii) the Partnership so resolves by Special Resolution to Partnership the horse for stud duties as a stallion/mare (whichever is applicable in this case).

(b) Upon termination of the Partnership the Partnership Manager shall sell or otherwise convert the assets of the Partnership into cash and divide the proceeds (less all proper costs and outgoings and any provision for liabilities) among the Partnership Members in proportion to the number of Shares held by them respectively, after deducting from a Member's Share of these proceeds any Monthly Fees then due but unpaid by that Member, and the Partnership's registration with the Principal Racing Authority shall be cancelled.

16. INDEMNITY

(a) The Partnership Members hereby indemnify the Partnership Manager for all payments required in respect of the fees and expenses associated with any Partnership Horses.

17. LIVESTOCK INSURANCE

(a) Whilst in Europe: The horse has been covered for livestock mortality insurance to the total value of purchase price.

(b) On Arrival in Australia: The Partnership Manager shall arrange livestock mortality insurance to the total value of purchase price with Logan's Livestock insurance. Each Partnership Member will be issued with a policy offer of 12 months coverage. This policy will be at the option and cost of each partnership member and payable by the partnership member to Logan's Livestock. Livestock mortality insurance is optional, but is recommended.

18. RACING COLOURS

(a) The Horse will carry the colours of the Partnership Manager being ALL GOLD.

FUND UNIT SHARE APPLICATION

First Name:

Surname:

Address:

Suburb:

State:

Postcode:

Mobile:

e-mail:

Share %:

SIGNATURE:

I agree to the Partnership management agreement

Date: