



## **HINTLESHAM RACING SOUTH AFRICA SYNDICATES EXPLANATION AND RULES**

1. Management of Hintlesham Racing SA ("HRSA") Syndicates is provided by Allan Bloodlines ("the Manager").
2. The purpose of a Hintlesham Racing Syndicate is to place horses in training with first class trainers and through management to create and sustain the opportunity for investment in a racehorse or racehorses for the principal purpose of enhancement of lifestyle and the possibility of return on investment (see Para 3 below). Enjoyment through action, fun and good communication is supplemented by the goal of competitiveness and success and by the possibility but not certainty of financial gain.
3. It should be clearly understood that, whereas it is suggested that racehorse ownership provides excellent levels of interest and excitement, the financial aspect of owning racehorses has a high risk/reward ratio. In contrast to many alternative lifestyle pursuits, the possibilities of major or minor financial gain or of partial or complete recovery of costs exist through winning prize money and/or on-selling horses. However, there is also the possibility of there being no financial gain or recovery of costs and no reliance should be placed on financial return.
4. Hintlesham Racing Syndicates race under the name and colours of Hintlesham Racing (Nom: Mr David Allan) which is the racing style of HRSA which remains as the registered owner of the horse(s) with the National Horseracing Authority of South Africa ("NHRA"). Each subscribed shareholder has his/her beneficial interest recorded by the Manager, and informed to (a) the trainer(s) of the horse(s) and (b) to HRSA's accountants.
5. The Manager appoints the trainer(s) considered most appropriate.
6. The horse or horses will generally but not exclusively be purchased as yearlings or 2 year olds at first class public bloodstock auctions including but not limited to those operated by Cape Thoroughbred Sales PTY Ltd and Bloodstock South Africa then offered immediately or after a period of pre-training.
7. Selection is made by the Manager through an exhaustive process of inspection and pedigree analysis of many hundreds of candidates, employing complementary support services.
8. The customary period is the Racing Career of the horse. Unless sooner sold or unless otherwise agreed in favour of continuation, the horse(s) will be entered at a sale at the end of his/her/their racing careers as recommended by the trainer and the Manager or sold privately or otherwise placed in a good home. Any subscribed shareholder who wishes to retain part or complete interest in a horse or horses may do so by buying out the other subscribed shareholders by bidding at public auction or if acceptable to the majority of subscribed shareholders concerned, based on an independent valuation.

9. In the event of one or more subscribed shareholders wishing to terminate their involvement on an individual basis, the above terms and conditions will nevertheless apply for the duration of the commitment however without prejudice to same and without absolute commitment the Manager will make reasonable efforts to attempt to resell the relevant percentage amongst other subscribed shareholders or outside the group.
10. Sale of the horse(s) may take place at an earlier date in the event of an offer solicited or unsolicited being received that is believed by the Manager to be advantageous to the subscribed shareholders compared to other alternatives. The Manager will report the prospect or fact of any such offer to the subscribed shareholders' prior to acceptance or rejection.  
In consideration of all possible eventualities, the Manager will provide analysis, commentary and explanation in correspondence with subscribed shareholders.
11. The Manager will place mortality and theft insurance on the horse(s) for the account of the subscribed shareholders pro rata with value at the Manager's discretion and ultimately subject to the approval of underwriters/insurance brokers, with the receivable benefits of any related insurance claim accruing to the subscribed shareholders pro rata. Insurance premium will be charged as an additional charge to subscribed shareholders who are at liberty to opt out if promptly declared to the Manager.
12. The Manager will be responsible for all communication and will endeavour to maintain its own standards of good and frequent communication. Included in communications will be news of and commentary on the horse(s) and their development and the intended racing programme compiled in close liaison with the appointed trainer(s) together with arrangements and recommendations for attending races and/or viewing them from elsewhere.
13. The Manager and the trainer will coordinate with racecourses in arranging for subscribed shareholders to attend racing and enter the Parade Ring when they have a HRSA runner. Guests are welcome e.g. shareholders' partners and/or friends in modest numbers and can be accommodated "as owners" on the racecourse subject to each racecourse's limitations.

The Dress Codes applied on racecourses must be followed.

In the case of horses trained by Vaughan Marshall, subscribed shareholders with a reasonable number of guests are welcome to his box at Kenilworth.

It must be recognised that the above does not apply to Met Day at Kenilworth when (a) the box may not be available and (b) entry costs are the responsibility of individual subscribed shareholders even when under current regulations they have a runner. However the Manager will endeavour to introduce hospitality packages and/or other forms of entry to subscribed shareholders for their account.

Subscribed shareholders are called upon to communicate through the Manager in all respects and not directly with the appointed trainer(s) however the Manager is dedicated to achieving a good relationship between the appointed trainer(s) and subscribed shareholders in HRSA through individual and group gallop visits, time spent on the racecourse, at sales and on other arranged occasions.

14. The Manager arranges for individual or group visits to see the horse(s) in training and to experience in-depth the life of a racehorse and those who care for him or her. Dates are to suit the visitors taking into account availability of the trainer or his/her staff on the day and in consideration of the exercise pattern of the particular horse(s).
15. The Manager and HRSA confirm that there will be no further call for funds beyond the initial price and the regular fixed payments as separately set out irrespective of any additional unbudgeted expenditure such as major veterinary costs with these exceptions: (i) entry for an individual race costing in excess of ZAR500 (ii) the costs involved in travelling and racing a horse outside the immediate area of training e.g. other than Kenilworth and Durbanville in the Western Cape.
16. Payments pursuant to monthly statements provided on or near the first day of each month are to be made within 14 days by bank transfer to the account of the Manager at Mercantile Bank.
17. Categories of expenditure covered by the regular fixed payments include but are not limited to:

Training fees and associated expenses

Veterinary fees, routine and otherwise

Chiropractor/physiotherapist/horse dentist etc as appropriate

Vitamin and nutritional supplements

Blacksmith/Farrier charges

Resting time at grass, pre-training etc and associated transport costs

Race entry fees (see Para 17)

Racing silks

NHRA administration charges which include registration fees for HRSA ownership, colours, name and naming, authority for the trainer to act, and implementing all relevant registrations and renewals

Manager's remuneration

Comprehensive communication and regular updates

Fixed payments are cash contributions with no VAT element included or to be added. They contribute to expenses net of VAT incurred in the operation of a syndicate's horse(s). HRSA provides any VAT charged to it and claims it back into their cash flow under the relevant VAT registration. Therefore any calculation of expenditure in relation to a surplus or deficit achieved by subscribing shareholders is based on expenditure net of VAT. This applies to on-going operating expenses.

18. Management expenses and earnings: The Manager's remuneration covers all related services including racing management, interim inspections of horses, planning, liaison with specialists, pedigree research, reporting to and making arrangements for clients, VAT administration and administration per NHRA and the expenditure incurred by the Manager in travelling and carrying out its tasks.

19. Any Prize Money won will be credited to the subscribed shareholders at the applicable percentage pro rata to the extent of a credit against monthly payments. Owners' net prize money (that is to say after statutory deductions) will be credited without further deduction save only for a 5% fee thereon for the Manager. APPLICANTS' PARTICULAR ATTENTION IS DRAWN TO THE FOLLOWING EXPLANATION. Whereas the Manager may from time to time explain the extent to which prize money may be won and the Manager together with the appointed trainer will make all reasonable efforts to achieve success it remains possible that a distribution of prize money may be less than the subscription or zero.
20. Proceeds from the sale if any of a horse or horses will be credited after the deduction of sale entry fee, auction house fee and any statutory industry levy and of sale consignment expenses. In the case of an acceptable private sale, the net sale proceeds will be credited pro rata after deduction of commissions payable to intermediaries and/or trainer(s) as the case may be.
21. In the event that the subscribed shareholders in an HRSA Syndicate achieve and encash a surplus greater than 20% (twenty percent) calculated on cash received against total cash expended, the Manager is to receive a success bonus of 20% (twenty percent) of any surplus achieved in excess thereof that is to say over and above the aforementioned 20% (twenty percent) surplus.
22. Whilst the Manager will endeavour to carry out its traditionally thorough communication with subscribed shareholders, and will endeavour to convey information and recommendations to subscribed shareholders comprehensively in written or verbal correspondence, decisions on all matters related to the management of the syndicate are ultimately to be made by HRSA alone.