

## ***Syndication - Frequently asked questions***

Below is a list of frequently asked questions HRNZ receives from owners regarding syndicates.

We suggest owners ask their Syndicate Manager these questions when joining a syndicate, and have the relevant clauses incorporated into their syndicate agreement where possible.

### ***Syndicate Details and Payment:***

- Details of horse(s).
- Number of shares in the syndicate
- Cost to buy in and for what percentage.
- Cost of on-going payments and regularity (e.g. monthly) - how are these payments to be made, automatic payment etc?.
- An idea of typical monthly costs, covering training fee per day and the other associated costs such as vets etc.
- How long will the syndicate run for (e.g. until the last horse finishes racing or is sold. or a set period of time)
- Can the end date be extended or reduced - if so, by what means?
- What is the procedure should a member's contributions fall into arrears - who takes over the share of any member who loses their share due to non-payment?
- Will the syndicate meet and if so how regularly?
- Will there be any management fees or commissions payable?
- How often should members expect financial statements showing the syndicate accounts (should be no less frequently than every 3 months).
- What is the process if there are any issues that can't be sorted by the syndicate "in house"?
- Will all decisions that require a decision be made by ways of a majority vote, and can these be accepted via email?

## ***Racing Management:***

- Who is the syndicate manager?
- Who will train the horse?
- Which colours will the horse race in?
- How will a driver be chosen?
- How will I be communicated with? (By syndicate manager or trainer, email, Facebook group, phone call, newsletter etc).
- Are the horses owned or leased- if leased, details of percentage of stakes payable to owner, term of lease, is there a right of purchase (amount), and how is it decided if the ROP is to be exercised (majority vote etc)?
- How will it be decided if the horse is to race in a location that could be considered outside of the normal local area (e.g. different island of NZ, or different country).
- How will any trophies or stallion services that are won by the syndicate be allocated?

## ***Sale of horse or leaving the syndicate***

- What happens if an offer is received to purchase the horse (is it a majority vote that decides to sell or not?) Does the trainer receive a percentage of any sale price?
- What happens if a member wants out of the syndicate (do they first have to offer their share to another member of the syndicate before offering to an outside owner?).
- What entitlement, if any, of the syndicate funds does a withdrawing member receive?
- What if a buyer for the share can't be found?
- At what stage will there be a pay-out of funds to members (e.g. when a certain \$ value per share is reached, or will there be no pay-out until the syndicate finishes?)
- Can a replacement horse be found due to the sale, retirement or death of an original syndicate horse and how is this decided?
- Life after racing, how will it be decided what happens to the horse once its racing career is over (e.g. returned to owner if leased, or a suitable retirement plan sorted such as riding hack etc).