

Haunui Update



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August 2006

Strong Line-Up of Mares from Gooree

Gooree Park have signaled that they will once again support Don Eduardo, now into his fourth season at stud, with seventeen mares from their elite broodmare band in 2006.

"Since his first season at stud we have always supported Don Eduardo with a number of our best mares," says Andrew Baddock. "From the progeny we have, we couldn't be happier," he said. "We have always sent mares to some of the best stallions in Australia and New Zealand and from the rising two-year-olds that we have and the near yearlings on the ground, as a general rule, the Don Eduardo's stand out among our other stock," he said. "You can pick them easily, he has really stamped them," said Andrew.

So far, mares confirmed to visit Don Eduardo in 2006 include:

Beautiful Gem (Aus) (Peintre Celebre) – a Group Two winner and daughter of the speedy race mare Just Blooming who ran second in the Golden Slipper

Basra (Aus) (Desert King) – the winner of five races including the G2 Royal Stakes.



Balbina (Aus) (Thunder Gulch) – a Group Three winner and half sister to Vital Consent, the dam of Red Hannigan (Aus)

(Dehere) who ran third in the Golden Slipper and won the G2 Pago Pago Stakes.

Wonderer (Aus) (End Sweep) – a stakes winning daughter of a Danehill

Glimpsing (Aus) (King Ivor) – young mare, a half sister to leading two-year-old colt Royal Courtship (Aus) (Royal Academy) who won the G2 Todman Slipper Trial, the G3 Kindergarten Stakes and finished second in the G1 AJC Sires Produce Stakes.

Auburn Hills (Aus) (Danehill) – out of a daughter of Seattle Slew from a very strong North American family.

Orient Pearl (Aus) (Danehill) – from the family of Sadler's Wells, Tate Gallery and Nureyev

Tempting Beauty (Aus) (Flying Spur) – from the family of Irish Derby-winner Alamshar (Ire) (Key Of Luck)

and both the mare and foal are doing well.

With over eighty mares in residence due to foal this season, and with more to come, as usual, the next few months will be hectic on the farm.

Feel free to contact us at any time should you want to come to the farm to see your mares and foals.

2005/2006 Stakes Results

- 3 GROUP ONE WINNERS FOR HAUNUI IN 2005/2006
- 7 INDIVIDUAL STAKES WINNERS
- 9 STAKES PERFORMERS
- TO VIEW A FULL LIST OF STAKES PERFORMERS FOR 2005/2006 VISIT WWW.HAUNUIFARM.CO.NZ

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New Arrivals

There is no doubt that spring has arrived when we see the first foals of the season hitting the ground.

Haunui welcomed two new arrivals this past weekend, both colts which gets us off to a great start.

First to arrive was a chestnut Van Nistelrooy colt out of the Thunder Gulch-mare, Shades of

Silk. Everything went according to plan and it was a nice easy foaling to get the season started.

The very early hours of Sunday morning saw the arrival of another colt, this time by One Cool Cat out of the Star Way mare Strawberry Affair.

The bay colt is owned by Haunui client Vicki Van Dorp

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A Report from Ron



Don Eduardo

2006 Fee \$10,000 + GST

"HE HAS REALLY STAMPED HIS PROGENY WITH GREAT HEADS, AND STRONG HIND QUARTERS AND I CAN'T WAIT FOR THEM TO HIT THE RACETRACK." RESPECTED VETERINARIAN & BLOODSTOCK CONSULTANT JOHN PEATFIELD.

At the end of July, Ron and Carolyn visited Gooree Park Stud to view Mr Cojuangco's home-bred Don Eduardo's.

Ron was so impressed with the progeny that he saw, that upon his return, we sent out a letter updating past users of Don Eduardo about the exciting prospects that are ahead.

Here are some excerpts.

Before traveling north to Gooree, we first stopped in at Gai Waterhouse's stable in Sydney to see one of the Don Eduardo's who has returned to Tulloch Lodge for her second preparation. This filly is out of the mare Run For Roses and Gai is absolutely thrilled with her. Gai said she is a beautiful filly in the making, a ready made race filly and she is very, very happy with her.

Once at Gooree, we saw another 17 or 18 two-year-olds by "The Don," many of which have already been to either the stable of Lee Freedman or Gai Waterhouse to get a feeling for the stable environment. A number of the two-year-olds at the farm are back in pre-training and some are about to head back to their respective trainers next week. Of the two-year-olds we saw, the fillies by Don Eduardo impressed me a great deal and have come to hand very quickly showing a physical maturity that I didn't expect to see although there is plenty of two-year-form in "The Don's" pedigree.

We all know that selecting the right stallion for a broodmare involves a lot of research and there is no doubt in my mind that based on physical types, Gooree have "hit the nail on the head." In viewing his progeny at the farm, their pedigree analysis and decisions based upon physical attributes has seen nothing but outstanding

results with true speed influences among their Don Eduardo stock. Undoubtedly he will have two-year-olds – probably some before Christmas and their disposition, general soundness and conformation has been commented on not only in Australia but also from breakers and trainers in New Zealand as well.

Respected veterinarian and bloodstock adviser John Peatfield had this to say about them. "I've been watching the Don Eduardo's work up at Gooree and I've been impressed with their type and temperament. He has really stamped his progeny leaving them with great heads and strong hind quarters and I can't wait for them to hit the racetrack," he said.

The yearlings we viewed at Gooree were equally as impressive as his two-year-olds. Running with some of the bluest blood in Australia, it would be fair to say they suffered nothing by way of comparison and in many cases, were standouts among their mobs.

Gooree Park is a unique property spanning 25,000 acres. One of the best set-up, state of the art thoroughbred properties in Australia, Gooree's home-breds are given the best opportunity possible to grow and mature. All handling, breaking in and pre-training takes place on the farm and with a track that replicates that of Rosehill, young horses raised there receive a great foundation from which they can go on to become successful racehorses and Gooree are now one of Australia's leading forces on the racetrack.

Andrew Baddock, General Manager of Gooree Park said reports from Gai Waterhouse and Lee Freedman were nothing but

positive with both trainers already having high hopes for a number of Don Eduardo's two-year-olds. All reports highlight one common factor which is the great temperaments Don Eduardo's progeny all have and the willingness they show to get on with the job.

The confidence shown in Don Eduardo from the Gooree team is almost infectious but the confidence that they have shown in Don Eduardo by way of support this coming season is one of the reasons for me wanting to share this information with you as breeders who have made the decision to support him with your mares in the past.

From what I have seen in Australia, combined with the reports that we are receiving in New Zealand, I believe that 2006 could prove to be the best season to breed to "The Don" in order to take advantage of the tremendous opportunity that he has been given.

In 2005, Don Eduardo stood at Haunui for the first time and for those of you who supported him, I wish you the best of luck with your coming foals.

For those of you who are still considering your matings for the coming season, I would urge you to think seriously about Don Eduardo as we have at Haunui.

Don Eduardo was given a great start in his first two seasons at Fayette Park and those mares together with Gooree's mares will launch a horse who we believe will be the successor of his sire Zabeel.

Ron Chitty

Haunui Update

Haunui Stallion Parade—Date Change

Due to a change in date of both the Auckland and Waikato Stud Tour's the Haunui Stallion Parade will now be held on Sunday 27th August.

Mark and Sara, Carolyn and Ron invite all clients and supporters of Haunui to our annual stallion parade where both Don Eduardo and Elusive City will be available for viewing.

We will also be showing a number of Elusive City's first crop yearlings who are destined for the 2007 yearling sales series.

The Auckland Stud Tour begins at 1pm at Te Runga Stud, and will move on from there to Stoneybridge Karaka and Westbury Stud before finishing at Haunui that afternoon.

Light refreshments and nibbles will be provided at Haunui so, to assist us with catering numbers, please contact Shannon if you are able to attend.

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HAUNUI STALLION PARADE

SUNDAY 27TH AUGUST

4pm approximately (to fit in with Auckland Stallion Tour)

View Don Eduardo and Elusive City along with some first crop yearlings by Elusive City

Light refreshments & nibbles will be provided

Staff Profile

Each month, we will be introducing you to a key member of the Haunui team.

Although many of you will have met or seen most of our senior staff members at Haunui, its always nice to put a face to a name.

With mares foaling and the breeding season about to get underway, we thought we would introduce a number of key members from the broodmare team.

Keith Konn

Broodmare Manager

Keith has worked at Haunui since arriving in New Zealand

four years ago from India and is currently in the process of applying for his New Zealand Residency.

Keith is responsible for the entire broodmare band here at Haunui, both wet and dry mares .

This includes management of the foaling unit and staff rosters, teasing, vet work and all of the paperwork involved with each of these tasks.

We are very lucky here at Haunui to have a staff that is committed and dedicated to the best possible care of all of the bloodstock that we have here at Haunui.

Assisting Keith with the broodmare band this season are Michelle Foster and Rachel Presnail who are both into their second season at Haunui.



Taxation Information

On the 1st of August the thoroughbred industry finally saw the introduction of the new tax rules that we have been campaigning for for such a long time.

While many of you will have a firm grasp on the ins and outs of the new rules, on the following page you will find an overview of the new writedown rules based

on a presentation given by Mr John Aubrey at a meeting of the New Zealand Thoroughbred Breeders' Association Representatives meeting last month. This information was sourced directly from the NZTBA website—www.nzthoroughbred.co.nz

For more information in regard to the new rules, please contact the NZTBA on 09 525 2428.

Haunui Update

Taxation Information continued

The New Bloodstock Write-downs – Overview

On 10 March 2006 the Minister of Racing, Rt Hon Winston Peters, announced major legislative changes for the racing industry, including:

A decrease in the write-down period for stallions from 4 years to 2 years.

A decrease in the maximum write-down period for broodmares from 8 years to 5 years (or 6 years for those few broodmares that commence breeding at age 2). Broodmares that commence breeding at age 8 and over will be written-off in full in the first year of breeding.

These changes, along with a reduction in totalisator duty from 20% to 4% of gambling profits, have subsequently been confirmed by legislation, and take effect from 1 August 2006.

These rules, old and new, apply only to New Zealand taxpayers. New Stallion Write Down Rates

Calculated on the cost price – 50% write-down for two years

Alternatively, on reducing value – 75% on reducing value each year. This is a very significant change from 37.5% on reducing value.

The above rates apply only to stallions bought or brought into breeding on or after 1 August 2006 that have not previously been used for breeding in New Zealand. Otherwise, the basic write-down is 20% for five years.

Examples:

A yearling colt purchased as a stallion prospect in February 2006 does not qualify for the new rates. (Assuming a 31 July 2006, or earlier, balance date.)

A yearling colt purchased as a stallion prospect in February 2007 will qualify for the new

write-down rates, from the age of two. If he subsequently fails to establish himself as a viable stallion prospect by performing well as a racehorse, and is gelded he should, in my view, be transferred out of the financial books at the market value on the day he ceased to be a stud animal. GST is payable and income tax will be assessed on the market value less the current written-down value. If he is on sold the "market value" is clearly the sale price.

A stallion that has previously stood at stud overseas, but not in New Zealand, does qualify for the new write-down rates, provided it is purchased or brought into breeding on or after 1 August 2006.

Note that the key phrase in the legislation is: "was not used for breeding in New Zealand by any other person."

Two "real-life" examples:

A September 2006 sale of a share in champion stallion Zabeel, who first commenced stud duties in 1991, would not qualify the new owner to use the new write-down rates.

Black Minnaloushe is a shuttle stallion that has previously stood in New Zealand and has now been sold by his Irish owners to South African interests. If Black Minnaloushe had been purchased or syndicated by New Zealand interests, on the face of it, having been used for breeding by any other person he would not qualify for the new rates.

However, if the stallion was purchased on or after 1 August 2006 by the same stud/owners that stood him as a shuttle stallion in New Zealand there is an argument, *prima facie*, that he would qualify for the new rates because he had not been used by "any other person." *This is*

highly technical and expert advice is necessary before acting on this example.

Southern Hemisphere breeding rights

These are not specifically covered in any legislation but are probably caught by the accrual rules.

New Broodmare Write Down Rates

Effective from 1 August 2006.

Applies – across the board - to any mares purchased or retired to stud: imported mares, maiden mares, or mares that have previously been to stud.

Mares will now be fully written-off by age 9.

Mares aged 8 or over qualify for a 100% write-down.

The 25% loading still applies for eligible mares - basically, mares not [previously] used for breeding in New Zealand by any other person. This includes maiden mares and mares imported to New Zealand for the first time.

The write-down formula for this is:

$1.25 \times \text{cost of mare}$

$\frac{\quad}{9 - \text{age of broodmare}}$

where:

the age of the broodmare is: - 8 years of age, or the actual age in years, if the mare is 7 years or less at balance date

$1.25 \times \$40,000$ (say)

$9 - 5$ years (say)

$= \$50,000$

$\frac{\quad}{4}$
 $= \$12,500$

Example:

$1.00 \times \$40,000 = \frac{\$40,000}{9 - 5 \text{ years}} = \frac{\$40,000}{4}$
 $= \$10,000$ write-down

The position with leased mares is different. Lease fees are 100% deductible. Write-downs apply to the residual value paid at the end of the lease.

Examples:

- A nine-year-old mare purchased on 6 August 2006 qualifies for a 100% write-down. If she's re-sold, say in 2008, that second purchase also qualifies for a 100% write-down. Note that the first owner will pay income tax on the full sale price. The only deduction will be the book value of \$1.

- A six-year-old mare purchased in the UK for \$100,000 and imported to New Zealand for the first time qualifies for a 33.3% write-down; plus the 25% loading:

$1.25 \times \$100,000 = \$125,000$
 $\frac{\quad}{9 - 6 = 3} = \frac{\quad}{3}$
 $= \$41,666.67$ writedown

Important Note: Bloodstock previously written down at the "old" pre-1 August 2006 rates cannot change to the "new" rates. These horses are locked in at the "old" rates.

More information is available from www.nzthoroughbred.co.nz