

Hintlesham Racing

EXPLANATION AND RULES FOR MANAGED PARTNERSHIPS AND INDIVIDUAL OWNERSHIP

1. Management of Hintlesham Partnerships and of managed individual ownership is provided by Allan Bloodlines ("the Manager").
2. The purpose of a Hintlesham Partnership and of managed individual ownership is 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 Partnerships race under the name and colours of Hintlesham Racing with each partner having his/her beneficial interest recorded. A group of people may ask the Manager to register an unique partnership name prefixed by "Hintlesham" and to arrange colours unique to that partnership within the guidelines of the British Horseracing Board ("BHB").

The Manager welcomes groups of people who wish to form a Hintlesham Partnership amongst themselves or individuals who prefer to be introduced to other partners

An individual owner selecting this management service may do so whilst racing in his or her own name.

5. The Manager will recommend the most appropriate trainer for consideration. A horse or horses will generally be purchased as yearlings during the Autumn at first class public bloodstock auctions including but not limited to those operated by Tattersalls Ltd in England and Ireland, Goffs in Ireland, Keeneland Inc. in U.S.A, Doncaster Bloodstock Services in England and L'Agence Francaise in France and offered immediately or after a period of pre-training.

Selection will be made by the Manager through an exhaustive process of

inspection and pedigree analysis of many hundreds of yearlings, employing complementary research and veterinary services, often also in cooperation with the appointed trainer.

The customary initial period is two years (but see below for earlier crystallisation), commencing as at Autumn of the horse's yearling year, or a commensurately shorter period if offered after pre-training. It is hoped but not guaranteed that the horse(s) will perform on the racecourse at the age of both 2 and 3 years.

An individual owner will determine sale policy in consultation with the Manager and may be guided by the remainder of this clause as to the options available and in the case of a partnership, unless otherwise agreed, the horse(s) will be entered at a main sale at the end of the 3 year old turf racing season (usually October) subject to the precise dates of the various public auctions. Any partners who wish to retain part or complete ownership of a horse or horses may do so by buying out the other partners by buying in the horse at public auction thus establishing the price or, if acceptable to all partners concerned, based on an independent valuation.

Should all partners wish to continue to keep the horse(s) in training beyond the approximately two year period, the operation of the relevant Hintlesham Partnership will continue uninterrupted.

Sale of the horse(s) may take place at an earlier date in the event of an offer being received that is acceptable to the majority of the partners or of a recommendation of earlier sale which is agreed to by the partners.

Provision for earlier sale at public auction may be made if deemed appropriate in consultation between the partners and the Manager.

In consideration of all possible eventualities, the Manager will provide analysis, commentary and recommendation.

6. If not already named, partners may choose the name of the horse(s) purchased by majority agreement under the guidance of the Manager and in accordance with BHA rules.
7. An alternative to purchasing the horse(s) as yearlings or at breeze-up sales is to purchase a horse who has already been trained and/or raced and therefore already named, based on the form and prospects of that horse.
8. The Manager will place mortality insurance on the horse(s) with the benefits of any claim accruing to the owner or partners as the case may be.

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 the intended racing programme compiled in close liaison with the appointed trainer together with arrangements and recommendations for attending races and/or viewing them from elsewhere.

The Manager will coordinate with racecourses in the issue of Owners' badges** when a horse is running. If the racecourse allocation of complimentary badges (typically 6 but sometimes more or less) exceeds the number of owners or partners and guests attending, all those attending will receive complimentary badges. If the number of partners and guests attending exceeds the racecourse allocation of complimentary badges, partners are to receive priority over guests in that allocation. In the event of the number of partners attending exceeding the racecourse allocation of complimentary badges, the Manager will pay for any additional badges required for partners.

**An Owners' badge provides access to the Members' Enclosure, the paddock when the horse is parading and to any and all exclusive Owners' areas that the racecourse provides such as Owners and Trainers Bar and Owners and Trainers reserved viewing area.

Partners will be called upon to communicate through the Manager in all respects and not directly with the appointed trainer however the Manager is dedicated to achieving a good relationship between the appointed trainer and partners in Hintlesham Partnerships through individual and group gallop visits, time spent on the racecourse, at sales and on other arranged occasions.

The Manager will arrange 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.

The Manager confirms that there will be no further call for funds beyond the initial and regular fixed payments irrespective of any additional unbudgeted expenditure such as major veterinary costs with the exception of costs attributable to major entry fees and racing outside Great Britain which will be undertaken subject to the approval of the owner or partners. (See Para 11 below).

9. Decisions requiring the approval of the partners will be reached by a simple majority vote amongst the partners with the Manager providing recommendations but not having a vote however in the event of deadlock the Manager will then have a casting vote.
10. Payments as set out in the relevant schedule (shown separately) may be made by bank remittance (standing order in the case of monthly payments) or by credit or debit card or by cheque.

Categories of expenditure covered by such payments are:-

- Training fees and associated expenses
- Gallop fees
- Veterinary fees, routine and otherwise
- Chiropractor/physiotherapist/horse dentist etc as appropriate
- Vitamin and nutritional supplements
- Blacksmith charges

Transport charges to/from racecourses (within GB only)

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

Race entry fees (up to £200 per race)

Jockey riding fees

Racing silks

BHA / Weatherbys administration charges which include registration fees for ownership, colours, name and naming, authority for the trainer to act, sponsorship contract and applying for and achieving VAT registration, opening and maintaining a Weatherbys account and all relevant renewals
Arrangement of a sponsorship contract including statutory equipment and display

Owners or partners fixed payments are cash contributions to expenses net of VAT incurred on their behalf. The Managers provide any VAT charged and claim it back into their cash flow under the relevant VAT registration. This applies to on-going expenses. Conditions in respect of initial horse or share purchases vary as to status and are available upon enquiry.

Management expenses and fee

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, account reporting, VAT service, administration per Weatherbys. The remuneration consists of the surplus, if any, between the client payment and the actual ex VAT expenditure and covers all time, travel and expenses, communication, contribution to overhead/fee. The system is sometimes described loosely as an insurance against major expenses for the client.

Insofar as the Managers' remuneration is to be treated for VAT in the same way as other expenses incurred in the operation of a horse, please note that the remuneration cannot realistically be determined within short intervals due to the number of variable charges and to differing supplier invoicing schedules but may be established from time to time (no less than annually) or in any event upon crystallisation through for example the sale or removal or retirement of the horse in question or a change to "cost plus" operation as referred to below. The charge thus determined is to be invoiced with VAT added to the remuneration such input tax being provided by the Managers and claimed back into their cash flow under the relevant VAT registration in the same way as for other charges. In the event that the remuneration or any remaining part thereof is invoiced (with VAT added) after the management of the relevant VAT registration has passed from the Managers such invoice is to be settled in full by the owner or partner(s) as the case may be who may then pursue a reclaim independently.

Optional insurance premium will be charged separately.

Prize money will be credited in full, without deduction other than the statutory fixed deduction of the trainer's, jockey's and stable staff's share, net of VAT.

Proceeds from the sale 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 event of an acceptable private sale

taking place, there would be no such expenses but there may be commissions to be paid to independent intermediaries. Trainers may take a commission in the event of a sale subject to prior arrangement case by case.

There will be no charge payable to the Manager in respect of the sale at auction of a horse or horses but in the case of the arrangement of a private sale the Manager may receive a commission subject to the approval of the owner or partners. In the case of an owner or partnership achieving a profit of greater than 25% (cash) on payment(s) made irrespective of when the sale takes place the Manager will receive a success bonus of 25% of any profit achieved over and above the aforementioned 25%.

The Manager does not undertake that the funding provided by fixed payments will cover the cost of (a) entry fees in excess of £200 per race and/or (b) the cost of entering and running in a race outside Great Britain. In the event of additional funding being required for either or both of these cases, a proper presentation will be made to owners or partners for their decision as to whether or not to provide any necessary additional funding.

n.b. as an alternative to this fixed payment system, management can be provided at cost, plus a management fee, the quantum of which varies as to the extent of service required.

11.Accountants

Moore Stephens Chartered Accountants
Warwick Lane
London
EC4M 7BP

**SAMPLE AGREEMENT FORM TO BE COMPLETED BY PARTNERS
OR INDIVIDUAL OWNERS AS THE CASE MAY BE**

Date:

HORSE

:

NAME OF

PURCHASER:

ADDRESS:

TEL:

EMAIL:

We hereby confirm your purchase of(per cent) interest in the above horse [within a Hintlesham Partnership*] by your payment of

You will be charged a fixed monthly sum of £..... subject to occasional reduction at our discretion when a horse is not in full training and subject to annual inflationary review until the sale of the horse.**

Kindly sign where indicated below and return a fully signed version to us by

return. Signed
For Allan Bloodlines

I acknowledge receipt of the above and confirm that I have read, understood and agree to abide by Explanation & Rules for Managed Partnerships and Individual Owners as shown on www.allanbloodlines.com

Signed
(individual owner or partner as the case may be)

** - delete in the case of Individual Ownership*

*** - provision may be made should it be preferred to make a number of monthly payments in advance e.g. until a prospective sale or to cover a single season*