



HINTLESHAM SYNDICATES EXPLANATION AND RULES

1. Management of Hintlesham Racing 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 which is the racing style of Hintlesham Racing Ltd ("HRL") which remain as the registered owner of the horse(s) with the British Horseracing Authority ("BHA"). Each subscribed shareholder has his/her beneficial interest recorded and certified by the Manager, and informed to (a) the trainer(s) of the horse(s) and (b) to HRL'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 Tattersalls Ltd in England and Ireland, Goffs in Ireland, Keeneland Inc. in USA, Doncaster Bloodstock Services in England and Arqana in France 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 two racing years (commencing at yearling purchase usually September-December and ending in October-December approximately two years later (but see para.9). Commencement may be adjusted to 1st March after yearling purchase if offered after pre-training, reducing the period to approximately 22-24 months.
9. Unless sooner sold or unless otherwise agreed in favour of continuation, the horse(s) will be entered at a main sale at the end of his/her/their 3 year old turf racing season (usually October-December) subject to the precise dates of the various public auctions. 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. Otherwise the horse(s) will be sold at the price achievable at auction and the proceeds distributed. The Manager will provide advice in this area.

Should all subscribed shareholders agree to continue to keep the horse(s) in training beyond the initial period, the operation of the relevant Hintlesham Racing Syndicate will continue uninterrupted subject only to prior agreement with the Manager by all subscribed shareholders on the appropriate monthly payment.

In the event of one or more subscribed shareholders wishing to terminate their involvement on an individual basis, the above terms and conditions will apply for the duration of the commitment however without prejudice to same and without absolute commitment the managers 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.
11. Provision for earlier sale at public auction may be made if deemed by the Manager appropriate and advantageous compared to other alternatives.
12. In consideration of all possible eventualities, the Manager will provide analysis, commentary and explanation in correspondence with subscribed shareholders.
13. 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.

14. 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.
15. 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 subscribed shareholders and guests attending, all those attending will receive complimentary badges. If the number of subscribed shareholders and guests attending exceeds the racecourse allocation of complimentary badges, subscribed shareholders are to receive priority over guests in that allocation. In the event of the number of subscribed shareholders attending exceeding the racecourse allocation of complimentary badges, HRL will pay for any additional badges required for subscribed shareholders but not guests.

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. Any additional racecourse charges for badges in excess of the complimentary limit will be recharged other than to shareholders themselves.

**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.

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 Hintlesham Racing Syndicates through individual and group gallop visits, time spent on the racecourse, at sales and on other arranged occasions.

16. 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).

17. The Manager and HRL confirm that there will be no further call for funds beyond the initial price and the regular fixed payments as set out in Schedule A hereto irrespective of any additional unbudgeted expenditure such as major veterinary costs with the exception to the extent only that the regular fixed payments may not cover these costs: (i) entry for an individual race costing in excess of £200 (ii) the costs involved in travelling and racing a horse outside England and Wales.
18. Without prejudice to the undertaking above (to cover costs if any in excess of the total of the regular fixed payments the Manager and HRL further undertake to credit to the subscribed shareholders any amount that has not been spent on the operation of the horse(s). No fees are payable to the Manager from the operating costs charge which is usable only for the costs of operating the horse(s).
19. 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 HRL at Lloyds Bank.
20. Categories of expenditure covered by the regular fixed payments include but are not limited to:

- 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 (see Para 19)
- 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, maintaining a Weatherbys account and implementing all relevant registrations and renewals; arrangement of a sponsorship contract including statutory equipment and display.

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). HRL 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. VAT payable by subscribed shareholders on the initial payment (for a share or shares) is reclaimable by HRL and will be credited to subscribed shareholders pro rata.

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, account reporting, VAT administration and administration per Weatherbys and the expenditure incurred by the Managers in travelling and carrying out its tasks.

The Manager charges HRL a fixed fee of £7,250+VAT per horse per annum.

21. Any Prize Money will be credited to the subscribed shareholders at the applicable percentage pro rata to the extent of a credit against monthly or quarterly 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 Managers. APPLICANTS' PARTICULAR ATTENTION IS DRAWN TO THE FOLLOWING EXPLANATION. Whereas the Managers may from time to time explain the extent to which prize money may be won and the Managers 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.
22. 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 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.
23. In the event that the subscribed shareholders in a Hintlesham 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 of that is to say over and above the aforementioned 20% (twenty percent).
24. 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 HRL alone.
25. Bloodstock Accountant
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