



23 November 2011

The Horsemen's Group announces enhancements to its prize-money tariffs

The Horsemen's Group today announced changes to its Tariff system, to better identify and reward those racecourses who are supportive of its twin objectives: sustainable prize money and a balanced race programme.

The purpose of the tariffs announced in early 2011 was to provide horsemen with recommended minimum prize-money values for each class of race run at race meetings under the Rules of Racing. The tariff system has now been broadened to measure a racecourse's contribution to prize-money in the following way:

1. The amount of ¹Executive & Sponsorship Money contributed by a racecourse to its ²Total Prize-money expressed as a percentage.
2. The Executive & Sponsorship contribution made by a racecourse to prize-money expressed as an average per fixture.
3. The number of times a racecourse has met or exceeded the Horsemen's Group tariff, expressed as a percentage.

As part of the tariff review, the Horsemen's Group entered into a period of consultation with racecourses and received formal responses from a small number. In addition, it received a larger number of verbal responses to its consultation document and the enhanced scheme, announced today, takes those into account as well.

Of particular concern to racecourses was that the Horsemen's Group assessed them on a like-for-like basis. To address this concern, the HG has set its benchmark assessment criteria at levels that demonstrably do not discriminate against the smaller racecourse or racecourses with less attractive fixture lists.

The assessment is also conducted separately for the Flat and NH codes and those racecourses that run under both codes will appear in both assessment lists.

It should also be noted that it is the intention of the Horsemen's Group to review the underlying tariff rates by 1 January 2012, once the Levy Board has decided its prize-money allocation policy for the 51st scheme and to enable a short period of verification of racecourse 2012 budgeted prize-money expenditure.

¹ Executive & Sponsorship Money means "the amount of money contributed to prize-money by a racecourse excluding contributions to prize-money made by the HBLB and racehorse owners.

² Total Prize-money means "the amount of prize-money paid by a racecourse including the contributions made by the HBLB and racehorse owners

The Horsemen's Group has also defined which meetings count as Festivals, for Tariff purposes, in 2012. The schedule of Festivals is attached, as an annexe.

Notes to Editors:

Available prize-money

Before setting the tariff, it is important to know the quantum of income that racecourses can make available to prize-money. Last year this amounted to a figure of approximately ³£100.2 million. The equivalent figure for this coming 12 months is ⁴£117.4 million, an increase of 17.4%. Whilst the figures quoted are liable to change, as the Levy yield becomes apparent over the coming months, the Horsemen's Group is currently therefore predicting that the money available will increase significantly over that which was available in 2011. The major reason for this is the quantum increase in media rights payments that kick-in from 1 January 2012, which exceeds the smaller increase in the amount of prize-money from the Levy yield.

Available Prize-money 2010/11

	<u>£ million</u>
HBLB	34.0
Owners	17.1
Racecourse & Sponsorship	30.0
Media Rights	19.1
<u>Total</u>	<u>100.2</u>

Available Prize-money 2011/12:

	£ million
HBLB	38.5
Owners	17.1
Racecourse & Sponsorship	37.0
Media Rights	25.1
<u>Total</u>	<u>117.7</u>

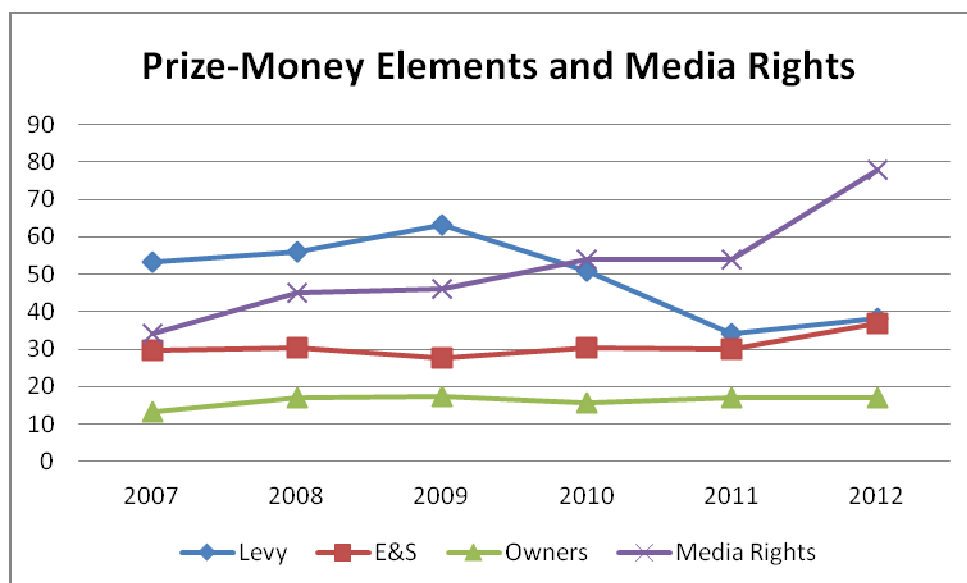
Levy Yield:

The HBLB is finding it increasingly difficult to forecast the Levy yield. Information provided to the Horsemen's Group suggests that the prize-money element of the Levy will increase to £38.5 million. This figure remains seriously low when compared to an equivalent figure of £63 million just two years ago.

³ Figures from HBLB report

⁴ Calculated following 51st levy scheme adoption.

The Horsemen's Group is optimistic that the Levy yield may be better than forecast and is hopeful that the current low Levy return may have bottomed out and the Industry will see a period of growth in Levy yield over the next two-three years.



The chart identifies the movement in contributions to prize-money over a 5 year period.

1. Owners' contributions are assumed to be static during the next 12 months.
2. The racecourse and sponsorship contribution increased by c. £7 million in 2011 and it is expected that it will continue at this rate.
3. The prize-money element of the Levy yield is forecast to increase to £38.4 million.
4. Racecourse media rights income is forecast to increase by 34% to £78 million.

It is this underlying growth in racecourse income that the horsemen believe can continue to underpin prize-money during the current NH and next Flat season.

The Tariff assessment:

The attached list assesses each national hunt racecourse by the tariff criteria listed above. Those racecourses that have reached the benchmark levels for each assessment have been awarded Horsemen's Group Partner Racecourse status. The primary benefit of this is that Partner Racecourses will be able to flex tariff values (on an agreed basis) by as much as 10% in the knowledge that they are, in the round, meeting the prize-money expectations of the Horsemen's Group. This flexibility is provided to Partner Racecourses to enable them to maintain the quality of their race programme and to avoid the need to downgrade races.

Racecourses that meet two of the three assessment criteria are able to qualify for Partner Racecourse status if they reach agreement with the Horsemen's Group on a plan to meet all of the assessment criteria within a reasonable period. Whilst the plan is active, these

racecourses will benefit from Associate Partner Racecourse status. However, should they fail to deliver on their improvement plans they will lose the Associate Partner Racecourse status.

It is the intention of the Horsemen's Group to work closely with Partner and Associate Partner Racecourses to ensure they benefit from the active participation of horsemen in their race programmes. The Horsemen's Group is also keen to explore all other areas of co-operation that will improve the trading performance of Partner and Associate Partner racecourses for the benefit of both the racecourses and horsemen.

The status of racecourses will be assessed by the Horsemen's Group twice annually.

Auctioning of the Horsemen's Group leasehold fixtures.

The Horsemen's Group auctioned 123 fixtures last year as part of a process to raise prize-money levels. This year, following the adoption of the 51st Levy scheme, it has auctioned 96 fixtures raising an additional £2.4 million of prize-money. Another £480,000 raised in this process will be utilised by the Horsemen's Group as a 'development fund' to underpin the aims of the Group and encouraging racecourses to meet its assessment criteria.

Racecourse appeal process:

Racecourses who believe that their assessment is incorrect will be asked, in the first instance, to email Alan Morcombe (awm@horsemensgroup.co.uk) or write to the Chief Executive, Horsemen's Group, 111 Buckingham Palace Road, Victoria, London, SW1W 0SR providing full details of their complaint and requesting a review of their assessment.

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The Horsemen's Group

The Horsemen's Group represents the common interests of British racehorse owners, trainers, jockeys, stable staff and thoroughbred breeders. Its constituent bodies are the Racehorse Owners Association, the National Trainers Federation, the Professional Jockeys Association, the National Association of Stable Staff and the Thoroughbred Breeders Association. For more information please visit www.thehorsemensgroup.com