

EXECUTIVE SUMMARY
CO-OWNERS AGREEMENT
(2022 TEXAS THOROUGHBRED RACING CLUB)

CJ Thoroughbreds, LLC plans to acquire two (2) or three (3) Thoroughbred two-year-olds (or majority interests therein) for a purchase price in the range of \$20,000-\$60,000 each. Ownership of the Thoroughbreds will be governed by the terms and conditions of the attached Co-Owners Agreement which was prepared by the law firm of Jackson Kelly PLLC. This Executive Summary provides a brief overview of some of the material provisions of the Co-Owners Agreement. Prior to making any decision to become a Co-Owner you should carefully review the Co-Owners Agreement in its entirety.

Co-Ownership Structure.

The Thoroughbreds will be owned by Co-Owners who make capital contributions in exchange for fractional undivided interests (“Ownership Interests”) in the Thoroughbreds.

Co-Owners will make capital contributions of \$5,000 for each Ownership Interest. If all 41 Ownership Interests are purchased, the aggregate proceeds of \$205,000 will be used as follows:

- a) approximately \$120,000 to purchase Thoroughbreds, or majority interests therein; and
- b) approximately \$85,000 to pay initial expenses associated with the ownership, care and maintenance of the Thoroughbreds.

Administrative Manager.

CJ Thoroughbreds will serve as Administrative Manager for the Co-Owners. As Administrative Manager, CJ Thoroughbreds will have the authority to handle all matters relating to ownership of the Thoroughbreds including matters relating to the acquisition, training, racing, care, maintenance, breeding or sale of the Thoroughbreds; provided, however, that the following decisions will require majority vote of the Co-Owners:

- a) retirement of a Thoroughbred from racing;
- b) sale or final disposition of a Thoroughbred.

For services rendered as Administrative Manager, CJ Thoroughbreds will receive an initial \$10,000 payment for sales purchase expenses and a monthly management fee of \$1,000 commencing on April 1, 2022.

Earnings and Expenses.

The Administrative Manager shall, on behalf of the Co-Owners, collect all revenues generated by the Thoroughbreds, pay all expenses and provide regular reports of income and expenses to the Co-Owners. To the extent expenses exceed the amount of excess capital contributions made by the Co-Owners and revenues generated by the Thoroughbreds, the Administrative Manager will invoice each Co-

Owner for his or her proportionate share of such expenses. Co-Owners will be required to pay all expense invoices within thirty (30) days of receipt.

Transfers of Ownership Interests.

Transfers of Ownership Interests will be subject to restrictions set forth in the Co-Owners Agreement. Any Co-Owner desiring to sell an Ownership Interest shall first give the Co-Owners a right of first refusal to purchase such Ownership Interest on the same terms and conditions as offered to any third party.

Not a Partnership.

This Co-Owners Agreement provides that the Co-Owners will not be deemed to be partners for tax purposes. As such, the Administrative Manager will not file a partnership tax return and each Co-Owner will be required to report his or her share of all income and expenses associated with the Thoroughbreds on his or her personal income tax return. The Administrative Manager will provide information necessary for the Co-Owners to report their share of income and expenses but will not provide tax advice to the Co-Owners. Co-Owners should consult with their own personal tax and financial advisers with respect to the individual tax consequences associated with co-ownership of the Thoroughbreds.

If you are interested in purchasing Ownership Interests, please review, sign and return a copy of the attached Co-Owners Agreement along with a check in the amount of \$5,000 for each Ownership Interest you wish to purchase.

If you have any questions regarding the Co-Owners Agreement or purchase of Ownership Interests, please contact Corey Johnsen with CJ Thoroughbreds at corey@cjthoroughbreds.com (cell: 469.964.0778) or Mike Renfro at mike@cjthoroughbreds.com (cell: 817.301.4882), or CJ Johnsen at cj@cjthoroughbreds.com (cell: 817.874.0017).