

EQUINEONE

INVESTMENT OPPORTUNITY

Summer 2016

PiperJaffray

REALIZE THE POWER
OF PARTNERSHIP.

BUSINESS AND SITUATION OVERVIEW

Founded in 2005 and headquartered in Hackensack, NJ, Zayat Stables, LLC (“Zayat Stables”) has been an industry leader in the equine racing and breeding industry for over a decade (the “Racing and Breeding” business); with the vision of building upon its current equine portfolio and expanding into the equine veterinary services sector (the “Vet Services” business) to form a NewCo entity, EquineOne (used interchangeably with Zayat Stables as the “Company”), concurrent with the capital raise contemplated herein. Together, EquineOne will represent a vertically integrated, well-diversified portfolio of equine racing and breeding assets and equine veterinary services assets designed to provide attractive and predictable risk-adjusted returns.

Racing and Breeding Ahmed Zayat founded and pioneered a disruptive business model that has created the #1 brand in the horse racing business. Zayat Stables has earned a Top 5 Owners ranking in North America six times since inception, while finishing 1st place in 2008 and 2015. The Company has a successful Racing and Breeding business model that breaks traditional industry norms (in which horses are often viewed as “hobby” investments) and takes a sophisticated, analytical approach to horse selection. Zayat Stables has developed the “Z Process”, a distinguished method of equine analytics that incorporates cardiovascular, fatigue curve and gait analysis, which leads to an increased probability of selecting successful racing prospects and maximizing performance. As a result, the Company has been able to generate considerable value and offer more stable, consistent and higher performance than anyone else in the thoroughbred racing and breeding business. Furthermore, through the success of the Company and its horses (i.e. American Pharoah), Zayat Stables has generated significant brand value, creating tangible opportunities to monetize its IP.

- | | |
|--|--|
|  Top 5 Owner past six of ten years (#1 2008, 2015) |  Won Kentucky Derby in 2015, 2 nd place three times (2009, 2011, 2012) |
|  Owner and breeder of the 2015 Triple Crown |  24 Grade 1 wins, 18 Grade 2 wins, 23 Grade 3 wins |
|  Champion Racehorse, American Pharoah |  Won ~15% of Graded Stakes starts / ~20% of all starts since 2006 |
|  Over \$50M won in purse earnings |  ITM (top 3) in 40%+ of Graded Stakes starts / ~50% of starts since 2006 |

Vet Services EquineOne intends to leverage the Zayat Brand and its deep relationships within the equine industry to develop and expand into the equine veterinary services sector. The sector represents a highly underserved and fragmented market throughout the U.S., posing a significant business opportunity. Given the substantial value of equine assets, demand for high quality veterinary services is significant. Moreover, they are essential services for the wider equine industry and command premium pricing and margin due to their specialized skills and limited pool of organized providers. EquineOne plans to implement a “Buy & Build” strategy to capitalize on this unique market opportunity and to generate considerable returns for investors. Ahmed Zayat has already identified and / or been in active discussions with several potential key acquisition targets at attractive valuation multiples. In addition, the Company intends to capitalize on its renowned “Zayat Stables” brand name to partner with equine veterinary specialists and create the first nationally branded equine health services chain to further meet the underserved needs of the market.

AHMED ZAYAT – VISIONARY IN CREATING VALUE

Spearheading the Company’s extraordinary growth and vision is its Founder and CEO, Ahmed Zayat. A highly accomplished entrepreneur, Ahmed Zayat has a multi-industry track record of success spanning over 20 years, proving “perceived market wisdom” wrong in multiple industries in a variety of C-suite roles:

Al Ahram Beverages Company, Egypt (Chairman & CEO, 1997-2005)

- Mr. Zayat led the acquisition through a privatization in 1997
- Funded through \$100 million public stock offering on the London Stock Exchange (GDRs) (subscription amount covered 9x) and Cairo Stock Exchange
- Transformed a poorly run beer company into a successful, diversified beverages group by building an international management team, seven new, state-of-the-art greenfield plants, increasing the company’s product range and quality (180 new SKUs) and acquiring various competitors
- Mr. Zayat proved it was possible to grow product volumes 10x for a “brewery in a Muslim Country” and generated 3x returns for investors in five years (4x increase in EV since 1997) through sale to Heineken NV in 2002 for \$290 million
- Member of a Heineken NV group operating committee (2002-2006), CEO Heineken Egypt (2002-2005)

Misr Glass Manufacturing Company, Egypt (Co-Founder & Director, 2004-2016)

- Acquired in 2004
- Improved product quality and increased product volumes; increased exports from 2% of sales to ~35 – 40% with customers in 17 countries; grew the company to a market leader in the Egyptian container glass production sector with ~35% market share
- Minority holding in MGM sold in 2007 to a private equity firm at an implied valuation of \$180 million
- MGM sold in January 2016 generating a return of ~16x for initial investors
- Mr. Zayat dispelled the preconceived notion that “glass can’t travel”

Ahmed Zayat’s other accolades include Euromoney International CEO of the Year (2002-03), Global Leader for Tomorrow: World Economic Forum Davos (2001) and becoming the proud owner and breeder of the 2015 Triple Crown Champion Racehorse, American Pharoah (the first Triple Crown Champion in 37 years). Over the past decade, Ahmed Zayat has leveraged his operational expertise and business acumen developed through prior ventures to grow Zayat Stables into the industry leader it is today.



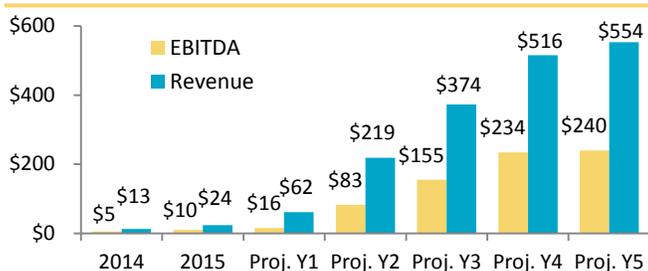
INVESTMENT OPPORTUNITY

Through this investment opportunity (transaction details on page 4), the Company is providing investors the opportunity to partner with management to further execute and build upon the disruptive business model that has been established over the past decade. The Racing and Breeding business provides a unique opportunity for both attractive and predictable risk-adjusted returns. Horse breeding provides for predictable revenue streams for up to 20 years, while racing generates immediately realizable purse revenues. Successful racing in turn creates opportunities for stallion creation, which is where the significant value lies (see “Top Successes” chart below). In addition, there lies considerable opportunity to leverage Zayat Stables’ current portfolio of IP rights and the Zayat Stables and American Pharoah brand names. For example, the Company has been approached with numerous opportunities including an American Pharoah branded movie, video game, children’s books, bourbon brand and GoPro for virtual live experience.

The Company also intends to expand into the Vet Services sector, presenting a highly attractive and lucrative investment opportunity. The sector has very few specialized, highly-regarded equine hospitals and private practices, with current locations each typically operating in only one or two states. Management views this as a significant market opportunity to which Ahmed Zayat can apply his success as an entrepreneur and industrialist to build a profitable, rapidly growing business within the Vet Services sector. Through the investment in both businesses, the Company expects to generate 35%+ IRRs, deliver substantial dividends to investors and execute on its vision of growing EquineOne into a multi-billion dollar international group in the Racing and Breeding and Vet Services sectors.

FINANCIAL OVERVIEW (\$M)

HISTORICAL AND PROJECTED P&L ⁽¹⁾



ZAYAT STABLES INVENTORY COUNT (2016)

| | |
|--|------------|
| Racing Prospects and Runners | 139 |
| Broodmares | 27 |
| Total Horses | 166 |
| Total Stallion Shares and Breeding Rights | 155 |

TOP SUCCESSSES

| | Purchase Price | Purse Earnings | Sale Value | Est. Mkt. Value | Sale Value Mult. | Est. Mkt. Value Mult. |
|---------------------|----------------|----------------|---------------|-----------------|------------------|-----------------------|
| American Pharoah | \$0* | \$8.7 | \$35.0 | \$100.0 | 35Mx | 100Mx |
| Pioneer of The Nile | \$0* | \$1.6 | \$6.0 | \$43.0 | 6Mx | 43Mx |
| Zensational | \$0.7 | \$0.7 | \$11.5 | \$6.0 | 16.4x | 8.6x |
| Eskendereya | \$0.3 | \$0.7 | \$10.0 | \$9.5 | 40.0x | 38.0x |
| Bodemeister | \$0.3 | \$1.3 | \$13.3 | \$15.0 | 51.1x | 57.6x |
| Paynter | \$0.3 | \$1.1 | \$9.5 | \$10.0 | 29.2x | 30.7x |
| Total | \$1.5 | \$14.1 | \$85.3 | \$183.5 | 55.5x | 119.4x |

(1) Financials do not include projected contribution from IP / licensing opportunities
* Homebred

INVESTMENT HIGHLIGHTS

Racing and Breeding

- **Distinguished Management Team** – Led by Ahmed Zayat, with an extraordinary track record of transforming companies and generating outsized returns for investors, the Company has assembled an experienced team with specialist skills in each key discipline in equine racing & breeding and healthcare
- **Diversified Business Lines** – Diversified risk-adjusted cash flow streams: racing, breeding, sales of equine assets, IP licensing and equine veterinary services
- **Opportunity for Significant Value Creation** – Potentially substantial returns to racing and breeding success with little to minimal investment (i.e. successful homebreds)
- **Access to Regular Liquidity Events** – The equine market offers ongoing liquidity with public auctions and private sales occurring regularly throughout the year, allowing for significant dividend accumulation
- **Fragmented Sector** – The equine market is fragmented with no major players – most participants are unsophisticated using traditional methods with very little innovation or use of advanced analytics

Vet Services

- **Buy & Build Strategy** – Will allow the Company to build up its Vet Services assets in strategic groupings over time to provide the best combination of risk and return
- **Unregulated Market with High Margins** – Strong pricing power within an unregulated market and high EBITDA margins of approximately 30 – 40%
- **Fragmented and Underserved Sector** – Significant potential to consolidate a fragmented sector largely consisted of i). localized hospitals individually owned and managed by specialist veterinarians and ii). veterinary group practices serving racetracks, racing and other stables
- **Sticky Customer Base** – Most horse owners in the U.S. have considerable discretionary income and are prepared to pay high costs for equine veterinary services, even in undesirable market conditions



INDUSTRY OVERVIEW

RACING AND BREEDING

Racing – Four types: Maiden, Claiming, Allowance and Stakes. Stakes races are highest level of competition and is the level in which the Company primarily strives to compete. These races increase in quality from listed to Grade 3 to Grade 2 to Grade 1.

Revenue Streams / Value Creation Opportunities:

- Racing – Purse income (\$1.1 bn annually)
- Breeding (Homebreds) – Intelligently breed and develop racing prospects internally
- Stud Fees – Once a stallion, can cover ~150 mares per year from \$10 – \$300k each (\$40m p.a. revenue potential)
- Purchase of Racing Prospects – Buy weanlings, yearlings, 2 y.o.'s for value prices in public auction, develop internally, prove racing career, sell high (\$1.0bn+ annual auction sales)

EQUINE LIFE CYCLE

- Birth – A foal is born after an 11-month gestation period
- Year 1 – Becomes a yearling on Jan. 1 of its first year
- Year 2 – Starts to race May – July of second year
- Year 3 – Most important year for value creation
- Racing / Retirement – Can race up to age 12, but most retire from racing between 3 and 6 because breeding value (stud fees) is far greater than racing value (purse income)
- Entering Stud / Breeding – If successful as a runner, become a stallion (male) / broodmare (female) as genetics are valuable:
 - Freshman Stallion – Progeny is unproven on the racetrack
 - Proven Stallion – Successful progeny
 - Broodmare – Value based on successful progeny; can mate once per year
- Stallions can breed until the age of ~25, broodmares ~20

VET SERVICES

There is ongoing demand for veterinary services both for thoroughbreds and the wider equine market (show horses, quarter horses, standardbreds, polo and dressage). The current horse population in the U.S. is an estimated 8 million, representing a significant market opportunity for EquineOne. Most horses require the care and maintenance of specialized veterinarians, especially amongst the Company's target market in race and show horses. While the average recreational horse incurs estimated annual veterinary costs of \$500 – \$1,000, thoroughbred racehorses and showhorses will typically cost an estimated 5-20x of that amount.

TRANSACTION OVERVIEW & USE OF PROCEEDS (\$M)

- Piper Jaffray has been engaged by the Company to raise \$75 – \$100 million of capital for initial use and a total of \$200 – \$300 million for near-term use
- Currently contemplated that roughly half of the proceeds from the initial round will go towards expanding the Company's equine portfolio, while the other half will go towards veterinary hospital / private practice acquisitions and constructing de novo locations
- Similar use of proceeds for future rounds

Initial Raise

| Sources | \$ | Uses | \$ |
|----------------------|------------|----------------------------|------------|
| New Equity | 100 | Racing and Breeding Assets | 50 |
| | | Vet Services Assets | 50 |
| Total Sources | 100 | Total Uses | 100 |

Short-Term Raise

| Sources | \$ | Uses | \$ |
|----------------------|------------|----------------------------|------------|
| New Equity | 250 | Racing and Breeding Assets | 125 |
| | | Vet Services Assets | 125 |
| Total Sources | 250 | Total Uses | 250 |

PIPER JAFFRAY DEAL TEAM

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