

Foals of 2015 (2YOs of 2017)

I. Executive Summary

1. **Dutchess Views Racing Stable** - Dutchess Views Racing Stable is a horse racing management company that provides a unique, exciting, and affordable entry point into thoroughbred racing. Members in Dutchess Views Racing Stable enjoy full participation in the ownership experience and are offered the opportunity to spread their risk over multiple horses. Our clients choose Dutchess Views Racing Stable because they want to experience the excitement and prestige of a great sport with a first class organization.
2. **Group Ownership** - In recent years, many investors have found group ownership the most attractive vehicle for participating in the Thoroughbred industry. Thoroughbred investments involve risk and the group ownership format spreads that risk among a group of investors. A group of owners pooling their assets will be able to afford a higher level of quality care, training, and management than an individual may be able to afford for his or her own account.
3. **New York Program** - New York bred's can participate in one of the most lucrative state bred programs in the United States. After nearly ten years of work, the New York program is poised for tremendous growth as the Video Lottery Terminals (VLT) project at Aqueduct Racetrack began operations in 2011. Purses dramatically increased once the VLTs were fully operational. Total money generated by the VLTs is exceeding expectations and that has led to large increases in purses and owner awards.

II. Why Dutchess Views Racing Stable?

1. **Years of Experience** - Dutchess Views Farm is one of the premier farms in New York State, currently standing four stallions and boarding over 100 horses on its state of the art farm in Pine Plains, New York. Dutchess Views Farm will foal up to 70 mares a year and has bred as many as one out of every seven mares bred in New York during one breeding season. Numerous good New York Bred foals have been foaled and raised by Dutchess Views Farm include: Home-bred 2015 2YO stakes winner Dr. Shane (one of the 5 finalists for NY Bred Champion 2yo of 2015) with earnings thus far over \$270,000, home-bred stakes winner MarriedtotheMusic with earnings over \$380,000, homebred stakes winner Shane Roars, multiple stakes winning 2YO and eventually named Champion New York Bred 2YO filly Final Mesa, stakes winner and stakes placed Meese Rocks, stakes winner Gitchee Goomie, multiple stakes winner Board Eligible, multiple stakes winner Lorccan, stakes winner Minnie Punt, stakes placed Bundle of Roses, stakes placed Palmetto Bluffs, stakes placed One Tough Belle, stakes placed Gone Goodbye, stakes placed Nunzionic, home-bred

\$300,000 winner Six Flings, etc. The vast majority of the foals born and raised on Dutchess Views have been by stallions that stand at Dutchess Views. Although modestly priced, these stallions have produced some of the very best thoroughbred horses in New York.

The principals of Dutchess Views Farm, Michael Lischin and Anya Sheckley, have a combined 45 plus years of experience in the thoroughbred industry. They live on the farm and manage the day to day running of the farm. In addition, Michael is an attorney specializing in Equine Law (see - www.aglawny.com) and Anya owns and manages a full service Property and Casualty Insurance Agency, specializing in equine and farm coverage (see - www.hammertowninsurance.com).

We will serve as the point of contact for all partnership investors. In addition, we will be responsible for communicating to investors any updates, news, notifications and race details.

On race day, we will be the point of contact for the entire race day experience. We will coordinate visits to the backstretch, entering the paddock pre-race and the winners circle post-race. We are available to owners for any questions or issues that may arise.

2. Minimal Investment in Diversified Group of Horses - Dutchess Views Farm has the ability to put together a good group of horses that Dutchess Views Farm breeds from its own mares each year. These horses are all registered New York Breds. By offering 10% interests in this group of horses, not only will the initial investment be low, but all future costs will be shared. The structure enables the participants to have a better opportunity to own a piece of a top racing prospect.

3. Top Notch Communication and Client Involvement - Dutchess Views Farm and its principals have been in the thoroughbred industry for many years and have had well over 300 active clients during that time. As such, Dutchess Views Farm is very well structured to communicate with all participants via telephone, email, and mail. Dutchess Views Farm also welcomes visits to the farm in Pine Plains, New York where participants can see the breeding, foaling, and lay up facilities and horses first hand.

At the racetrack, Dutchess Views Farm has long established contacts with trainers, agents, and racetrack management. Dutchess Views Farm will be able to make the racing experience an enjoyable and educational one.

III. Member Privileges

Dutchess Views Racing Stable members enjoy these privileges:

1. Members are welcome at the horse's barn or at Dutchess Views Farm at any time to see their horses and meet the people who are valued contributors to the overall racing team.
2. Members can attend early morning workouts and training
3. When a Dutchess Views Racing Stable horse crosses the finish line first, members have the honor of having their picture taken in the winner's circle. Everyone is welcome to join the Dutchess Views table in the clubhouse
4. Members receive owner's box seats and admission passes for friends and other racing enthusiasts on race day. Special privileges extended for participation in stakes races.
5. Paddock privileges so members can be there when the horses are saddled and get ready for the races.
6. Members receive owners parking privileges.
7. Members will be licensed by the New York State Racing and Wagering Board.

IV. How it Works

1. All members share in income and expenses in proportion to their capital investment.
2. Enough capital is raised at the beginning of the venture to cover expenses for about four months.
3. During the term of the venture, if there is an excess in the racing account over what is projected to maintain a four month expense reservoir, the excess will be distributed to the members
4. The Racing Manager is not paid anything until the horses start to earn purse winnings. At that time, the Racing Manager shall receive a fee equal to 5% of the purse earned by each horse.
5. Typically, our trainers will make racing decisions. Our trainers are experts at their job and have the best knowledge regarding when and where to run their horses. Of course, the Racing Manager will have constant contact with the trainers and have input in all racing decisions.
6. Most races are free to enter. Stakes races sometimes have an entry fee.
7. You will receive a quarterly financial statement and an invoice if retained purse money is not expected to cover the next quarter's expenses. Before March 15th of any calendar year, you will receive an accounting for tax purposes.

V. Available Horses

Our 2017 2YO group consists of horses foaled at Dutchess Views Farm in 2015 and raised at Dutchess Views Farm until they were sent to be broken and trained in the fall of 2016.

We have done extensive research on values of New York Breds at this time in their two year old progression and we feel the Fasig-Tipton May Maryland 2YO Sale is a good indicator of value. It is a more modest sale than the earlier two year old sales in

Florida and it also contains a good percentage of New York bred. The average price for a 2YO at the 2015 sale was \$88,859. Appraising 2YOs is an inexact process but we thought using the Fasig-Tipton average was a good way to get started. Since our 2 year olds have not completed their training we have used an initial value of \$50,000 a piece for them. We will value each horse on this basis including training and all other expenses through March of 2017. Upon purchasing a 10% interest each new member will also pay an estimate of their share of the next three months expenses.

When a new owner buys in they will get 10% of all horses instead of just one. The initial investment is based on the initial valuation; therefore a 10% stake would cost 10% of that value. In addition to the 10% purchased, an investor will need to pay for monthly expenses which will be for all horses. The estimated cost for a horse that is racing is \$45,000 a year or \$3,750 a month. Therefore, an owner with a 10% stake would be responsible for \$375 a month per horse.

VI. Frequently Asked Questions

1. *What experience does Dutchess Views Racing Stable provide?*

a. See our websites to get a feel for the wealth of experience of our owners, staff, and affiliated companies:

www.dutchessviewsfarm.com

www.aglawny.com

www.hammertowninsurance.com

2. *How are the horses selected?*

a. The horses in this group are all foals that Dutchess Views Farm, Inc. foaled or will purchase.

3. *What are monthly expenses?*

a. A thoroughbred costs about \$45,000 a year to keep in training at Belmont, Aqueduct, and Saratoga. The cost is about \$25,000 a year at the Finger Lakes.

4. *Should I buy a large piece of one horse or smaller pieces of several horses?*

a. Just like the stock market, the risk of a thoroughbred ownership is lessened with diversification. We recommend purchasing smaller shares of more horses than a large share of a single thoroughbred.

5. *Are there any tax advantages to owning a racehorse?*

a. Yes. Recent tax law changes have made Thoroughbred ownership more attractive than ever. We recommend that you discuss the benefits with your tax advisor.

6. *Are the horses insured?*

a. Yes. Dutchess Views Racing Stable does purchase insurance for your horses. Each member pays their prorated share of the cost.

7. *How are the purses distributed?*

a. Dutchess Views Racing Stable members are given quarterly statements. Purses are posted to the account and will be reflected in the itemized statement for the quarter in which they were earned.

8. *Are there management fees?*

a. Yes. Dutchess Views Farm will receive 5% of the purses won for management services. Additionally, we shall be paid 10% of the net profit upon liquidation.

9. *When will the horses run?*

a. It is possible that the horse will see its first race sometime after April of its 2YO year. In some cases it may take longer to bring the horse along. We cannot guarantee how quickly a horse will be ready to race. We understand that the sooner a horse gets to the races, the sooner it has an opportunity to produce earnings.

10. *At which tracks do the horses normally race?*

a. Our stable is based in New York. Therefore, our horses primarily run on the New York circuits at Saratoga, Belmont, Aqueduct, and the Finger Lakes.

11. *How long will this venture continue?*

a. At some point one or more of the horses might be entered in a claiming race. If they are claimed then they are sold. By the horse's five year old year a decision will need to be made to continue racing, retire or sell. This decision will be made by a majority vote. In any event, each owner will have a right of first refusal and will have the right to bid on any horse that is sold at public auction.