

Montreign

Market Analysis for RFA Exhibit VIII.B.1.

June 17, 2014



Background & Methodology

- This analysis estimates certain gaming revenue impacts of Empire Resorts' proposed Montreign development to be located approximately 3-4 miles from their existing facility in Monticello, NY (Catskills Region)
- Specifically, we quantify the gaming revenues (for 2019, the assumed first stabilized year of operations) that a proposed Montreign Class III resort casino would generate, assuming such development replaces the existing Class II gaming facility at Monticello Raceway
- Revenues are determined utilizing our gravity models, which we developed for both the slot and table markets within 180 miles of the Catskills Region
 - These models source gaming revenues by individual zip codes across five states (NY, PA, NJ, CT & MA)
 - The gravity model methodology, the underlying assumptions and inputs are detailed in our Montreign Gaming Market Assessment and its supplement (for alternative development scenarios), both dated June 6, 2014
- We segregate revenue by four distinct sources:
 - Recaptured Gaming Revenue from Out of State Venues
 - Cannibalized Gaming Revenue from existing NY Casinos (including Monticello Raceway)
 - Net New Gaming Revenue (sourced in-State)
 - Net New Gaming Revenue (sourced out-of-State)
- Revenues are determined for the following scenarios:
 - Scenario 1: Montreign with no other gaming in the Catskills Region (High, Mid and Low cases are presented for the Base Case)
 - Scenario 2: Montreign with one additional Class III competitor gaming resort located in Liberty, NY (High Case with Competition)
 - Scenario 3: Montreign with one additional Class III competitor gaming resort located in Newburgh, NY (Mid Case with Competition)
 - Scenario 4: Montreign with one additional Class III competitor gaming resort in southern Orange County, NY (Low Case with Competition)

Montreign – Gravity Model Results

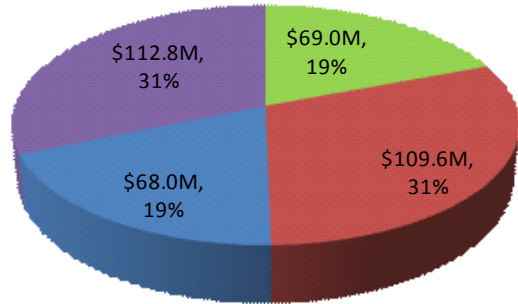
- The table below details the source of all gaming revenues for each scenario
- Highlighted in green, are revenues expected to be recaptured from NY residents who are currently gaming at out-of –state gaming venues

Montreign Incremental In and Out-of State Gaming Revenues	SCENARIO 1 - NO REGION 1 COMPETITION			SCENARIOS 2, 3 & 4 - WITH REGION 1 COMPETITION		
	Montreign High Case	Montreign Mid Case	Montreign Low Case	Montreign w/ Liberty High Case	Montreign w/ Newburgh Mid Case	Montreign w/ So. Orange Low Case
Gaming Revenues						
Drive-in/Local Market (<90 miles)						
In-State	\$ 218,116,319	\$ 196,217,099	\$ 173,023,971	\$ 141,255,034	\$ 123,397,657	\$ 59,718,352
Out-of-State	122,781,401	106,919,685	90,581,256	80,849,834	74,104,780	32,617,492
Total Drive-in/Local Market	340,897,720	303,136,784	263,605,227	222,104,868	197,502,436	92,335,844
Overnight & Traffic Intercept Markets ¹						
In-State	3,169,597	2,745,013	2,319,705	2,316,492	1,944,230	1,123,354
Out-of-State	15,357,662	13,300,424	11,239,676	14,167,251	9,310,182	6,870,228
Total Tourist Market	18,527,259	16,045,438	13,559,381	16,483,744	11,254,412	7,993,582
Total Gaming Revenues	\$ 359,424,979	\$ 319,182,222	\$ 277,164,607	\$ 238,588,612	\$ 208,756,848	\$ 100,329,426
Source of Revenues						
Recaptured from Out of State venues	\$ 69,012,993	\$ 54,443,091	\$ 38,939,182	\$ 31,803,421	\$ 46,610,024	\$ 11,353,019
Cannibalized from existing NY casinos	109,609,386	100,960,335	91,909,219	99,049,235	102,517,168	66,420,743
Net New (sourced in-State)	68,018,625	67,594,041	67,168,733	38,026,078	3,190,248	3,260,359
Net New (sourced out-of-State)	112,783,975	96,184,754	79,147,473	69,709,878	56,439,408	19,295,305
	\$ 359,424,979	\$ 319,182,222	\$ 277,164,607	\$ 238,588,612	\$ 208,756,848	\$ 100,329,426

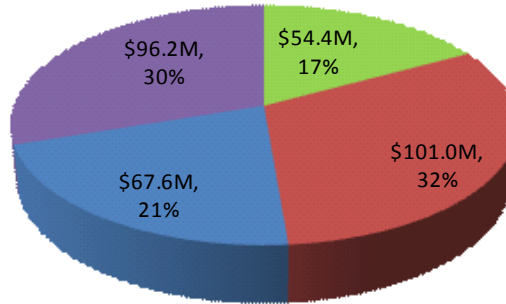
¹ For Scenario 2 (Montreign w/ Liberty) this amount includes \$6.2M of drive-in market revenues from beyond 90 miles

Montreign – Source of Gaming Revenues

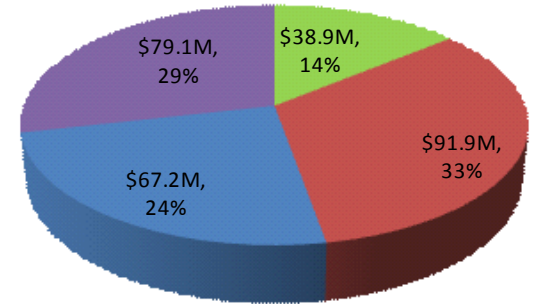
Scenario 1: Montreign High Case



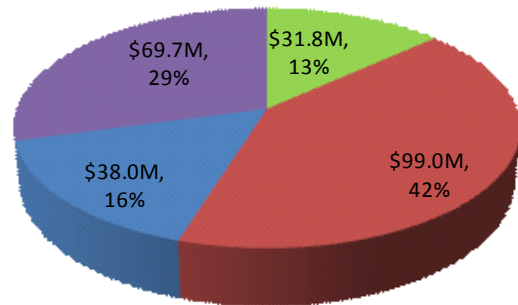
Scenario 1: Montreign Mid Case



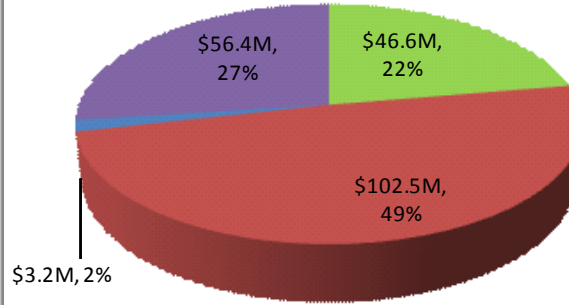
Scenario 1: Montreign Low Case



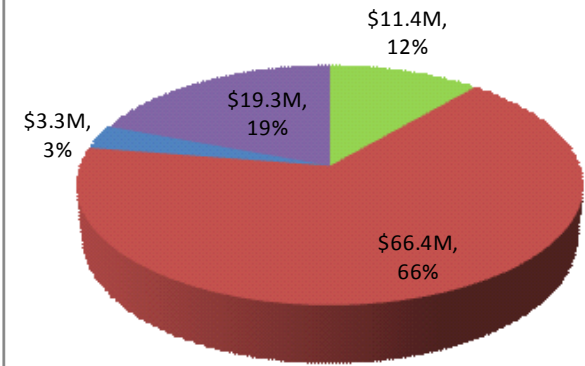
Scenario 2: Montreign w/ Liberty



Scenario 3: Montreign w/ Newburgh



Scenario 4: Montreign w/ So. Orange



- Recaptured from Out of State venues
- Cannibalized from existing NY casinos
- Net New (sourced in-State)
- Net New (sourced out-of-State)

Montreign – Est. Gross Revenues from Out-of-State Visitors (No Competition)

- We utilized the same methodology and models to quantify the estimated gaming and non-gaming revenues anticipated from out-of-state visitors
- The tables at right and on the following slide depict the results of this analysis for the first five years of operations under each scenario

Montreign - Gross Revenues Sourced from Out-of-State Visitors					
SCENARIO 1 - NO REGION 1 COMPETITION - HIGH CASE					
	2017	2018	2019	2020	2021
Revenue					
Gaming	\$ 305,429,865	\$ 337,805,431	\$ 359,424,979	\$ 373,801,978	\$ 385,016,037
Non-Gaming	52,280,035	56,722,049	60,551,083	62,396,347	63,979,631
Gross Revenue	\$ 357,709,900	\$ 394,527,480	\$ 419,976,062	\$ 436,198,325	\$ 448,995,668
Estimate from OOS Visitors	\$ 137,479,901	\$ 151,630,130	\$ 161,410,873	\$ 167,645,632	\$ 172,564,080
	38.4%	38.4%	38.4%	38.4%	38.4%
SCENARIO 1 - NO REGION 1 COMPETITION - MID CASE					
	2017	2018	2019	2020	2021
Revenue					
Gaming	\$ 271,232,632	\$ 299,983,291	\$ 319,182,222	\$ 331,949,511	\$ 341,907,996
Non-Gaming	48,139,724	52,239,619	55,560,061	57,251,625	58,711,347
Gross Revenue	\$ 319,372,356	\$ 352,222,910	\$ 374,742,282	\$ 389,201,135	\$ 400,619,343
Estimate from OOS Visitors	\$ 120,291,724	\$ 132,664,897	\$ 141,146,828	\$ 146,592,761	\$ 150,893,433
	37.7%	37.7%	37.7%	37.7%	37.7%
SCENARIO 1 - NO REGION 1 COMPETITION - LOW CASE					
	2017	2018	2019	2020	2021
Revenue					
Gaming	\$ 235,527,172	\$ 260,493,052	\$ 277,164,607	\$ 288,251,192	\$ 296,898,727
Non-Gaming	39,802,574	43,007,157	46,316,417	47,697,129	48,890,222
Gross Revenue	\$ 275,329,745	\$ 303,500,209	\$ 323,481,025	\$ 335,948,321	\$ 345,788,949
Estimate from OOS Visitors	\$ 101,146,865	\$ 111,495,744	\$ 118,836,022	\$ 123,416,086	\$ 127,031,201
	36.7%	36.7%	36.7%	36.7%	36.7%

Montreign – Est. Gross Revenues from Out-of-State Visitors (w/ Competition)

Montreign - Gross Revenues Sourced from Out-of-State Visitors					
SCENARIO 2 - WITH REGION 1 COMPETITOR IN LIBERTY - HIGH CASE					
	2017	2018	2019	2020	2021
Revenue					
Gaming	\$ 202,746,309	\$ 224,237,417	\$ 238,588,612	\$ 248,132,157	\$ 255,576,121
Non-Gaming	33,250,737	36,121,836	38,085,858	39,299,331	40,338,847
Gross Revenue	\$ 235,997,046	\$ 260,359,253	\$ 276,674,471	\$ 287,431,488	\$ 295,914,968
Estimate from OOS Visitors	\$ 93,985,003	\$ 103,687,168	\$ 110,184,646	\$ 114,468,591	\$ 117,847,108
	39.8%	39.8%	39.8%	39.8%	39.8%
SCENARIO 3 - WITH REGION 1 COMPETITOR IN NEWBURGH - MID CASE					
	2017	2018	2019	2020	2021
Revenue					
Gaming	\$ 177,396,063	\$ 196,200,045	\$ 208,756,848	\$ 215,547,863	\$ 220,408,262
Non-Gaming	31,267,414	33,751,045	35,718,173	36,694,860	37,512,322
Gross Revenue	\$ 208,663,477	\$ 229,951,091	\$ 244,475,021	\$ 252,242,723	\$ 257,920,584
Estimate from OOS Visitors	\$ 83,377,653	\$ 91,883,747	\$ 97,687,212	\$ 100,791,027	\$ 103,059,784
	40.0%	40.0%	40.0%	40.0%	40.0%
SCENARIO 4 - WITH REGION 1 COMPETITOR IN SO. ORANGE COUNTY - LOW CASE					
	2017	2018	2019	2020	2021
Revenue					
Gaming	\$ 85,257,299	\$ 94,294,573	\$ 100,329,426	\$ 104,342,603	\$ 107,472,881
Non-Gaming	15,490,465	16,750,980	17,837,940	18,401,644	18,893,950
Gross Revenue	\$ 100,747,764	\$ 111,045,553	\$ 118,167,366	\$ 122,744,246	\$ 126,366,831
Estimate from OOS Visitors	\$ 39,652,370	\$ 43,705,381	\$ 46,508,388	\$ 48,309,760	\$ 49,735,539
	39.4%	39.4%	39.4%	39.4%	39.4%

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