

Montreign Casino

Gaming Facility Benchmark Analysis

Located in:

Monticello, New York

Prepared For:

Empire Resorts, Inc.

Prepared By:

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&

Morowitz Gaming Advisors, LLC

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I. BACKGROUND

The Advisors were engaged by Empire Resorts (the “Company”) to prepare a market assessment and analysis to assess the projected gaming revenues, visitation and other revenues of the proposed Montreign Casino Resort (“Montreign”). We have prepared this Facility Analysis In connection with our market assessment and with specific reference to section VIII.C.4. of the RFA. This analysis was completed in order to provide substantiation and benchmarks to determine if the proposed building program is reasonable.

Montreign will consist of the following proposed features depending on the competitive scenario:

No Competition (Scenario 1)	Competition (Scenario 2 and 3)	Competition (Scenario 4)
<ul style="list-style-type: none"> • 391 room 4 star destination hotel with 42 suites. 	<ul style="list-style-type: none"> • 232 room 3 to 4 star hotel. 	<ul style="list-style-type: none"> • 120 room 2 to 3 star hotel
<ul style="list-style-type: none"> • 80,000 SF gaming floor. 	<ul style="list-style-type: none"> • 70,000 +- SF gaming floor 	<ul style="list-style-type: none"> • Approx. 50,000 SF gaming floor.
<ul style="list-style-type: none"> • 2,150 slots. 	<ul style="list-style-type: none"> • 1,750 slots. 	<ul style="list-style-type: none"> • 900 slots
<ul style="list-style-type: none"> • 58 Table games which includes an Asian pit and High Limit & Poker rooms. 	<ul style="list-style-type: none"> • 58 table games including Asian pit and high limit area. 	<ul style="list-style-type: none"> • 42 tables
<ul style="list-style-type: none"> • 40 – 50,000 SF flex multi-purpose banquet/event center (including support areas) 	<ul style="list-style-type: none"> • 40 – 50,000 SF flex multi-purpose banquet/event center (including support areas) 	<ul style="list-style-type: none"> • 10,000 SF event space, 800 SF executive conference room and 1,500 square feet of breakout space
<ul style="list-style-type: none"> • High end/upscale restaurants 	<ul style="list-style-type: none"> • High end/upscale restaurants 	<ul style="list-style-type: none"> • 100 seat quality dining steakhouse with bar
<ul style="list-style-type: none"> • Sports bar (including casual dining area) Main casino center bar & various service bar stations. 	<ul style="list-style-type: none"> • Sports bar (including casual dining area) Main casino center bar & various service bar stations. 	<ul style="list-style-type: none"> • 120 seat sports bar (including casual dining area), 30 seat casino bar
<ul style="list-style-type: none"> • 225 seat buffet 	<ul style="list-style-type: none"> • 225 seat buffet 	<ul style="list-style-type: none"> • 120 seat food court
<ul style="list-style-type: none"> • 150 seat coffee shop 	<ul style="list-style-type: none"> • 150 seat coffee shop 	<ul style="list-style-type: none"> • N/A
<ul style="list-style-type: none"> • 2950 total parking spaces 	<ul style="list-style-type: none"> • 2950 total parking spaces 	<ul style="list-style-type: none"> • 800 space garage and 500 surface spaces

In this report we compare the facility plan envisioned for Montreign to that of similarly positioned casinos in terms of gaming revenues, location and market.

II. PROJECTED GAMING REVENUES & VISITATION:

In its first year of stabilized operations Montreign is projected to generate gaming revenues ranging from \$277.2 million to \$359.4 million and between 2.6 million and 3.3 million visitors annually assuming no competition in Region 1. Revenues could range from \$100.3 million to \$238.6 million and visitation between 1.0 million and 2.2 million annually depending on where a competitor is located in Region 1. These gaming revenues and visitation are summarized as follows.

	Montreign Only - Scenario 1			w/ Liberty - Scenario 2	w/ Newburgh - Scenario 3	w/ S Orange County - Scenario 4
	High Case	Mid Case	Low Case	High Case	Mid Case	Low Case
Gaming Revenues Yr 3	\$ 359,424,979	\$ 319,182,222	\$ 277,164,607	\$ 238,588,612	\$ 208,756,848	\$ 100,329,426
Drive-In Market Visitation:						
Slots	2,652,473	2,357,172	2,050,324	1,784,760	1,630,255	724,060
Table Games	563,578	505,547	443,847	362,199	414,118	231,057
Incremental Visitation:						
Casino Hotel Overnight	42,540	39,304	36,170	22,803	23,321	13,748
Water Park Hotel Overnight	20,696	13,797	6,899	12,935	13,452	13,797
Other Hotel Overnight	8,336	6,352	4,168	3,811	6,352	6,352
Traffic Intercept	27,375	21,900	16,425	17,520	21,900	16,425
Total Visitation	3,314,998	2,944,071	2,557,833	2,204,027	2,109,398	1,005,438
Average Win per Visit	\$ 108	\$ 108	\$ 108	\$ 108	\$ 99	\$ 100

III. COMPARISON TO OTHER CASINO RESORTS WITH SIMILAR GAMING REVENUE RANGE

We identified several casinos throughout the U.S. that have gaming revenues within the range expected at Montreign and we summarize these casinos in the following table. Many of these casinos operate in markets that can be classified as similar to Montreign's including, among others, Mohegan Sun at Pocono Downs, Dover Downs, and certain casinos in Atlantic City.

Montreign – Benchmark Casinos

Casino	City	State	Gaming Revenue	Comments
Ameristar Casino	St. Charles	MO	\$ 258,391,099	
Greektown Casino	Detroit	MI	\$ 328,345,985	
Harrah's New Orleans Casino	New Orleans	LA	\$ 335,616,865	
Hollywood Casino	Lawrenceburg	IN	\$ 270,159,862	
Hollywood Casino	St. Louis	MO	\$ 232,355,186	
Horse Shoe	Southern Indiana	IN	\$ 266,519,425	
Mohegan Sun @ Pocono Down	Wilkes Barre	PA	\$ 263,432,787	
River City Casino & Hotel	St. Louis	MO	\$ 220,621,254	
Tropicana Casino & Resort	Atlantic City	NJ	\$ 228,021,938	Revenues have declined from peaks
Trump Taj Mahal	Atlantic City	NJ	\$ 259,914,284	Revenues have declined from peaks
Rivers Casino	Pittsburgh	PA	\$ 351,989,462	
Hollywood Casino	Grantville	PA	\$ 266,761,833	
Caesars	Atlantic City	NJ	\$ 336,447,359	Revenues have declined from peaks
Bally's	Atlantic City	NJ	\$ 244,450,275	Revenues have declined from peaks
Dover Downs	Dover	DE	\$ 215,000,000	Revenues at peak before competition

Source: Various state agencies

Note: Dover Downs revenues are based on peak operations

A few of these properties are particularly relevant to Montreign. Greektown Casino in Detroit, Mohegan Sun at Pocono Downs, and River City Casino in St. Louis all have comparable features including comparable numbers of slots & table games, hotel rooms, events space square footage, gaming floor square footage, parking spaces, food and beverage venues, bars and overall supporting amenities.

- **Greektown Casino** generates \$328.3 million of gaming revenue and has 2,600 slots and 50 table games plus poker. Greektown has an Asian and High Limit pit as part of a 100,000 square foot (SF) gaming floor. The property also consists of 400 hotel rooms, 8 restaurants, 27,000 SF of event space, and has 2,900 parking spaces.
- **Mohegan Sun at Pocono Downs** generates \$263.4 million of gaming revenue and has 2,331 slots and 66 table games plus poker. Mohegan Sun at Pocono Downs has Asian and High Limit pits as part of a 82,000 SF gaming floor. The property also consists of 238 hotel rooms, 11 restaurants, 20,000 SF of events space, and has 4,000 parking spaces.
- **River City Casino & Hotel** generates \$220.6 million of gaming revenue. River City has 2,012 slots, 47 table games plus poker and Asian and High Limit Pits as part of a 90,000 SF gaming floor. There are 200 hotel rooms, 9 restaurants, 20,000 SF of events space, and 3,000 parking spaces
- **Harrah's New Orleans** generates \$335.6 million of gaming revenue. Harrah's has 1,830 slots, 150 table games plus poker with an Asian and High Limit pit as part of a 125,000

SF gaming floor. The property also has 450 hotel rooms, 9 restaurants, 70,000 SF of event space, and 1,500 parking spaces.

The following table summarizes these and other comparable properties.

COMPANY	Gaming Revenue	CITY	ST	Slots	Table Games	Poker Tables	Casino SF	Conv SF	Rooms	Restaurants	Parking Spaces
Montreign Casino Resort		Monticello	NY	2,150	58	Yes	70,000	40,000 - 50,000	391		2,950
Greektown Casino	\$328,345,984.97	Detroit	MI	2,600	50	12	100,000	2,735	400	8	2,900
Mohegan Sun at Pocono Downs	\$263,432,787.00	Wilkes Barre	PA	2,331	66	18	82,000	20,000	238	11	4,000
River City Casino & Hotel	\$220,621,254.36	Saint Louis	MO	2,012	47	12	90,000	20,000	200	9	3,000
Harrah's New Orleans Casino	\$335,616,865.00	New Orleans	LA	1,830	150	20	125,100	7,000	450	9	1,500
Hollywood Casino - Lawrenceburg	\$270,159,862.00	Lawrenceburg	IN	4,200	87	41	150,000	0	306	5	3,650
Hollywood Casino - St. Louis	\$232,355,186.30	Maryland Heights	MO	2,100	70	22	109,000	8,000	502	7	5,300
Horseshoe Southern Indiana Casino Hotel	\$266,519,425.00	Elizabeth	IN	1,750	110	30	86,600	28,000	500	6	4,600
Ameristar Casino - St. Charles	\$258,391,098.52	Saint Charles	MO	2,611	54	19	130,000	55,000	397	7	4,000
Dover Downs Hotel and Casino	\$166,574,255.00	Dover	DE	2,600	40	18	165,000	165,000	500	15	2,700

Source: Various state agencies and Casinocity.com

Note: Dover Downs revenues actual last reported

We identified several other casinos with similar gaming revenues, but less comparable features including the following:

- A) Tropicana Casino & Resort – Atlantic City, NJ
- B) Trump Taj Mahal – Atlantic City, NJ
- C) Rivers Casino – Pittsburgh, PA
- D) Hollywood Casino @ Penn National Race Course – Grantville, PA
- E) Caesars Atlantic City, NJ
- F) Bally’s Atlantic City, NJ

These properties have comparable gaming revenue to those projected for Montreign but they have wide variation in hotel rooms (or no hotel), parking spaces, event areas, gaming space, etc. The table below details these Casino/Resort properties. The yellow shaded items detail specific contrasting amenities that do not compare to Montreign’s program. The main reason for this, especially in the case of several casinos in Atlantic City, is that these facilities were built in another era when competition was less fierce and gaming revenues were much higher.

COMPANY	Gaming Revenue	CITY	ST	Slots	Table Games	Poker Tables	Casino SF	Conv SF	Rooms	Restaurants	Parking Spaces
Montreign Casino Resort		Monticello	NY	2,150	58	No	70,000	40,000 - 50,000	391		2,950
Tropicana Atlantic City Casino & Resort	\$228,021,938.00	Atlantic City	NJ	2,677	116	27	132,896	122,000	2,079	18	5,547
Trump Taj Mahal Casino Resort	\$259,914,284.00	Atlantic City	NJ	2,648	134	67	167,321	155,000	2,248	20	4,000
Rivers Casino	\$351,989,461.60	Pittsburgh	PA	2,954	107	30	400,000	15,000	0	8	0
Hollywood Casino at Penn National Race Course	\$266,761,832.70	Grantville	PA	2,483	50	16	97,985	6,500	0	6	4,100
Caesars Atlantic City	\$336,447,359.00	Atlantic City	NJ	2,190	180	24	111,800	33,730	1,140	16	2,938
Bally's Atlantic City	\$244,450,275.00	Atlantic City	NJ	2,320	140	27	104,100	225,340	1,750	14	3,478

Source: Various state agencies and Casinocity.com

IV. CONCLUSION

Montreign’s overall development programs are comparable to several casinos with similar gaming revenues. We have identified eight casino properties that that are similar in gaming capacity, hotel rooms, gaming square footage, restaurants, event space and parking. Based upon this analysis the development program (under scenarios 1 through 3) at Montreign appears reasonable and well positioned to capture the revenues estimated and to compete within the northeast gaming market. The scaled back program under scenario 4 (with southern Orange County competition) also appears reasonable.