



**Submit as Exhibit VIII.C.7.b. copies of any forecast, projections, analysis or studies used to determine the number and type of hotel rooms, level(s) of service and flag(s) or brand(s). Describe any assumptions and the basis thereof. Substantiate their reasonableness.**

### **Montreign Resort Casino**

GGH, a well-known and respected gaming resort consultant, was engaged to prepare assessments of the gaming market and the hotel market, respectively, in Sullivan County, NY and at Adelaar. The hotel study is at pp. 70-76 of Attachment VIII.A.3.-1 (which is a part of Exhibit VIII.A.3.). The study's assumptions, the basis for those assumptions, and the reasonableness of those assumptions are described throughout Attachment VIII.A.3.-1, including but not limited to pp. 1-3 and 70-76. The study also provides a comprehensive analysis of the local, regional and competitive hotel markets to justify its conclusions and recommendations.

In the hotel study, after considering the number and type of hotel rooms, level of service and branding of Montreign Resort Casino (which are more fully described in Exhibit VIII.C.7.a.), Global Gaming & Hospitality ultimately concludes as follows:

We anticipate that Montreign with its [391] room count and being among the newest properties in the Northeast will yield ADRs similar to both the Upstate NY Destination Hotel comp set [\$245 in 2013] and this Newer Casino Hotel comp set [Ranging from \$127.39 to \$142 in 2013]. With only 391 rooms, Montreign should be able to drive similar occupancy to that of other casinos in the Northeast while also supplementing this occupancy with stronger FIT/group business driven by the destination appeal of EPR's Adelaar, comprehensive master planned resort community.

GGH Report at p. 75.

## **The Indoor Waterpark Lodge at Adelaar Resort**

### **Preliminary Hotel Feasibility Study - PKF Consulting USA, LLC**

The Indoor Waterpark Lodge at Adelaar Resort, as well as Montreign Resort Casino and the numerous other recreational and entertainment amenities offered at Adelaar, has been in development for years. In 2012, EPR commissioned a hotel feasibility study to assess a variety of proposed hotel concepts and projects for the Adelaar Resort. The study, which was prepared by PKF Consulting USA, LLC ("PKF"), an international firm of management consultants, industry specialists and appraisers in the hospitality and tourism industry, is attached as Attachment VIII.C.7.b.-1. Within the body of the study, PKF describes its assumptions and the basis thereof, and substantiates their reasonableness, by discussing the justifications and strategic considerations behind the study's various recommendations. PKF then concludes as follows:

We recommend the indoor waterpark hotel be positioned as a 425-room full-service hotel with a 90,000 square-foot indoor waterpark, either affiliated with the Great Wolf Lodge chain, Wilderness Territories chain, or be similar in character and market orientation. . . . We believe an indoor waterpark hotel property of the type and size recommended could be reasonably expected to reach a stabilized annual occupancy in the vicinity of 73 percent at an average daily room rate . . . of approximately \$340 (expressed in current-value dollars) upon stabilization by the third full operating year.

PKF Report at pp. 1 to 2.

### **Market Feasibility Study for the Indoor Waterpark Lodge at Adelaar**

#### **Resort - Hotel & Leisure Advisors, LLC**

More recently, in January 2014, Hotel & Leisure Advisors, LLC ("HLA") provided a more up-to-date Market Feasibility Study concerning the Indoor Waterpark Lodge at Adelaar Resort, as well as potential future real estate development within Adelaar. The study is attached as Attachment VIII.C.7.b.-2. The study's assumptions, the basis for those assumptions, and the reasonableness of those assumptions are described throughout Attachment VIII.C.7.b.-2, including but not limited to, pp. 2-3, A-11, D-1 to D-12, and B-42 to B-46. The study also provides a comprehensive analysis of the local, regional, national and competitive lodging markets to justify its conclusions and recommendations.

In the study, after considering the number and type of hotel rooms, level of service and branding of the Indoor Waterpark Lodge (which are more fully described in Exhibit VIII.C.7.a.), HLA notes as follows:

After discounting and promotions, the above rate structure should enable the hotel to achieve an estimated ADR of \$263 in 2017 dollars. The table indicates the projected ADR including waterpark passes. We have increased the ADR projection by 5% in year two and 4% in year three to account for introductory specials, which will be offered. Future projections increase at the rate of inflation of 3.0% throughout the projection period.

HLA Report at p. D-11.

Further, HLA ultimately concludes that:

**The subject project has a high probability of being successful. The development will create a four-seasons resort in a manner not currently available in Catskills. The indoor waterpark resort will attract guests year-round and will complement the proposed casino resort and entertainment village. Additionally, the creation of the subject's meeting space in conjunction with the casino resort's meeting space has the potential to attract larger groups that can benefit the subject as well as the casino resort. Additional amenities, such as the Monster Golf Course and the adventure park, will provide additional amenities to the overall development and enhance the guest stay.**

HLA Report at p. H-2.