

Financial Strength

Massachusetts Gaming Commission
September 2014

Introduction

The financial strength and capacity of the Applicant to develop (construct and open) and operate the proposed facility.

Key Considerations:

- Ability of Applicant to obtain project capital.
- Current financial strength of Applicant.
- Applicant's expected project return over 15 year term (term of license).

Ability to Obtain Capital: Introduction

Expectations of Applicant:

- Evidence of access to capital required to fund project cost as submitted.

Assessment Approach:

- Reviewed financing plan as submitted by Applicant as well as accompanying background materials.

Ability to Obtain Capital: Funding Structure

The Applicants' proposed funding plans:

Financing Structure (\$Million)		
	Revere/ Mohegan	Everett/ Wynn
Capital Required	\$1,132.0	\$1,589.2
Third Party Debt	\$807.0	\$984.4
Equity	\$235.0	\$604.8
Third Party Funding*	\$90.0	\$0.0
Total	\$1,132.0	\$1,589.2
Project Financed by Debt	71%	62%
Project Financed by Equity	21%	38%
Project Financed by Third Party*	8%	0%
Total	100%	100%
<p><i>Source: HLT Advisory Inc. based on Applicant's submissions.</i></p> <p><i>*Third Party Funding refers to funding of \$30 million by retail tenants, \$18 million in second hotel equity and \$48 million in second hotel debt financing.</i></p>		

Ability to Obtain Capital: Revere/Mohegan

The legal name of the Applicant is Mohegan Sun Massachusetts, LLC (“Revere/Mohegan”). Revere/Mohegan is owned by MGA Palmer Partners, LLC (“Partners”) which is wholly owned by MGA Holding MA, LLC (“Holdings”), which in turn is indirectly wholly owned by the Mohegan Tribe of Indians of Connecticut (the “Tribe”).

Should the license be awarded to Revere/Mohegan, Holdings will transfer 60% of its ownership of Partners to New England Gaming Partners, LLC (“NEGP”), an entity 100% owned by investment funds and/or accounts managed by Brigade Capital Management, LLC (collectively “Brigade”). In the “Summary Terms for Equity Commitment in Mohegan Sun at Palmer” document (dated January 14, 2013) that was submitted with the application, Brigade is described as an “Institutional Investor”. Note: through the clarification process, Revere/Mohegan confirmed that this document was applicable to the Revere site.

MGA Gaming MA, LLC (“Gaming”), an indirectly wholly owned subsidiary of the Tribe, will manage the gaming (including one hotel) operations for Revere/Mohegan, pursuant to a Hotel and Management Agreement between Partners and Gaming.

In their response to A-14 of the application, Revere/Mohegan stated that they anticipate the President, General Manager and executive management of the casino will be based in Massachusetts. Senior management, audit and compliance personnel from MTGA and Gaming based in Connecticut will provide additional oversight.

Ability to Obtain Capital: Revere/Mohegan

Revere/Mohegan’s funding plan includes multiple sources of equity and debt financing – up to 9 separate parties (counting individual retail tenants as one entity) may be involved in the funding plan for the project.

Third Party equity and debt funding includes “Key Money” and “Fit-out” for the Retail, Dining and Entertainment (“RDE”) facility and hotel equity and financing for the second hotel.

Revere/Mohegan - Funding Plan (\$Million)	
Source of Equity/Financing	Total
Equity	
Pre-Development Spend to Date (Mohegan contribution)	\$35
Pre-Development Spend to Date (Suffolk contribution)	\$70
Common Equity	\$50
Preferred Equity	\$60
Third Party "Key Money"	\$20
Total Equity	\$235
Debt	
Bank Financing	\$732
FFE-Capital Lease	\$75
Total Debt	\$807
Third Party Funding	
Third Party "Fit-Out"	\$30
Third Party Hotel-Equity	\$18
Third Party Hotel-Financing	\$42
Total Third Party Funding	\$90
Total	\$1,132

Source: HLT Advisory Inc. based on information from Applicant's submission.

Ability to Obtain Capital: Revere/Mohegan

Equity:

- Pre-development spend to date by Mohegan Sun (\$35 million) and Sterling Suffolk Racecourse ("SSR" - \$70 million) is described as "labor, consulting, design/development, regulatory and legal expenses".
- SSR is the landlord (no equity interest). Rent is paid to SSR as follows:
 - \$2 million per month from December 1, 2013 to license date, and
 - \$1 million per month from license date to opening date, and
 - Minimum \$35 million per annum during operating period (CPI adjusted), adjusted as follows
 - \$35 million plus 7% of net revenues between \$500 and \$600 million if net revenues greater than \$500 million
 - \$48 million plus 8% of net revenues between \$600 and \$900 million if net revenues greater than \$600 million
 - \$81 million plus 9% of net revenues between \$900 million and \$1 billion if net revenues greater than \$900 million
 - \$100 million plus 10% of net revenues greater than \$1 billion if net revenues greater than \$1 billion
- In addition to rent, SSR to receive 5.15% of any distributions or dividends made in respect of equity ownership
- The Applicant as a condition of the ground lease covenants to utilize its existing customer base which reside in a prescribed radius of the project and agrees to certain limits on the manner in which it conducts marketing activities of its other properties.

Ability to Obtain Capital: Revere/Mohegan

Equity:

- Common equity (termed "Common Interest") of \$50 million and preferred equity (termed "Preferred Interest") of \$60 million will be contributed by Brigade. The preferred equity is essentially treated as "debt" between Brigade and Revere/Mohegan. The preferred equity is entitled to a quarterly dividend that is calculated based on a rate of 15% per annum from the date of investment. The initial dividend payment is not due until after 18 months of casino operations. During the time between the date of investment and 18 months of casino operations dividend interest accrues. The term is 10 years with "call in rights" after 5 years. If the "call in rights" are exercised the following premiums are applicable:
 - Years 5-6: 7.5%
 - Years 6-7: 5.625%
 - Years 7-8: 3.75%
 - Years 8-9: 1.875%
 - Years 9-10: 0%

Ability to Obtain Capital: Revere/Mohegan

- Third Party “Key Money” represents contributions to be made by New England Development and Finard (“NEDF”). NEDF and Revere/Mohegan have signed a “Term Sheet for Sublease in Revere, Massachusetts” (dated December 2013). Essentially this agreement states that in return for providing 25% of the agreed construction cost of the RDE facility (budgeted at \$20 million and labeled “Key Money”), NEDF will have the right to operate the RDE facility. Revere/Mohegan will construct the RDE facility. NEDF will operate the facility (and be responsible for leasing all of the space) and pay Revere/Mohegan an annual rent equal to 8% of project costs less Key Money amount (annual rent estimated at \$4.8 million). While NEDF will operate the facility, Revere/Mohegan will be responsible for all common area maintenance. NEDF will pay to Revere/Mohegan annually \$3 per gross leasable square foot for real estate taxes, \$7 per gross leasable square foot for common area maintenance, and \$1 per gross leasable square foot for marketing. All capital expenditures are for the account of Revere/Mohegan and all sub-leased rental payments are for the account of NEDF. All sub-tenants that NEDF leases space to must agree to accept casino player card points or coupons as currency (generally payable at a rate of \$0.90 per dollar).
 - Unaudited financial information was provided for NEDF. That said, this information showed that New England Development (as of March 31, 2014) had \$45 million in “liquid assets” and total assets of \$80 million. Finard (as of April 22, 2014) had marketable investments worth \$35 million.

Ability to Obtain Capital: Revere/Mohegan

Debt:

- Bank debt financing is represented by two “highly confident” letters, from Goldman Sachs and Bank of America\Merrill Lynch.
 - Goldman Sachs stated they were confident in their ability to raise \$800 million with certain conditions being met, the primary condition being an equity contribution satisfactory to Goldman Sachs. They clarified this equity contribution would be in an amount of no less than \$235 classified as equity on page 6.
 - Bank of America\Merrill Lynch stated they were confident in their ability to raise \$825 million with an equity investment of not less than \$190 million. Bank of America\Merrill Lynch clarified this equity contribution would be as classified as equity on page 6.
- FF&E (including slot machines and related gaming equipment/systems) totaling \$75 million will be financed through capital leases. The Applicant did not provide evidence that this financing was available in their original application. Subsequently, Revere/Mohegan provided a “Back-Stop Commitment Letter” (dated April 28, 2014) from Brigade to Revere/Mohegan related to among other items, the above mentioned capital lease for FF&E. The interest rate applicable is defined as LIBOR (or 1%, whichever is greater) plus Applicable Margin (defined as 7%).

Ability to Obtain Capital: Revere/Mohegan

Third Party Funding:

- Individual retail tenants will be expected to contribute \$30 million in respect of third party retail “fit out” (assumed at \$200 per sf at 150,000 sf). Revere/Mohegan included in the development budget a \$100 per sf allowance for retail improvements above and beyond the assumed \$200 per sf retail tenant “fit out”.
- The second hotel on the site is part of the “Term Sheet for Sublease in Revere, Massachusetts” (dated December 2013) between Revere/Mohegan and NEDF. NEDF will own all hotel improvements and be responsible for raising the required 25% equity and 75% debt financing (total construction cost of \$60 million). NEDF will operate the facility and pay Revere/Mohegan an annual rent equal to 8% of shared infrastructure costs such as foundations, parking and central plant (total cost not determined yet). NEDF will pay to Revere/Mohegan \$300,000 annually for real estate taxes, \$300,000 annually for common area maintenance, and \$100,000 annually for marketing. NEDF will pay Revere/Mohegan \$3 per consummated transaction for hotel reservations made through Revere/Mohegan’s reservation system. NEDF has to accept casino player card points or coupons as currency (payable at a rate of \$0.93 per dollar). NEDF is responsible for its own repairs and maintenance and insurance costs.

Ability to Obtain Capital: Revere/Mohegan

- Unaudited financial information was provided for NEDF with respect to the required 25% equity contribution as stated in the Term Sheet (budgeted at \$18 million in Revere/Mohegan's financing plan. The Revere/Mohegan financing plan estimated total hotel development cost is \$60 million. The \$18 million equity contribution represents 30% of the total budget). That said, this information showed that New England Development (as of March 31, 2014) had \$45 million in "liquid assets" and total assets of \$80 million. Finard (as of April 22, 2014) had marketable investments worth \$35 million. It should be noted that total equity required from NEDF is \$38 million (\$20 million key money for RDE facility and \$18 million for hotel equity).
 - The Applicant did not provide evidence as to NEDF's ability to obtain debt financing totaling \$42 million in their original application. Subsequently, Revere/Mohegan provided a "Back-Stop Commitment Letter" (dated April 28, 2014) from Brigade to Revere/Mohegan related to among other items, the above mentioned third party hotel financing. The interest rate applicable is defined as LIBOR (or 1%, whichever is greater) plus Applicable Margin (defined as 9.5%).

Ability to Obtain Capital: Everett/Wynn

The legal name of the Applicant is Wynn MA, LLC (“Everett/Wynn”). Wynn is a wholly owned subsidiary of Wynn Resorts Limited (“Wynn”).

Everett/Wynn plans to fund the \$1.59 billion development with:

- \$583.9 million equity contribution
- \$984.4 million project financing (bank debt financing)
- Operating cash flow of \$20.9 million from the development

Based on Wynn December 31, 2013 10-K filing:

- Current assets amounted to \$3.0 billion while current liabilities amounted to \$1.5 billion (net \$1.5 billion).
- Wynn had \$1.3 billion in EBITDA, \$299 million in interest expense and \$507 million in capital expenditures.

Deutsche Bank Securities confirmed in writing that they were highly confident they would be able to arrange project financing up to \$1.225 billion providing Everett/Wynn contributes 25% equity (the planned \$583.9 million equity contribution not including \$20.9 million in cash flow from the development equates to 36% of total budgeted cost). Their letter stated they understood the total project cost to equal \$1.6 billion.

Financial Strength: Introduction

Expectations of Applicant:

- Strong balance sheet (current ratio and net asset position).
- Reasonable levels of debt (debt/equity ratio).
- Positive operating results (capital asset turnover and return on investment).

Assessment Approach:

- Reviewed financial statements (where applicable) submitted by Applicants and performed financial ratio analysis to assess financial strength of Applicant.

Note: For Revere/Mohegan, Brigade was not assessed from a financial ratio analysis perspective as this type of analysis is not relevant for a company like Brigade. Mohegan, as the Applicant, and 40% owner of Revere/Mohegan and manager of the casino was assessed from a financial ratio analysis perspective regardless of the fact that Mohegan is not providing additional financing to the project beyond funds already spent or will be spent prior to the award of a license.

Financial Strength: Definition of Ratios

Liquidity Ratios-Liquidity ratios are meant to provide information about an organization's ability to meet its short-term financial obligations. Liquidity ratios are not meant to assess the long-term sustainability of an organization. They are short-term in nature, defined within a one year time frame. In respect of liquidity ratios we used the current ratio for our analysis.

Financial Leverage Ratios-Financial leverage ratios provide information about an organization's debt structure and its ability to repay long-term debt. In respect of financial leverage ratio, we used a debt/equity ratio for our analysis.

Asset Turnover Ratios-Asset turnover ratios provide information about how efficiently an organization is making use of its assets. The more times an organization can turnover its assets (in terms of revenue) the greater the productivity of the operation. In respect of asset turnover ratios we used the capital asset turnover ratio for our analysis.

Profitability Ratios-Profitability ratios provide information about a company's ability to generate profits. In respect of our profitability ratios we utilized a return on investment ("ROI") ratio and a times interest earned ratio for our analysis.

Financial Strength: Financial Ratios, Publically Traded Gaming Companies

	Financial Ratios - Publically Traded Gaming Companies								
	Capital Assets > \$4 billion					Capital Assets < \$4 billion			
	Las Vegas Sands Corp.	Wynn Resorts Ltd.*	MGM Resorts International*	Caesars Entertainment Corporation	Penn National Gaming, Inc.**	Mohegan Tribal Gaming Authority	Boyd Gaming Corporation	Pinnacle Entertainment, Inc.***	Station Casinos LLC
Current Assets (\$Million)	\$5,516	\$2,968	\$2,719	\$3,770	\$487	\$138	\$335	\$599	\$221
Current Liabilities (\$Million)	\$3,130	\$1,455	\$2,215	\$2,531	\$499	\$244	\$454	\$372	\$231
Current Ratio	1.76	2.04	1.23	1.49	0.98	0.57	0.74	1.61	0.96
Total Capital Assets (Net Book Value) (\$Million)	\$15,359	\$4,934	\$14,055	\$13,238	\$2,730	\$1,476	\$3,506	\$3,040	\$2,163
Net Revenue (\$Million)	\$13,770	\$5,620	\$9,810	\$8,560	\$2,899	\$1,340	\$2,894	\$1,488	\$1,261
Capital Asset Turnover	0.90	1.14	0.70	0.65	1.06	0.91	0.83	0.49	0.58
Long Term Debt (\$Million)	\$9,383	\$6,587	\$13,447	\$20,918	\$2,649	\$1,649	\$4,353	\$4,364	\$2,128
Total Shareholder Equity (\$Million)	\$7,665	-\$185	\$4,231	-\$3,122	\$2,250	\$199	\$470	\$214	\$658
Debt Equity Ratio	1.22	N/M	3.18	N/M	1.18	8.29	9.26	20.42	3.23
EBITDA (excludes unusual items) (\$Million)	\$4,416	\$1,294	\$1,712	\$1,700	\$687	\$309	\$573	\$270	\$328
Investment (\$Million)****	\$17,048	\$6,086	\$17,678	\$17,796	\$4,695	\$1,848	\$4,823	\$4,578	\$2,787
Return on Investment	26%	21%	10%	10%	15%	17%	12%	6%	12%
EBITDA (excludes unusual items) (\$Million)	\$4,416	\$1,294	\$1,712	\$1,700	\$687	\$309	\$573	\$270	\$328
Interest Expense (\$Million)	\$271	\$299	\$857	\$2,253	\$81	\$170	\$344	\$170	\$165
Times Interest Earned	16.28	4.33	2.00	0.75	8.44	1.82	1.66	1.59	1.99
Year End	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2012	9/30/2013	12/31/2013	12/31/2013	12/31/2013

Source: HLT Advisory Inc. based on most recent annual audited financial statements from gaming companies.

*Shareholder's equity excludes that amount attributable to non-controlling interests. EBITDA excludes that amount attributable to non-controlling interests.

**Ratios used are for 2012, prior to Penn National Gaming splitting in to two entities (GLPI and Penn National Gaming).

***In August 2013, Pinnacle Entertainment Inc. acquired Ameristar Casinos, Inc.

****Investment is defined as long term debt plus shareholder's equity.

N/M-Not measurable.

Financial Strength: Ratio Analysis

Brigade Capital Management, LLC (Brigade) Analysis

Financial ratio analysis was not carried out on Brigade as it would not provide relevant data.

Brigade is described in its December 31, 2012 audited financial report as a company that provides investment management services to related private investment entities and other parties in which it earns management and performance fees for these services. Brigade is both the management company and the investment advisors for the various related funds and collectively they are referred to as Managed Funds.

In their Application, Revere/Mohegan indicated Brigade currently has over “15 billion in investment funds and accounts under management, the vast majority of which are held in liquid assets or cash”. It is reasonable to assume Brigade is capable of funding its equity commitment immediately once the license is awarded. Both the defined equity and debt amounts committed to by Brigade will be sourced from investment funds managed by Brigade.

Financial Strength: Ratio Analysis

Mohegan Tribal Gaming Authority (Mohegan) Analysis

Mohegan's current ratio of significantly less than one (0.57), indicates a potential liquidity issue. Mohegan has the lowest current ratio of companies included on page 14.

Mohegan's capital asset turnover ratio of 0.91 is comparable to Penn among companies with less than \$4 billion in capital assets.

Mohegan has a debt/equity ratio in excess of 8. Mohegan has significant levels of debt relative to equity, and their ability to meet future debt conditions is not certain. Mohegan has low levels of capital (equity) as retained earnings have been distributed to the Tribe over the years (e.g. \$284 million has been paid to the Tribe over the last 5 years, 2009-2013). Mohegan's long term debt exceeds the net book value of their total capital assets.

Financial Strength: Ratio Analysis

Mohegan's 2011 auditor's report contains the statement "the current uncertainty relating to the refinancing of our fiscal 2012 maturities raises substantial doubt about its ability to continue as a going concern". Subsequent to the 2011 auditor's report, Mohegan refinanced a significant portion of their debt which served to extend the maturity dates to later years. Since that year the auditor's going concern qualification statement has been removed, however, the overall financial position of Mohegan remains relatively unchanged (see table below) except for the extension of debt maturity dates. Mohegan will need to increase revenues or offset any future declines in revenues by implementing cost containment measures to provide for future long term debt obligations.

Mohegan Financial Position 2011 versus 2013		
(in thousands)		
	September 30, 2011 ¹	September 30, 2013 ²
Current Portion of Long term Debt	\$800,250	\$4,063
Long Term Debt	\$819,316	\$1,649,329
Total Long Term Debt	\$1,619,566	\$1,653,392
Total EBITDA	\$328,436	\$309,823

Source: HLT Advisory based on Mohegan audited financial statements
1-As at that date long term debt obligation dates ranged from 2012 to 2017
2-As at that date long term debt obligation dates ranged from 2014 to 2018

Financial Strength: Ratio Analysis

While Mohegan Sun has a reasonable return on investment at 17%, they are just meeting interest coverage with a times interest earned coverage ratio of 1.82. That said three other company's included on page 14 have lower times interest earned ratios (Caesars, Boyd and Pinnacle).

Mohegan has a significant economic dependence issue in that a significant portion of its operations reside in Connecticut, where there has been increased competitive pressure from neighboring jurisdictions. Competition will increase in the near future with the opening of up to four Massachusetts casinos and additional New York casinos. While Mohegan should remain a significant casino in its broad market area, the future performance of its operation may not fully support its current financial commitments (both third party financing and MTGA revenue needs).

Financial Strength: Ratio Analysis

Wynn Resorts, Limited (Wynn) Analysis

Wynn has a current ratio of 2.04, the highest among companies included on page 14.

Wynn has a capital asset turnover ratio of 1.14, the highest among companies included on page 14.

Wynn's debt equity ratio is not measurable (negative equity). The reason for the negative equity is threefold:

- Dividends declared each year that have approximated net income.
- Share repurchase to date totalling \$1.1 billion.
- Stock redemption of \$1.9 billion relating to cancellation of 20% of shares held by a former Director/Shareholder.

Despite the inability to measure the debt equity ratio Wynn has net working capital of \$1.5 billion and generates \$1.3 billion in EBITDA which should be sufficient to satisfy ongoing capital expenditures, and annual debt service amounts (interest and principal on long term debt, the latter totaling \$6.6 billion).

Financial Strength: Ratio Analysis

Wynn has a return on investment at 21% (second highest on page 14) and a times interest ratio at 4.33 times (third highest on page 14).

Wynn has a significant economic dependence issue in that a significant portion of its profit is generated by its Macau operations where other emerging Asian gaming markets and potential changes to the number of gaming licenses issued could change the competitive environment (increase level of competition). While the total Macau market has recently experienced month over month revenue declines, it has been growing annually. That said, Wynn operates in two of the most competitive gaming markets in the world (i.e. Macau and Las Vegas) and has demonstrated that it can compete for its fair share of these markets.

Expected Project Return: Introduction

Expectations of Applicant:

- Earn a commercially reasonable return on investment.

Assessment Approach:

- Internal rate of return calculation based on the Applicants submitted 15-year EBITDA. In addition the internal rate of return was assessed under two annual discount rates (4%-15%).

Expected Project Return: Applicants' Internal Rate of Return

Applicant's expected project returns (15 years, length of license)

Each Applicant presented financial projections that result in healthy project financial returns. Even applying a 15% discount rate to future EBITDA levels Applicants project positive financial returns, albeit below that of similar sized companies profiled on page 14.

Internal rate of Return Calculation		
	Revere/ Mohegan	Everett/ Wynn
EBITDA (\$Million)		
Year 1	\$239.7	\$314.8
Year 2	\$246.6	\$323.4
Year 3	\$245.0	\$332.3
Year 4	\$248.0	\$341.5
Year 5	\$267.0	\$351.0
Year 6	\$272.3	\$360.8
Year 7	\$277.8	\$370.7
Year 8	\$283.3	\$381.0
Year 9	\$289.0	\$391.6
Year 10	\$294.8	\$402.4
Year 11	\$300.7	\$413.6
Year 12	\$306.7	\$425.0
Year 13	\$312.8	\$436.8
Year 14	\$319.0	\$448.8
Year 15	\$325.4	\$461.2
Total EBITDA (\$Million)	\$4,228.1	\$5,754.8
Average EBITDA (\$Million)	\$281.9	\$383.7
Development Budget (\$Million)*	\$1,116.0	\$1,549.2
Internal Rate of Return**	22%	21%
Internal Rate of Return (4% discount rate)**	18%	17%
Internal Rate of Return (15% discount rate)**	6%	6%

Source: HLT Advisory Inc. based on Applicant's submission.

** Does not include start-up capital and cage cash.*

*** Calculation based on EBITDA, does not take into consideration debt versus equity financing, provides for terminal value at end of 15 years based on earnings multiple of 5.*

Investment Plan

Massachusetts Gaming Commission
September 2014

Investment Plan: Introduction

The suitability of the proposed physical facility/complex plan to compete in the market over the life of the license.

Key issues to investigate:

- Commitment to spend required capital.
- Timing of total development.
- Consistency between quality/scope of proposed facility and expected market penetration and financial results.

Required Capital: Introduction

Expectations of Applicant:

- Provide evidence that the capital budget includes eligible capital expenses of at least \$500 million.

Assessment Approach:

- Reviewed Applicant's submitted capital budgets and determined eligible and ineligible expenses.

Note: All comments in the Investment plan section refer to Revere/Mohegan and Everett/Wynn. Springfield/MGM numbers have been included for comparability purposes only.

Required Capital: Development Budget

- Total budgeted cost ranges from \$1.1 billion to \$1.6 billion.

	Budget Comparison		
	Springfield/ MGM	Revere/ Mohegan	Everett/ Wynn
Construction			
Building - Casino	\$65,757,000	\$83,244,362	\$95,032,650
Building - Hotel	\$83,032,000	\$115,884,315	\$319,977,586
Building - Retail/Entertainment	\$48,072,000	\$22,110,362	\$91,602,929
Building - Other	\$40,830,000	\$47,088,959	\$113,721,400
Architectural and Engineering	\$22,000,000	\$20,757,471	\$67,439,709
Insurance	Included Elsewhere	\$7,656,974	\$12,969,175
Permits	Included Elsewhere	\$2,711,899	\$20,750,680
Parking Garage	\$93,132,000	\$76,934,686	\$128,699,213
Other Construction*	\$55,469,000	n/a	\$107,001,505
Total Construction	\$408,292,000	\$376,389,028	\$957,194,847
FF&E			
Gaming Equipment	\$82,000,000	\$102,123,971	\$70,000,000
Other FF&E	\$25,500,000	\$48,475,182	\$20,000,000
Total FF&E	\$107,500,000	\$150,599,153	\$90,000,000
Subtotal	\$515,792,000	\$526,988,181	\$1,047,194,847
Other Costs			
License and Application Fee	\$85,000,000	\$85,000,000	\$85,000,000
Start-up Capital and Cage Cash	\$25,000,000	\$15,300,000	\$40,000,000
Financing Costs	\$58,000,000	\$181,494,878	\$98,750,000
Contingencies	\$24,425,000	\$44,340,733	\$55,232,753
Land**	\$50,133,000	n/a	\$75,000,000
Offsite Infrastructure	Included Elsewhere	\$45,000,000	\$50,000,000
Corporate Overhead	Included Elsewhere	\$7,839,233	\$6,000,000
Pre-opening Expenses	\$30,000,000	\$10,000,000	\$60,900,000
Host Community	\$5,150,000	\$34,977,631	\$30,000,000
Operating Supplies	\$31,500,000	\$4,715,971	\$20,000,000
Other Project Costs***	n/a	\$71,000,000	n/a
Pre-Development Spend****	n/a	\$105,000,000	\$21,100,000
Total Other Costs	\$309,208,000	\$604,668,446	\$541,982,753
Total Budgeted Cost	\$825,000,000	\$1,131,656,627	\$1,589,177,600

Source: HLT Advisory Inc. based on Applicant's submission.

n/a- Not applicable.

* Includes site and infrastructure improvements, landscaping, and exterior features.

**Everett/Wynn's land cost includes \$30 million FBT Land (net) and \$45 million in other land related.

***Revere/Mohegan's other project costs include \$43 million in pre-operations rent and \$28 million prior development payment.

****Revere/Mohegan's pre-development spend includes \$75 million spent by Sterling Suffolk Racecourse and \$30 million spent by the Mohegan Tribal Gaming Authority. Everett/Wynn's pre-development spend includes fees paid to the Massachusetts Gaming Commission and the City of Everett, legal fees, and other pre-opening expenses.

Required Capital: Eligible Costs

Everett/Wynn has proposed \$520 million (99%) more in total eligible costs than Revere/Mohegan.

- Everett/Wynn’s construction costs are over \$580 million more than Revere/Mohegan.
- Revere/Mohegan’s FF&E costs are over \$60 million more than Everett/Wynn.

Budget Comparison- Eligible Costs			
	Springfield/ MGM	Revere/ Mohegan	Everett/ Wynn
<u>Eligible Capital Costs</u>			
Construction			
Building - Casino	\$65,757,000	\$83,244,362	\$95,032,650
Building - Hotel	\$83,032,000	\$115,884,315	\$319,977,586
Building - Retail/Entertainment	\$48,072,000	\$22,110,362	\$91,602,929
Building - Other	\$40,830,000	\$47,088,959	\$113,721,400
Architectural and Engineering	\$22,000,000	\$20,757,471	\$67,439,709
Insurance	Included Elsewhere	\$7,656,974	\$12,969,175
Permits	Included Elsewhere	\$2,711,899	\$20,750,680
Parking Garage	\$93,132,000	\$76,934,686	\$128,699,213
Other Construction*	\$55,469,000	n/a	\$107,001,505
Total Construction	\$408,292,000	\$376,389,028	\$957,194,847
FF&E			
Gaming Equipment	\$82,000,000	\$102,123,971	\$70,000,000
Other FF&E	\$25,500,000	\$48,475,182	\$20,000,000
Total FF&E	\$107,500,000	\$150,599,153	\$90,000,000
Total Eligible Costs	\$515,792,000	\$526,988,181	\$1,047,194,847
<p><i>Source: HLT Advisory Inc. based on Applicant's submission and HLT's interpretation of eligible capital costs.</i></p> <p><i>n/a- Not applicable.</i></p> <p><i>* Includes site and infrastructure improvements, landscaping, and exterior features.</i></p>			

Required Capital: Ineligible Costs

While ineligible costs for both Applicants are ~\$550 million, there are a number of significant differences.

Revere/Mohegan have significantly higher financing costs (>\$80 million) and \$176 million in costs related to pre-operation rent, a prior development payment related to Sterling Suffolk's previous partner and pre-development spend of both MTGA and Sterling Suffolk.

Everett/Wynn has land costs of \$75 million and are spending significantly more in pre-opening expenses and operating supplies (~\$66 million more than Revere/Mohegan).

Budget Comparison- Ineligible Costs			
	Springfield/ MGM	Revere/ Mohegan	Everett/ Wynn
<u>Ineligible Budgeted Costs</u>			
License and Application Fee	\$85,000,000	\$85,000,000	\$85,000,000
Start-up Capital and Cage Cash	██████████	██████████	██████████
Financing Costs	\$58,000,000	\$181,494,878	\$98,750,000
Contingencies	\$24,425,000	\$44,340,733	\$55,232,753
Land*	\$50,133,000	n/a	\$75,000,000
Offsite Infrastructure	Included Elsewhere	\$45,000,000	\$50,000,000
Corporate Overhead	Included Elsewhere	\$7,839,233	\$6,000,000
Pre-opening Expenses	\$30,000,000	\$10,000,000	\$60,900,000
Host Community	\$5,150,000	\$34,977,631	\$30,000,000
Operating Supplies	\$31,500,000	\$4,715,971	\$20,000,000
Other Project Costs**	n/a	\$71,000,000	n/a
Pre-Development Spend***	n/a	\$105,000,000	\$21,100,000
Total Ineligible Costs	\$309,208,000	\$604,668,446	\$541,982,753

Source: HLT Advisory Inc. based on Applicant's submission and HLT's interpretation of eligible capital costs.

n/a- Not applicable.

*Everett/Wynn's land cost includes \$30 million FBT Land (net) and \$45 million in other land related.

**Revere/Mohegan's other project costs include \$43 million in pre-operations rent and \$28 million prior development payment.

***Revere/Mohegan's pre-development spend includes \$75 million spent by Sterling Suffolk Racecourse and \$30 million spent by the Mohegan Tribal Gaming Authority. Everett/Wynn's pre-development spend includes fees paid to the Massachusetts Gaming Commission and the City of Everett, legal fees, and other pre-opening expenses.

Project Timeline: Introduction

Expectations of Applicant:

- Provided a reasonable development timeline for opening the permanent facility.

Assessment Approach:

- Reviewed planned timelines. Note: Time to obtain necessary permits not considered.

Project Timeline: Applicants' Proposed Timing

Both Applicants' projected construction timelines are reasonable given the size and scope of the development and site conditions (construction timelines range from 30 months to 36 months from license award).

While both Applicants have an incentive to expedite the development timetable given the total magnitude of development costs (open sooner to start paying off debt), Revere/Mohegan has a greater incentive given their funding plan (greater interest accumulation during construction period due to limited equity being directed towards actual construction costs) and land rent situation.

Construction Schedule Comparison			
	Springfield/ MGM*	Revere/ Mohegan**	Everett/ Wynn
Category 1 License Awarded	n/p	n/p	Q2 2014
Construction Completion	27 months	30 months	36 months
Opening Date	n/p	n/p	Q2 2017

Source: HLT Advisory Inc. based on Applicant's submission.
n/p- Not provided.
**MGM stated project opening date is subject to certain factors including the license award.*
***Mohegan Sun stated gaming operations will begin 30 months from the issuance of a building permit from the City of Revere.*

Consistency with Financials: Introduction

Expectations of Applicant:

- Consistency between size and scope of facility and operating and financial plans.

Assessment Approach:

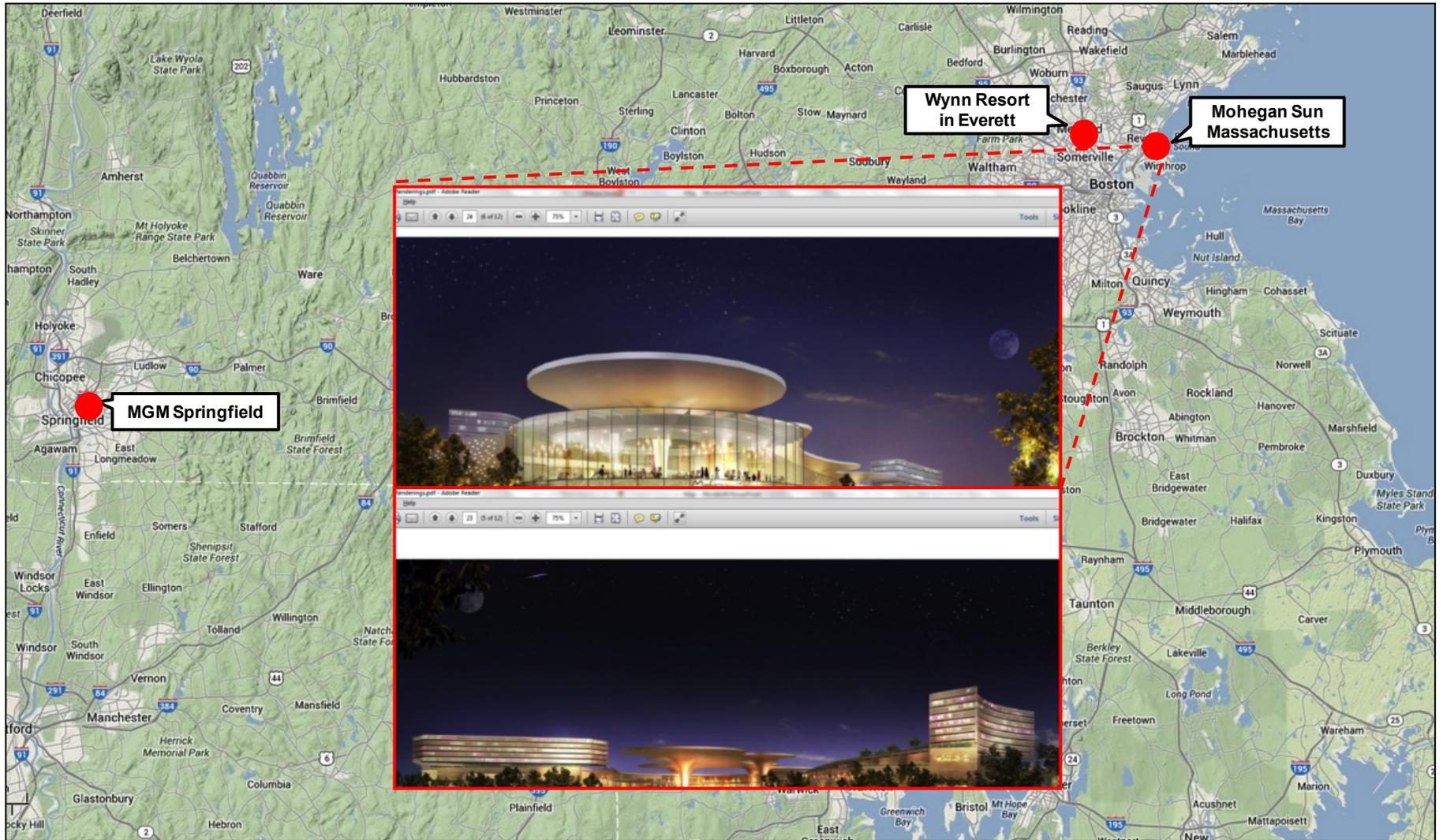
- Reviewed capital budget and building renderings in connection with operating and financial plans.

Consistency with Financials: Project Overview

Category 1 Applications- Project Summaries			
Applicant	Springfield/ MGM	Revere/ Mohegan	Everett/ Wynn
Name	MGM Springfield	Mohegan Sun Massachusetts	The Wynn Resort in Everett
Location	Springfield	Revere	Everett
Construction Period	27 months	30 months	36 months
Opening Date	Subject to certain factors including license award	30 months from issuance of building permit	Q2 2017
Gaming			
Slots	3,000	4,240	3,242
Table Games	100	120	168
Area (sf)	126,701	171,812	192,543
Non-Gaming			
Number of Outlets	8	10	10
Total Seats	2,065	1,550	1,160
Hotel (rooms)	250	500 (325 and 175 rooms)	504
Entertainment	Bowling Alley, Cinema, Radio/TV Studio	44,800 sf (up to 1,000 seats) multi-purpose venue, "Dave & Busters" (or similar)	Nightclub, 1,000 seat multi-purpose venue, 500 seat outdoor amphitheatre
Exhibition/Meeting Space (sf)	19,388	44,800	32,942
Retail	8,000 sf branded retail 35,000 sf outdoor retail	102,000 sf (Specialty retail and Kids Quest)	77,250 sf retail
Parking (spaces)	3,853	4,470	3,700

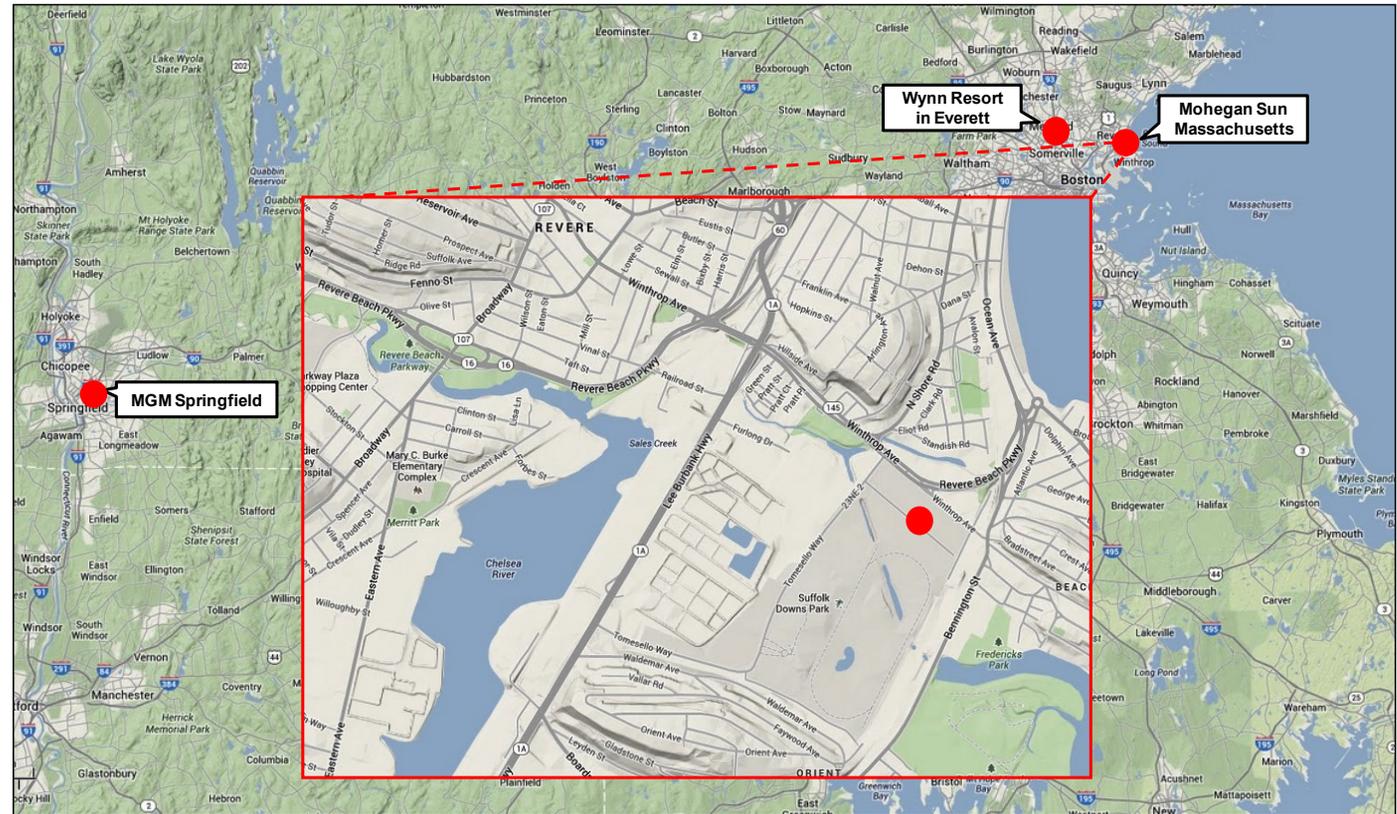
Source: HLT Advisory Inc. based on Applicant's submissions.

Consistency with Financials: Revere/Mohegan



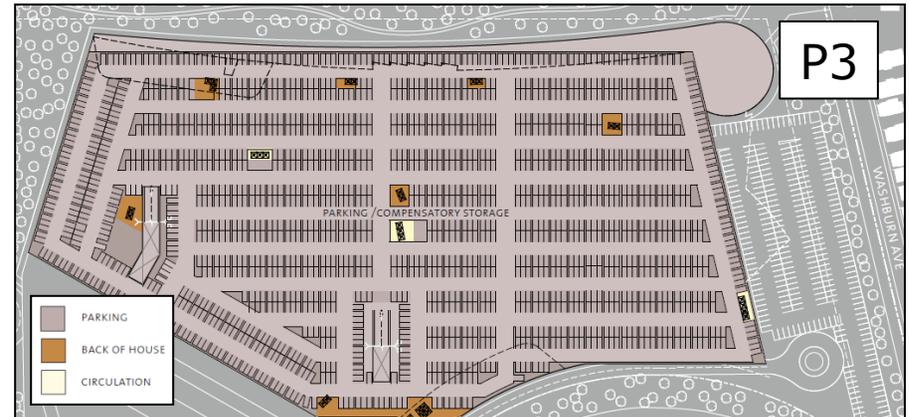
Consistency with Financials: Revere/Mohegan

- Located in Revere.
- Located on Winthrop Avenue, adjacent to Suffolk Downs racecourse.



Consistency with Financials: Revere/Mohegan

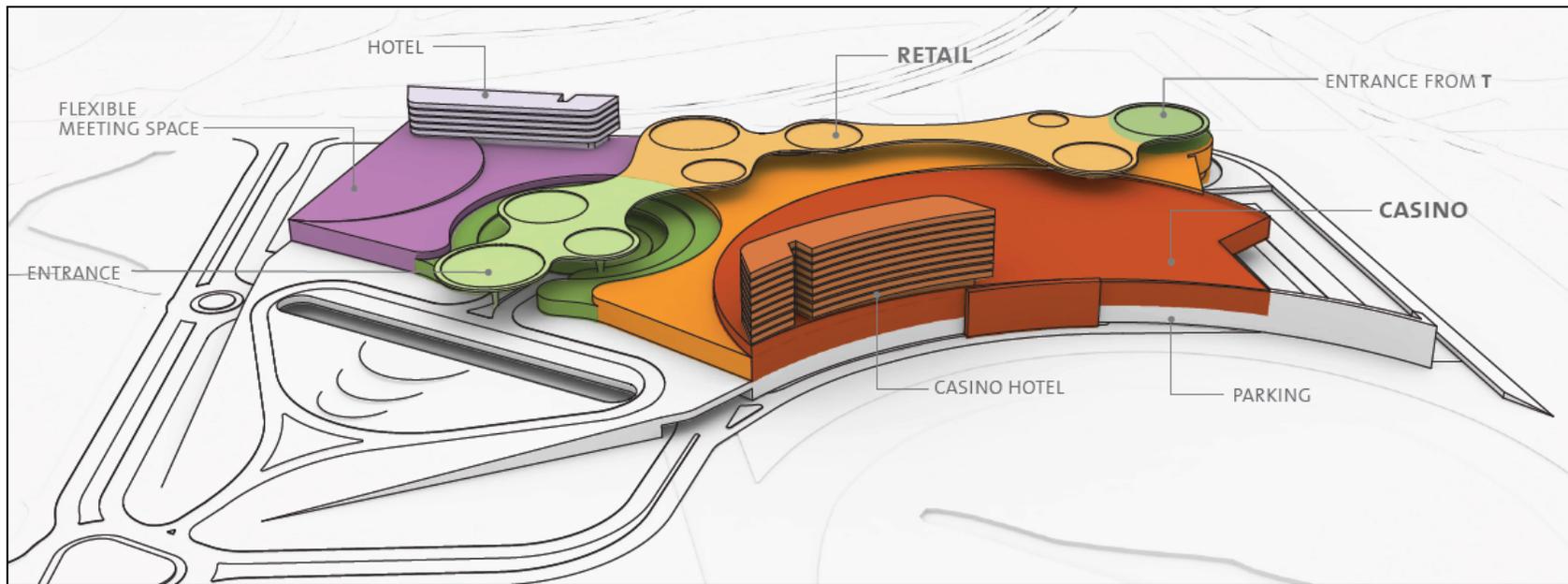
- The complex includes 4,470 parking spaces (4,200 in a parking structure and 270 outdoor).
- Employee parking (excluding senior management and employees with special needs) will be located off-site. No details on where or number of spaces provided.



Consistency with Financials: Revere/Mohegan

The complex includes four major components:

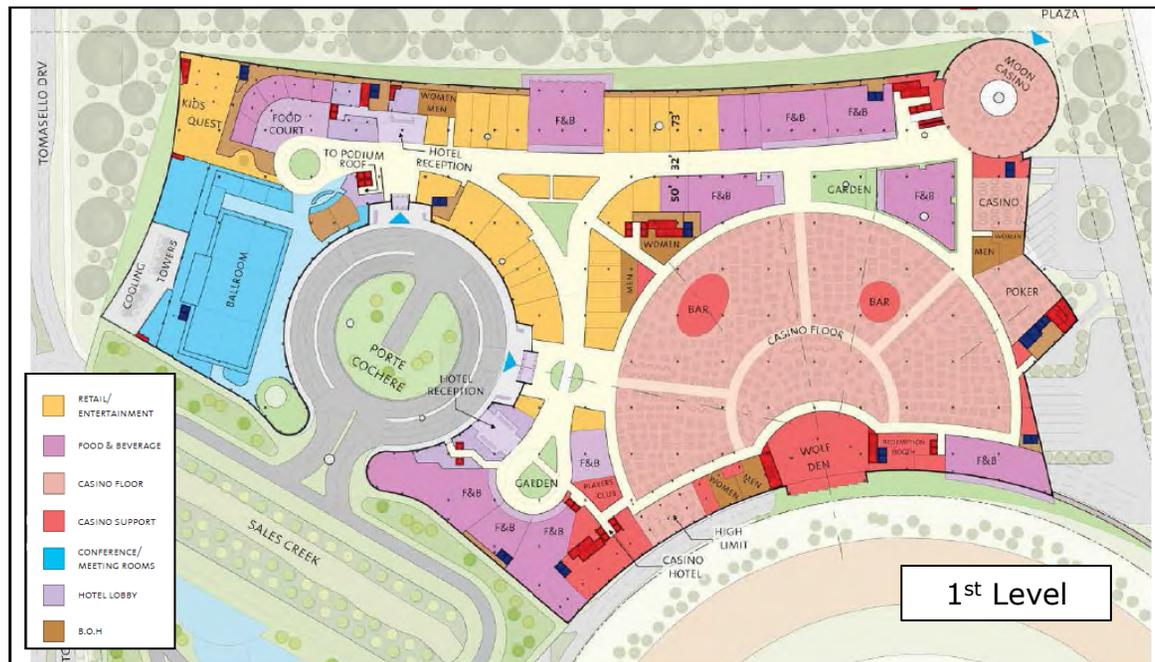
- Casino operation including casino hotel (dark orange)
- Retail/Dining/Entertainment (RDE) facility (light orange)
- Third-party hotel (purple).
- Entrances (green).



Consistency with Financials: Revere/Mohegan

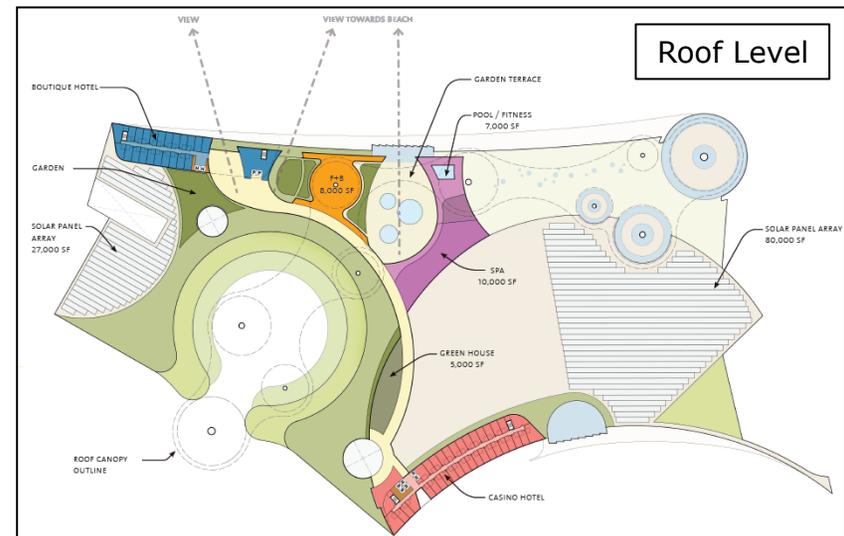
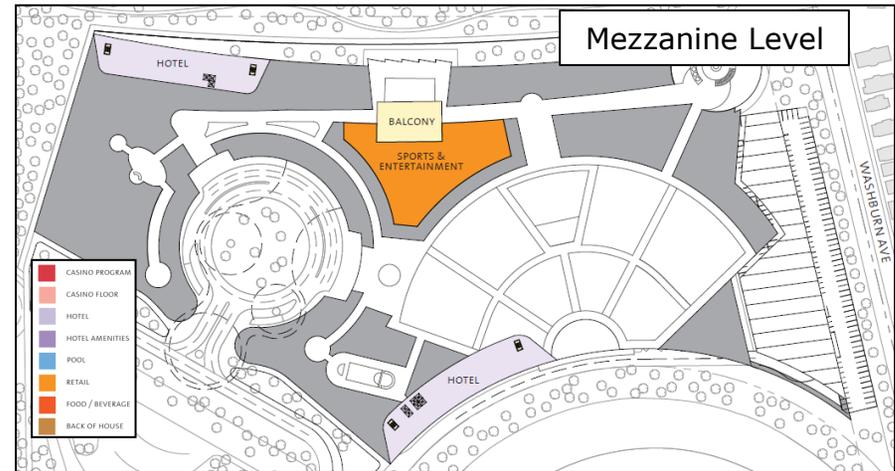
The ground level floor plan includes:

- 171,812 sf gaming area (pink).
- 102,000 sf retail including Kids quest (yellow).
- 92,200 sf food and beverage (purple).
- 167,600 sf back of house/building systems also on first 2 levels of parking garage (brown).



Consistency with Financials: Revere/Mohegan

- The Mezzanine level includes a sports and entertainment area (orange).
- The Roof level includes the hotel pool, spa, as well as a food and beverage space (dark orange) adjacent to the third party hotel and operated by a third party.
- The Hotels (purple) are located on the northwest (third party hotel) and southern (casino hotel) portions of the facility.



Consistency with Financials: Revere/Mohegan

- Revere/Mohegan includes a 4-star “gaming centric” hotel (325 rooms) and a separate 3-star third party hotel (175 rooms). The latter hotel will be operated by a third party yet to be determined.
- Casino hotel (operated by the casino operator) is located above the casino floor and overlooks the Suffolk Downs racetrack.

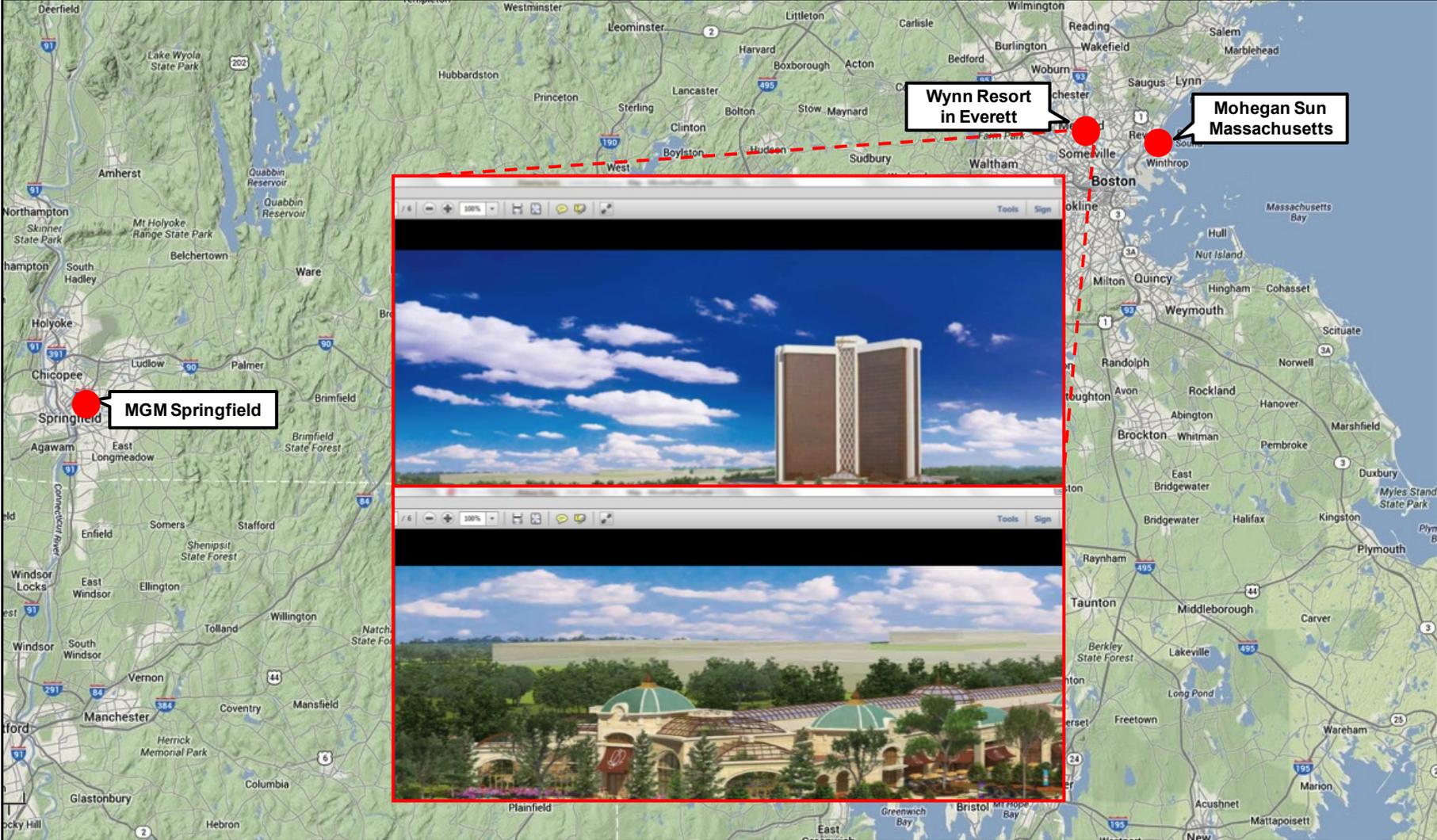
Third Party Hotel



Casino Hotel

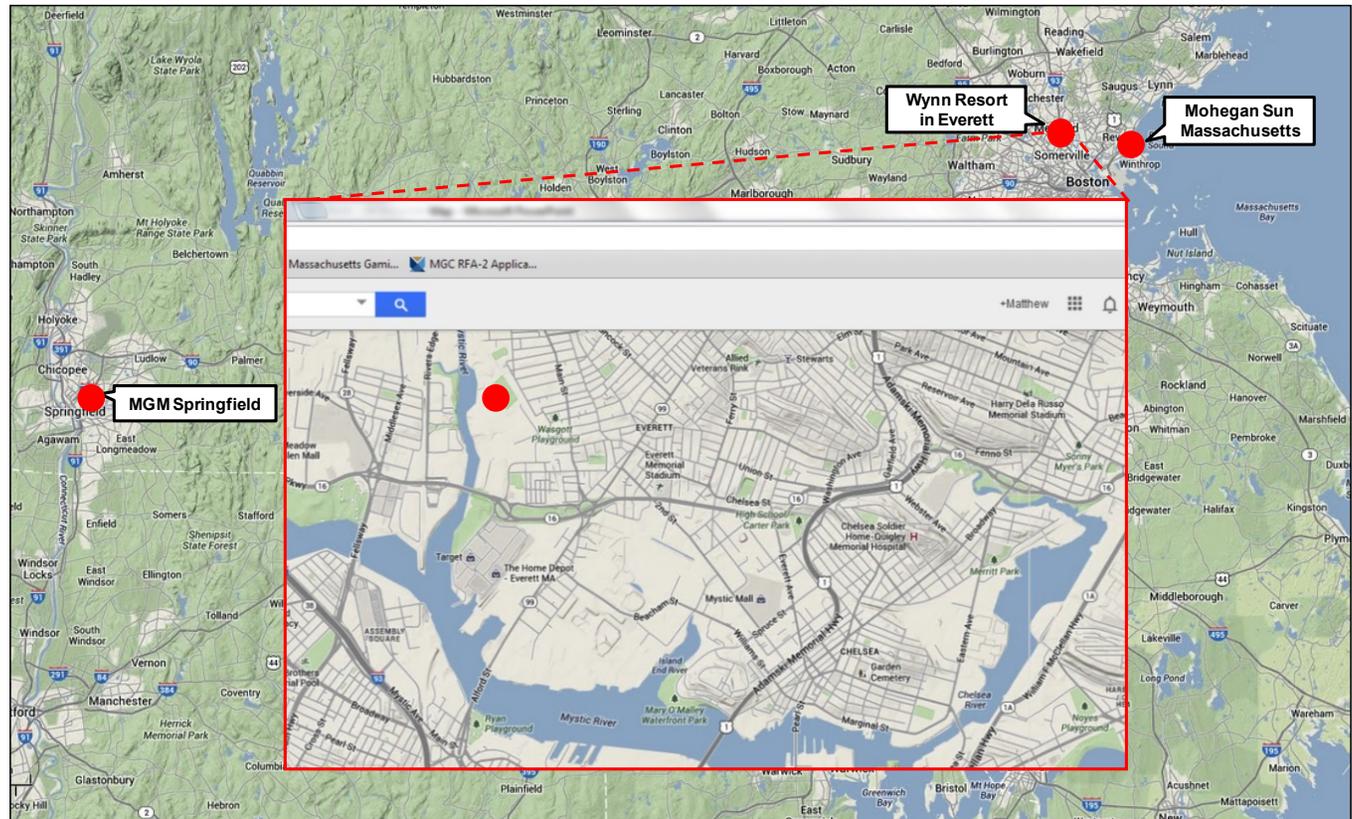


Consistency with Financials: Everett/Wynn



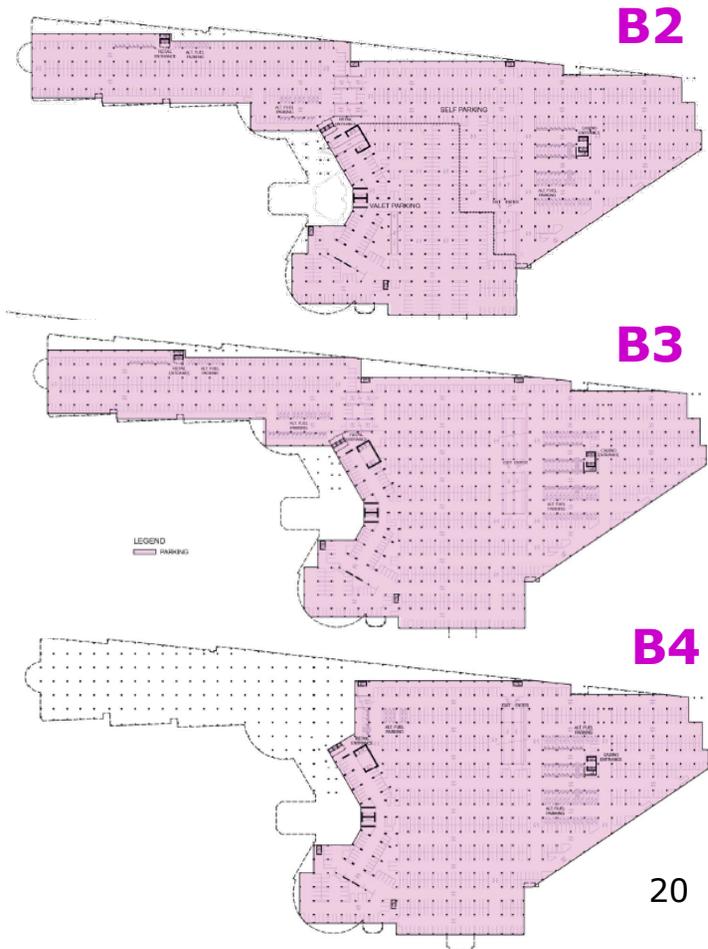
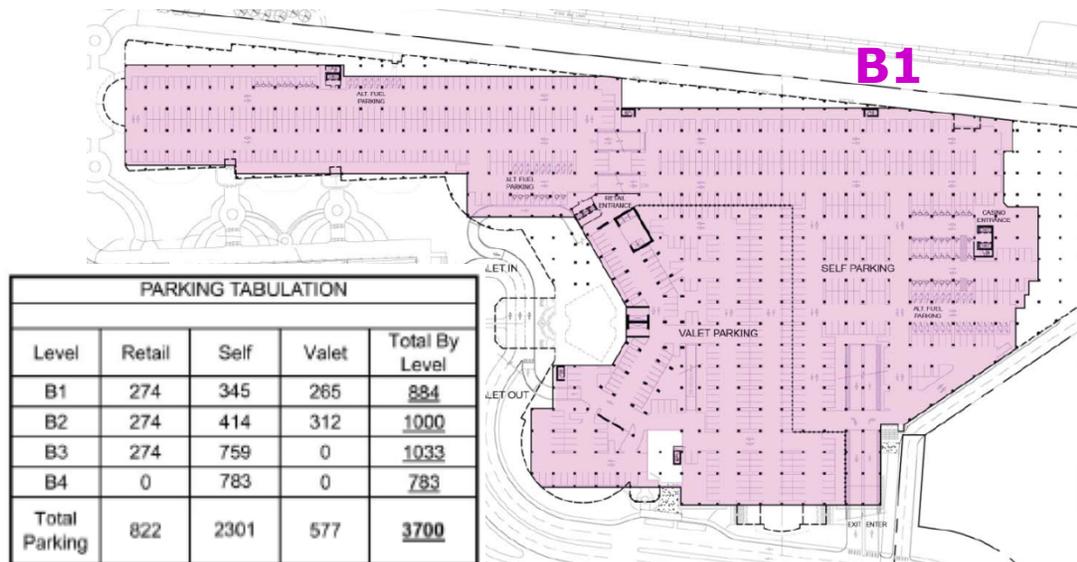
Consistency with Financials: Everett/Wynn

- Located in Everett.
- Located on a former industrial site (Alford Street) adjacent to the Mystic River.



Consistency with Financials: Everett/Wynn

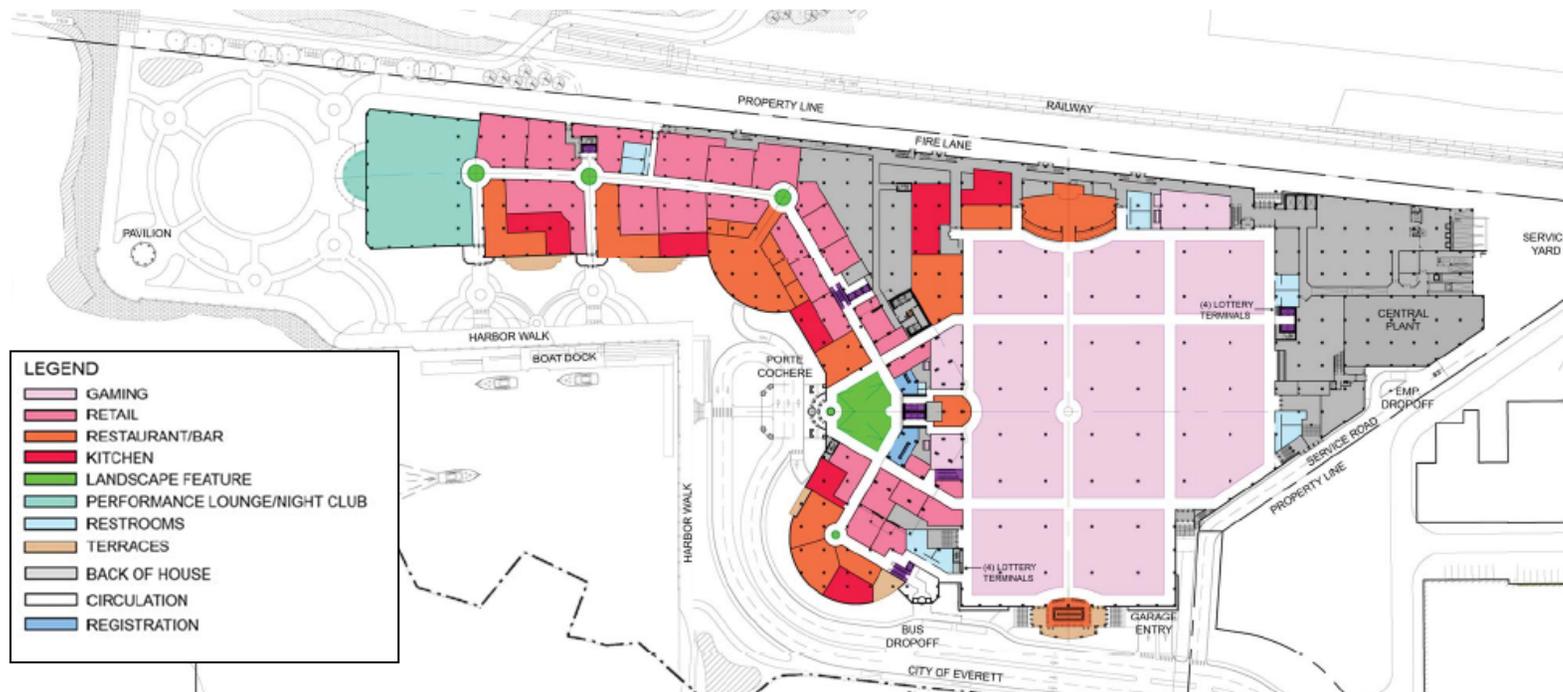
- The complex includes 3,700 parking spots (822 retail, 2,301 self park and 577 valet) in a 4-storey underground parking garage.
- The parking plan includes an additional 800 off-site parking spots for employees. No details on where the parking lot is were provided.



Consistency with Financials: Everett/Wynn

Major components of level 1 floor plan include:

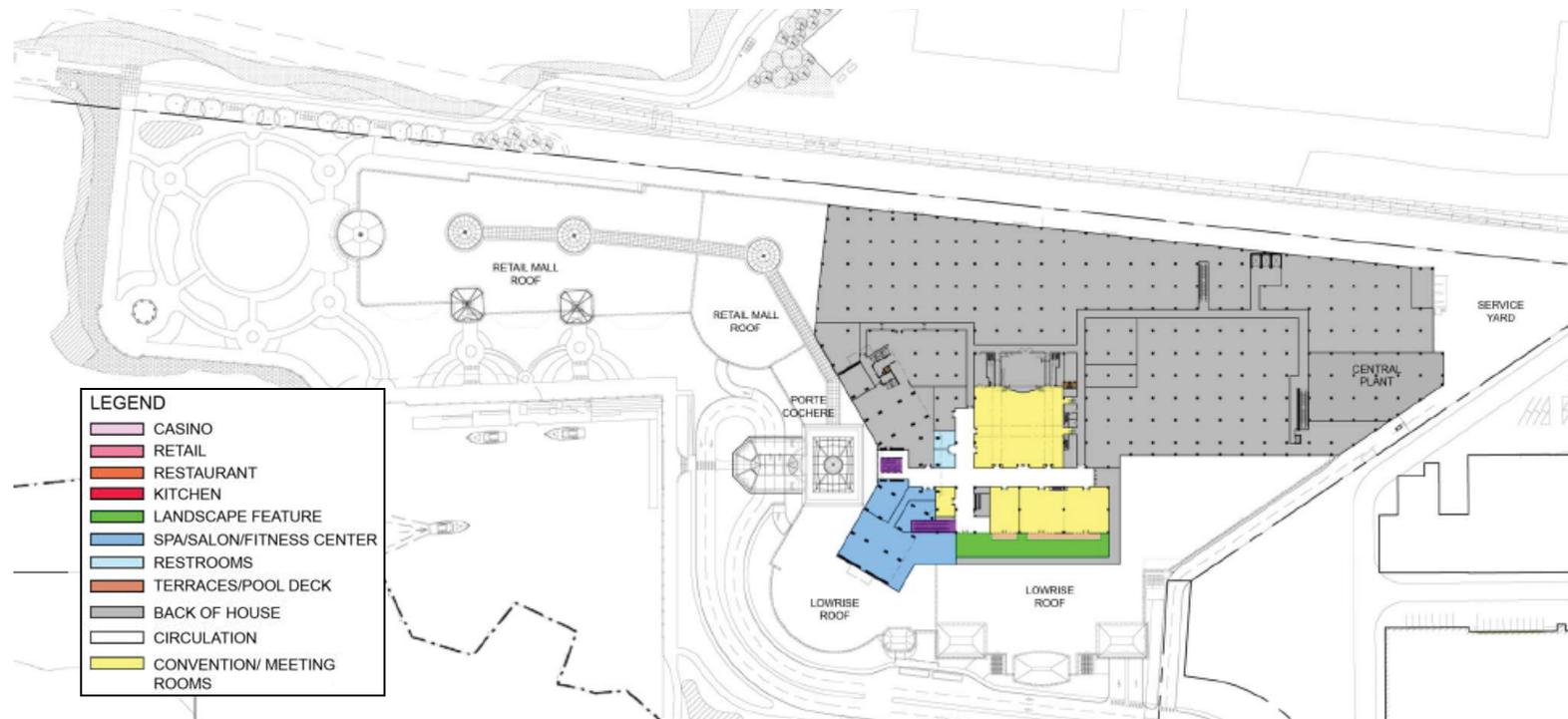
- 192,543 sf gaming area (light pink).
- 64,593 sf of restaurant/bar space (orange).
- 77,250 sf of retail space (dark pink).
- 30,392 sf nightclub (green).
- Back of house (grey) is contained on level 1 and 2. Total space equates to 383,725 sf.



Consistency with Financials: Everett/Wynn

Major components of level 2 floor plan include:

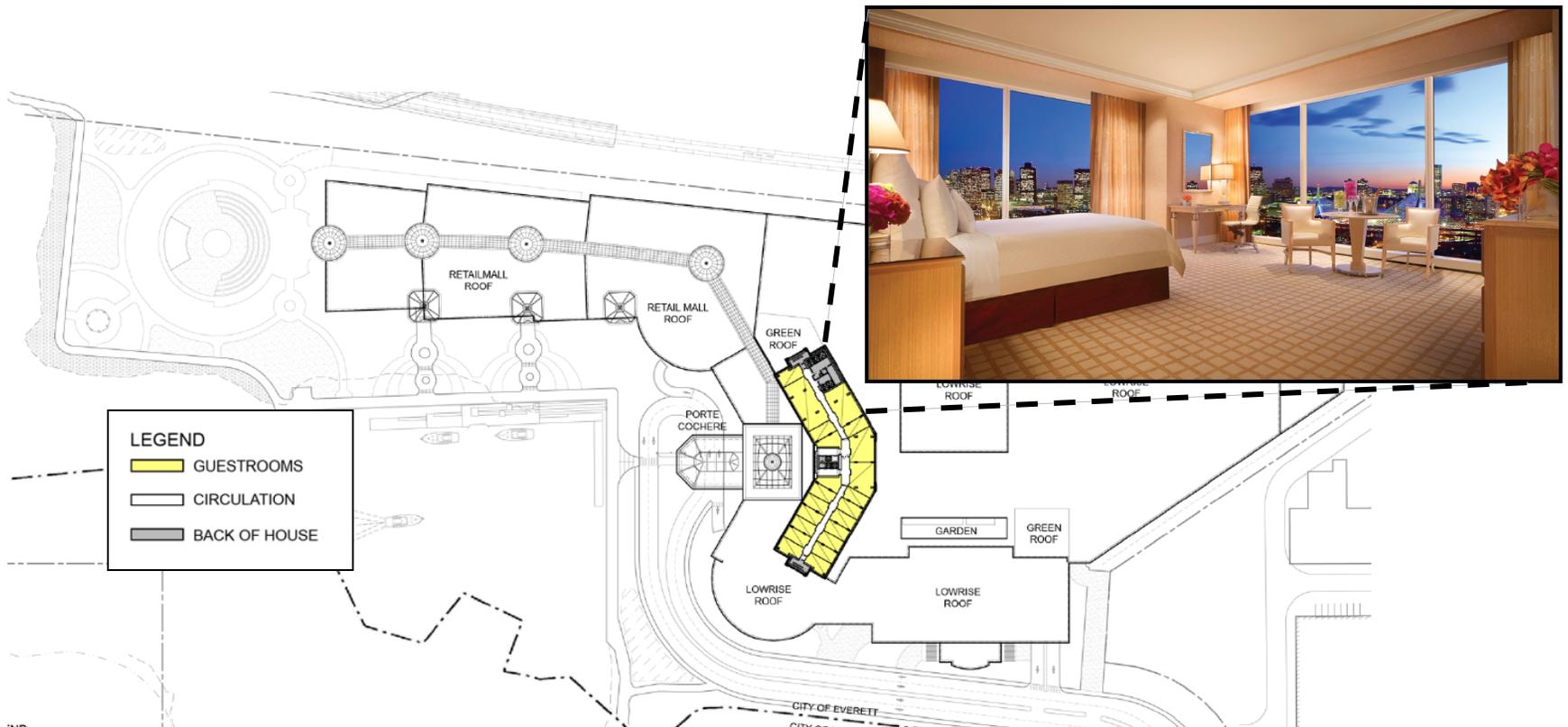
- 32,942 sf of convention/meeting space (yellow).
- 13,130 sf spa/fitness center (blue).
- Back of house (grey) is contained on level 1 and 2. Total space equates to 383,725 sf.



Consistency with Financials: Everett/Wynn

Hotel (543,677 sf):

- 504 room five star hotel (standard room size greater than 575 sf).



Consistency with Financials: Proposed Facilities Suitability

- Gaming square footage proposed at each facility is greater than required using square footage assumptions for slot machines and table games. Everett/Wynn's ~45,000 sf of excess gaming space could accommodate up to ~1,500 additional slot machines.
- Proposed F&B seats per position of ~0.3 for both Applicants are good given typical industry norms (0.25 seats per gaming position). That said both are low given Applicant's projected visitor volumes.
- Proposed parking (on-site) spaces per position of 0.9 and 0.87 are reasonable given typical industry norms (1:1). Both Applicants have stated that they will have off-site parking for employees.

Proposed Facility Suitability		
	Revere/ Mohegan	Everett/ Wynn
Slot Machines	4,240	3,242
Table Games*	120	168
Gaming Positions	4,960	4,250
Gaming Space Required:		
Slot Machine Square Footage**	127,200	97,260
Table Machine Square Footage**	36,000	50,400
Total Gaming Square Footage	163,200	147,660
Proposed Gaming Square Footage (sf)	171,812	192,543
Excess Space (Proposed minus Required)	8,612	44,883
F&B Seats***	1,550	1,160
F&B Seats per Position	0.31	0.27
Total Parking Spaces	4,470	3,700
Total Parking per Position	0.90	0.87

Source: HLT Advisory Inc. based on Applicant's submissions and HLT estimates.

** Assumes 6 positions per table game.*

*** Assumes 30 sf per slot machine and 300 sf per table game.*

**** Includes third party operated F&B.*