

Market Assessment

Massachusetts Gaming Commission

February 2014

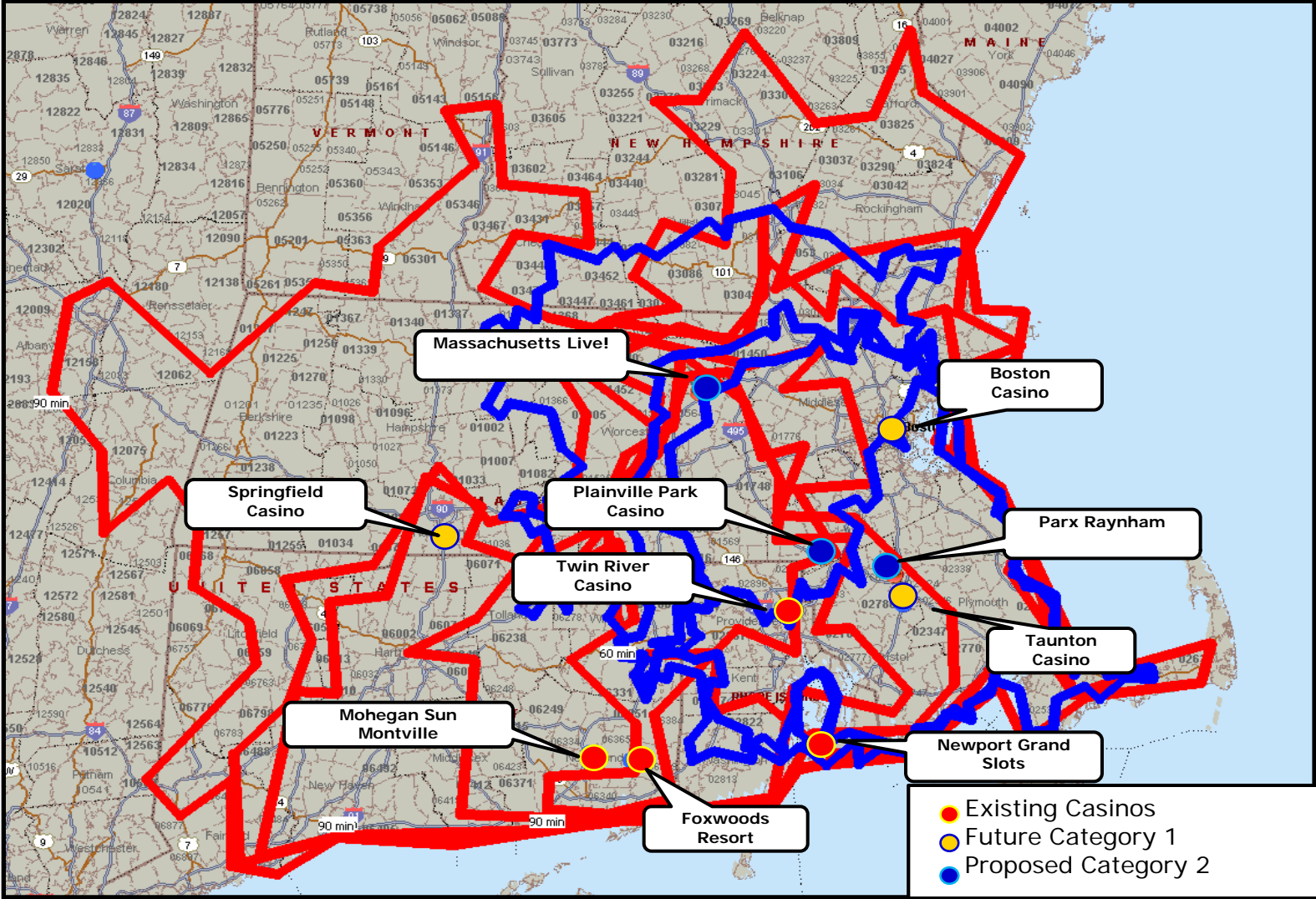
Market Assessment: Methodology

To complete the assessment of the Applicants' gaming revenue projections, a market assessment model was developed.

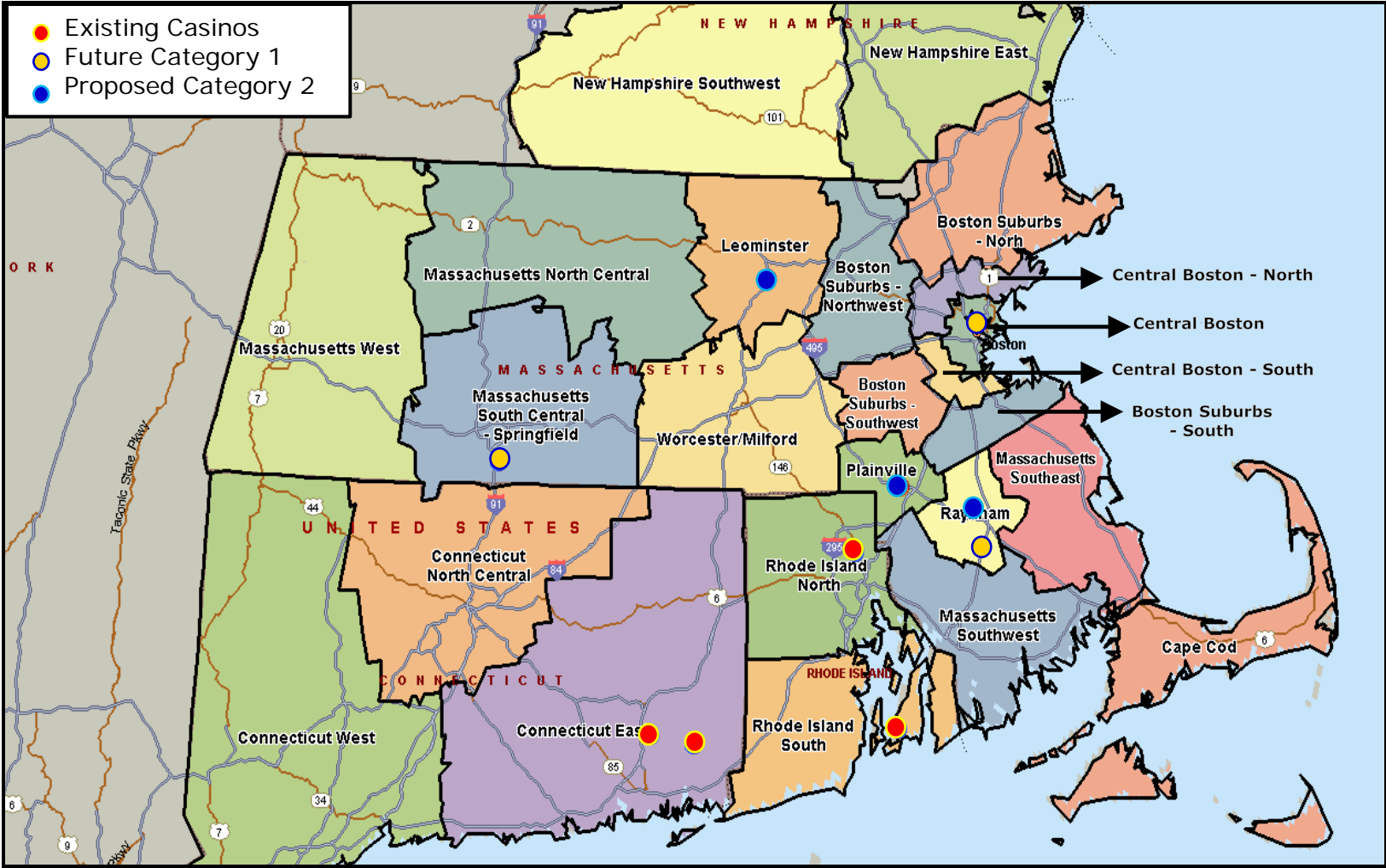
Key elements of the model include:

- Geographic extent of total market area (Market Area Extent)
- Total gaming dollars available in the defined market area (Size of Market)
- Market Share Before In-State Competition
- Market Shares After In-State Competition

Market Area Extent: Geographic Extent



Market Area Extent: Sub-Market Areas



Size of Market: Market Area Potential GGR Estimate

Market Area Adult Population and Total GGR Potential					
Market Areas	Adult Population	At \$300/Adult		At \$350/Adult	
		GGR/Adult	Total Market GGR	GGR/Adult	Total Market GGR
<u>Massachusetts Market Areas</u>					
Central Boston	781,625	\$300	\$234,487,500	\$350	\$273,568,750
Central Boston - North	386,575	\$300	\$115,972,500	\$350	\$135,301,250
Central Boston - South	228,442	\$300	\$68,532,600	\$350	\$79,954,700
Subtotal Central Boston	1,396,642	\$300	\$418,992,600	\$350	\$488,824,700
Boston Suburbs - North	506,576	\$300	\$151,972,800	\$350	\$177,301,600
Boston Suburbs - Northwest	315,355	\$300	\$94,606,500	\$350	\$110,374,250
Boston Suburbs - Southwest	187,800	\$300	\$56,340,000	\$350	\$65,730,000
Boston Suburbs - South	179,337	\$300	\$53,801,100	\$350	\$62,767,950
Subtotal Boston Suburbs	1,189,068	\$300	\$356,720,400	\$350	\$416,173,800
Raynham	144,658	\$300	\$43,397,400	\$350	\$50,630,300
Plainville	102,830	\$300	\$30,849,000	\$350	\$35,990,500
Massachusetts Southwest	317,485	\$300	\$95,245,500	\$350	\$111,119,750
Massachusetts Southeast	230,619	\$300	\$69,185,700	\$350	\$80,716,650
Cape Cod	194,390	\$300	\$58,317,000	\$350	\$68,036,500
Subtotal Southern Massachusetts	989,982	\$300	\$296,994,600	\$350	\$346,493,700
Leominster	150,114	\$300	\$45,034,200	\$350	\$52,539,900
Worcester/Milford	394,984	\$300	\$118,495,200	\$350	\$138,244,400
Massachusetts North Central	111,892	\$300	\$33,567,600	\$350	\$39,162,200
Massachusetts South Central - Springfield	435,035	\$300	\$130,510,500	\$350	\$152,262,250
Massachusetts West	109,573	\$300	\$32,871,900	\$350	\$38,350,550
Subtotal West & Central Massachusetts	1,201,598	\$300	\$360,479,400	\$350	\$420,559,300
Subtotal Massachusetts	4,777,290	\$300	\$1,433,187,000	\$350	\$1,672,051,500
<u>Neighbouring States Market Areas</u>					
New Hampshire Southwest	268,310	\$300	\$80,493,000	\$350	\$93,908,500
New Hampshire East	453,493	\$300	\$136,047,900	\$350	\$158,722,550
Subtotal New Hampshire Areas	721,803	\$300	\$216,540,900	\$350	\$252,631,050
Rhode Island North*	579,520	\$300	\$173,856,000	\$350	\$202,832,000
Rhode Island South*	189,311	\$300	\$56,793,300	\$350	\$66,258,850
Subtotal Rhode Island	768,831	\$300	\$230,649,300	\$350	\$269,090,850
Connecticut East	468,861	\$300	\$140,658,300	\$350	\$164,101,350
Connecticut North Central	734,366	\$300	\$220,309,800	\$350	\$257,028,100
Connecticut West	1,382,839	\$300	\$414,851,700	\$350	\$483,993,650
Subtotal Connecticut	2,586,066	\$300	\$775,819,800	\$350	\$905,123,100
Subtotal Neighbouring States	4,076,700	\$300	\$1,223,010,000	\$350	\$1,426,845,000
Total Market Area	8,853,990	\$300	\$2,656,197,000	\$350	\$3,098,896,500

Source: HLT Advisory Inc. estimates.

Market Shares

The market performance of the proposed Category 2 facility will be dependent on:

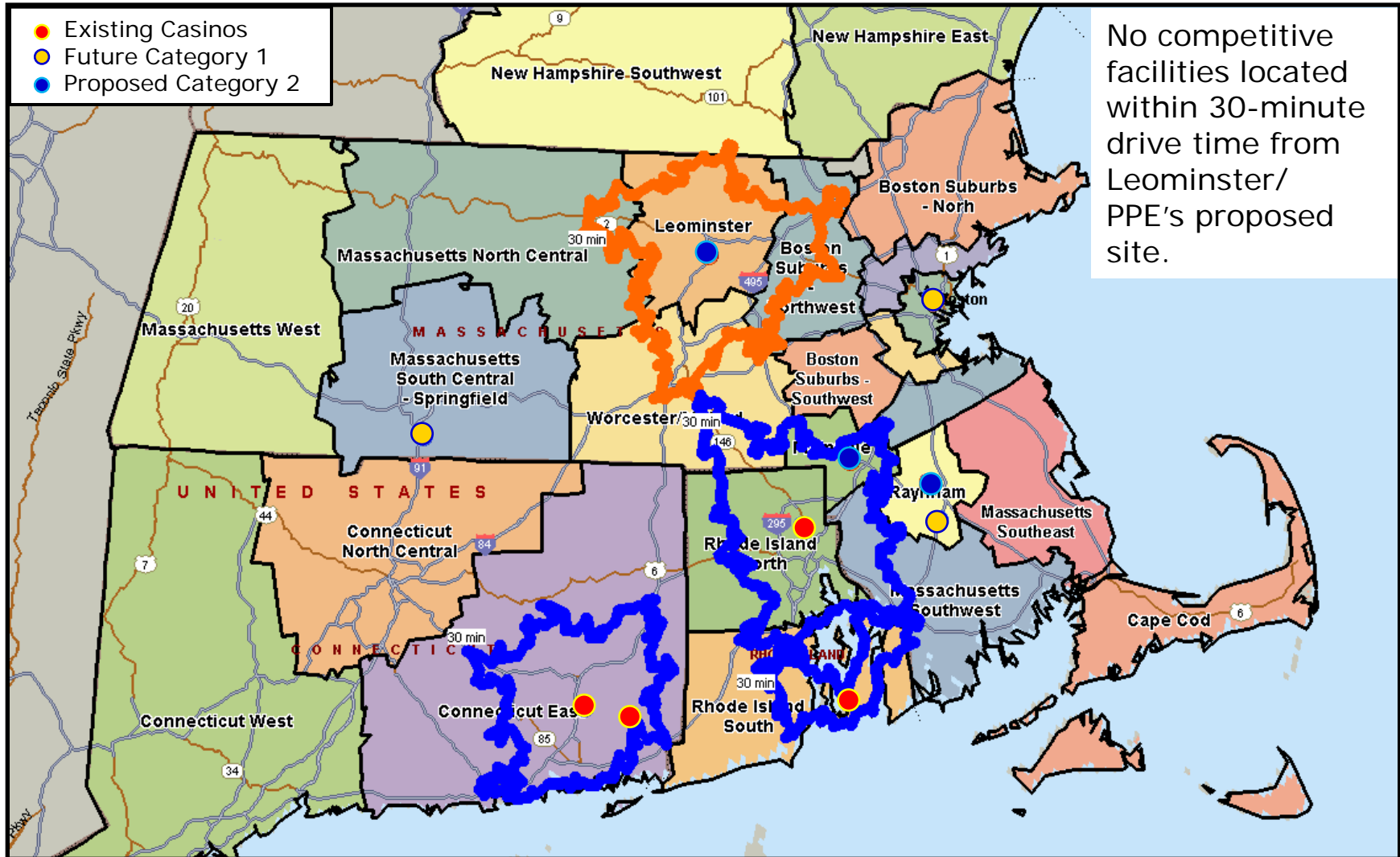
- Size and Scope of propose facility.
- Operating environment compared to competitive casinos (e.g., number of and type of gaming devices permitted including restrictions, tax rates, smoking policy, amenity facilities and use of the same to drive visitation, etc.).
- Proximity to competitive facilities.
- Proximity to market area population.
- Facility capacity constraints (e.g. number of permitted gaming devices, parking, etc.).

Market Shares: Competitive Environment

	Proposed Category 2 and Competitive Casino Characteristics						
	Massachusetts - Category 2			Rhode Island		Connecticut	
	Leominster/ PPE	Plainville/ Penn National	Raynham/ PR	Twin River	Newport	Mohegan Sun	Foxwoods
<u>Gaming Devices</u>							
Slots*	1,250	1,250	1,250	4,500	1,000	5,559	6,229
Tables				66		330	350
<u>F&B Facilities</u>							
F&B Outlets	2	2	1	2	1	17	17
Food Court	1	1	1	3		4	2
<u>Other Ancillary Facilities</u>							
Entertainment Outlets	1	1	1	2	1	3	2
Entertainment	430 seats	< 100 seats	996 seats	29,000 sf and 200 seats	400 seats	10,000 seats 400 seats 350 seats	4,000 seats 1,500 seats
Additional Convention Space						100,000 sf	50,000 sf
Hotel Rooms						1,200	2,205
<u>Other Characteristics</u>							
Smoking Allowed	No	No	No	Yes	Yes	Yes	Yes
Tax Rate	49% of slot revenue			60.8% of slot revenue 18% of table revenue		25%-30% of slot revenue	

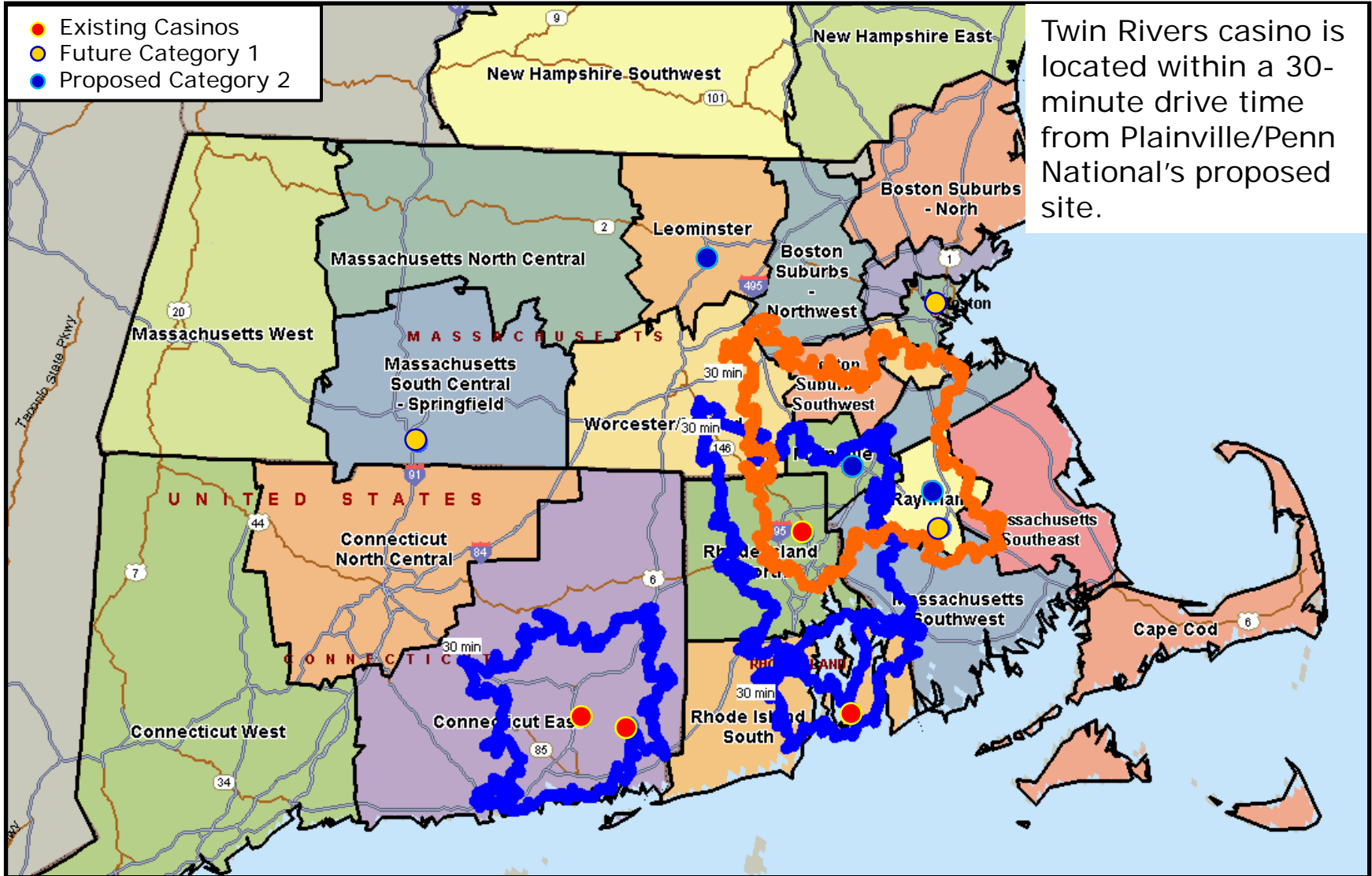
Source: HLT Advisory Inc. Based on casino annual reports, state gaming commission reports, and individual casino websites.
 * Connecticut slot machines totals based on December 2012 as reported by the State of Connecticut.

Market Shares: No Competition Scenarios Leominster/PPE & Existing Competition



Market Shares: No Competition Scenarios

Plainville/Penn National & Existing Competition



Twin Rivers casino is located within a 30-minute drive time from Plainville/Penn National's proposed site.

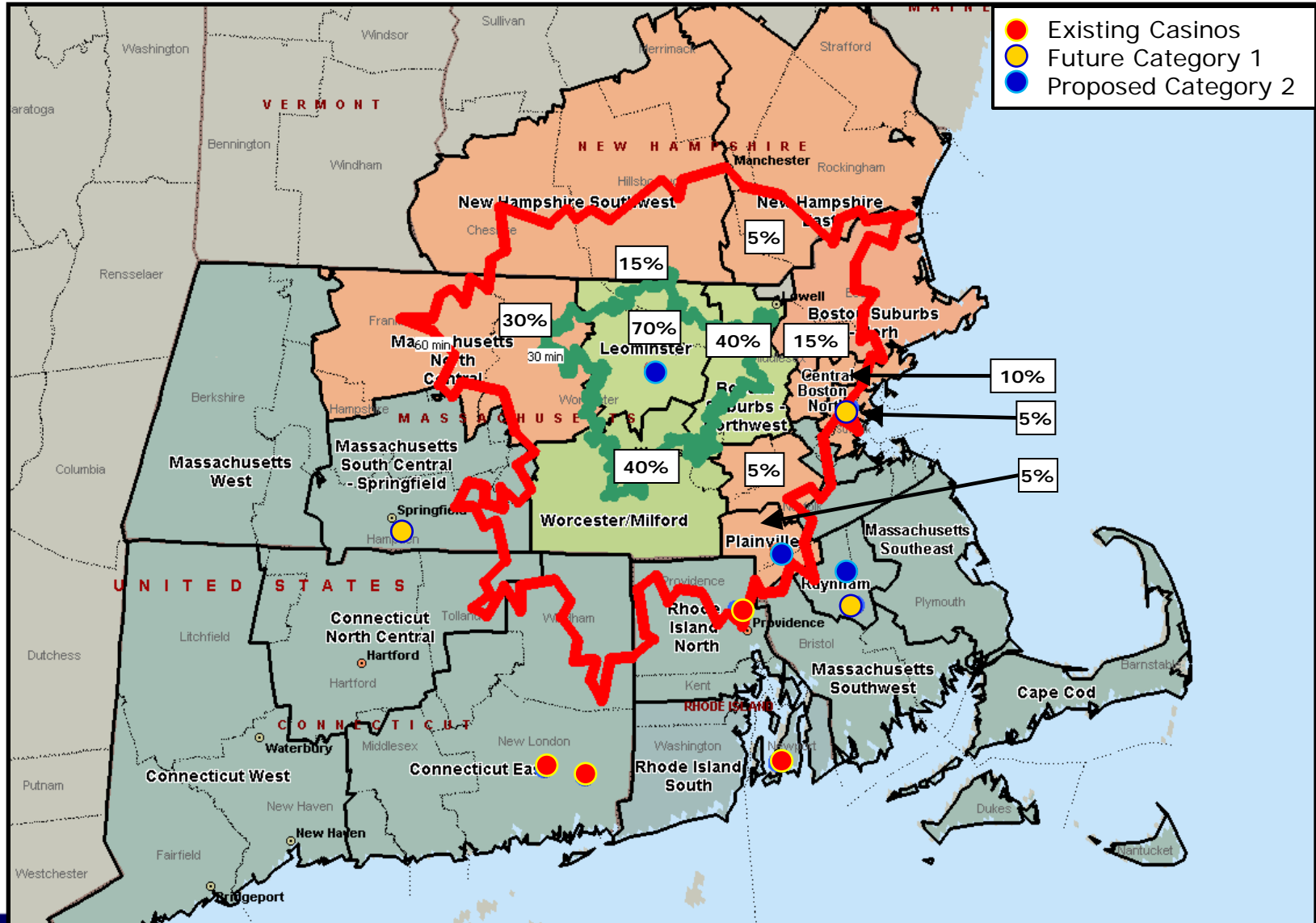
Market Shares: Category 2 Casino

Current Adult Population (21+)			
	Leominster/ PPE Massachusetts Live	Plainville/Penn National Plainridge Park	Raynham/ PR Parx Raynham
<u>In-State</u>			
0-15 Minutes	96,475	128,233	144,545
15-30 Minutes	408,209	692,002	875,487
30-60 Minutes	1,914,311	2,640,225	2,329,518
Total 60-Minutes	2,418,995	3,460,460	3,349,550
<u>Out-of-State</u>			
0-15 Minutes			
15-30 Minutes		353,954	90,505
30-60 Minutes	439,341	379,856	601,518
Total 60-Minutes	439,341	733,810	692,023
<u>Total 60-Minutes</u>			
0-15 Minutes	96,475	128,233	144,545
15-30 Minutes	408,209	1,045,956	965,992
30-60 Minutes	2,353,652	3,020,081	2,931,036
Total 60-Minutes	2,858,336	4,194,270	4,041,573

Source: HLT Advisory Inc. based on data from US Census Bureau and drive time estimates from MapPoint.

Market Shares: No Competition Scenarios

Leominster/PPE – Market Shares Results (Low)



Market Shares: No Competition Scenarios

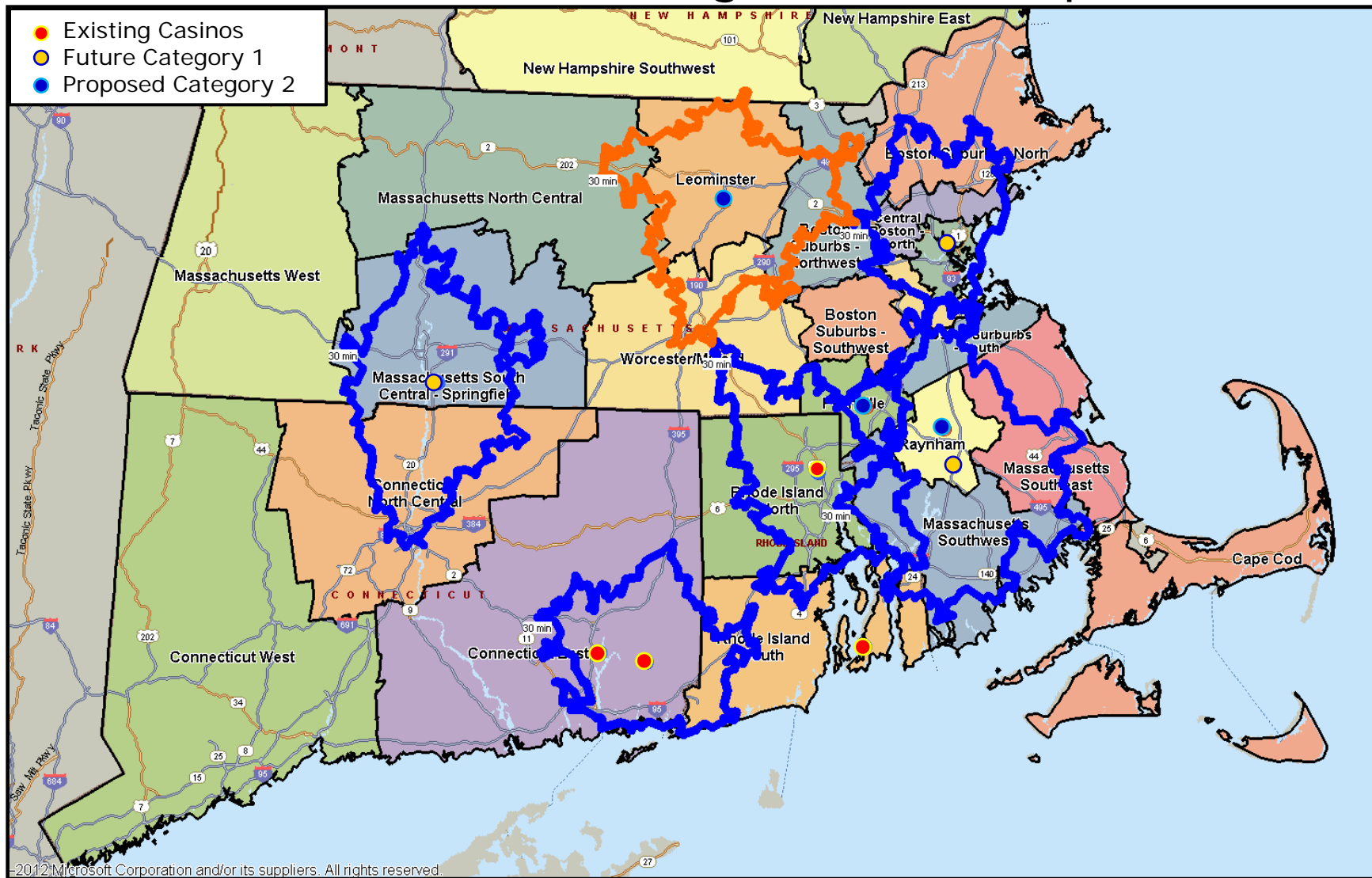
Results Summary

Summary of No Competition Scenario						
Market Areas	No Competition (Low)			No Competition (High)		
	Leominster/ PPE	Plainville/Penn National	Raynham/ PR	Leominster/ PPE	Plainville/Penn National	Raynham/ PR
0-30 Minutes	\$116,764,620	\$77,597,100	\$96,374,940	\$129,671,415	\$95,509,275	\$110,998,875
30-60 Minutes	\$79,423,620	\$106,701,360	\$90,492,525	\$121,410,135	\$156,377,985	\$144,121,530
Subtotal 0-60 Minutes	\$196,188,240	\$184,298,460	\$186,867,465	\$251,081,550	\$251,887,260	\$255,120,405
Inflow	\$34,621,454	\$32,523,258	\$32,976,611	\$44,308,509	\$44,450,693	\$45,021,248
Total GGR	\$230,809,694	\$216,821,718	\$219,844,076	\$295,390,059	\$296,337,953	\$300,141,653

Source: HLT Advisory Inc. estimates.

Market Shares: Full Competition Scenarios

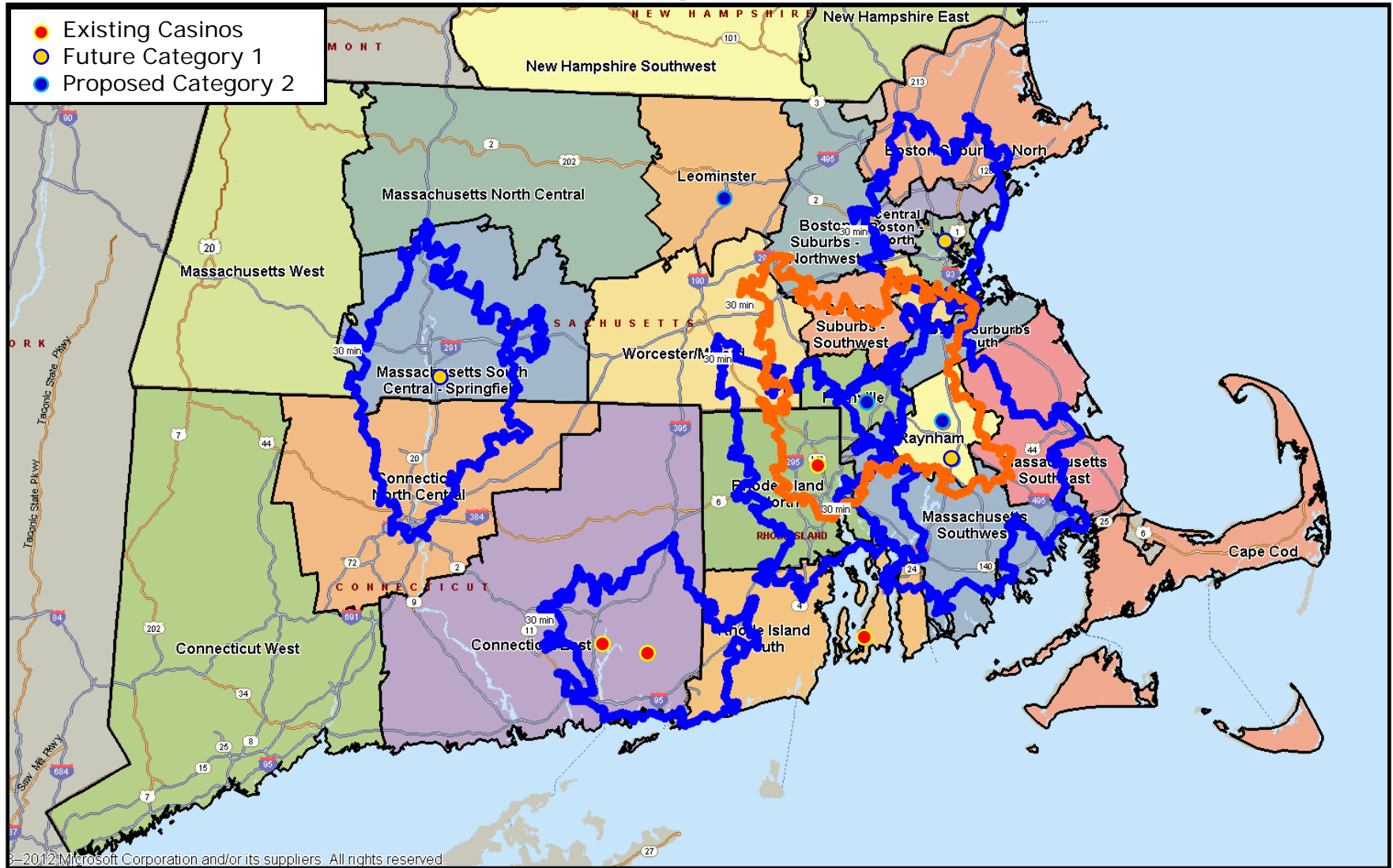
Leominster/PPE and Existing/Future Competition



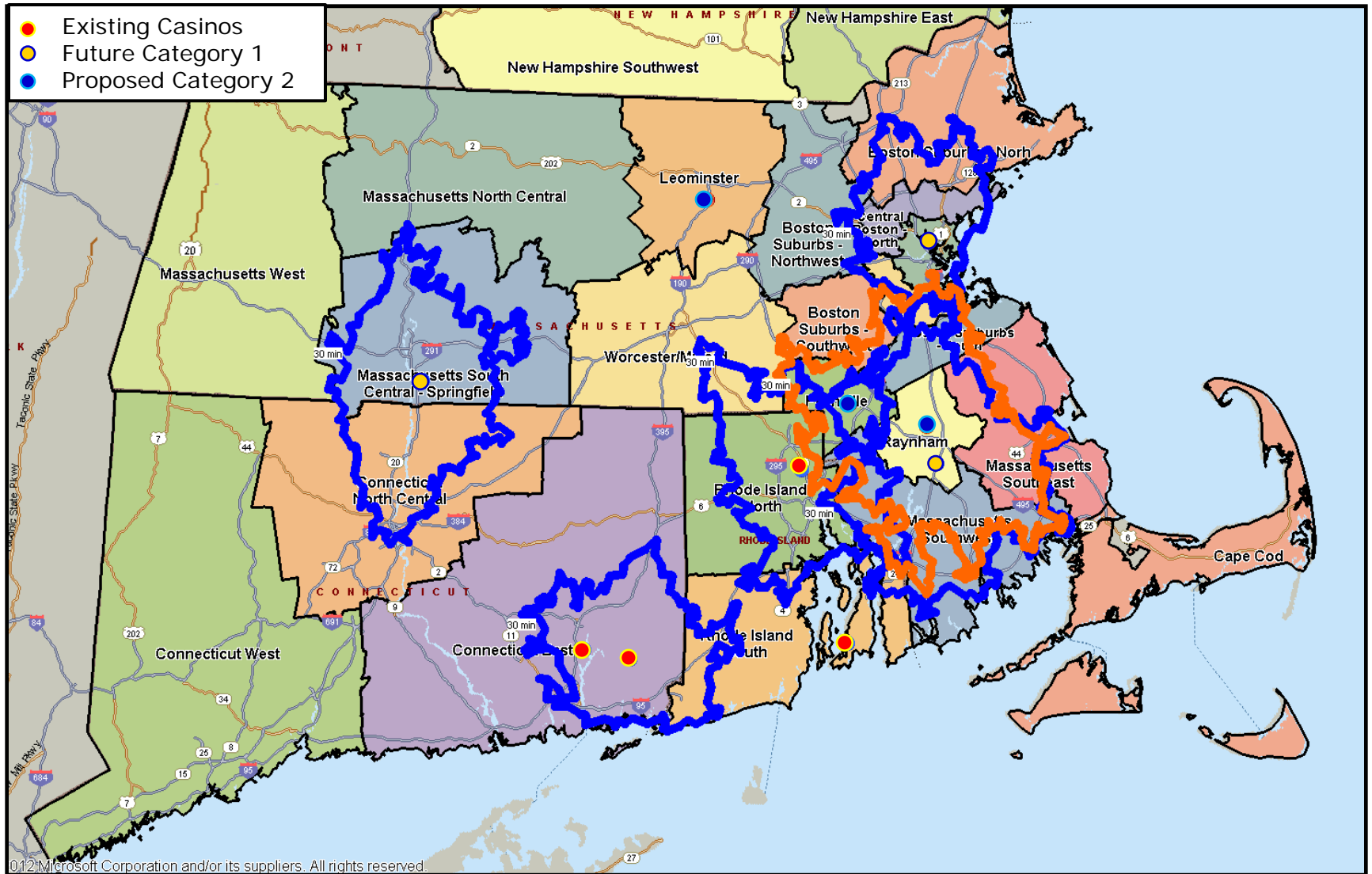
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Market Shares: Full Competition Scenarios

Plainville/Penn and Existing/Future Competition

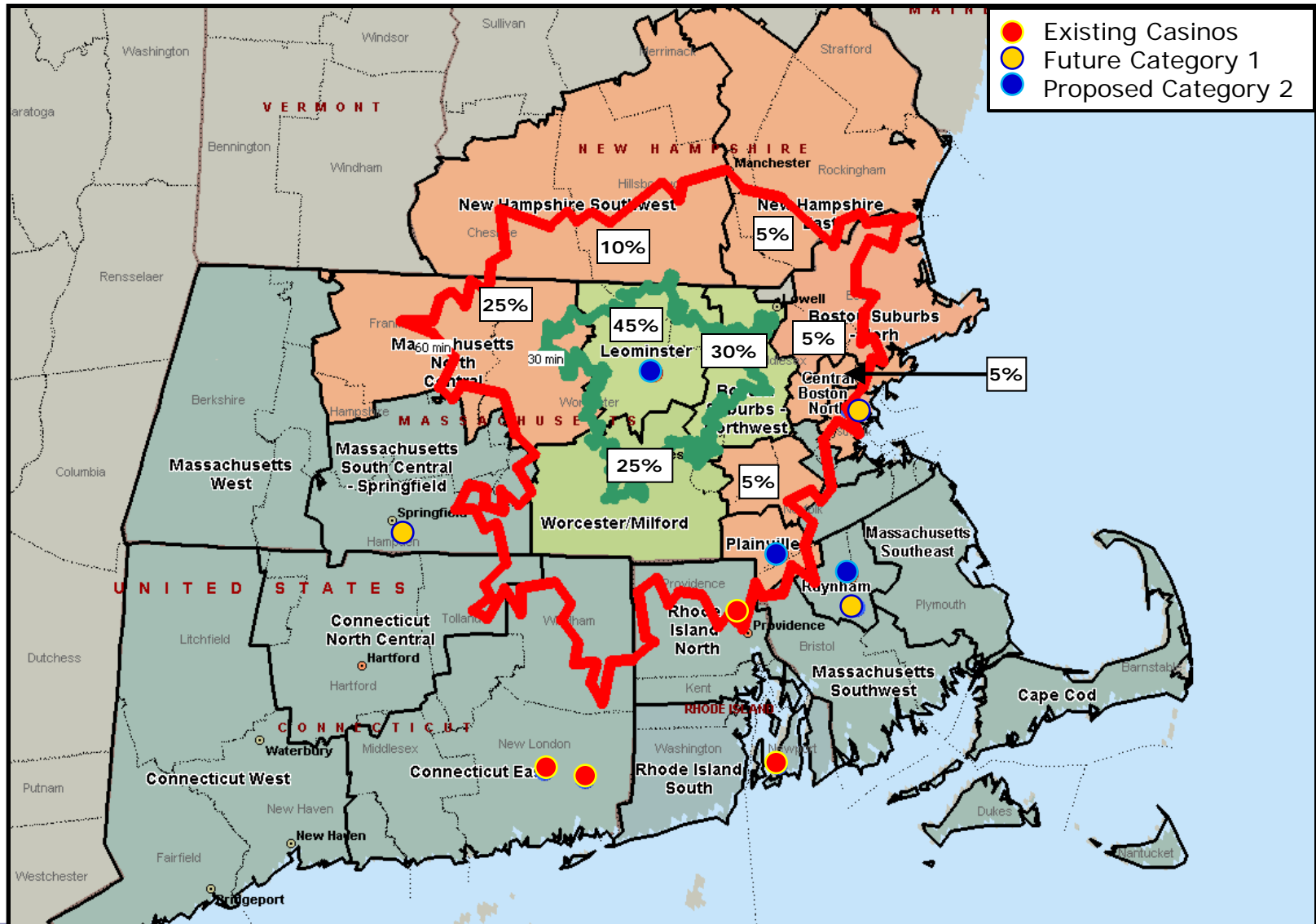


Market Shares: Full Competition Scenarios Raynham/PR and Existing/Future Competition



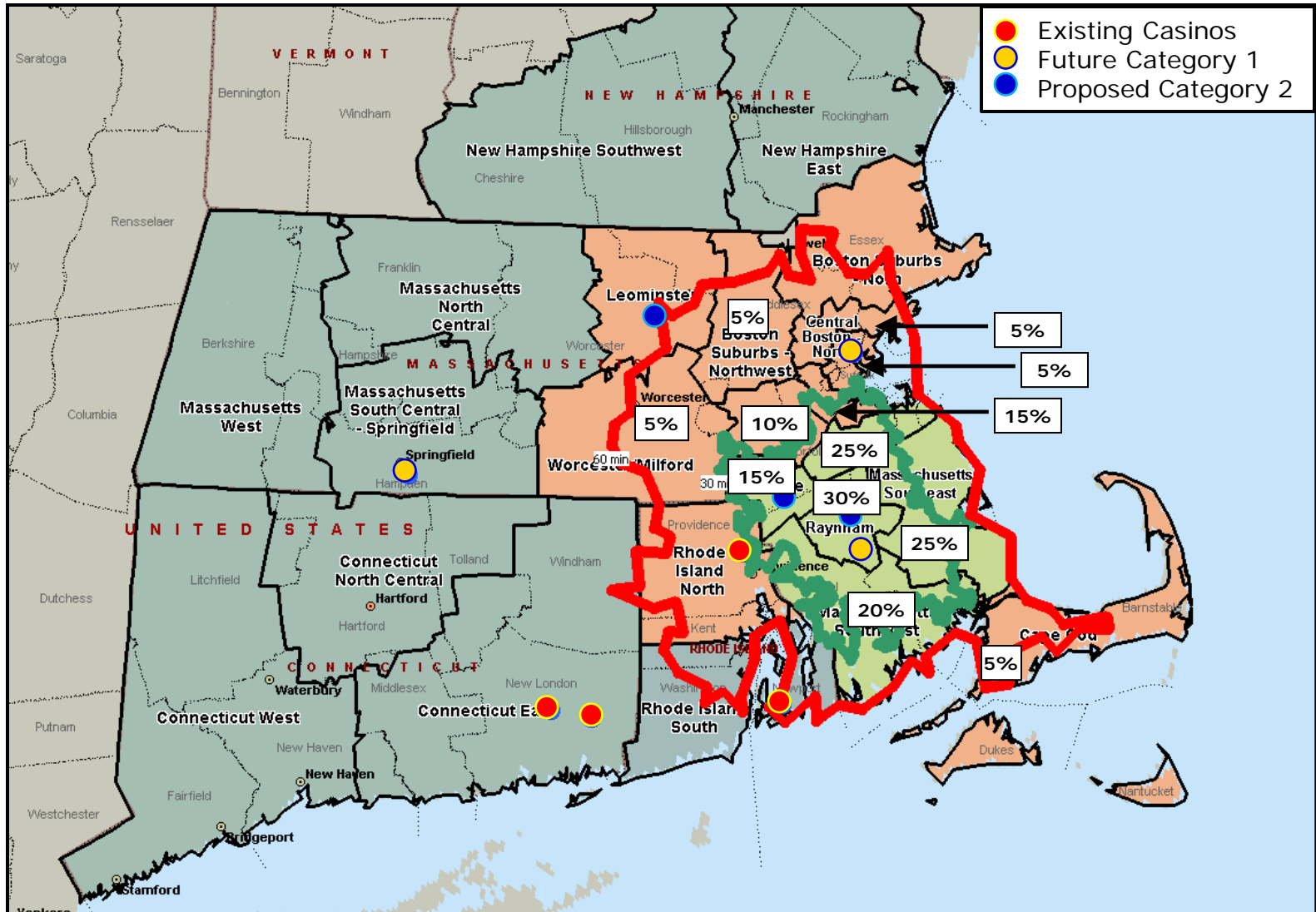
Market Shares: Full Competition Scenarios

Leominster/PPE – Market Shares Results (Low)



Market Shares: Full Competition Scenarios

Raynham/PR – Market Shares Results (Low)



Market Shares: Full Competition Scenarios

Total GGR for State (Blended GGR/Adult)

Full Competition Scenario Summary (Low) Based on Blended Win/Adult*					
Total GGR Captured by Massachusetts & Neighbouring State Casinos from Market Area**					
	Category 2	Category 1			Total State
		Boston	Springfield	Taunton	
<i>With Leominster/PPE- Full Competition</i>					
Massachusetts	\$119,510,529	\$600,361,079	\$274,640,684	\$311,122,413	\$1,305,634,704
Neighbouring States	\$13,614,054	\$138,645,071	\$153,828,061	\$84,730,110	\$390,817,296
GGR from Market Area	\$133,124,583	\$739,006,150	\$428,468,745	\$395,852,523	\$1,696,452,000
<i>With Plainville/Penn National - Full Competition</i>					
Massachusetts	\$117,577,406	\$606,907,125	\$299,034,005	\$286,192,670	\$1,309,711,206
Neighbouring States	\$10,866,000	\$142,334,334	\$153,828,061	\$84,730,110	\$391,758,505
GGR from Market Area	\$128,443,406	\$749,241,459	\$452,862,066	\$370,922,780	\$1,701,469,711
<i>With Raynham/PR - Full Competition</i>					
Massachusetts	\$128,480,531	\$600,167,829	\$297,368,430	\$275,904,499	\$1,301,921,289
Neighbouring States	\$0	\$142,334,334	\$153,828,061	\$84,730,110	\$380,892,505
GGR from Market Area	\$128,480,531	\$742,502,163	\$451,196,491	\$360,634,609	\$1,682,813,794

Source: HLT Advisory Inc. estimates.

* Based on \$375/adult in casino market areas, \$325/adult for adjacent casino market areas and \$275/adult for all other market areas.

** Does not include inflow.

Market Shares: Full Competition Scenarios

Total GGR for State (Blended GGR/Adult)

Full Competition Scenario Summary (High) Based on Blended Win/Adult*					
Total GGR Captured by Massachusetts & Neighbouring State Casinos from Market Area**					
		Category 1			
	Category 2	Boston	Springfield	Taunton	Total State
<i>With Leominster/PPE- Full Competition</i>					
Massachusetts	\$133,868,175	\$595,236,560	\$274,640,684	\$311,122,413	\$1,314,867,831
Neighbouring States	\$13,614,054	\$138,645,071	\$153,828,061	\$84,730,110	\$390,817,296
GGR from Market Area	\$147,482,229	\$733,881,631	\$428,468,745	\$395,852,523	\$1,705,685,128
<i>With Plainville/Penn National - Full Competition</i>					
Massachusetts	\$126,827,614	\$606,907,125	\$299,034,005	\$284,836,501	\$1,317,605,245
Neighbouring States	\$16,299,000	\$142,334,334	\$153,828,061	\$84,730,110	\$397,191,505
GGR from Market Area	\$143,126,614	\$749,241,459	\$452,862,066	\$369,566,611	\$1,714,796,750
<i>With Raynham/PR - Full Competition</i>					
Massachusetts	\$143,328,604	\$600,167,829	\$297,368,430	\$270,800,771	\$1,311,665,634
Neighbouring States	\$0	\$142,334,334	\$153,828,061	\$84,730,110	\$380,892,505
GGR from Market Area	\$143,328,604	\$742,502,163	\$451,196,491	\$355,530,881	\$1,692,558,139

Source: HLT Advisory Inc. estimates.

* Based on \$375/adult in casino market areas, \$325/adult for adjacent casino market areas and \$275/adult for all other market areas.

** Does not include inflow.

Market Shares: Full Competition Scenarios

Total State Taxes (Blended GGR/Adult)

Total State taxes generally range from \$415 million to \$430 million regardless of individual Category 2 casino.

Tax to the State Under Full Competition Scenarios Based on Blended Win/Adult*					
		Category 1			Total State
	Category 2	Boston	Springfield	Taunton	
<i><u>With Leominster/PPE- Full Competition</u></i>					
Tax Rate	49%	25%	25%	17%	
Low Scenario	\$65,231,045	\$184,751,538	\$107,117,186	\$67,294,929	\$424,394,698
High Scenario	\$72,266,292	\$183,470,408	\$107,117,186	\$67,294,929	\$430,148,815
<i><u>With Plainville/Penn National - Full Competition</u></i>					
Tax Rate	49%	25%	25%	17%	
Low Scenario	\$62,937,269	\$187,310,365	\$113,215,517	\$63,056,873	\$426,520,023
High Scenario	\$70,132,041	\$187,310,365	\$113,215,517	\$62,826,324	\$433,484,246
<i><u>With Raynham/PR - Full Competition</u></i>					
Tax Rate	49%	25%	25%	15%	
Low Scenario	\$62,955,460	\$185,625,541	\$112,799,123	\$54,095,191	\$415,475,315
High Scenario	\$70,231,016	\$185,625,541	\$112,799,123	\$53,329,632	\$421,985,311

Source: HLT Advisory Inc. estimates.

* Based on \$375/adult in casino market areas, \$325/adult for adjacent casino market areas and \$275/adult for all other market areas.