
Prince George's County Gaming Market Assessment

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**For: Maryland Lottery and Gaming Control
Agency**

By:

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Introduction

The Prince George's County Gaming Market Assessment has two (2) primary objectives, as follows:

1. Estimate the Gaming Revenue Potential of each of the three (3) Prince George's County Applicants on a mutually exclusive basis.
2. Estimate the Gaming Revenue Impact of these proposals on the Existing Maryland Gaming Facilities, including Horseshoe Baltimore.

The study utilizes a complex drive-time gravity model, which applies gaming factors (propensity, frequency and win per visit) to the adult population base to estimate gamer visits and revenue for a defined market area. The model then allocates the visits and revenue to the relevant gaming alternatives in the region using drive time as the basis, while considering the size, scope and quality of each venue. The drive-time gravity model is the industry standard for studies of this type; studies that must consider multiple market segments with different demographic profiles as well as multiple competitors offering a unique product. The steps are as follows:

1. Introduce the Proposed Developments
2. Define and Segment the Market Area
3. Compile and Analyze Demographic Data by Market Segment
4. Define the Competitive Set
5. Estimate Gamer Visits and Revenue for the Market Area by Market Segment
6. Allocate Market Gamer Visits and Revenue to the Competitive Set by Market Segment
7. Identify and Estimate Potential Additional Revenue Sources
8. Existing Facility Impact Analysis
9. Gaming Position Equalization Scenario

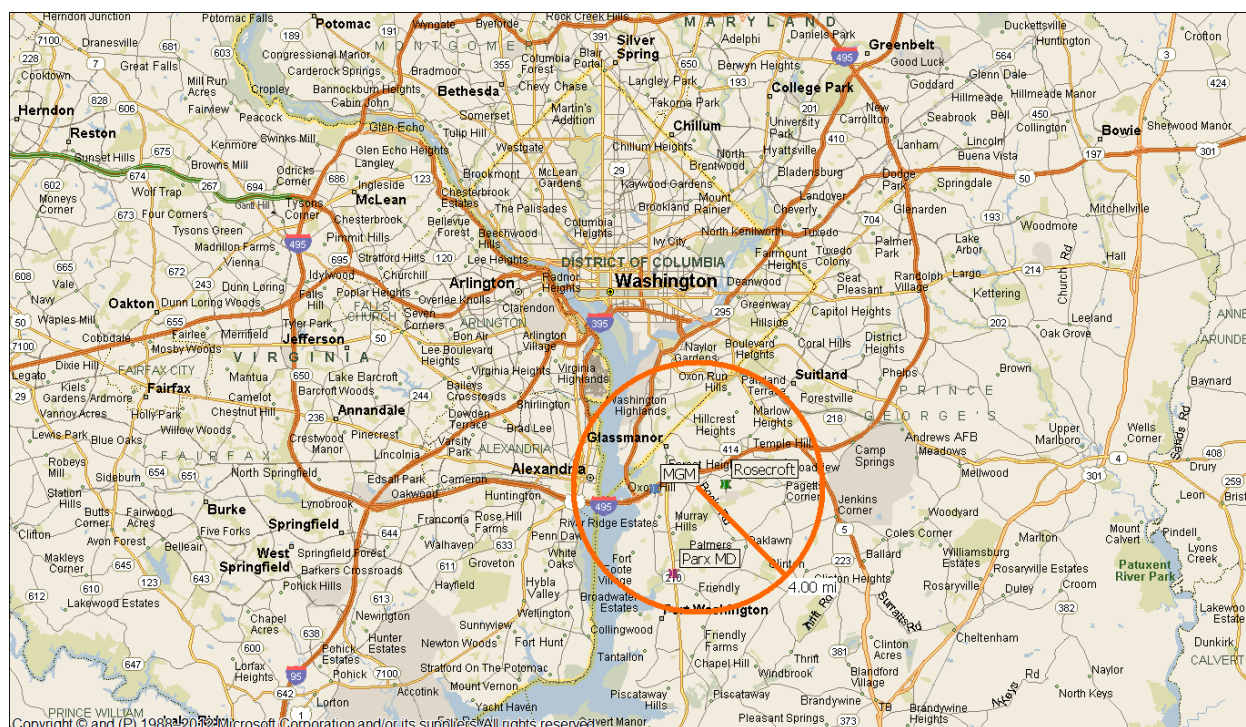
Proposed Developments

This section introduces the three (3) proposed developments, hereafter referred to as Rosecroft, Parx and MGM. The discussion focuses on the attributes that impact gaming revenue potential, including the development site location and characteristics, and building plan characteristics.

Development Sites

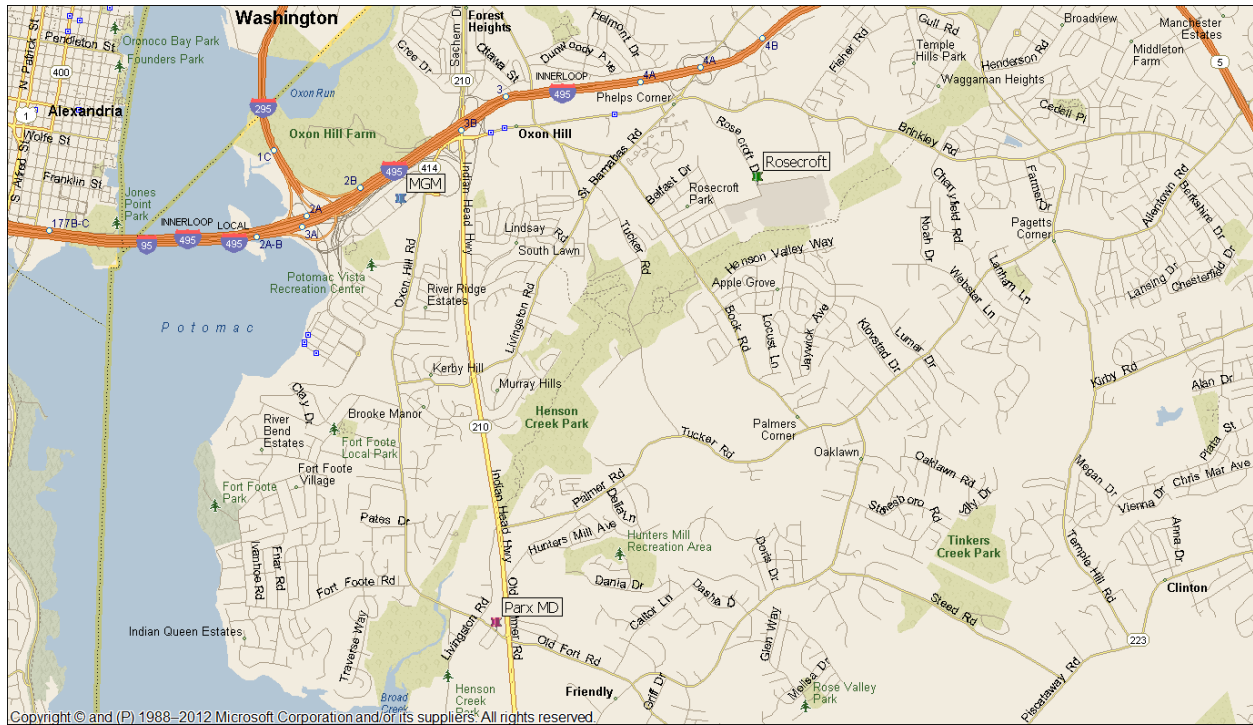
All three (3) development sites are located in southern Prince George's County within a four (4) mile radius of Bock Road and St. Barnabas Road, per the Maryland gaming legislation. This area lies just off the southeast perimeter of the District of Columbia and immediately east of the Virginia border, in a locality known as Oxon Hill. The area is mainly accessible via Interstate 495 ("I-495"), which circles the Washington D.C. metro area. Interstate 295 ("I-295") also services this area, connecting Washington D.C. to I-495, just east of the Potomac River. Highway 210 and Highway 5 drop south from I-495 connecting this area to Charles County and St. Mary's County to the south.

Regional Market Map



The following map displays the three (3) proposed development sites in one view, thus highlighting their proximity to each other and I-495.

Close-In Market Map

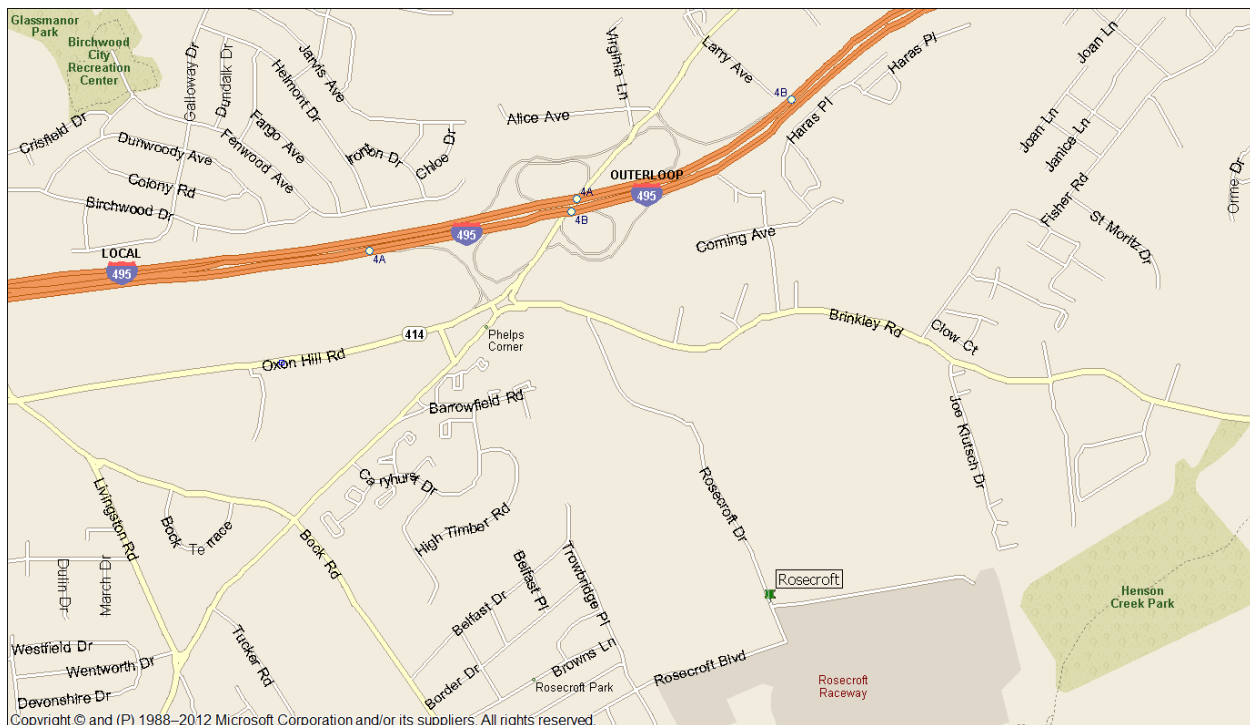


Rosecroft Development Site

The Rosecroft development is the eastern most site and home to the existing Rosecroft Raceway; a harness racetrack with a history dating back to 1949. This site is accessible via I-495 and the Oxon Hill Road / Brinkley Road exit (Exit 4). From the west, this exit is about 2.5 miles from the east end of the Woodrow Wilson Bridge.

Rosecroft patrons would exit south from I-495 and cross through the intersection at Oxon Hill Road before taking a left on Brinkley Road, followed by a quick right on Rosecroft Drive. The only trick for potential patrons is knowing to go through the intersection before taking the left on Brinkley. Total distance from the highway exit to property is about 1 mile, thus the site is not visible from the highway.

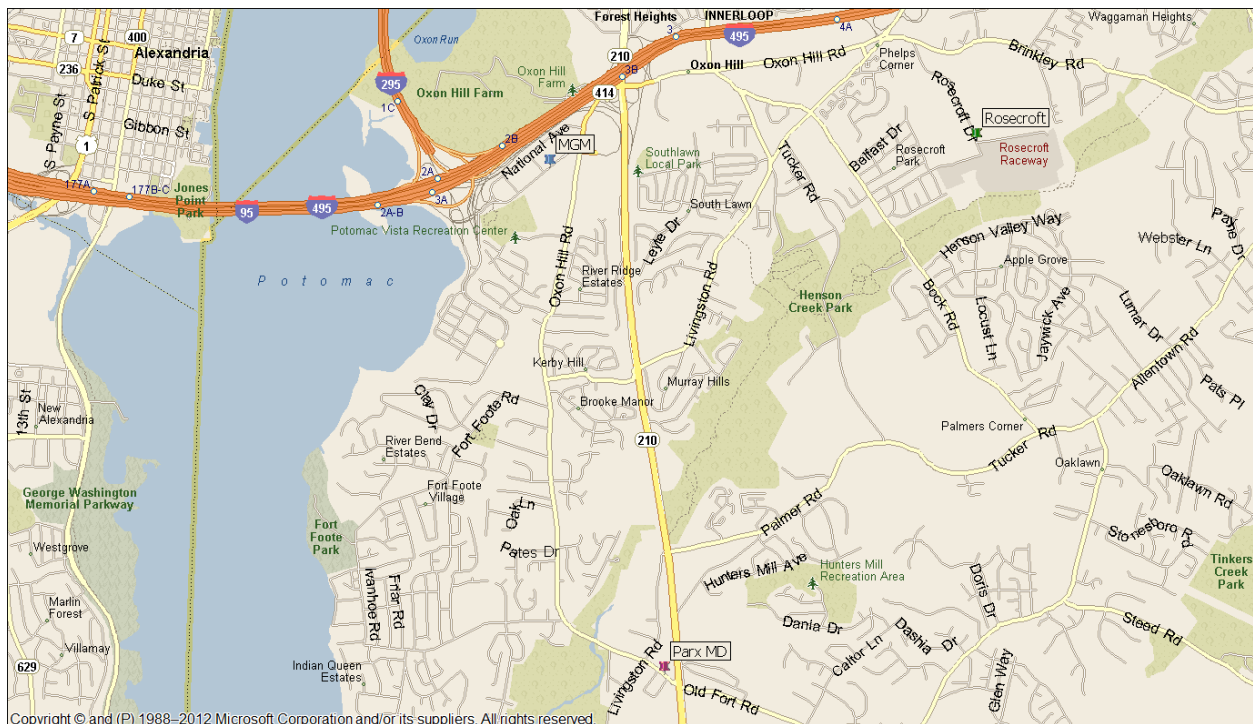
Rosecroft Site Map



Parx MD

The Parx MD development is the southernmost site and situated immediately off of Highway 210 (also known as Indian Head Highway) at Old Fort Road. The site is accessible via I-495 to Highway 210 south. Highway 210 is the second exit after crossing the Woodrow Wilson Bridge from the west, approximately one mile from the east end of the bridge. The distance from the interstate to the site is just over 3 miles. Currently, there are three (3) stop lights between the interstate and the development site; at Livingston Road, Palmer Road and Old Fort Road.

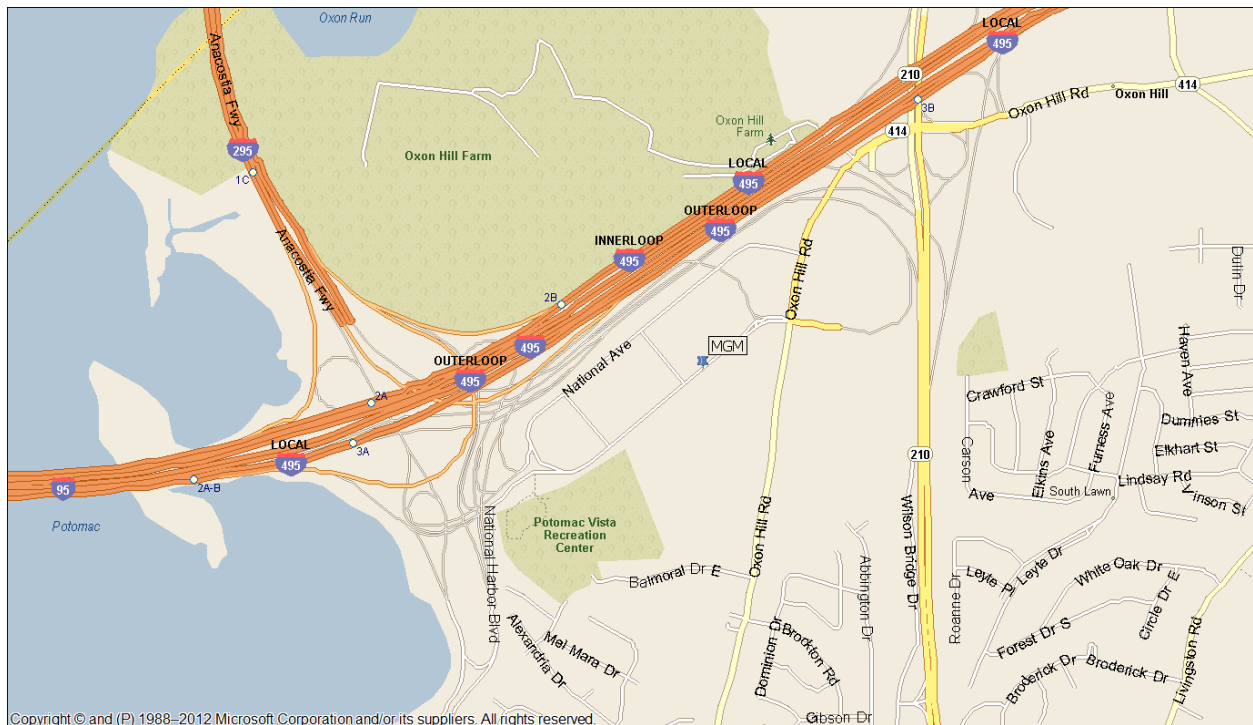
Parx Site Map



MGM

The MGM development is the westernmost site and situated at the first exit after crossing the Woodrow Wilson Bridge from the west via I-495. The highway exit is actually called National Harbor. The site is about ½ mile from the highway exit and very much visible from the interstate. Potential patrons coming south via I-295 also have a dedicated National Harbor exit.

MGM Site Map



Proposed Facilities

Each applicant has proposed a unique development plan in terms of size, scope and quality. This section highlights a few of the key differences, particularly ones that impact the gravity model, and thus, revenue potential.

Regarding parking, Rosecroft is the only project to offer surface parking, and thus could accommodate truck traffic if so desired. Ultimately Parx has proposed the most gaming positions of 4,750 slots and 170 tables. The plan is to phase the slot count in over three years with 3,000 slots initially, adding 1,000 in Year 2, and 750 in Year 3. The proposed slot count for MGM and Rosecroft is 24% and 31% less, respectively, but full implementation is expected in Year 1.

MGM's food and beverage offering is the most extensive, with more than double the space as Parx and Rosecroft in terms of square footage. All the applicants are showing a near equal balance of full-service restaurants and quick-serve options, but MGM's venue count is higher.

Regarding the hotel offerings, MGM is proposing a modestly larger hotel at 300 rooms. Rosecroft is proposing a smaller standard room size (as measured in square feet) relative to MGM and Parx. MGM is proposing the highest percentage of suites at 25%, compared to 10% and 7% for Parx and Rosecroft, respectively.

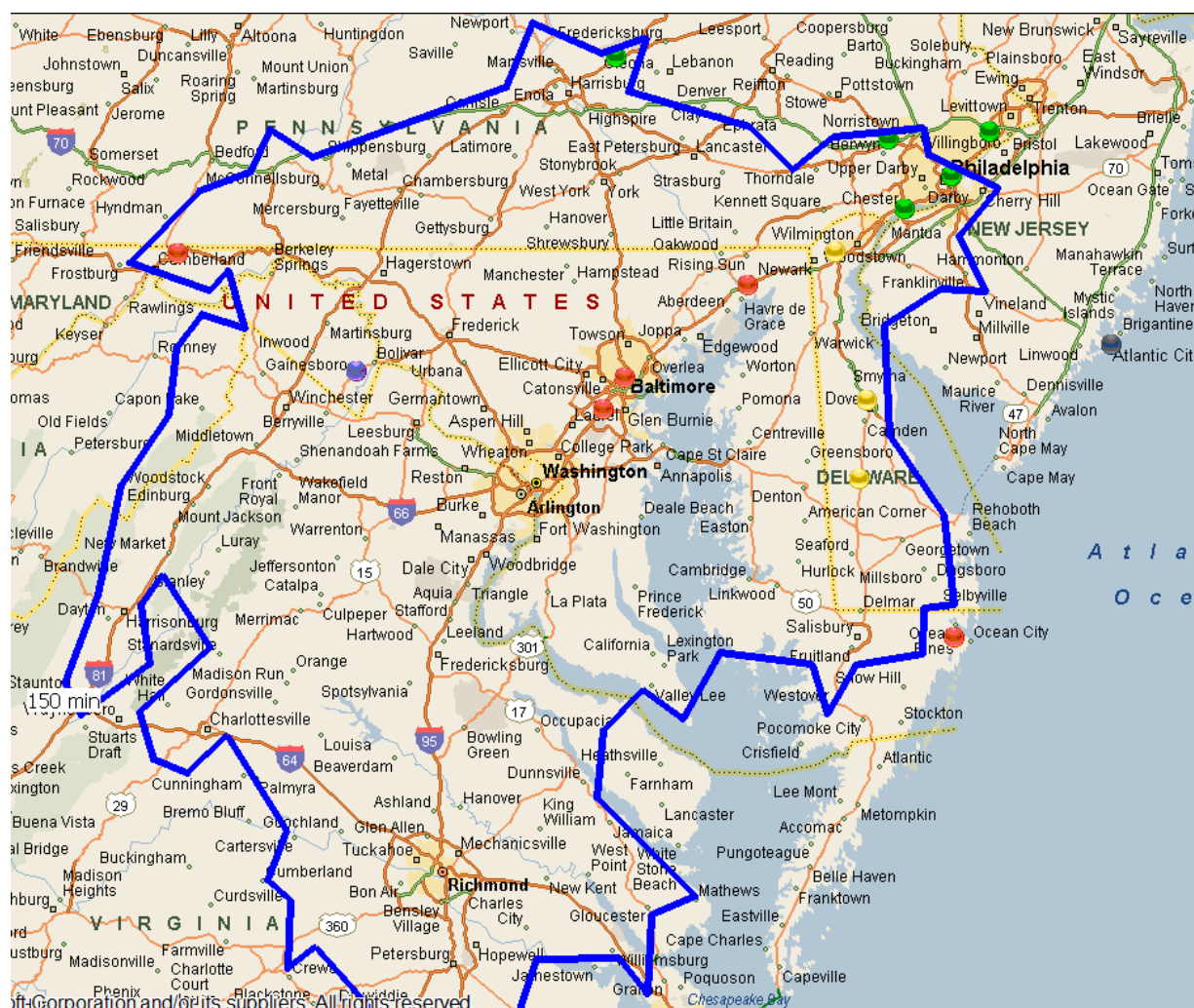
Building Plan Comparison				
	Rosecroft		Parx MD (a)	MGM
Parking:				
Structured	3,192		5,000	5,000
Surface	1,908		0	0
Total	5,100		5,000	5,000
Gaming Floor:				
Slot Count	3,000		4,750 (b)	3,600
Table Count	140		170	140
F&B:				
Square Footage (c)	19,000		27,500	56,500
Full-Service Venues	4		4	7
Quick-Serve Venues	4		4	6
Hotel:				
Total Room Count	258		250	300
Standard Room Size (sqft)	374	(d)	450	430
Suite Count	18		25	75
(a) Includes all expansion phases of construction through Year 3.				
(b) The slot count for Parx is phased in over three (3) years.				
(c) Includes seating area of new restaurants at the casino only.				
(d) Average of the standard single and premium single.				

Market Definition and Segmentation

The first step in the gravity model process is to define and segment the local market. The local market relates to gaming revenue derived from residents living in the market area (within a reasonable drive of the facility) on a permanent basis.

Definition

Based on the size and scope of the proposed developments and the competition in the region, the market area was defined using a roughly 150-minute drive-time ring. The market area extends north just past Harrisburg (PA); northeast into the Philadelphia metro area; east through the vast majority of Delaware; south past Richmond (VA); and west into western Maryland and West Virginia. Thus, the market area includes four (4) major metropolitan areas: Baltimore, Washington D.C., Richmond (VA) and Philadelphia.

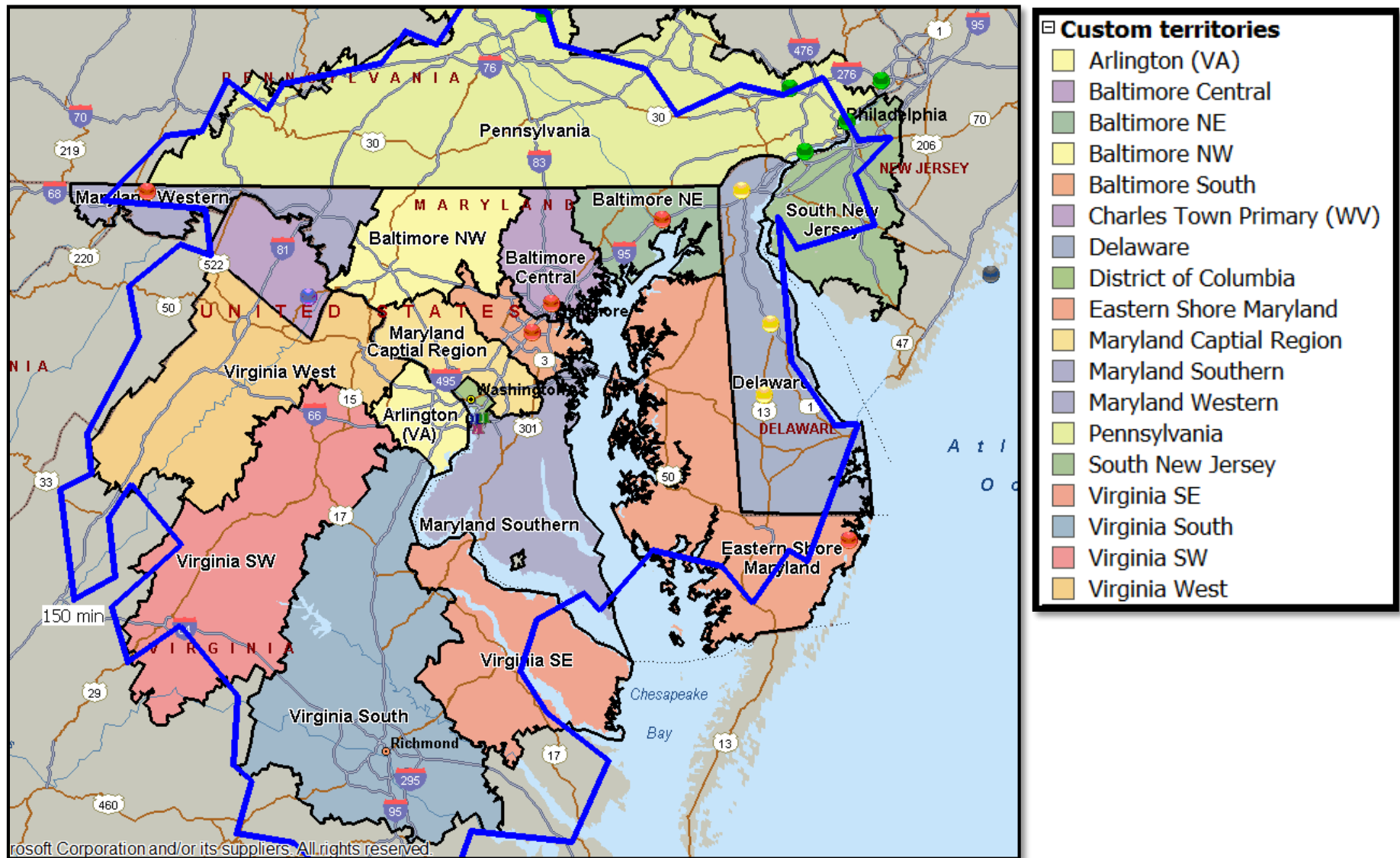


Segmentation

This market area was first segregated into thirty-eight (38) manageable segments for the purpose of the analytics; considering population centers, state boundaries, competition, highway access, and demographic characteristics. The goal was to segregate the market into territories that would exhibit similar gaming behavior patterns. Great care was taken to make sure market segments did not cross state borders, thus an accurate accounting of inter-state gaming revenue is available. Underlying these market segments are more than 1,230 zip codes, representing the smallest level of data delineation.

However, to make this report more user-friendly, these micro-segments were summarized into eighteen (18) major segments for report discussion purposes. The summarization technique strongly considered the expected travel patterns to the proposed facilities. Strict adherence to state boundaries was maintained. The following table and map show the market segmentation for this study.

Prince George's County Assessment Market Segment Map

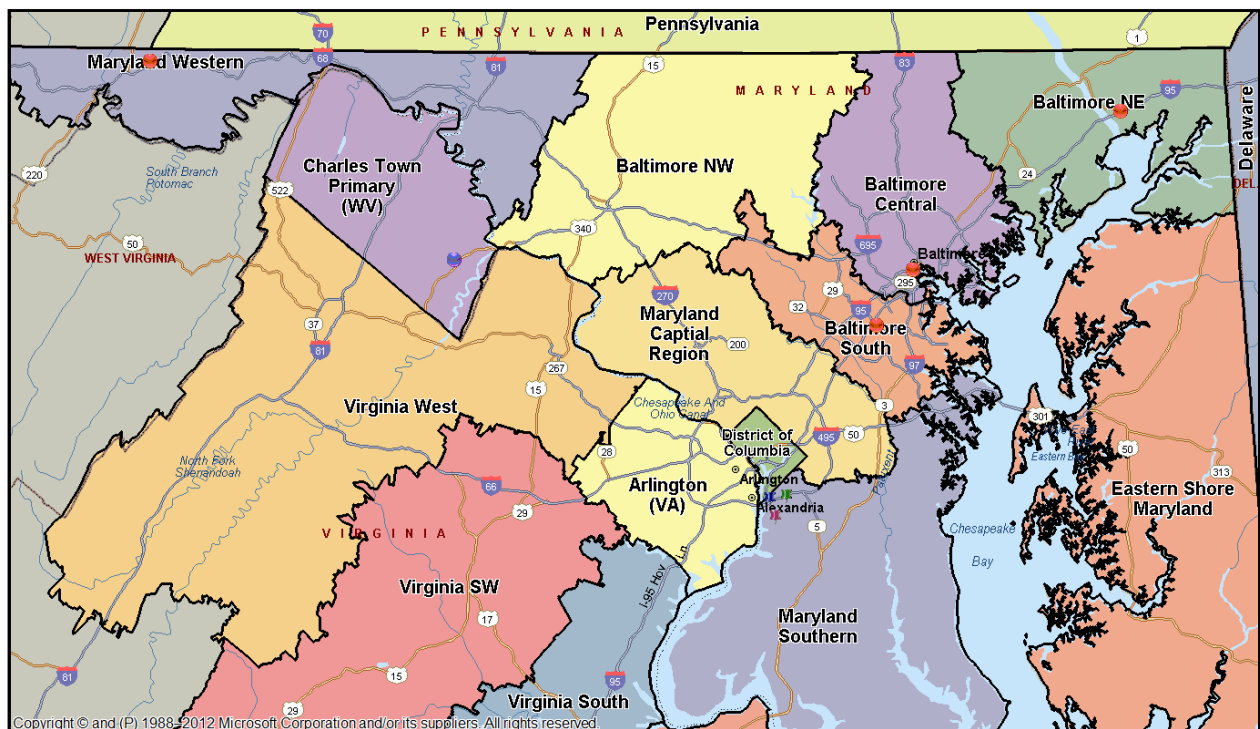


This defined market area includes eight (8) Maryland segments, representing the entire state. The table below gives more clarity into the makeup of these segments. County borders were particularly instrumental in the segregation of Maryland.

Maryland Segment Summary

Segment Name	Counties
Maryland Southern	Anne Arundel (south); Calvert; Charles; Prince George's (south); St. Mary's
Maryland Capital Region	Montgomery; Prince George's (north)
Baltimore South	Anne Arundel (north); Howard
Baltimore Central	Baltimore City; Baltimore County
Baltimore NW	Carroll; Frederick
Eastern Shore Maryland	Talbot; Queen Anne's; Kent; Dorchester; Wicomico; Somerset; Worcester
Baltimore NE	Harford; Cecil
Maryland Western	Washington; Allegany

Close-In Maryland View



Demographic Data by Market Segment

Demographic data for these market segments was compiled and analyzed, focusing on adult population counts and income levels. This analysis provides several key building blocks for the gravity model. **All the data was obtained directly from Nielsen, one of the most respected data providers in the industry.**

Population Counts

The gamer population count (persons 21 years of age and older) for the defined market area was estimated at 13.2 million in 2013. The count is expected to reach 13.8 million by 2018, reflecting a growth rate of about 0.9% per year; a rate equal to the national average.

The eight (8) Maryland segments combine to contain about 4.3 million adults (2013) or 32% of the market, representing the entire state. Of course the vast majority of the population is centered in the Baltimore metro area. The expected growth rate for the Maryland population is 0.8% per year, roughly equal to the national average. Within the Maryland segments, the key Maryland South segment contains about 565,000 adults, or about 5% of the market. Thus, with out-of-state residents representing roughly 68% of the market in total, the Prince George's County market contains a very significant number of residents from neighboring states. This is usually not the case, and to the benefit of Maryland in terms of generating tax revenue.

The Virginia segments account for the third highest population total with 3.2 million adults or 24% of the market. The Virginia segments are expected to exhibit the highest growth rate of 1.5% per year, about double the market average thanks to high growth rates in the D.C. suburbs. The largest Virginia segment is Virginia South, which includes Richmond, with 1.2 million adults, followed closely by Arlington with 1.1 million. The District of Columbia with about 490,000 adults, accounts for 4% of the market, and shows the highest expected growth rate of 1.9% per year, more than double the national average.

The following table displays adult population by market segment, according to Nielsen, for FY13 and FY18, as well as the Average Annual Growth (AAG) rate for the five year period.

Gamer Population

Market Segment	2013	2018	5-yr AAG	% of Total (2013)
Maryland Southern	565,551	600,146	1.2%	4.3%
Maryland Capital Region	1,181,670	1,245,455	1.1%	8.9%
Baltimore South	485,539	517,772	1.3%	3.7%
Baltimore Central	1,064,281	1,082,356	0.3%	8.0%
Baltimore NW	297,129	312,695	1.0%	2.2%
Eastern Shore Maryland	258,865	265,143	0.5%	2.0%
Baltimore NE	248,232	258,894	0.8%	1.9%
Western Maryland	160,351	163,589	0.4%	1.2%
District of Columbia	493,393	540,960	1.9%	3.7%
Arlington	1,141,809	1,211,450	1.2%	8.6%
Virginia Western	398,171	431,049	1.6%	3.0%
Virginia SW	401,368	433,694	1.6%	3.0%
Virginia South	1,200,836	1,277,121	1.2%	9.1%
Virginia SE	84,558	87,133	0.6%	0.6%
West Virginia	127,992	133,189	0.8%	1.0%
Delaware	668,430	697,504	0.9%	5.0%
Pennsylvania	3,578,146	3,660,831	0.5%	27.0%
New Jersey	881,498	893,222	0.3%	6.7%
Total	13,237,819	13,812,203	0.9%	100.0%

Gamer Population by State

State	2013	2018	AAG	% of Total (2013)
Maryland	4,261,618	4,446,050	0.9%	32.2%
District of Columbia	493,393	540,960	1.9%	3.7%
Virginia	3,226,742	3,440,447	1.3%	24.4%
West Virginia	127,992	133,189	0.8%	1.0%
Delaware	668,430	697,504	0.9%	5.0%
Pennsylvania	3,578,146	3,660,831	0.5%	27.0%
New Jersey	881,498	893,222	0.3%	6.7%
Total	13,237,819	13,812,203	0.9%	100.0%

Income Level

The Average Annual Household Income (“AAHI”) for the entire market area calculated to about \$91,700 (on a weighted average basis) in 2013, roughly 33% higher than the national average of \$69,600. The income level is expected to reach \$101,200 by 2018, reflecting an average growth rate of 2.0% per year over the next five years. This growth rate clearly assumes that the nationwide recession is over and more historical income growth will prevail in the coming years.

The market segments exhibited an extremely wide range of income levels, from a low of about \$64,100 for Western Maryland to a high of \$141,400 for Arlington; over two times higher. In general, the rural market segments showed income levels on the low end of this range.

The Maryland segments showed an average of \$97,300, just slightly behind the District of Columbia, but roughly 12% below the average for the Virginia segments at about \$110,000. Nonetheless, all these states are expected to show growth above 2% per year. Within the Maryland segments Baltimore South showed the highest income level of \$118,500 per year, followed by DC Metro MD at \$116,400. The key South MD segment was also on the high end at \$107,600. Note this segment is expected to yield the most income growth of 3.1% per year.

AAHI			
Market Segment	2013	2018	5-yr AAG
Maryland Southern	\$107,622	\$125,591	3.1%
Maryland Capital Region	\$116,371	\$131,397	2.5%
Baltimore South	\$118,485	\$134,327	2.5%
Baltimore Central	\$72,746	\$78,703	1.6%
Baltimore NW	\$102,439	\$117,612	2.8%
Eastern Shore Maryland	\$72,466	\$76,191	1.0%
Baltimore NE	\$87,405	\$97,284	2.2%
Western Maryland	\$64,058	\$70,788	2.0%
District of Columbia	\$99,089	\$113,198	2.7%
Arlington	\$141,427	\$158,010	2.2%
Virginia Western	\$116,798	\$132,853	2.6%
Virginia SW	\$95,400	\$105,741	2.1%
Virginia South	\$86,948	\$94,230	1.6%
Virginia SE	\$68,323	\$72,181	1.1%
West Virginia	\$65,593	\$67,186	0.5%
Delaware	\$74,644	\$78,435	1.0%
Pennsylvania	\$73,060	\$77,097	1.1%
New Jersey	\$83,679	\$92,510	2.0%
Total	\$91,656	\$101,247	2.0%

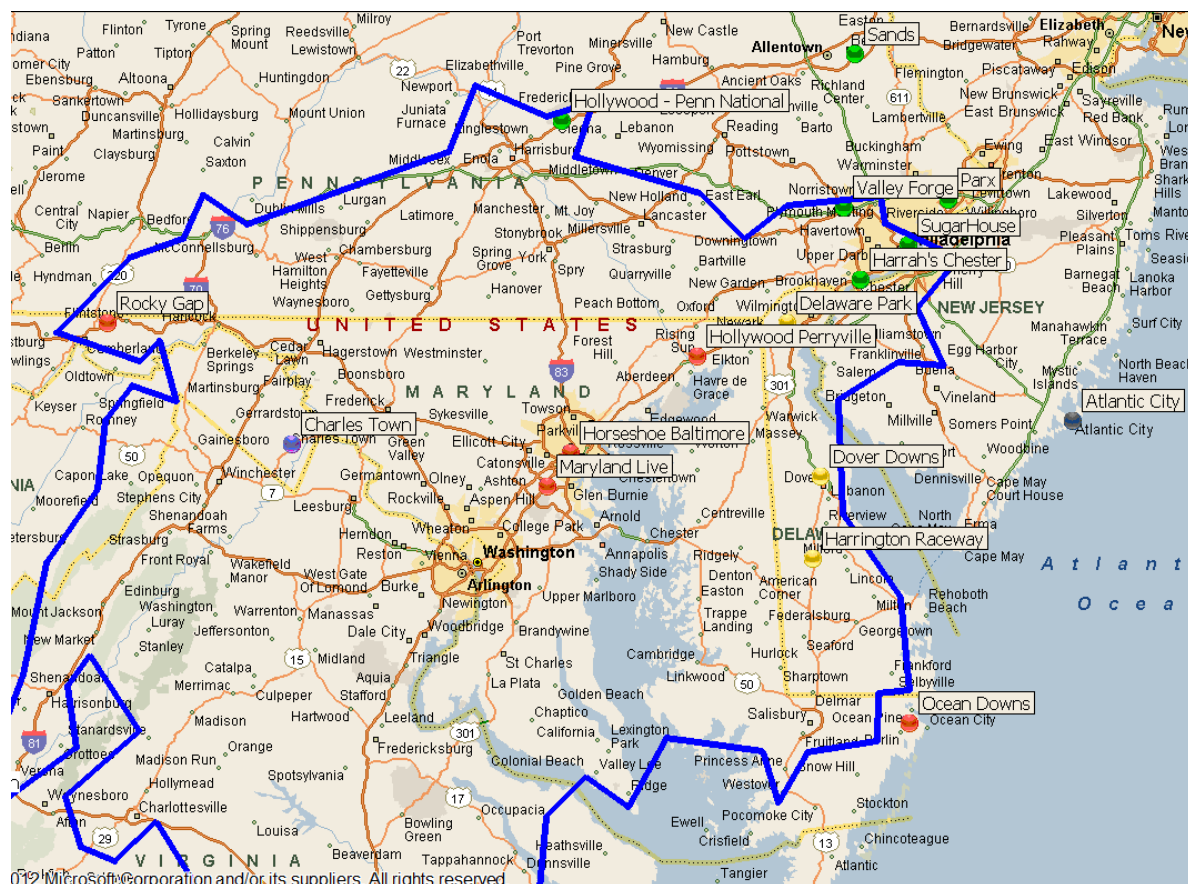
AAHI by State			
State	2013	2018	AAG
Maryland	\$97,262	\$109,648	2.4%
District of Columbia	\$99,089	\$113,198	2.7%
Virginia	\$110,472	\$122,420	2.1%
West Virginia	\$65,593	\$67,186	0.5%
Delaware	\$74,644	\$78,435	1.0%
Pennsylvania	\$73,060	\$77,097	1.1%
New Jersey	\$83,679	\$92,510	2.0%
Total	\$91,656	\$101,247	2.0%

Define Competitive Set

This section establishes the competitive set for the market, defined as existing or proposed gaming competition that materially impacts the market. These competitors could potentially sit outside the defined market area, as they could still capture patronage from the market area. **The data contained in this section was primarily obtained from the respective state gaming commissions, boards or agencies. Great care was taken when compiling this data into the charts and graphs presented below.**

The following map displays the competitors incorporated into the gravity model, including Horseshoe Baltimore, which is under construction, and a proposed casino in Philadelphia. Competition is extremely heavy to the northeast and east of Prince George's County, but nonexistent to the south and southwest. Maryland Live and Horseshoe Baltimore are the most relevant competition, while Hollywood Charles Town is the most relevant out-of-state competitor.

Competitive Market Map



Maryland

Maryland currently has four (4) casino properties in operation, offering a total of about 6,900 slot machines and just over 200 table games, including 62 non-banked poker tables. Hollywood Perryville was the first facility to open in late September 2010, followed closely by Ocean Downs in January 2011. A gap of 17 months lapsed before the opening of Maryland Live in June 2012. The most recent casino to open was Rocky Gap in May 2013.

Horseshoe Baltimore is expected to open in September 2014 in downtown Baltimore, while Ocean Downs is expected to expand to offer table games sometime in FY 2015.

Maryland Casino Summary							
Property	County	Distance from Oxon Hill **	Opening Date	Slot Count *	Table Count *	Incl Non-Banked Poker *	Hotel Rooms
Hollywood Perryville	Cecil	85	Sep-10	1,158	22	10	0
Ocean Downs	Worcester	136	Jan-11	800	0	0	0
Maryland Live	Anne Arundel	36	Jun-12	4,339	174	52	0
Rocky Gap	Allegany	143	May-13	558	10	0	215
Horseshoe Baltimore ***	Baltimore City	45	Sep-14	2,435	115	30	0
Total				9,290	321	92	215
* As of September 2013							
** Driving distance in miles							
*** Currently under construction; opening date and gaming position are estimates.							

Hollywood Perryville (Cecil County)

Hollywood Perryville is located in northeastern Maryland just north of Perryville. The facility is situated near the intersection of Interstate 95 (“I-95”) and Highway 22, and thus is very accessible from the interstate. The casino currently offers about 1,160 slot machines and 22 table games, including a 10-table poker room. The slot offering was cut from about 1,500 machines in January 2013 in response to falling slot revenue due to additional competition. The food and beverage offering includes a full-service casual dining experience called Celebrity Bar & Grill, and a quick-service venue called Extras (open 24/7) serving pizza, sandwiches and salads. The Celebrity Bar & Grill also hosts live entertainment, specializing in comedy acts.

Slot Performance

Perryville posted slot revenue of \$98.6 million in 2012; a decline of 11% from the prior year. The weak results reflect the opening of Maryland Live in June 2012. Slot revenue is down 29% through

September 2013 on a calendar year over year basis, again due to the Maryland Live impact. The reduction in slot count has helped maintain Win per Unit per Day (“WPUPD”) despite falling revenue. WPUPD is only down 6% for YTD Sep-13.

Hollywood Perryville Slot Performance			
	Slot Revenue	Slot Count	WPUPD
2010	\$27,596,428	1,524	\$189
2011	\$110,778,097	1,524	\$200
2012	\$98,608,996	1,516	\$179
% Change:			
2011	NM	0%	6%
2012	-11%	-1%	-11%
YTD Results:			
Sep-12	\$81,753,089	1,521	\$198
Sep-13	\$58,084,934	1,151	\$185
% Change	-29%	-24%	-6%

The following graph shows annualized slot revenue peaking near \$120 million in May 2012. Over the next year, revenue fell 35% in response to Maryland Live. Following the one-year anniversary of the opening of Maryland Live (June 2012), the trend line has stabilized. Slight positive growth is expected over the next several months, with annualized slot revenue reaching about \$77.5 million for 2013.

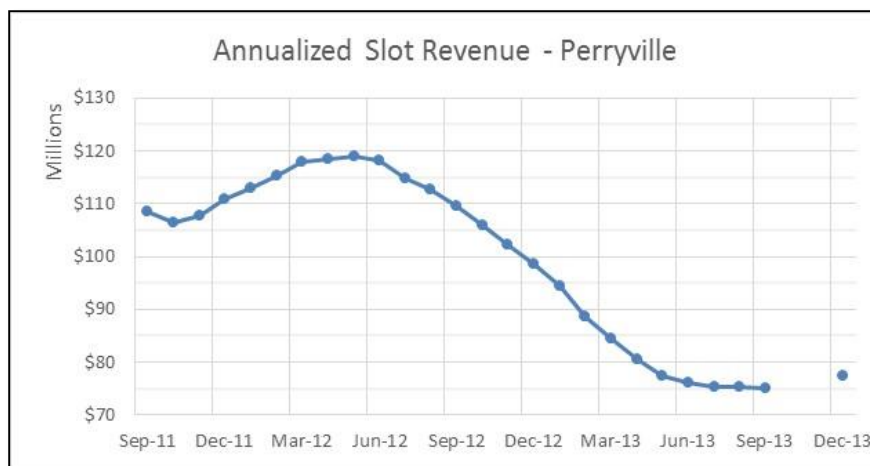


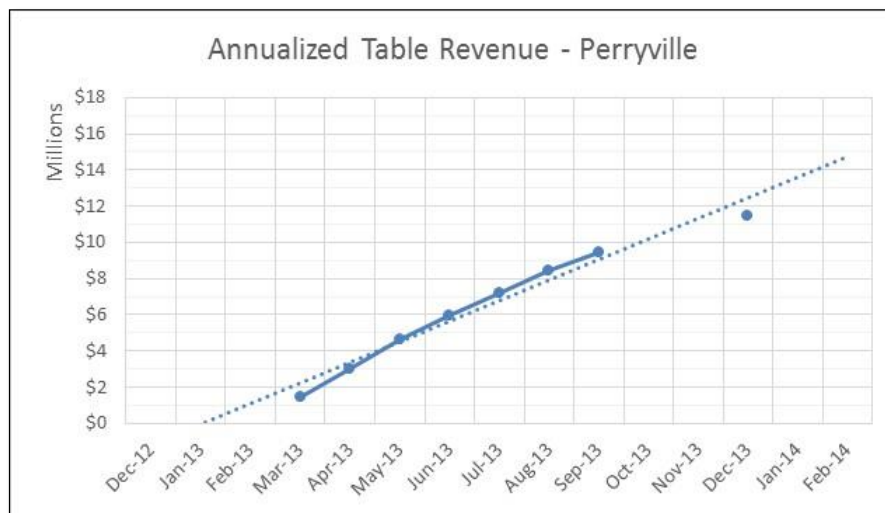
Table Performance

Table operations began at Hollywood Perryville in March 2013, with 22 tables (12 banked and 10 non-banked poker). Table revenue peaked at \$1.60 million in May 2013, moderating to about \$1.0

million in September as an upgraded Maryland Live table operation begins to capture market share. Table revenue as a percent of total revenue averaged 17.1% to date (full months only). However, the rate has been falling in recent months.

Hollywood Perryville Table Performance				
	Table Revenue	% of Total	Table Count	WPUPD
Mar-13	\$1,465,764	15.5%	22	\$2,149
Apr-13	\$1,563,259	18.5%	22	\$2,369
May-13	\$1,596,178	18.6%	22	\$2,340
Jun-13	\$1,332,015	17.1%	22	\$2,018
Jul-13	\$1,239,205	16.5%	22	\$1,817
Aug-13	\$1,252,317	16.3%	22	\$1,897
Sep-13	\$984,494	14.9%	22	\$1,492

Based on the current trend, table revenue is expected to reach near \$12 million for 2013, and surpass \$13 million for the first full year of operations (annualized basis). The September results bent the trend line down a bit, again likely due to the opening of the Maryland Live poker room in August.



Forecast Summary (FY Basis)

Baseline Revenue Forecast (millions) - Hollywood Perryville						
Fiscal Year	Slot Revenue	% Change	Table Revenue	% Change	Total Revenue	% Change
FY 13	\$76.0	-35.6%	\$6.0	NA	\$82.0	-30.6%
FY 14	\$78.7	3.6%	\$14.3	NA	\$93.0	13.5%
FY 15	\$80.3	2.0%	\$15.0	4.5%	\$95.2	2.4%
FY 16	\$81.9	2.0%	\$15.2	2.0%	\$97.1	2.0%

Ocean Downs (Worcester County)

Ocean Downs is located in southeastern Maryland, about 5 miles from Ocean City and the Atlantic Coast. The casino is structured around a racetrack offering live harness racing during the summer months, and year-round simulcast wagering. The casino currently offers about 800 slot machines retrofitted into the grandstand area of the racetrack. The food and beverage offering includes a full-service casual dining experience called Pacers overlooking the racetrack, and a quick-service venue called Dine N Dash (open 24/7) featuring a full-service bar.

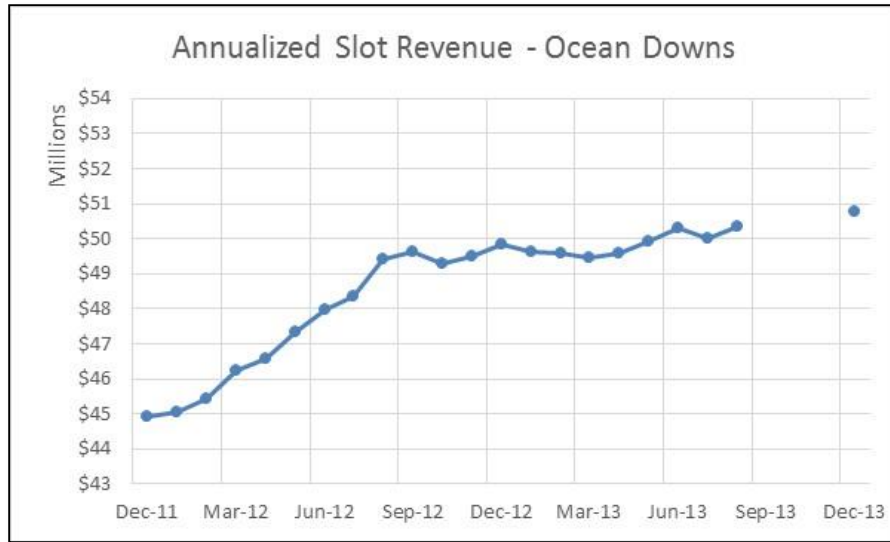
Ocean Downs recently announced an expansion plan to center the casino operation in a new 35,000 square foot facility. The new casino floor will continue to offer about 800 slot machines, but add about 10 table games. A new racing sports restaurant is also planned that will host simulcast wagering.

Slot Performance

Ocean Downs posted slot revenue of \$49.8 million in 2012; an increase of 11% over the prior year. It's typical to see growth in this range for the second year of casino operations as the property matures and establishes its database. Based on a stable slot count, WPUPD also increased 11% in 2012 to about \$170. For the first 9 months of 2013, slot revenue is up slightly on a year over year basis. Ocean Downs was not materially impacted by the opening of Maryland Live in June 2012.

Ocean Downs Slot Performance			
	Slot Revenue	Slot Count	WPUPD
2011	\$44,930,696	814	\$152
2012	\$49,847,419	813	\$169
% Change	11%	0%	11%
YTD Results:			
Sep-12	\$39,685,945	817	\$179
Sep-13	\$40,387,393	800	\$186
% Change	1.8%	-2.1%	3.9%

The following graph highlights the strong revenue growth in the second year of operations (2012), and the moderation of growth over the last year. Revenue is expected to reach approximately \$51 million for 2013.



Forecast Summary (FY Basis)

Baseline Revenue Forecast (millions) - Ocean Downs (FY Basis)						
Fiscal Year	Slot Revenue	% Change	Table Revenue	% Change	Total Revenue	% Change
FY 13	\$50.3	4.9%			\$50.3	4.9%
FY 14	\$51.3	2.0%			\$51.3	2.0%
FY 15	\$52.4	2.0%	\$8.7	NM	\$61.1	19.0%
FY 16	\$53.4	2.0%	\$9.1	3.7%	\$62.5	2.2%

Maryland Live (Anne Arundel County)

Maryland Live is located about 10 miles southwest of downtown Baltimore, in Hanover (Anne Arundel County). This roughly 160,000 square foot casino offers about 4,340 slot machines and 174 table games, including a 52-table poker room, which opened in August 2013. The casino is supported by an extensive food and beverage offering featuring four (4) name-brand venues and a buffet. The Rams Head Center Stage hosts live entertainment utilizing three (3) floor plan configurations. Finally, the casino offers several unique bars and lounges. In summary, Maryland Live is currently the premier gaming venue in Maryland, and rivals any of the stand-alone gaming venues in the competitive set.

Slot Performance

For its first full year (Jul-12 thru Jun-13) of operations, Maryland Live posted slot gaming revenue of about \$431 million. Based on average machine count for the period of 4,365 machines, WPUPD calculated to a healthy \$277. Note that the machine count ramped up to a peak of 4,750 before tapering back to the current level, as the casino manages WPUPD. For the first full quarter following its anniversary, Maryland Live slot revenue grew about 3% on a year over year basis.

Maryland Live Slot Performance							
Monthly					Annualized		
	Slot Revenue	% Change	Slot Count	WPUPD	Slot Revenue	Slot Count	WPUPD
Jun-12	\$28,481,478		3,171	\$359			
Jul-12	\$35,408,797		3,291	\$347			
Aug-12	\$32,447,684		3,717	\$291			
Sep-12	\$32,001,519		4,371	\$244			
Oct-12	\$30,628,651		4,750	\$208			
Nov-12	\$34,365,183		4,750	\$241			
Dec-12	\$35,951,816		4,750	\$244			
Jan-13	\$35,943,756		4,750	\$244			
Feb-13	\$38,335,309		3,991	\$343			
Mar-13	\$44,613,545		4,129	\$349			
Apr-13	\$38,165,153		4,217	\$302			
May-13	\$37,492,689		4,319	\$280	\$423,835,580	4,184	✓ \$282
Jun-13	\$35,763,995	NM	4,314	\$276	\$431,118,097	4,279	✓ \$277
Jul-13	\$34,962,148	✓ -1.3%	4,323	\$261	\$430,671,448	4,365	✓ \$271
Aug-13	\$35,589,072	✓ 9.7%	4,339	\$273	\$433,812,836	4,417	✓ \$270
Sep-13	\$32,248,325	✓ 0.8%	4,339	\$248	\$434,059,642	4,414	✓ \$270

The graph below shows that the slot revenue trend line is modestly favorable following the casino's one-year anniversary, with slot revenue of about \$445 million expected for 2013.

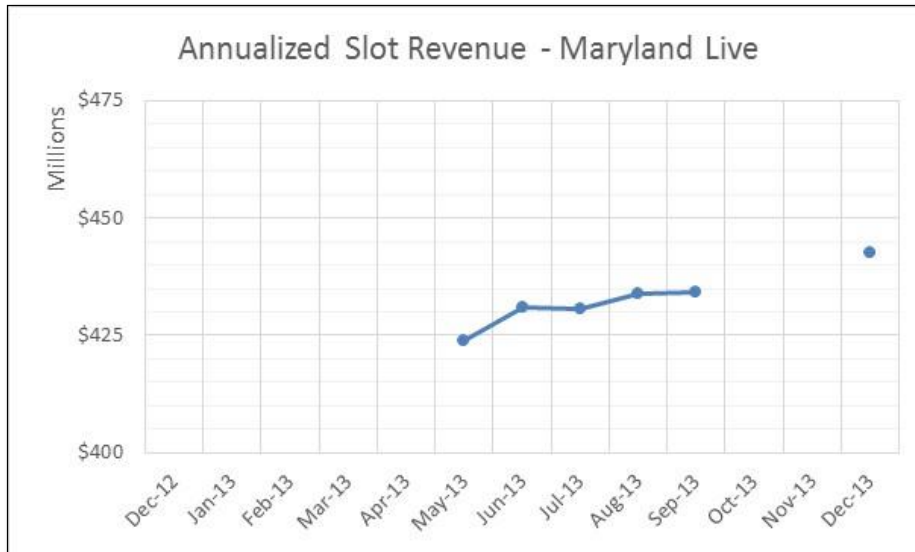
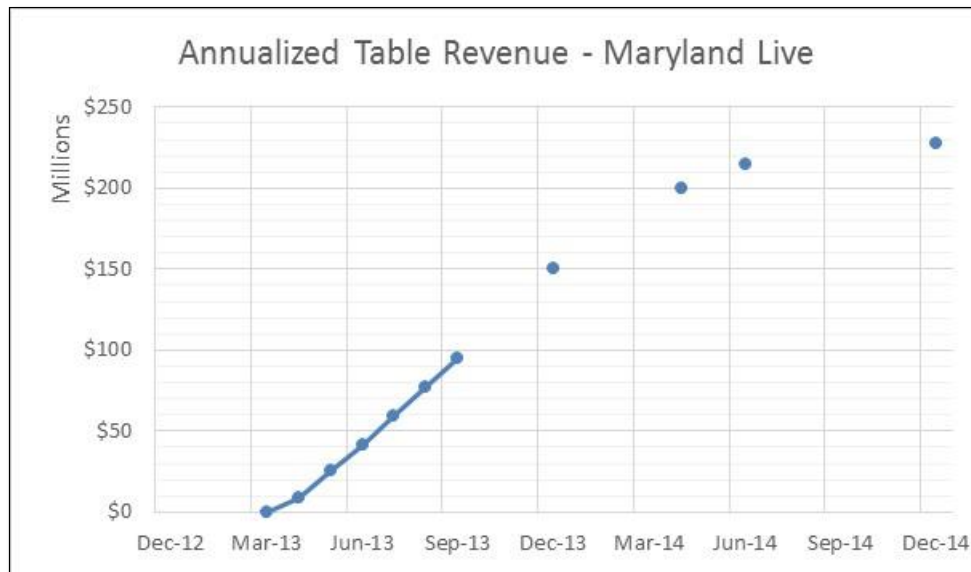


Table Performance

Table operations began at Maryland Live in April 2013, with 122 banked tables. The operation expanded to offer a 52-table poker room in August 2013. Table revenue ranged from a low \$15.7 million in June 2013 to a high of \$18.2 million in September 2013. Table revenue as a percent of total revenue jumped to about 36% in September as the poker room ramped up. This is a very high proportion, much higher than the Pennsylvania properties and in line with Atlantic City. The table WPUPD is also well above industry standards.

Maryland Live Table Performance				
	Table Revenue	% of Total	Table Count	WPUPD
Apr-13	\$8,403,849	18.0%	122	\$2,296
May-13	\$17,563,696	31.9%	122	\$4,644
Jun-13	\$15,651,767	30.4%	122	\$4,276
Jul-13	\$17,492,665	33.3%	122	\$4,625
Aug-13	\$17,758,681	33.3%	174	\$3,402
Sep-13	\$18,241,594	36.1%	174	\$3,495

Table gaming revenue is expected to easily pass \$200 million on an annualized basis, and level off in the \$230 million range following the one-year anniversary of the poker room.



Forecast Summary (FY Basis)

Baseline Revenue Forecast (millions) - Maryland Live (FY Basis)						
Fiscal Year	Slot Revenue	% Change	Table Revenue	% Change	Total Revenue	% Change
FY 13	\$431.1	NA	\$41.6	NA	\$472.7	NA
FY 14	\$451.5	4.7%	\$215.0	NA	\$666.5	41.0%
FY 15	\$460.5	2.0%	\$229.9	6.9%	\$690.4	3.6%
FY 16	\$469.7	2.0%	\$234.5	2.0%	\$704.3	2.0%

Rocky Gap Casino & Resort (Allegany County)

Rocky Gap Casino & Resort (“Rocky Gap”) is located on the western panhandle of Maryland, just east of the town of Cumberland. The facility is easily accessible from Interstate 68, which connects the western portion of the state with Baltimore via Interstate 70. The casino offers 560 slot machines and 10 table games. Unique to this property is a 215-room onsite resort hotel. This hotel complex offers many recreational activities as it lies in Rocky Gap State Park, adjacent to Lake Habeeb. The resort features an 18-hole championship golf course. The food and beverage offering includes a full-service fine dining option with views of the lake, a bar and grill, a burger bar, and a quick-serve venue serving coffee, baked goods, and sandwiches, as well as a full-service bar. The extensive food and beverage offering is needed to support the resort aspect of the property.

Only a few months of actual data is available for this property. Slot gaming revenue peaked at \$3.5 million in August 2013 before settling back to \$2.7 million in September. Table gaming revenue also peaked at just over \$500,000 in August before settling back to \$425,000 in September. The peaks in August likely reflects summer tourism associated with the state park. Note the ratio of table revenue to total revenue of about 13.6% (September 2013) is significantly lower than Maryland Live and more in line with Perryville.

Rocky Gap Performance							
Slot Performance				Table Performance			
	Slot Revenue	Slot Count	WPUPD	Table Revenue	% of Total	Table Count	WPUPD
May-13	\$648,366	554	\$117	\$127,768	16.5%	10	\$1,278
Jun-13	\$2,152,558	558	\$129	\$333,502	13.4%	10	\$1,112
Jul-13	\$3,039,159	558	\$176	\$435,157	12.5%	10	\$1,404
Aug-13	\$3,501,259	558	\$209	\$509,587	12.7%	10	\$1,699
Sep-13	\$2,704,905	558	\$162	\$425,392	13.6%	10	\$1,418

Based on this limited data and the current trend, slot gaming revenue is expected to reach \$23.5 million in 2013, and \$40 million for the property’s first full year; as displayed in the graph below.

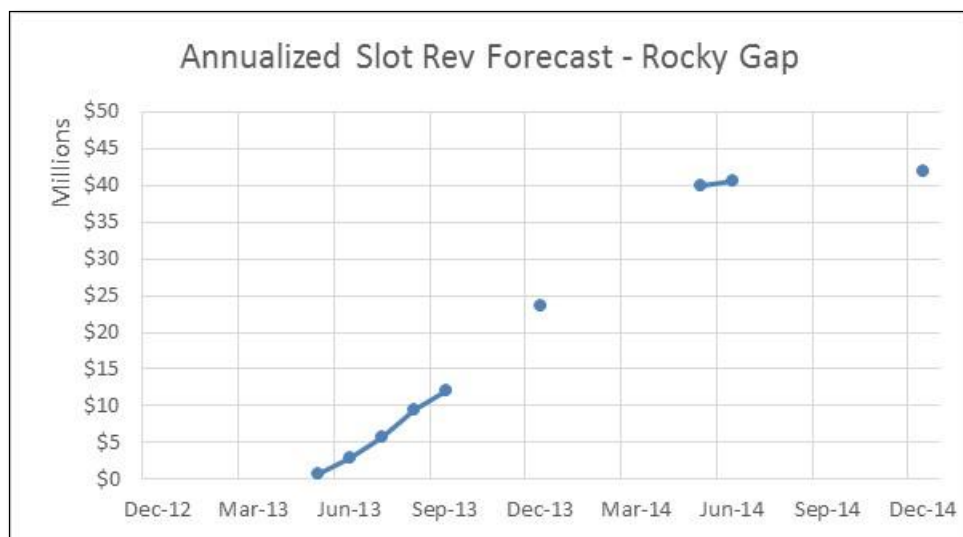
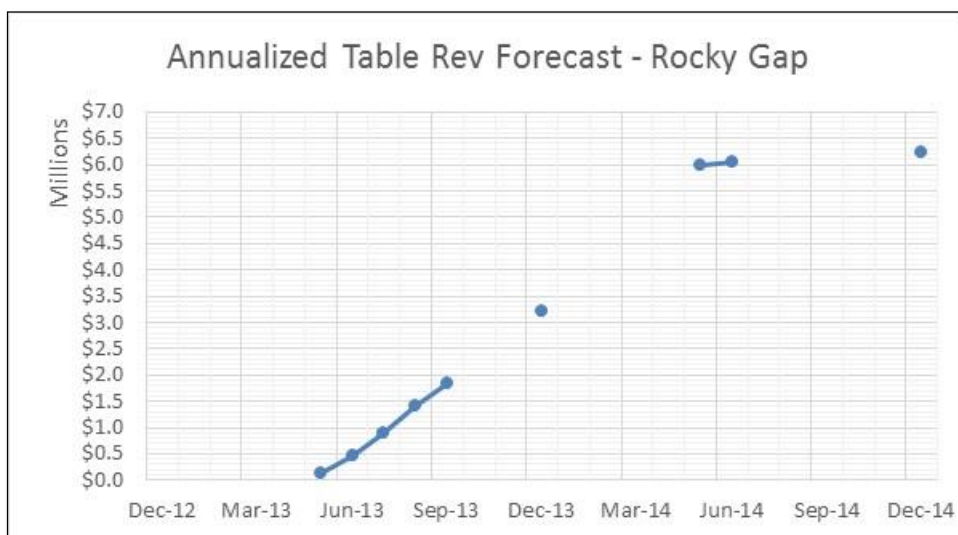


Table gaming revenue is expected to reach \$3.2 million in 2013, and \$4.5 million for the property's first full year; as displayed in the graph below.



Forecast Summary

Baseline Revenue Forecast (millions) - Rocky Gap (FY Basis)						
Fiscal Year	Slot Revenue	% Change	Table Revenue	% Change	Total Revenue	% Change
FY 13	\$2.8	NA	\$0.5	NA	\$3.3	NA
FY 14	\$40.5	NA	\$6.1	NA	\$46.6	NA
FY 15	\$42.7	5.5%	\$6.4	5.5%	\$49.1	5.5%
FY 16	\$43.9	2.7%	\$6.6	3.6%	\$50.5	2.8%

Horseshoe Baltimore

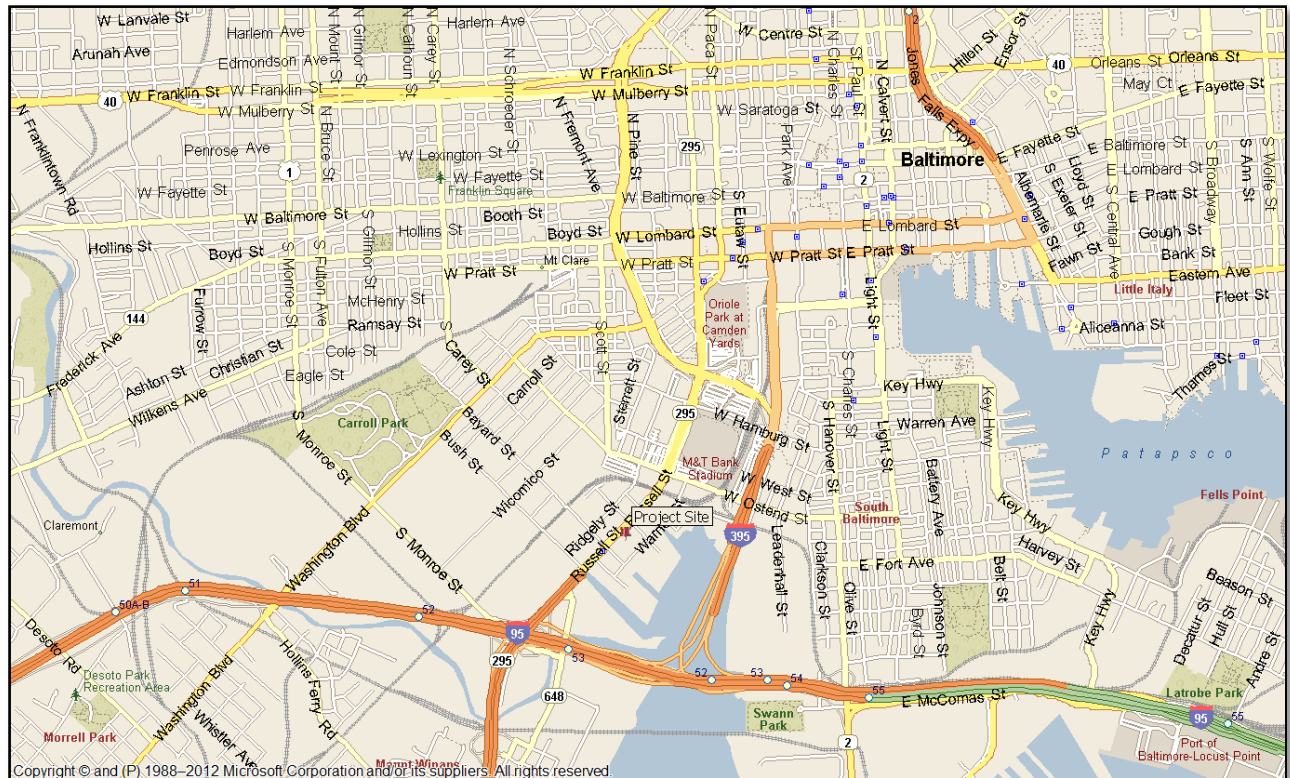
Caesars Entertainment, Inc. (“Caesars”) is proposing a \$400 million gaming development in downtown Baltimore in the area known as South Baltimore, just off the Inland Harbor. Caesars intends to brand the property a Horseshoe, one of its most popular brands. For the purpose of the assessment, the assumed opening date was set at September 1st 2014.

Development Site

The proposed Horseshoe Baltimore development site is located in South Baltimore, situated on Russell Street between Worcester Street and Bayard Street. Russell Street is one of the main thoroughfares entering and exiting downtown Baltimore, and turns into the Baltimore-Washington Parkway just south of the site as it intersects with Interstate 95 (“I-95”). I-95 is the main thoroughfare running southwest from downtown through the Baltimore metro area. From a broader perspective, with a downtown location, this facility is at the hub of the Baltimore area freeway system.

The site is situated within a few hundred yards of M&T Bank Stadium (home of the Super Bowl champion Baltimore Ravens) and Oriole Park at Camden Yards. It’s also less than a mile from the main downtown Baltimore hotel district. Hotels are identified on the map below with blue squares. It’s a stated goal of Caesars to maximize connectivity between the gaming development and existing hospitably and entertainment operators.

Development Site Map



Facility

Caesars is proposing an urban-style, two-story gaming facility with a 122,000 square foot gaming floor. The gaming floor is expected to offer approximately 2,435 slot machines, 117 banked table games, and a 30-table World Series of Poker themed poker room. The poker room and the majority of the table games are slated for the second level of the facility. Some of the table games will be located in a high limit area on the second level.

In support of the casino, a 20,000 square foot food and beverage area is planned called Baltimore Marketplace. This area is expected to feature several Charm City food outlets, three specialty restaurants and several bars and lounges.

Delaware

There are three (3) casinos in Delaware located on a north/south line starting in Wilmington in north Delaware and ending in Harrington in south Delaware. All the casinos are structured around racetracks. These casino have been open for roughly 18 years, and thus are well established in the region. For example, Dover Downs commenced gaming operations in late 1995.

These casinos represent some of the most meaningful competition for the Maryland casinos. Ocean Downs competes directly with Harrington for residents of south Delaware. Baltimore residents are only about 70 minutes from Delaware Park, but must pass Hollywood Perryville en-route. Maryland residents living east of Chesapeake Bay have decent access to both Dover Downs and Harrington. A 500-room hotel at Dover Downs attracts overnight gamers from a wide radius due to the lack of casino hotels in the region. These casinos would be much less competitive with the proposed Prince George's County casinos as the closest one is still over 90 miles away.

These casinos offer a total of 6,600 slot machines and 190 table games. Roughly 40% of the table games are poker tables. Only Dover Downs offers a dedicated casino hotel.

Delaware Casino Summary							
Property	City	Distance from Oxon	Opening Date	Slot Count *	Table Count *	Incl Non- Banked Poker *	Hotel Rooms
		Hill **					
Delaware Park	Wilmington	114	Dec-95	2,298	89	45	0
Dover Downs	Dover	100	Dec-95	2,452	59	18	500
Harrington	Harrington	92	Aug-96	1,815	42	10	0
Total				6,565	190	73	500
* As of September 2013							
** Driving distance in miles							

Slot Performance

The Delaware casinos combined to post slot gaming revenue of \$448 million in 2012, a decline of 5% from the prior year; on the heels of an 11% decline in 2011. From a longer term perspective, slot revenue has declined 27% over the last five years, from a near-term peak of \$612 million in 2007. Generally speaking, the weak results reflect additional competition from Pennsylvania and Maryland.

Delaware Park has fared the worst, with slot revenue falling 35% over the last five years, or an average of 8% per year. In contrast, slot revenue at Dover Downs fell only 18% during the same

period (an average of 4% per year). Delaware Park was more directly impacted by Hollywood Perryville.

Slot Revenue	Delaware Park	Dover Downs	Harrington Park	Total
2007	\$272,615,900	\$216,901,300	\$122,898,900	\$612,416,100
2008	\$253,288,300	\$213,571,000	\$122,063,700	\$588,923,000
2009	\$219,534,600	\$207,738,200	\$121,466,500	\$548,739,300
2010	\$216,815,963	\$199,496,703	\$116,534,044	\$532,846,710
2011	\$185,698,800	\$186,746,300	\$101,559,900	\$474,005,000
2012	\$175,920,100	\$177,469,900	\$94,727,800	\$448,117,800
% Change:				
2008	-7%	-2%	-1%	-4%
2009	-13%	-3%	0%	-7%
2010	-1%	-4%	-4%	-3%
2011	-14%	-6%	-13%	-11%
2012	-5%	-5%	-7%	-5%

The performance of these casinos worsened in 2013 due to the implementation of table games in Maryland. Table games represented the last competitive advantage for these casinos. In total, slot gaming revenue was down 19% on a year over year basis thru June. Delaware Park and Dover Downs fared the worst falling 20% and 22%, respectively.

Slot Revenue	Delaware Park	Dover Downs	Harrington Park	Total
YTD Jun 2012	\$123,173,900	\$126,557,800	\$66,951,500	\$316,683,200
YTD Jun 2013	\$98,545,500	\$98,959,200	\$59,141,100	\$256,645,800
% Change	-20%	-22%	-12%	-19%

Table Performance

Delaware legalized table games in mid-2010, about the same time as Pennsylvania. Table game revenue reached about \$73 million in 2012, flat compared to the prior year. Table revenue ranged from a low of \$12.5 million for Harrington (the southernmost facility) to a high of \$35.9 million for Delaware Park (the northern most facility).

Table Revenue	Delaware Park	Dover Downs	Harrington Park	Total
2007	\$0	\$0	\$0	\$0
2008	\$0	\$0	\$0	\$0
2009	\$0	\$0	\$0	\$0
2010	\$19,391,266	\$10,646,076	\$8,491,500	\$38,528,842
2011	\$37,249,164	\$22,969,309	\$13,648,963	\$73,867,436
2012	\$35,853,559	\$24,416,874	\$12,520,758	\$72,791,191
% Change:				
2008	0%	0%	0%	0%
2009	0%	0%	0%	0%
2010	0%	0%	0%	0%
2011	92%	116%	61%	92%
2012	-4%	6%	-8%	-1%

However, with table games taking hold in Maryland, table revenue in Delaware is down sharply in 2013; falling 15% at Dover Downs on the low end to a high of 25% at Delaware Park.

Table Revenue	Delaware Park	Dover Downs	Harrington Park	Total
YTD Jun 2012	\$23,967,481	\$16,751,539	\$8,901,436	\$49,620,456
YTD Jun 2013	\$18,021,696	\$14,255,799	\$7,420,323	\$39,697,818
<i>% Change</i>	-25%	-15%	-17%	-20%

Pennsylvania

To the north, there are six (6) existing Pennsylvania casinos that would represent tertiary competition to varying degrees for the proposed Prince George's County property, as displayed in the table below. According to the driving distances, these facilities are generally situated on the periphery of the Prince George's County market. For the most part, these casinos are well established, having been open for more than 6 years in some cases.

The Pennsylvania casinos offer a wide range of facility types in terms of size, quality and scope. In total, these casinos offer about 13,800 slot machines and 650 table games (including 130 poker tables). In terms of slot count, they range from 600 machines (Valley Forge) to about 3,400 machines (Parx). As the position count increases, so does the ability to offer a wider selection of game themes and significant volume in the most popular titles. These casino operations use the food and beverage and entertainment offerings to distinguish themselves. For example, Harrah's Philadelphia has several full-service restaurants, including a buffet; two (2) quick-serve venues and a few lounges. Sands and Valley Forge offer on-site resort-style casino hotels. An on-site casino hotel allows them to penetrate a unique market, often referred to as Overnight Gamers.

Lastly, there is one remaining casino license earmarked for the Philadelphia area, however, the location, size and scope are uncertain. Nonetheless, this proposed facility is included in the competitive set, and benchmarked in the downtown Philadelphia area.

Pennsylvania Casino Summary (relevant competition only)							
Property	City	Distance from Oxon	Opening Date	Slot Count *	Table Count *	Incl Non-	Hotel Rooms
		Hill **				Banked Poker *	
Sands Casino Resort Bethlehem	Bethlehem	194	May-09	3,012	183	36	300
Valley Forge Casino Resort	King of Prussia	153	Mar-12	600	50	0	488
SugarHouse Casino	Philadelphia	149	Sep-10	1,604	58	0	0
Parx Casino	Bensalem	170	Dec-06	3,361	166	45	0
Harrah's Philadelphia	Chester	132	Jan-07	2,768	122	35	0
Hollywood - Penn National	Grantville	149	Feb-08	2,456	69	16	0
Total				13,801	648	132	788
* As of September 2013							
** Driving distance in miles							

Slot Performance

In total, these Pennsylvania casinos posted slot gaming revenue of \$1.41 billion in 2012, an increase of 5% over the prior year. On a same-store basis (excluding Valley Forge), revenue was only up 3%. Growth rates have steadily moderated over the last several years as these markets mature. Excluding Valley Forge, which was only open for about nine months of the year, gaming revenue ranged from a low of \$190 million (SugarHouse) to a high of \$384 million (Parx). SugarHouse, which opened in late 2010, still showed decent growth of 11% in 2012, as revenue has yet to stabilize.

Slot Revenue	Sands - Bethlehem	Valley Forge	SugarHouse	Parx	Harrah's Chester	Hollywood - Penn National	Total
2007	\$0	\$0	\$0	\$285,032,169	\$285,978,663	\$0	\$571,010,832
2008	\$0	\$0	\$0	\$345,502,693	\$328,443,772	\$171,117,626	\$845,064,091
2009	\$142,267,867	\$0	\$0	\$359,274,246	\$315,938,366	\$237,721,830	\$1,055,202,309
2010	\$258,735,860	\$0	\$37,076,304	\$398,155,075	\$296,491,721	\$253,403,976	\$1,243,862,936
2011	\$270,967,159	\$0	\$170,967,818	\$376,668,692	\$268,113,984	\$248,924,977	\$1,335,642,630
2012	\$291,547,632	\$36,466,250	\$190,192,054	\$384,566,137	\$259,799,107	\$244,021,769	\$1,406,592,948
% Change:							
2008	0%	0%	0%	21%	15%	0%	48%
2009	0%	0%	0%	4%	-4%	39%	25%
2010	82%	0%	0%	11%	-6%	7%	18%
2011	5%	0%	361%	-5%	-10%	-2%	7%
2012	8%	0%	11%	2%	-3%	-2%	5%

Weak results continued into 2013 as revenue at four of the five older casinos fell between 4% and 9% on a year over year basis. In total, on a same-store basis, revenue has declined 4%. The exception was Sand Bethlehem, which posted flat results. The comparison for Valley Forge is not meaningful as the facility was only open for 3 months in the 2012 period.

Slot Revenue	Sands - Bethlehem	Valley Forge	SugarHouse	Parx	Harrah's Chester	Hollywood - Penn National	Total
YTD Jun 2012	\$198,267,212	\$19,298,105	\$131,591,361	\$264,312,097	\$179,516,504	\$169,030,212	\$962,015,490
YTD Jun 2013	\$197,976,439	\$42,288,464	\$124,832,098	\$254,566,555	\$163,195,218	\$161,064,396	\$943,923,170
% Change	0%	119%	-5%	-4%	-9%	-5%	-2%

Slot WPUPD average \$286 for this set of casinos in 2012, an increase of 5% from the prior year. On a per casino basis, WPUPD ranged from a low of \$216 for Valley Forge to a high of \$324 for SugarHouse. Note that the slot WPUPD at Maryland Live is in line with the Pennsylvania average.

Slot WPUPD	Sands - Bethlehem	Valley Forge	SugarHouse	Parx	Harrah's Chester	Hollywood - Penn National	Total
2007	\$0	\$0	\$0	\$350	\$303	\$0	\$324
2008	\$0	\$0	\$0	\$335	\$319	\$250	\$310
2009	\$215	\$0	\$0	\$339	\$297	\$281	\$288
2010	\$229	\$0	\$234	\$322	\$279	\$285	\$297
2011	\$246	\$0	\$295	\$299	\$248	\$277	\$271
2012	\$264	\$216	\$324	\$304	\$251	\$270	\$286
% Change:							
2008	0%	0%	0%	-4%	5%	0%	-4%
2009	0%	0%	0%	1%	-7%	12%	-7%
2010	7%	0%	0%	-5%	-6%	2%	3%
2011	7%	0%	26%	-7%	-11%	-3%	-9%
2012	8%	0%	10%	2%	1%	-2%	5%

Table Performance

Pennsylvania legalized table games in mid-2010. The tax rate is ___%; low relative to most markets. Table game revenue in Pennsylvania continues to build, surpassing \$481 million in 2012, increasing 12% on a same-store basis.

Table Revenue	Sands - Bethlehem	Valley Forge	SugarHouse	Parx	Harrah's Chester	Hollywood - Penn National	Total
2007	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2008	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2009	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2010	\$27,366,916	\$0	\$17,118,033	\$34,447,042	\$30,019,768	\$15,059,128	\$124,010,887
2011	\$106,382,790	\$0	\$74,212,307	\$114,485,037	\$80,971,453	\$38,410,926	\$414,462,513
2012	\$146,492,966	\$21,419,727	\$83,941,815	\$109,959,936	\$81,009,223	\$38,579,543	\$481,403,210
% Change:							
2008	0%	0%	0%	0%	0%	0%	0%
2009	0%	0%	0%	0%	0%	0%	0%
2010	0%	0%	0%	0%	0%	0%	0%
2011	289%	0%	334%	232%	170%	155%	234%
2012	38%	0%	13%	-4%	0%	0%	16%

In total, table revenue grew only 8% for the first six months of 2013 on a same-store basis, as the table market matured somewhat. From an individual casino perspective, the results were mixed, with Sands showing a 21% gain, compared to a loss of 4% at Hollywood. Sands benefited from an increased table count, while Hollywood was likely impacted by the opening of Valley Forge.

Table Revenue	Sands - Bethlehem	Valley Forge	SugarHouse	Parx	Harrah's Chester	Hollywood - Penn National	Total
YTD Jun 2012	\$93,870,497	\$11,038,776	\$55,960,486	\$74,747,643	\$54,006,504	\$26,307,682	\$315,931,587
YTD Jun 2013	\$113,740,815	\$22,814,206	\$57,307,902	\$80,306,727	\$52,594,331	\$25,309,023	\$352,073,003
% Change	21%	107%	2%	7%	-3%	-4%	11%

Table WPUPD was steady at about \$2,200 in 2012 for the Pennsylvania casinos, ranging from a low of approximately \$1,520 for both Valley Forge and Hollywood to a high of about \$4,200 for SugarHouse. SugarHouse is a downtown casino, which typically do better from a table game perspective, likely due to the overnight tourist impact. Note Maryland Live is currently showing a table WPUPD that is well above the Pennsylvania average.

Table WPUPD	Sands - Bethlehem	Valley Forge	SugarHouse	Parx	Harrah's Chester	Hollywood - Penn National	Total
2007	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2008	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2009	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2010	\$1,867	\$0	\$4,264	\$3,061	\$1,777	\$1,607	\$2,276
2011	\$2,470	\$0	\$4,360	\$1,854	\$1,828	\$1,698	\$2,196
2012	\$2,659	\$1,525	\$4,197	\$1,718	\$1,785	\$1,523	\$2,196
% Change:							
2008	0%	0%	0%	0%	0%	0%	0%
2009	0%	0%	0%	0%	0%	0%	0%
2010	0%	0%	0%	0%	0%	0%	0%
2011	32%	0%	2%	-39%	3%	6%	-4%
2012	8%	0%	-4%	-7%	-2%	-10%	0%

West Virginia

Only one of West Virginia's four (4) casinos is expected to impact this market, but it's a major one. Hollywood Casino at Charles Town Races ("Charles Town") is located in extreme eastern West Virginia, just a few miles from the Maryland border to the north and from the Virginia border to the east. The facility is about 75 miles from Oxon Hill (MD), but effectively penetrates the western Washington D.C. metro area. This is a very extensive casino offering about 3,500 slot machines and 160 table games, including a 50-table poker room. It recently expanded its table offering by about 20 games.

The casino is supported by six (6) full-service food options, including a buffet and fine dining venue, and a 5-unit food court for fast service. Live entertainment is offered in the H Lounge on a regular basis, including the occasional headliner.

The casino posted gaming revenue of \$543 million in 2012, comprising \$380 million in slots and \$163 million in tables. Slot revenue declined 3% in 2012, likely due to increased competition in Maryland. From a longer term perspective, slot revenue has fallen a steady 4% per year over the last five years. The slot count has also fallen sharply from a peak of just over 5,000 machines in 2008. The lower slot count has allowed the operation to maintain a strong WPUPD of \$284 in 2012.

In contrast to slot performance, table revenue for Charles Town increased 10% in 2012; its second full year of table operations. Table WPUPD came in at a very strong \$3,100 for the second year in a row. Table revenue accounts for 30% of total revenue; again, a very high proportion relative to most markets, and a figure that is more in line with Las Vegas and Atlantic City.

Hollywood Charles Town	Table Revenue	Slot Revenue	Total Revenue	Table Count	Daily Win / Table Unit	Slot Count	Daily Win / Slot Unit
Dec-07	\$0	\$463,368,000	\$463,368,000	0	\$0	4,760	\$267
Dec-08	\$0	\$442,841,000	\$442,841,000	0	\$0	5,010	\$242
Dec-09	\$0	\$424,742,000	\$424,742,000	0	\$0	4,980	\$234
Dec-10	\$58,178,000	\$407,886,000	\$466,064,000	110	\$1,450	4,660	\$240
Dec-11	\$149,109,000	\$393,313,000	\$542,422,000	130	\$3,130	4,250	\$253
Dec-12	\$163,448,000	\$379,702,000	\$543,150,000	144	\$3,110	3,650	\$284
% Change:							
Dec-08	0%	-4%	-4%	0%	0%	5%	-9%
Dec-09	0%	-4%	-4%	0%	0%	-1%	-3%
Dec-10	0%	-4%	10%	0%	0%	-6%	3%
Dec-11	NM	-4%	16%	18%	NM	-9%	6%
Dec-12	10%	-3%	0%	10%	-1%	-14%	12%

New Jersey (Atlantic City)

Lastly, New Jersey hosts one of the largest gaming districts in the country – Atlantic City. Atlantic City features a cluster of 12 casinos offering roughly 25,900 slot machines and over 1,600 table games. Almost all the major casinos companies have facilities in Atlantic City.

The Atlantic City market has posted weak gaming revenue results over the last six (6) years due mainly to the proliferation of gaming capacity in a number of its major feeder markets including New York City, Philadelphia, Upstate New York, Northeastern Pennsylvania, and most recently Maryland. The nationwide economic recession, and Hurricane Sandy also severely impacted Atlantic City starting in late 2008.

Gaming revenue has fallen 42% or \$2.17 billion over the last 6 years, after peaking at \$5.2 in 2006, representing an average decline of about 9% per year. Both the slot and table sectors were hit equally as hard. These casinos have trimmed slot counts significantly in order to maintain slot WPUPD. The table count has been steadier, which resulted in falling table WPUPD. Table WPUPD has fallen from a peak of around \$2,400 in 2007 to a low of \$1,425 in 2012. Table revenue as a percent of total revenue, was about 28% in 2012, down modestly over the last few years.

Atlantic City Gaming Revenue Summary (millions)							
	Slot Revenue	Table Revenue	Total	Slot Count	Slot WPUPD	Table Count	Table WPUPD
2007	\$3,464.5	\$1,456.3	\$4,920.8	35,920	\$264	1,659	\$2,406
2008	\$3,132.8	\$1,412.5	\$4,545.2	34,801	\$247	1,649	\$2,347
2009	\$2,722.7	\$1,221.4	\$3,944.1	31,677	\$235	1,628	\$2,056
2010	\$2,484.9	\$1,088.0	\$3,572.9	29,072	\$234	1,614	\$1,847
2011	\$2,341.2	\$974.7	\$3,315.8	27,302	\$235	1,590	\$1,680
2012	\$2,192.2	\$859.6	\$3,051.9	27,123	\$221	1,649	\$1,428
% Change:							
2008	-10%	-3%	-8%	-3%	-7%	-1%	-2%
2009	-13%	-14%	-13%	-9%	-5%	-1%	-12%
2010	-9%	-11%	-9%	-8%	-1%	-1%	-10%
2011	-6%	-10%	-7%	-6%	0%	-2%	-9%
2012	-6%	-12%	-8%	-1%	-6%	4%	-15%

Gaming Market Assessment

With the building blocks now in place, this section utilizes the drive-time gravity model to forecast gaming revenue for the defined market area generally, and specifically, the Prince George's County applicants. **All the estimates and forecasts in this section are the work product of Custom Gaming Consulting.**

The first step in the process is to apply estimated gaming factors to the adult population base to calculate gaming revenue for each market segment. Gaming factors include:

Propensity – Percentage of the gamer (adult) population that is expected to patronize an area gaming facility at least once per year;

Frequency – Average number of times per year a person with a propensity to patronize a gaming facility will actually do so;

Win per Visit (“WPV”) – Average amount the casino wins per gaming visit.

The basic formula is as follows:

Gamer Population Base x Propensity = Market Gamers

Market Gamers x Frequency = Market Gamer Visits

Market Gamer Visits x Win per Visit = Market Gaming Revenue

Gaming factors generally fluctuate due to: 1) the convenience of gaming as measured in drive time; 2) the demographic characteristics of the market segment such as ethnicity and income levels; and 3) the size, scope and quality of the available gaming alternatives. Gaming factors are initially estimated based on a **Calibration** process which ties actual gaming revenue by venue to the adult population base. Factors are then adjusted to consider the passage of time and/or expansions in the market, yielding the **Baseline** version for a particular year in the future. Lastly, the third iteration layers in the proposed or subject developments to yield the **Pro Forma** forecast.

Baseline Forecast (FY 2019)

This iteration of the gravity model forecasts gaming revenue for the defined market area and the Maryland facilities through FY19, the baseline year of the assessment. The baseline year represents the first full year of stabilized results for the subject facility. This baseline forecast represents the starting point for forecasting the impact of the three (3) proposed Prince George's County projects, on a mutually exclusive basis. In addition to the fourteen (14) gaming facilities currently operating in the region, the baseline forecast assumes the Horseshoe Baltimore and an additional casino in downtown Philadelphia will be operational.

Total Market Summary

In summary, the 13.8 million adults (21 years of age and older), living in the defined market area, are expected to generate approximately 39.2 million gamer visits in FY19, related to the sixteen (16) gaming facilities that are expected to be operating in the region, and Atlantic City. The weighted average propensity and frequency factor calculated to 30.6% and 9.3 times, respectively. Note the wide range of propensity and frequency factors by segment due to the considerations noted above. After applying win per visit by market segment, market gaming revenue calculated to \$3.01 billion, reflecting a weighted average win per visit of \$77. Thus, per capita gaming revenue (gaming revenue divided by the adult population count) calculated to \$218 for this market in FY19.

The eight (8) Maryland segments combined to generate about 13.0 million gamer visits or approximately a third of the total; yielding an average propensity and frequency factor of 31.6% and 9.2 times, respectively; in line with the market average. With an average win per visit of \$78, Maryland residents contributed about \$1.0 billion in gaming revenue, reflecting gaming revenue per capita of about \$227.

The District of Columbia with approximately 540,000 gamer adults generated about \$109 million in gaming revenue. The average per capita gaming revenue yield for these residents of \$202 is about 11% below Marylanders, as the convenience associated with gaming decreases for the southern portion of the market. Thus, the seven (7) Virginia segments showed the lowest gaming factors as Virginia has no dedicated casinos. The average per capita yield for Virginians calculated to only \$140, roughly 38% below the Maryland average.

Market Summary - FY 2019 Baseline

Market Segments	Gamer Population	Propensity	Gamers	Frequency	Total Visits	Win / Visit	Gaming Revenue
Maryland Southern	600,100	26.4%	158,514	7.3	1,156,524	\$98	\$113,311,153
Maryland Capital Region	1,245,400	28.6%	356,745	8.3	2,966,335	\$91	\$269,925,290
Baltimore South	517,700	31.5%	163,276	9.5	1,556,767	\$82	\$127,624,447
Baltimore Central	1,082,400	37.6%	406,531	10.6	4,291,736	\$61	\$263,501,904
Baltimore NW	312,700	29.4%	92,026	8.3	762,779	\$90	\$68,529,023
Eastern Shore Maryland	265,100	34.9%	92,596	9.2	849,684	\$76	\$64,657,494
Baltimore NE	258,900	35.6%	92,142	9.4	866,588	\$75	\$64,678,054
Western Maryland	163,600	35.3%	57,686	9.6	550,954	\$65	\$36,012,003
District of Columbia	541,000	28.7%	155,524	7.7	1,197,866	\$91	\$109,389,281
Arlington	1,211,500	23.4%	283,447	6.9	1,959,171	\$118	\$230,923,037
Virginia Western	431,100	27.1%	116,690	8.3	966,178	\$96	\$92,679,064
Virginia SW	433,700	20.1%	87,093	6.2	539,000	\$105	\$56,762,772
Virginia South	1,277,100	14.4%	183,823	4.6	847,682	\$114	\$96,692,819
Virginia SE	87,100	13.3%	11,585	3.9	45,148	\$105	\$4,727,969
West Virginia	133,200	38.8%	51,675	11.7	606,718	\$56	\$34,178,541
Delaware	697,500	40.0%	278,802	12.2	3,407,984	\$65	\$222,337,726
Pennsylvania	3,660,800	36.0%	1,319,565	10.2	13,474,179	\$68	\$921,948,945
New Jersey	893,200	36.2%	322,898	9.7	3,135,480	\$73	\$228,563,100
Total	13,812,100	30.6%	4,230,617	9.3	39,180,773	\$77	\$3,006,442,621

Market Capture

The gravity model allocates gamer visits to the competitive set based on a drive time matrix, while considering the size, quality and scope of each gaming alternative in the set. The drive time matrix compiles the drive time in minutes between the center points of each market segment to each gaming alternative, using Microsoft MapPoint. The size, quality and scope or breadth of the development considers various attributes such as gaming position count, capital budget, amenities, and on-site convenience characteristics, among others.

In total, the **Maryland** casinos captured 37% of market gaming revenue, including roughly 74% of revenue from Maryland residents. These casinos also realize a high capture of District of Columbia revenue. The capture rate falls significantly for Virginia's visits as competition associated with Charles Town in West Virginia becomes a factor. The capture rate is minimal for the remaining states (PA, DE, NJ, and WV), as the competition is simply too fierce in these states to allow for meaningful penetration, while considering the drive time.

The **Delaware** casinos do a good job penetrating the Delaware market, as they captured 71% of day-trip gaming revenue originating from Delaware. However, penetration was modest related to other states, with the District of Columbia yielding the highest capture of 15%, followed by Maryland at 9%. The District of Columbia residents and southeastern Maryland residents have decent access to the Delaware casinos via Highway 50/301.

The **Pennsylvania** casinos capture about 78% of Pennsylvania patronage as well as a decent share (50%) of the southwest New Jersey market. Capture rates fall off significantly for the other states, including only 4% from Maryland.

As one might expect, Hollywood Charles Town owns the West Virginia segment with a 94% capture rate, and also does well with Virginia residents (44%). Virginia residents certainly experience less traffic traveling northwest towards Charles Town as opposed to northeast towards Baltimore. Maryland casinos capture a similar portion (45%) of Virginia patronage.

Gaming Revenue Capture Rates												
State	Horseshoe		Hollywood		Prince George's	Subtotal		Delaware	Pennsylvania	Hollywood		Total
	Baltimore	Maryland Live	Perryville	Ocean Downs		Maryland Casinos	Casinos			Charles Town	Atlantic City	
Maryland	32%	35%	5%	1%	1%	0%	74%	9%	4%	10%	2%	100%
District of Columbia	20%	43%	2%	0%	0%	0%	66%	15%	5%	14%	0%	100%
Virginia	16%	27%	1%	0%	0%	0%	45%	8%	4%	44%	0%	100%
West Virginia	2%	3%	0%	0%	1%	0%	5%	0%	1%	94%	0%	100%
Delaware	1%	2%	3%	2%	0%	0%	9%	71%	11%	0%	10%	100%
Pennsylvania	3%	2%	1%	0%	0%	0%	6%	6%	78%	3%	7%	100%
New Jersey	1%	0%	1%	0%	0%	0%	2%	6%	50%	0%	43%	100%
Total	15%	18%	3%	1%	1%	0%	37%	12%	31%	13%	7%	100%

Local Market Gaming Revenue – Maryland Properties

Based on these capture rates, estimated local market revenue for Maryland casinos from the defined market area is outlined in the table below. The table also includes local market gaming revenue from outside the defined market area, which only applies to Ocean Downs and Rocky Gap as these properties lie on the periphery of the market. Lastly, the table includes “other” revenue associated with these properties, generally related to tourists; yielding a total baseline forecast for each Maryland property. These figures will be very instrumental in forecasting the impact of the subject developments.

Baseline Forecast - Maryland Properties (millions)					
Maryland Property	Local Market (DMA)	Local Market Outside DMA	Total Local Market	Other Revenue	Total Gaming Revenue
Horseshoe Baltimore	\$449.7	\$0.0	\$449.7	\$32.5	\$482.2
Maryland Live	\$552.9	\$0.0	\$552.9	\$17.0	\$569.8
Hollywood Perryville	\$77.4	\$0.0	\$77.4	\$5.2	\$82.6
Ocean Downs	\$18.8	\$15.3	\$34.1	\$30.7	\$64.7
Rocky Gap	\$15.2	\$13.8	\$29.0	\$23.2	\$52.2
Total	\$1,114.0	\$29.1	\$1,143.1	\$108.6	\$1,251.7
DMA = Defined Market Area					

Pro Forma Forecast (FY 2019)

The Pro Forma Forecast considers total gaming revenue potential of each proposed facility. These will derive revenue from the following unique sources based on their respective location and building plans:

1. Local Market
2. Casino Hotel
3. Tourist
4. Other (Racing Patron Crossover and Traffic Intercept)

Local Market

This section forecasts local market gaming revenue for each of the Prince George's County proposals. Each of the proposed projects is layered into the gravity model on a mutually exclusive basis, based on the description of the projects presented earlier. Thus, three (3) iterations of the pro forma gravity model were compiled for this section. For each iteration, the gravity model is updated by adding the property to the competitive set, requiring: 1) a quantitative measurement to gauge the size, quality and scope of the facility; and 2) an expansion of the drive-time matrix considering the new location. Gaming factors are then updated to address potential market growth. The size of the total market grows if one or more of the following occurs:

1. The convenience of gaming is enhanced for any of the market segments.
2. The new gaming product is sufficiently innovative as to entice additional patronage.
3. Marketing efforts related to the new operation are at a level that encourages additional patronage.
4. The market has a need for additional capacity during peak times, mainly weekends and holidays.

Most of the market segments to the south of the Baltimore metro area would realize enhanced convenience due to a Prince George's County facility, especially the segments to the southeast. Regarding convenience, each of the applicants exhibits a slightly different drive time profile as each development site is different. Based on drive time indices from Microsoft MapPoint, the following table was compiled to show the drive time differences between the three (3) proposed development sites; using the MGM site as the comparison point. For example, regarding gaming patrons coming from the west across the Woodrow Wilson Bridge, the Rosecroft and Parx MD

sites are three (3) and four (4) minutes longer, respectively, relative to the MGM site. **Traffic impacts were not considered in this evaluation.**

Drive Time Variances - Relative to MGM		
Traveling From	Rosecroft	Parx
From NE (via I-495)	-2	4
From S (via Hwy 210 or Hwy 5)	1	-7
From N (via I-295)	2	3
From W (Woodrow Wilson Bridge)	3	4
Note: Values are in minutes based on Microsoft MapPoint		

Also, the Prince George's County proposals are expected to impact the market based on the other three (3) parameters, the extent of which is based on the following:

1. Level of Investment
2. Number of Incremental Gaming Positions
3. Level of Promotions

These factors were considered independently and weighted for importance in the analysis.

Total Market Growth

Based on these factors, total market growth was estimated at between \$208 million and \$312 million, or approximately 7% and 10%, respectively. Rosecroft represents the low end of total market growth compared to MGM on the high end with Parx MD falling just above the midpoint. The extraordinary growth for market segments such as South MD, District of Columbia, Arlington, Virginia South and Virginia SE generally reflects the enhanced convenience of gaming. For example, Arlington segment residents are expected to realize a roughly 50% reduction in drive time to the most convenient facility. The growth related to the other segments is more geared to the breadth of the proposed facilities and related marketing efforts.

Relative to the other proposals, Rosecroft was more impactful for markets to the northeast, which would primarily utilize I-495 to access the area, but was less impactful in terms of capital investment generally. Parx displayed highest growth for Maryland Southern and Virginia SE as it would be more accessible from these regions. MGM showed higher market growth for segments coming from the west via the Woodrow Wilson Bridge.

Generally, a Prince George's County facility puts gaming on the map for Richmond (Virginia South segment) residents as the drive time falls well below 2 hours, making it reasonable to drive both there and back in a single day.

Market Growth Summary (millions)							
Market Segments	Baseline	Rosecroft		Parx MD		MGM	
		Pro Forma	% Change	Pro Forma	% Change	Pro Forma	% Change
Maryland Southern	\$113.3	\$141.4	25%	\$156.3	38%	\$152.9	35%
Maryland Capital Region	\$269.9	\$285.0	6%	\$283.8	5%	\$287.8	7%
Baltimore South	\$127.6	\$128.4	1%	\$129.1	1%	\$129.6	2%
Baltimore Central	\$263.5	\$264.2	0%	\$264.7	0%	\$264.6	0%
Baltimore NW	\$68.5	\$69.0	1%	\$69.4	1%	\$69.6	1%
Eastern Shore Maryland	\$64.7	\$65.0	1%	\$65.5	1%	\$65.3	1%
Baltimore NE	\$64.7	\$64.8	0%	\$64.9	0%	\$64.9	0%
Western Maryland	\$36.0	\$36.3	1%	\$36.5	1%	\$36.5	1%
District of Columbia	\$109.4	\$133.7	22%	\$139.9	28%	\$145.4	33%
Arlington	\$230.9	\$296.5	28%	\$313.4	36%	\$350.0	52%
Virginia Western	\$92.7	\$93.4	1%	\$94.7	2%	\$96.0	4%
Virginia SW	\$56.8	\$56.9	0%	\$57.1	1%	\$58.3	3%
Virginia South	\$96.7	\$162.7	68%	\$173.8	80%	\$179.8	86%
Virginia SE	\$4.7	\$8.3	77%	\$10.4	119%	\$8.6	82%
West Virginia	\$34.2	\$34.3	0%	\$34.3	0%	\$34.3	0%
Delaware	\$222.3	\$222.8	0%	\$222.9	0%	\$222.9	0%
Pennsylvania	\$921.9	\$922.9	0%	\$922.8	0%	\$923.2	0%
New Jersey	\$228.6	\$228.6	0%	\$228.6	0%	\$228.6	0%
Total	\$3,006.4	\$3,214.2	7%	\$3,268.2	9%	\$3,318.3	10%
Incremental \$\$		\$207.7		\$261.7		\$311.9	

Capture Rates

Next, the gravity model allocates the revenue based on drive-time while considering the size, quality and scope of each project. Just like market growth discussed earlier, the capture rates for each applicant are based on the convenience of the location and the breadth (gravity) of the proposed development. Again, convenience is measured by the drive-time matrix, so each of the projects are impacted differently depending on the origin of the customer. Again, the table presented earlier shows the assumed differences in drive time between the development sites.

The breadth or gravity of the project is gauged based on the following attributes. Note, the impact of these attributes is weighted differently. A modest amount of subjectivity is involved in this analysis.

1. Size – in terms of gaming positions
2. On-site Convenience Characteristics – such as parking, ingress/egress and ease of directions

3. Quality / Theming – as measured by the construction cost budget, mainly for the casino, restaurants and bars
4. Amenity Package – mainly considering the food and beverage and entertainment offering
5. Level of Promotions – as measured by the promotional allowance rate
6. Casino Floor Congestion and Game Availability – as measured by Win per Unit per Day

In order to easily understand the ultimate measure of gravity assigned to each project, it was converted to a comprehensive rate using a scale of 1 to 5. MGM garnered the highest rating of 4.5, mainly benefiting from the highest level of capital investment, its extensive amenity package, and solid on-site convenience characteristics. Parx finished a close second at 4.4, mainly benefiting from its size in terms of gaming positions, but also showing a strong amenity package combined with decent quality. Rosecroft showed the lowest rating of 3.7 reflecting the smallest casino in terms of size (gaming positions) and the lowest level of hard cost capital investment.

Relative Comprehensive Rating *		
Rosecroft	Parx	MGM
3.7	4.4	4.5
* Based on a scale of 1 to 5.		

MGM is expected to yield the highest overall capture rate of 20% as it presents the highest rated facility at the most convenient location. Parx MD came in second at 18%, benefiting from the second highest facility rating offset by the negative impact of the least convenient location. Note, Parx showed the highest capture for the South MD and Virginia SE segments due to favorable access. Rosecroft, with a capture rate of 16%, benefited from its location related to gamers coming from the northeast (via I-495), but was negatively impacted by the lowest facility rating.

Capture Rate by Market Segment			
Market Segments	Rosecroft	Parx MD	MGM
Maryland Southern	51%	61%	58%
Maryland Capital Region	22%	20%	24%
Baltimore South	5%	5%	6%
Baltimore Central	2%	2%	2%
Baltimore NW	5%	6%	7%
Eastern Shore Maryland	7%	7%	8%
Baltimore NE	1%	1%	1%
Western Maryland	3%	4%	4%
District of Columbia	50%	53%	59%
Arlington	56%	60%	70%
Virginia Western	12%	15%	17%
Virginia SW	24%	27%	30%
Virginia South	51%	55%	57%
Virginia SE	52%	61%	54%
West Virginia	1%	1%	1%
Delaware	1%	1%	1%
Pennsylvania	0%	0%	0%
New Jersey	0%	0%	0%
Total	16%	18%	20%

Local Market Gaming Revenue

Based on the capture rate schedule, the following table presents local market gaming revenue for each project. MGM, with the most overall market growth combined with the highest capture is expected to realize \$660 million in local market revenue. This figure is roughly 15% higher than Parx MD and 31% higher than Rosecroft, respectively. Parx MD came in about \$573 million or 13% higher than Rosecroft; in a large part due to the size of the gaming floor.

Rosecroft is expected to realize 31% of its gaming revenue from Maryland compared to 30% and 28% for Parx MD and MGM, respectively. Rosecroft is first in line for Maryland residents coming from the north and northeast utilizing I-495. In contrast, MGM is expected to realize 58% of its revenue from Virginia, compared to only 56% and 55% for Parx MD and Rosecroft, respectively. MGM has the most prominent location relative to Virginia residents and also has structured a facility geared to the affluent Arlington market.

Gaming Revenue by Market Segment (millions)

Market Segments	Rosecroft	Parx MD	MGM	% of Total		
				Rosecroft	Parx MD	MGM
Maryland Southern	\$72.6	\$95.7	\$88.2	14%	17%	13%
Maryland Capital Region	\$61.5	\$56.3	\$69.0	12%	10%	10%
Baltimore South	\$7.0	\$6.7	\$8.1	1%	1%	1%
Baltimore Central	\$4.2	\$4.4	\$5.0	1%	1%	1%
Baltimore NW	\$3.6	\$4.2	\$4.8	1%	1%	1%
Eastern Shore Maryland	\$4.3	\$4.5	\$5.1	1%	1%	1%
Baltimore NE	\$0.6	\$0.6	\$0.7	0%	0%	0%
Western Maryland	\$1.2	\$1.5	\$1.6	0%	0%	0%
District of Columbia	\$67.5	\$74.7	\$86.2	13%	13%	13%
Arlington	\$166.5	\$189.2	\$243.8	33%	33%	37%
Virginia Western	\$11.0	\$13.9	\$16.5	2%	2%	3%
Virginia SW	\$13.6	\$15.6	\$17.3	3%	3%	3%
Virginia South	\$82.2	\$94.9	\$102.2	16%	17%	16%
Virginia SE	\$4.3	\$6.3	\$4.7	1%	1%	1%
West Virginia	\$0.2	\$0.2	\$0.3	0%	0%	0%
Delaware	\$1.4	\$1.6	\$1.8	0%	0%	0%
Pennsylvania	\$3.1	\$2.4	\$3.9	1%	0%	1%
New Jersey	\$0.1	\$0.1	\$0.2	0%	0%	0%
Total	\$504.9	\$573.0	\$659.5	100%	100%	100%
				% of Total		
Subtotals by State:	Rosecroft	Parx MD	MGM	Rosecroft	Parx MD	MGM
Maryland	\$155.0	\$174.1	\$182.6	31%	30%	28%
District of Columbia	\$67.5	\$74.7	\$86.2	13%	13%	13%
Virginia	\$277.6	\$319.9	\$384.6	55%	56%	58%
West Virginia	\$0.2	\$0.2	\$0.3	0%	0%	0%
Delaware	\$1.4	\$1.6	\$1.8	0%	0%	0%
Pennsylvania	\$3.1	\$2.4	\$3.9	1%	0%	1%
New Jersey	\$0.1	\$0.1	\$0.2	0%	0%	0%
Total	\$504.9	\$573.0	\$659.5	100%	100%	100%

Casino Hotel

This section forecasts gaming revenue associated with patrons of the proposed casino hotels, also known as overnight gamers.

The basic formula for calculating incremental revenue associated with a casino hotel is as follows:

$$\text{Available Room Nights} \times \text{Occupancy Rate} = \text{Room Night Demand}$$

$$\text{Room Night Demand} \times \text{Gamer Capture Rate} \times \text{Win per Room Night} = \text{Gaming Revenue}$$

Room Night Demand

There are several key categories of room night demand, as follows:

1. Casino Demand – demand encouraged by significant marketing efforts;
2. Group Demand – demand associated with group events held at the property;
3. Free and Independent Traveler (FIT) Demand – demand typically originating from the hotel website or other third-party travel sites, as travelers seek out hotel accommodations on their own.

Due to the high volume of expected gamer visits and the relatively small size of the proposed hotels, a high occupancy rate is certain to prevail in each case. Thus, a near-capacity occupancy rate of 95% was assumed for each hotel. The segregation of room night demand by category was set based on assertions made by each applicant. Rosecroft showed a balance of casino demand and FIT demand. The Parx MD distribution was similar, but with a modest amount of group demand. MGM asserted a near equal weighting of group and FIT demand, but a significantly lower portion of casino demand relative to the other applicants. The high proportion of group demand at MGM reflects the most comprehensive meeting facility offering.

Room Night Demand by Category (as a % of total)			
	Rosecroft	Parx	MGM
Casino Demand	50%	45%	23%
Group Demand	0%	10%	37%
FIT Demand	50%	45%	36%
Other	0%	0%	4%
Total	100%	100%	100%

Gamer Capture Rate

The weighting of room night demand is important because the gamer capture rate is different for each category of demand. Room night demand associated with casino promotions carries a gamer capture rate near 100%, while the group category was assigned a rate of 60%. The FIT component was assigned a rate of 65% based on the assumption that these travelers chose the hotel due in part to the gaming availability. Thus, Rosecroft showed the highest capture rate due to the highest proportion of casino demand. In contrast, the overall capture rate was the lowest for MGM due to the highest proportion of group room nights. Parx fell on the high end of the range, again due to a high proportion of casino demand.

Win per Room Night

Win per room night is also differentiated by the type of demand, with the highest metric assigned to the casino demand category as one might expect. The win per room night by property also reflects, to modest extent, the affluence of the customer set. MGM benefited from the latter due to a more affluent customer base as measured by income levels, but was negatively impacted by the group component with a lower gaming budget. In the final analysis, the win per room night factors are similar between properties in the \$263 to \$276 range.

Summary

After compiling these factors, gaming revenue associated with the casino hotel component fell in a tight range from \$18.9 million for MGM on the low end (despite offering the largest hotel) to \$20.2 million for Rosecroft on the high end. Again, Rosecroft expects to offer a high percentage of complimentary and discounted rooms.

Casino Hotel Revenue Summary			
	Rosecroft	Parx	MGM
Room Count	258	250	300
Occupancy Rate	95%	95%	95%
Room Night Demand	89,462	86,688	104,025
Capture Rate	83%	80%	69%
Gamer RND	73,806	69,566	71,865
Win / RN	\$274	\$276	\$263
Gaming Revenue	\$20,220,106	\$19,217,224	\$18,907,469

Tourists

This section forecasts gaming revenue associated with Washington D.C. tourists. A portion of these tourists would likely patronize a casino as a secondary attraction. The basis for the tourist count is the hotel room inventory in the market; a fairly well-known figure. Thus, in the interest of accuracy, only overnight tourists were considered as a day-trip tourist count is a most elusive figure. The basic formula for calculating incremental revenue associated with the tourist component is as follows.

$$\text{Available Room Nights} \times \text{Occupancy Rate} = \text{Room Night Demand}$$

$$\text{Room Night Demand} \times \text{Adults per Room} / \text{Average Length of Stay} = \text{Unique Tourists}$$

$$\text{Unique Tourists} \times \text{Gamer Capture Rate} \times \text{Win per Gamer} = \text{Gaming Revenue}$$

Hotel Count / Room Count

The hotel count was based on information obtained from Smith Travel Research using a radius of roughly 30 minutes from the proposed development sites. A total of 280 hotels were identified offering about 57,800 rooms, easily one of the largest hotel markets in the U.S. The hotel inventory was segregated into four (4) market segments as follows:

1. Primary – hotels in the Oxon Hill area, including National Harbor;
2. Secondary – hotels within about 5 to 15 minutes of the gaming facilities, generally associated with hotels in the Alexandria area;
3. Tertiary – hotels within about 15 to 30 minutes of the gaming facilities, to a large extent reflecting hotels in the Arlington area;
4. Washington D.C. – hotels in the District of Columbia.

Tourist Count

Room Night Demand for each hotel segment was estimated based partly on information obtained from the Virginia Tourism Corporation. The overall rate calculated to approximately 70%, resulting in about 14.7 million room nights of demand. The count is slightly higher for the MGM scenario due to the assumption that a casino at National Harbor would create some incremental demand related to the hotels at National Harbor. A consistent “adults per room” multiplier and

“length of stay” metric was utilized for each applicant, again, resulting in a consistent tourist count of approximately 9.6 million adults.

Capture Rate

The appropriate capture rate is mainly determined by considering the convenience of the gaming facility relative to the hotel market. The capture rate also considers the quality of the gaming development. Tourists in particular are much more likely to patronize a high-end, unique product as opposed to something mediocre, possibly similar to casinos available in their own town.

Considering convenience, a significant premium was applied to the MGM project to reflect its visibility, convenient access and additional nearby attractions. A tourist might not even be aware of gaming availability in a market if not for sighting a venue by chance. Also, being comfortable with finding the venue is likely an important consideration for tourists. Lastly, a tourist to the area might have already targeted National Harbor as an attraction, and might then visit the casino as a secondary attraction. Thus, an overall tourist capture rate of 3.1% was calculated for MGM, compared to roughly 1.7% and 1.9% higher than Rosecroft and Parx MD, respectively.

Win per Gamer

The average win per gamer was set at about \$135 based on experience gained in other markets. The win per gamer factor was consistently applied across all the proposed casino properties; generally assuming that once a gamer decides to patronize a gaming facility their budget would be consistent at each property.

Summary

After compiling these factors, gaming revenue from tourists was estimated at approximately \$40.8 million for MGM; a figure that is 62% and 89% higher than Parx and Rosecroft, respectively. Parx came in about 16% higher than Rosecroft at \$25.1 million, mainly due to a larger, higher quality project.

Tourist Revenue Summary			
	Rosecroft	Parx	MGM
Room Count	57,789	57,789	57,789
Occupancy Rate	69.7%	69.7%	69.8%
Room Night Demand	14,700,857	14,700,857	14,717,701
Adults / Room	1.8	1.8	1.8
Guest Nights	26,181,412	26,181,412	26,210,048
Avg Length of Stay	2.7	2.7	2.7
Unique Guests	9,634,361	9,634,361	9,646,811
Capture Rate	1.7%	1.9%	3.1%
Gamer RND	161,772	186,088	299,364
Win / RN	\$134	\$135	\$136
Gaming Revenue	\$21,615,584	\$25,122,854	\$40,791,214

Other Revenue

A couple of other gaming revenue sources were identified that are unique to the Rosecroft facility, including:

1. Racing Patron Crossover
2. Truck Traffic Intercept

Racing Patron Crossover

As Rosecroft also operates a full-service racetrack, it would attract a unique customer component – the race wagering patron. An estimated 20% of these patrons would patronize the casino during their visit to the property. Based on an estimated 137,000 racetrack attendances (reflecting a 50% increase over current estimated level), the Rosecroft casino would realize an additional 27,400 gamer visits, yielding about \$1.8 million in gaming revenue, as displayed below.

Racing Patron Crossover Revenue	
	Rosecroft
Estimated Racetrack Attendance	137,225
Crossover Rate	20%
Gamers Visits	27,445
Win / Gamer	\$65
Gaming Revenue	\$1,783,923

Truck Traffic Intercept

This source of gaming revenue reflects primarily truckers traveling on I-495 that might decide to stop and patronize a gaming facility. In order to tap this customer component, the gaming facility must offer truck parking. Based on an analysis of the proposals, only Rosecroft has the ability to offer truck parking. The annual truck volume passing the Rosecroft highway exit was estimated at 4.6 million, based on information obtained from the Maryland Department of Transportation. The gamer capture rate and win per visit was estimated at 0.8% and \$62, respectively, resulting in approximately 44,200 gamer visits and \$2.7 million in incremental gaming revenue.

Traffic Intercept Revenue	
	Rosecroft
Annual Truck Volume	4,602,631
Adults / Truck	1.2
Total Adults	5,523,157
Gamer Capture Rate	0.8%
Gamer Visits	44,185
Win / Visit	\$62
Gaming Revenue	\$2,739,486

Total Gaming Revenue

The following table summarizes gaming revenue by component and by property. MGM showed the highest gaming revenue total of \$719.2 million in FY19, roughly 30% higher than Rosecroft and 17% higher than Parx MD, while Parx is 12% higher than Rosecroft.

Over 90% of gaming revenue is derived from the local market for all projects. MGM is showing the highest percentage coming from tourists at 5.7%, compared to 3.9% and 4.1% for Rosecroft and Parx, respectively. Rosecroft is garnering about 1% of gaming revenue from unique sources.

Total Gaming Revenue Summary (millions)			
Component	Rosecroft	Parx	MGM
Local Market	\$504.9	\$573.0	\$659.5
Casino Hotel	\$20.2	\$19.2	\$18.9
Overnight Tourist	\$21.6	\$25.1	\$40.8
Racing Patron Crossover	\$1.8	\$0.0	\$0.0
Traffic Intercept	\$2.7	\$0.0	\$0.0
Total	\$551.3	\$617.3	\$719.2
% of Total:			
Local Market	91.6%	92.8%	91.7%
Casino Hotel	3.7%	3.1%	2.6%
Overnight Tourist	3.9%	4.1%	5.7%
Racing Patron Crossover	0.3%	0.0%	0.0%
Traffic Intercept	0.5%	0.0%	0.0%
Total	100%	100%	100%

Impact Analysis (FY 2019)

This section estimates the impact of the proposed facilities on the existing and proposed casinos in Maryland, including Horseshoe Baltimore, Maryland Live, Hollywood Perryville, Ocean Downs, and Rocky Gap. In order to estimate the impact, an accurate baseline forecast is necessary. Using the calibration and baseline forecasting process (discussed earlier), the following table presents the baseline gaming revenue forecast for existing Maryland casinos (including Horseshoe Baltimore) in FY19.

Maryland Properties	Baseline (FY19)
Horseshoe Baltimore	\$482.2
Maryland Live	\$569.8
Hollywood Perryville	\$82.6
Ocean Downs	\$64.7
Rocky Gap	\$52.2
Total	\$1,251.7

The gravity model automatically yields the loss in **local market gaming revenue** as it reallocates gamer visits and gaming revenue based on the market capture of a new casino. Again, market capture considers the convenience and breadth of the new casino relative to the existing facilities. Note, the other sources of gaming revenue (casino hotel, tourist and other) are not impacted as these sources are unique to a particular property of market.

Rosecroft

Rosecroft showed the lowest level of capture from existing Maryland casinos of \$179 million, mainly reflecting the lack of scale relative to Parx and MGM. Nonetheless, this facility is the most convenient for patrons coming from the northeast via I-495. This interstate connects the south Prince George's County area to the heart of the Baltimore metro area, and thus the prime market for both Maryland Live and Horseshoe Baltimore. Maryland Live would shoulder the brunt of the impact, losing about \$114 million or 20% of its revenue.

Parx

Parx showed a modestly higher level of capture compared to Rosecroft, but not proportional to the difference in overall gaming revenue. The Parx site is less convenient for patrons coming from the northeast via I-495.

MGM

As the MGM site is the most convenient of the three (3) proposed development sites and rated highest in scale, it showed the highest level of capture from existing Maryland casinos of about \$207 million. Again, Maryland Live would be impacted the most, losing approximately \$131 million or 23% of its revenue. Horseshoe Baltimore is somewhat shielded but would still stand to lose about \$68 million or 14% of its revenue. The other casinos are only nominally impacted.

Summary Table

Impact Summary (millions)						
Maryland Properties	Rosecroft -----		Parx MD -----		MGM -----	
	Change	% Change	Change	% Change	Change	% Change
Prince George's County	\$551.3	NM	\$617.3	NM	\$719.2	NM
Horseshoe Baltimore	-\$59.0	-12.2%	-\$61.6	-12.8%	-\$68.4	-14.2%
Maryland Live	-\$113.8	-20.0%	-\$117.7	-20.7%	-\$130.8	-23.0%
Hollywood Perryville	-\$5.5	-6.7%	-\$5.8	-7.0%	-\$6.5	-7.8%
Ocean Downs	-\$0.5	-0.8%	-\$0.5	-0.8%	-\$0.6	-1.0%
Rocky Gap	-\$0.6	-1.1%	-\$0.6	-1.2%	-\$0.7	-1.4%
Net Impact	\$371.8	29.7%	\$431.0	34.4%	\$512.1	40.9%
<i>Total Impact</i>	<i>-\$179</i>		<i>-\$186</i>		<i>-\$207</i>	

Tables versus Slots Segregation

The following tables segregate incremental revenue for each of the Maryland casinos by slots and tables, based on a 73% / 27% slot to table split for each of the proposed Prince George's County facilities. The split is based on the assertions of the applicants.

Impact Summary - Table Revenue (millions)			
Maryland Properties	Rosecroft	Parx MD	MGM
Prince George's County	\$148.9	\$166.7	\$194.2
Horseshoe Baltimore	-\$15.9	-\$16.6	-\$18.5
Maryland Live	-\$30.7	-\$31.8	-\$35.3
Hollywood Perryville	-\$1.5	-\$1.6	-\$1.7
Ocean Downs	-\$0.1	-\$0.1	-\$0.2
Rocky Gap	-\$0.2	-\$0.2	-\$0.2
Net Impact	\$100.4	\$116.4	\$138.3

Impact Summary - Slot Revenue (millions)			
Maryland Properties	Rosecroft	Parx MD	MGM
Prince George's County	\$402.5	\$450.6	\$525.0
Horseshoe Baltimore	-\$43.1	-\$45.0	-\$50.0
Maryland Live	-\$83.1	-\$86.0	-\$95.5
Hollywood Perryville	-\$4.0	-\$4.2	-\$4.7
Ocean Downs	-\$0.4	-\$0.4	-\$0.5
Rocky Gap	-\$0.4	-\$0.5	-\$0.5
Net Impact	\$271.4	\$314.6	\$373.9

Gaming Position Equalization Scenario

The Consultants were also instructed to model an additional scenario, which equalizes the gaming position count for each applicant. The decision was made to assume 3,000 slot machines and 150 table games as the basis. This ultimately changes the breadth or scale of each project relative to each other because size (in terms of gaming positions) is one of the key considerations in gauging scale (as discussed). The adjusted ratings are as follows:

Relative Comprehensive Rating *		
Rosecroft	Parx	MGM
3.7	3.9	4.3
* Based on a scale of 1 to 5.		

The following table shows the change in gaming positions resulting from the equalization of positions. Rosecroft actually realizes a slight increase in positions due to 10 additional table games. Parx realizes the largest decline by far of over 32% as the slot count drops from 4,750 to 3,000 units or 37%. Gaming positions at MGM declined 12%, reflecting a 17% decline in slots offset by a 7% increase in tables.

Gaming Position Summary			
	Rosecroft	Parx	MGM
Base	3,840	5,770	4,440
Equalization	3,900	3,900	3,900
Change	60	-1,870	-540
% Change	1.6%	-32.4%	-12.2%

Slot Impact

Parx showed a roughly \$70 million decline in slot revenue or 15%, suggesting an average decline per position of \$109. The slot revenue decline for MGM was 10% or \$53, suggesting a decline per position of \$243. The latter figure is much larger for MGM because the more positions a facility offers relative to gaming revenue potential, the less each additional position is worth. In other words, the incremental impact of the slot count going from 3,000 to 3,600 units is much more meaningful than the incremental impact of the count going from 3,600 to 4,750 units. The graph

below displays the decline in potential WPUPD associated with each successive tranche of 150 machines.

Slot Revenue Impact			
	Rosecroft	Parx	MGM
Base	\$402.5	\$450.6	\$525.0
Equalization	\$402.1	\$381.1	\$471.9
Change	-\$0.3	-\$69.6	-\$53.1
% Change	-0.1%	-15.4%	-10.1%

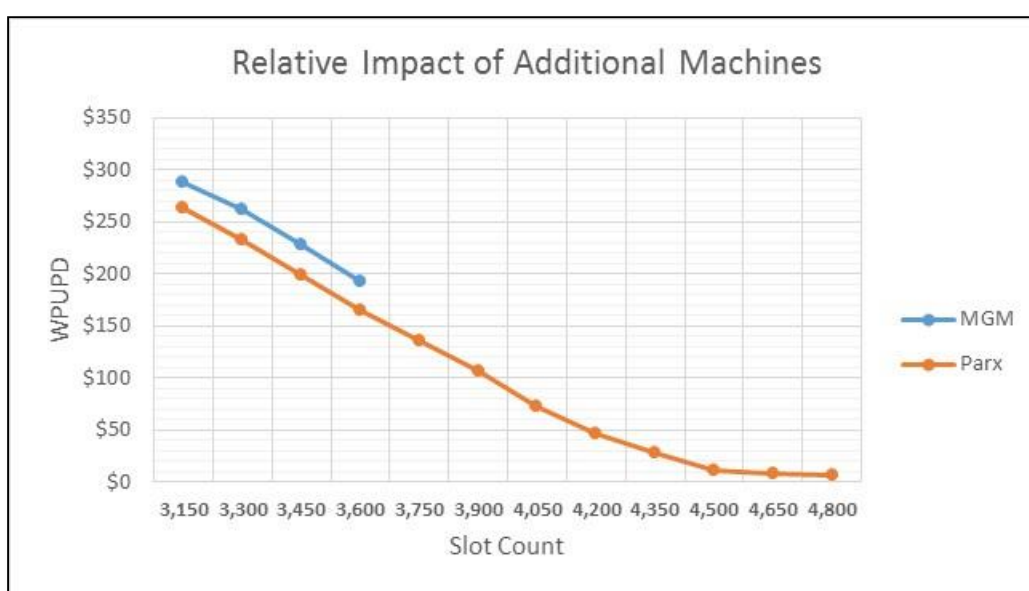


Table Impact

Rosecroft showed a modest increase in table revenue due to 10 additional table units. Parx showed a 5% or \$8.5 million increase in table revenue as the proportion of table positions relative to total positions increased from 21% to 30%. Table revenue at MGM increased 8% due to a modest increase in the table count, while the proportion of table positions relative to total positions increased from 23% to 30%. Thus, for mainly Parx and MGM, there would be a modest transfer of slot revenue to table revenue as the table offering becomes more pronounced (relative to slots) at these facilities.

Table Revenue Impact			
	Rosecroft	Parx	MGM
Base	\$148.9	\$166.7	\$194.2
Equalization	\$151.8	\$175.2	\$209.1
Change	\$2.9	\$8.5	\$14.9
<i>% Change</i>	<i>2.0%</i>	<i>5.1%</i>	<i>7.7%</i>

Summary Impact

The following table highlights the cumulative impact of the equalization scenario on the three (3) proposed projects.

Net Gaming Revenue Impact Summary			
	Rosecroft	Parx	MGM
Base	\$551.3	\$617.3	\$719.2
Equalization	\$553.9	\$556.3	\$681.0
Change	\$2.6	-\$61.0	-\$38.2
<i>% Change</i>	<i>0.5%</i>	<i>-9.9%</i>	<i>-5.3%</i>

About the Firm – Custom Gaming Consulting

Custom Consulting, LLC (DBA Custom Gaming Consulting) was founded on May 1, 2013 under the state laws of Colorado by Mr. James Oberkirsch, the sole proprietor and a 16-year veteran of the gaming industry. As President of Custom Consulting, LLC, Mr. Oberkirsch desires to offer exceptional, customized gaming market analysis at a significantly discounted price.

In addition to preparing and evaluating gaming market assessments, Mr. Oberkirsch has proven himself in the areas of highest and best use studies, hotel market assessments, financial feasibility studies, and economic impact studies for clients throughout the United States. He has successfully completed over 300 career assessments to date, in over 100 different markets; comprising 28 different states.

Education

- BSBA - Finance (University of Missouri - Columbia)
- MBA (St. Louis University)
- CPA Designation (non-practicing)

Industry Experience

The Innovation Group

Prior to launching Custom Gaming Consulting, Mr. Oberkirsch was employed with The Innovation Group for eight years, arguably one of the top gaming consulting companies in the nation. He was quickly elevated to Vice President of Consulting Services, and thus was the leader for projects assigned to him. Mr. Oberkirsch not only worked in the area of gaming market analysis but also performed numerous hotel, meeting space, entertainment center and golf course market assessments.

Missouri Gaming Commission

As the former Chief Financial Analyst for the Missouri Gaming Commission (MGC) for seven years, Mr. Oberkirsch acted as a senior manager and member of the executive management team, where his responsibilities included tax collection and auditing, casino profitability and cash flow analysis, market feasibility studies, forecasting tax revenue and the financial reporting of gaming statistics.