

HOTEL

Exhibit VIII. C.7.b

As required pursuant to **Exhibit VIII. C.7.b**, the company engaged an independent expert to evaluate its proposed hotel product. A detailed analysis of all non gaming revenue was performed by Strategic Market Advisors. The hotel analysis is described on pages 30 through 37 of their report labelled as Exhibit VIII.C.b-Appendix 1. This analysis also references another independent analysis done on international visitation performed by Union Gaming labelled as Appendix VIII. C.7.b-2.

CASINO

Appendix VIII. C.7.b-1. Resort Market Assessment

Resort Market Assessment

Tuxedo, New York

June 2014

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Introduction

RW Orange County LLC ("Genting") retained Strategic Market Advisors ("SMA") to provide advisory services related to its proposed Sterling Forest Resort to be located in Tuxedo, New York. Genting will introduce a true world-class casino resort one-hour from Manhattan and enhance existing attractions in Tuxedo. An investment in excess of \$1.2 billion will capitalize on the location near the New York Metropolitan Statistical Area ("MSA"). The planned positioning will target premium casino gamers from the area with broader marketing through the Genting organization. Specifically, Gentings' three East Asia properties and associated marketing organization will market the combined destination of Sterling Forest Resort and New York to its existing customer base. The firm plans to make substantial investments in order to effectively induce tourism.

The proposed resort will be located in a cleared area located along State Highway 17A in Tuxedo, New York. An approved exchange will be funded and built where 17A meets Interstate 87, enabling easy access along the 2.5-mile, four lane roadway. Sterling Forest Resort plans to fund the construction of exit 15B to facilitate the existing and new traffic in the area. In addition, Genting plans to invest in improvements for the existing Tuxedo Ridge Ski Area and the New York Renaissance Faire, which are located in close proximity. A 24-acre garden will be added and year-round events and activities will feature these attractions and the neighboring recreational activities at Sterling Forest and Harriman State Parks.

The new highway exchange will shorten the driving time to the site to one-hour from central Manhattan. It is the most proximate site to the center of the New York MSA being publicly discussed. Traffic congestion in the New York MSA can be persistent, and accordingly Genting plans to develop alternatives for its potential clients. A water taxi from the west side of Manhattan to the Alpine Boat Basin located along the Palisades Interstate Parkway in New Jersey will replace frequently congested roadways with notable views of the city and the Hudson River along the 25 minute journey. Connecting limousine service will make the transit time from Manhattan a predictable one-hour journey. Sterling Forest Resort will also offer seaplane service to VIPs from the New York Skyport on the East River to nearby Greenwood Lake. Other air alternatives could be facilitated at the nearby Warwick Airport. Guests from more distant locations will be able to use one of New York City's three major airports.

The New York MSA includes over 19 million people and is currently underserved. Nearby facilities offer a limited selection of slot machines that are subject to high revenue sharing agreements. Financially this makes investment in the facilities, marketing, and player rewards programs difficult compared to casino resort alternatives. The casino resort alternatives in the region are more out of state and more distant, requiring overnight stays. They range from facilities in northeastern Pennsylvania, which are as close as a 1.5 hour drive, to Atlantic City and Connecticut properties which are approximately two-hours away. These distances are critical to the consumer decision, and Sterling Forest Resort will create a nearby, in-state alternative that can effectively compete to serve the New York MSA population.

Engagement Overview

In order to conduct its analysis, SMA supplemented its knowledge of the New York and Northeast tourism and gaming markets by conducting further research in the market area, discussing current trends with industry professionals familiar with the area, and meeting with Genting's management team to better understand its approach. In order to forecast the revenue potential of the resort, specific tasks SMA undertook include:

- Visiting the site including an evaluation of its ingress, and egress;
- Evaluating the broader transportation network within the addressable market;

- Reviewing the competitive offerings in New York and other nearby markets;
- Researching tourism in the region;
- Evaluating the market for premium players from East Asia;
- Evaluating the population demographics within the addressable market and comparable markets;
- Forecasting the revenue potential of the casino, lodging components, and amenities.

Project Description

The Sterling Forest Resort master plan includes 238 acres to be dedicated to developing a world-class casino resort located approximately one-hour travel time from New York City. The plan broadens and enhances Tuxedo's appeal and reinvigorates existing attractions. The casino resort will include a 140,000 square foot ("sq ft") casino, 1,000 five-star hotel rooms, 20,800 sq ft of convention and meeting space, and a 61,000 sq ft spa. The resort will showcase the adjacent 20,000-acre Sterling Forest and nearby Harriman State Park, Bear Mountain State Park, and other natural attractions. Existing attractions that highlight the region's natural beauty will be revitalized through additional investment and expanded visitation. These include Tuxedo Ridge Ski Resort, which will be completely renewed for winter and summer recreation. The popular New York Renaissance Faire will expand to offer new attractions and events. Additional plans include an impressive 24-acre garden that will host seasonal displays including an ice festival. The diverse attractions and substantial investment will create a major attraction within an easy day-trip of the New York City Metropolitan Area ("MSA").

Location and Access

The proposed resort will be located in a cleared area located along State Highway 17A in Tuxedo, New York. The area is located approximately 2.5 miles from where the roadway meets State Highway 17 and Interstate 87. State Highway 17A is four lanes along this stretch since initial plans included an exchange with the Interstate. This exchange, named 15B, was never built. Sterling Forest Resort plans to fund the construction to facilitate the existing and new traffic in the area.



The planned exchange will make the estimated drive time of 35 minutes from the George Washington Bridge and one-hour from most parts of Manhattan. However, as traffic can be extensive on the bridge and surrounding roadways, Genting proposes to operate a water taxi service from the west side of Manhattan to the Alpine Boat Basin located along the Palisades Interstate Parkway in New Jersey. The service will bypass frequently congested roadways and replace it with notable views of the city and the Hudson River along the 25 minute journey. Coordinated limousine service from the boat basin will make the transit time from Manhattan a predictable one-hour journey.

Genting recognizes the need for other transportation options and plans to use existing alternatives with which the public is familiar. Sterling Forest Resort will therefore operate regular free shuttles from rail stations in Tuxedo, Harriman, Spring Valley.

Sterling Forest Resort will also start regular service by seaplane from the New York Skyport on the East River to nearby Greenwood Lake. The 15-minute flight and 5-minute drive should combine for a 25-minute maximum transfer. Warwick airport is a 20-minute drive from the Sterling Forest Resort, and plane and helicopter service from smaller regional airports can be instituted.

Research indicates that the emerging wealth in many Asian countries is fueling outbound travel and tourism, and potential tourists are increasingly seeking notable experiences beyond the region. While New York is a significant distance for most of these tourists, it is also a global destination that currently attracts people from this region. Genting operates three casino resorts in East Asia and has a strong brand and existing client base. Genting will use its marketing infrastructure to highlight its location between New York City and Woodbury Commons, two popular shopping destinations, and its tailored offering to those clients. This will drive two main benefits to Genting and the State of New York. First, Genting will induce additional visitation from this growing customer base. Second, The State of New York and Genting will earn more from the existing customer base. If there were enough demand, Genting would consider flying a daily charter from selected East Asian cities to Stewart International Airport.

Ingress and egress at the resort itself is expected to be excellent, with entrances and exits featuring ample lanes for traffic at times of peak demand and well marked space for circulation around the property. Valets are expected to serve arriving guests at hotel lobbies, at a casino entrance, and at a separate entrance for VIP guests. In addition, self-parking will be available in a parking garage towards the rear of the property, with additional parking available in surface lots. There will be a total of 7,800 parking spots dedicated to the resort.



↑↑↑ Sterling Forest Resort
TUXEDO, NEW YORK

Master Plan

June 16, 2014

Steelman Partners™

The existing Tuxedo Ridge ski area will include completely new facilities, including its own dedicated parking area. The goal will to make the ski area a premier opportunity for beginner skiers and snowboarders by adding modern facilities and increasing capacity. Additional summer activities may include zip lines, ropes courses, and mountain biking. The New York Renaissance Fair facilities will also be improved, and an adjacent parcel will be used to create a garden. These areas will also have dedicated parking facilities.

Overall Positioning

The comprehensive plan for the Sterling Forest Resort incorporates existing community establishments and the surrounding natural features into a world-class resort area. Thoughtful consideration has been made to transportation alternatives and appropriate investments will be made to facilitate visitation as there is substantial unmet demand in the region. Once guests arrive, a true five-star resort will offer an experience that will be comparable to the best casino resorts in the world when measured by the quality of the facilities, customer service, and amenities.



Consistent with its positioning and the existence of over 10,000 gaming machines in the New York City MSA, Sterling Forest Resort's planned positioning is to appeal to premium guests. This differentiation is evident in its planned introduction of 4,000 slot machines, where demand in the market appears to warrant a greater amount. The property also plans to introduce 350 house-banked table games. This is a relatively high number of games is projected since they are not permitted at the existing New York racetracks. In this manner, Sterling Forest Resort will in part lose potential revenue inherent in the advantage of its location but also differentiate itself in the increasingly competitive casino gaming market in the Northeast United States.

Competitive Environment

Casino gaming in the Northeast is becoming increasingly competitive. For a long time, Atlantic City was the only option in the region and attracted visitors from greater distances. Over the last two decades, the market has grown substantially as properties have opened in neighboring states. Atlantic City has also lost market share and revenue, as more proximate casino resorts provide what is at its core a commodity product. The most successful properties combine a resort environment with an excellent location. These properties are able to best attract and retain nearby customers, providing less risk and reliable revenue streams to their hosts.

New York

Casino gaming exists at 14 locations in New York, including nine racetracks that host video gaming machines and eight Native American casinos.

The commercial facilities were legalized in 2001 and the first property opened in 2004. More than 18,000 video lottery terminals ("VLTs") are offered at the state's racetracks, which are subject to some of the highest effective tax rates in the United States. According to the American Gaming Association's *2013 State of the States Report*, in 2012, gaming tax revenue from VLTs totaled more than \$822 million, 45.6% of gaming revenue.

The highest win per unit statistics come from more than 10,000 located in the New York City area, indicative of the demand in that region. Facilities located outside the area do not benefit from such densely populated surroundings and also compete with Native American properties that have more operating freedom. Revenue from VLTs located at racetracks exceeded \$1.9 billion in GGR in 2013, up 6.8% from a year earlier. Resorts World Casino generated the highest gross gaming revenue in 2013 at \$785.1 million while Yonkers generated almost \$560 million. These two facilities generated approximately 70 percent of statewide VLT revenue.

New York VLT Gaming Revenue and Positions				
	2011	2012	2013	CAGR ²
Resorts World Casino NYC VLT Revenue (\$M) ¹	\$89.3	\$672.6	\$785.1	16.7%
Machine Count	730	4,954	5,004	1.0%
Wn Per Unit Per Day	\$335	\$371	\$430	15.9%
Empire City VLT Revenue (\$M)	\$624.4	\$544.7	\$559.9	-5.3%
Machine Count	5,355	4,987	5,327	-0.3%
Wn Per Unit Per Day	\$319	\$298	\$288	-5.1%
Saratoga VLT Revenue (\$M)	\$150.4	\$159.8	\$159.6	3.0%
Machine Count	1,782	1,780	1,782	0.0%
Wn Per Unit Per Day	\$231	\$245	\$245	3.0%
Finger Lakes VLT Revenue (\$M)	\$122.0	\$129.6	\$131.5	3.8%
Machine Count	1,195	1,192	1,268	3.0%
Wn Per Unit Per Day	\$280	\$297	\$284	0.8%
Monticello VLT Revenue (\$M)	\$60.9	\$63.9	\$62.8	1.6%
Machine Count	1,110	1,110	1,110	0.0%
Wn Per Unit Per Day	\$150	\$157	\$155	1.6%
Fairgrounds (Buffalo Raceway) VLT Revenue (\$M)	\$72.7	\$81.2	\$76.8	2.8%
Machine Count	939	940	940	0.1%
Wn Per Unit Per Day	\$212	\$236	\$224	2.8%
Tioga VLT Revenue (\$M)	\$57.0	\$61.7	\$59.6	2.3%
Machine Count	802	802	802	0.0%
Wn Per Unit Per Day	\$195	\$210	\$204	2.2%
Vernon VLT Revenue (\$M)	\$42.3	\$43.7	\$43.7	1.6%
Machine Count	764	767	767	0.2%
Wn Per Unit Per Day	\$152	\$156	\$156	1.4%
Batavia VLT Revenue (\$M)	\$39.8	\$45.1	\$46.5	8.1%
Machine Count	607	635	666	4.8%
Wn Per Unit Per Day	\$180	\$194	\$191	3.2%
Total New York VLT Revenue (\$M)	\$1,258.8	\$1,802.2	\$1,925.6	23.7%
Machine Count	13,281	17,166	17,666	15.3%
Wn Per Unit Per Day	\$260	\$287	\$299	7.2%

Source: New York Gaming Commission

¹ Resorts World opened Oct 2011

² CAGR – Compounded Annual Growth Rate for the 2-year period. Only used 2012/2013 for Resorts World Casino NYC

Despite this performance, casino gamers in New York and neighboring parts of New Jersey and Connecticut that make up the New York MSA continue to travel to casino resorts located in New Jersey, Pennsylvania, and Connecticut. Due in part to lower effective tax rates these facilities offer a more robust guest experience, including table games in addition to slot machines as well as lodging, a variety of dining experiences, and other amenities. Due in part to this missed opportunity, the State of New York has created a new framework for the introduction of casino resorts.

Upstate New York Gaming Development Act

On July 30th, 2013, Governor Cuomo signed the Upstate New York Gaming Development Act of 2013 into law. This law, and a November 2014 voter-approved amendment to the State constitution, allows for the licensing and development of four new casino resorts to be allocated among three different regions in the state. Each of the below regions are allotted one facility, with the final facility eligible to be placed within any of the three regions. That facility is widely expected to be located in Region 1. The three regions are as follows:

- Region 1 – The Catskills/Hudson Valley region which includes seven counties (Delaware County, Greene County, Columbia County, Ulster County, Sullivan County, Orange County and Dutchess County). The proximity of Region 1 to the New York MSA makes it likely that the final license will be awarded in this region.
- Region 2 – The Albany region which consists of an eight county area (Albany County, Saratoga County, Fulton County, Washington County, Montgomery County, Schenectady County, Schoharie County, and Rensselaer County).
- Region 5 – The Eastern Southern Tier region includes portions of seven counties which either lie along the border with Pennsylvania or directly to the north of these counties (Broome County, Tioga County, Chemung County, Tompkins County, Schuyler County, Seneca County and Wayne County).

Additionally, the law allows for two new video gaming facilities on Long Island that may each offer 1,000 machines.

Licenses will be awarded by the New York State Gaming Facility Location Board (“the Board”), an independent five-member board that will review all applications. Successful applicants will have 24 months from the date of receiving the license to begin gaming operations. All licenses carry a 10-year term.

The Upstate New York Gaming Development Act of 2013 restricts the issuance of any additional casino licenses in the State for a 7-year period. When the 7-year restrictive period ends, three additional licenses may be allocated by the New York State Legislature. A constitutional amendment would be required to allow for more than the seven authorized casino licenses.

Application and Bidding Process

A Request for Applications was issued by the Board on March 31, 2014 and all applications must be completed by June 30, 2014. A \$1 million application fee was due on April 23, 2014. Additionally, applicants must pay costs associated with reviewing the applications. Also, successful applicants must pay a one-time licensing fee within 30 days of the granting of the license. The licensing fee is dependent upon the specific area within the region and whether or not a 2nd license is granted within that region.

In the Catskills/Hudson Valley Region, a license in Dutchess or Orange counties will be \$70 million. The licensing fee for the other counties in the region is \$50 million and falls to \$35 million if a license is awarded in Dutchess or Orange counties.

A annual renewal fee may be levied to cover costs associated with evaluating the licensee for renewal on an annual basis.

Further fees include an annual license fee of \$500 per slot and \$500 per table game. These fees may be adjusted for inflation after a 5-year period. Other regulatory costs will be allocated based on the number of positions at each of the four facilities. Licensees will also be charged additional payments which will be earmarked to support horse racing and horse breeders in the state.

Applications will be evaluated based upon three primary factors and are weighted as follows – Economic Activity and Business Development (70%), Local Impact and Location Factors (20%), and Workforce Enhancement Factors (10%).

Each of the factors is described in further detail below as stated by the New York Gaming Commission.

Economic Activity and Business Development

- Realizing maximum capital investment exclusive of land acquisition and infrastructure improvements;
- Maximizing revenues received by the state and localities;
- Providing the highest number of quality jobs in the gaming facility;
- Building a gaming facility of the highest caliber with a variety of quality amenities;
- Offering the highest and best value to patrons to create a secure and robust gaming market in the region and the state;
- Providing a market analysis detailing the benefits of the site location of the gaming facility and the estimated recapture rate of gaming-related spending by residents travelling to an out-of-state gaming facility;
- Offering the fastest time to completion of the full gaming facility;
- Demonstrating the ability to fully finance the gaming facility;
- Demonstrating experience in the development and operation of a quality gaming facility.

Local Impact and Location Factors

- Mitigating potential impacts on host and nearby municipalities which might result from the development or operation of the gaming facility;
- Gaining public support in the host and nearby municipalities which may be demonstrated through the passage of local laws or public comment received by the board or gaming applicant;
- Operating in partnership with and promoting local hotels, restaurants and retail facilities so that patrons experience the full diversified regional tourism industry;
- Establishing a fair and reasonable partnership with live entertainment venues that may be impacted by a gaming facility under which the gaming facility actively supports the mission and the operation of the impacted entertainment venues;

- Implementing a workforce development plan that utilizes the existing labor force, including the development of workforce training programs that serve the unemployed;

Workforce Enhancement Factors

- Taking additional measures to address problem gambling including, but not limited to, training of gaming employees;
- Utilizing sustainable development principles;
- Establishing, funding, and maintaining human resource hiring and training practices that promote the development of a skilled and diverse workforce and access to promotion opportunities;
- Purchasing, whenever possible, domestically manufactured slot machines for installation in the gaming facility;
- Implementing a workforce development plan that:
 - Incorporates an affirmative action program;
 - Utilizes the existing labor force in the state;
 - Includes specific goals for the utilization of minorities, women and veterans on construction jobs;
 - Identifies workforce training programs;
 - Identifies the methods for accessing employment;
- Demonstrating that the applicant has an agreement with organized labor, including hospitality services, and has the support of organized labor for its application, which specifies:
 - The number of employees to be employed at the gaming facility;
 - Detailed plans for assuring labor harmony during all phases of the construction, reconstruction, renovation, development and operation.

Gaming Tax

In addition to the aforementioned fees and payments, gross gaming revenues will be taxed by the state. Gross gaming revenues are defined as all revenue generated from gaming sources minus all payouts – excluding free merchandise. Gross gaming revenue will be taxed in the following manner:

- In the Catskills/Hudson Valley Region, 39% of gross slot machine revenue and 10% of gross gaming revenue from all other sources.
- In the Albany Region, 45% of gross slot machine revenue and 10% of gross gaming revenue from all other sources.
- In the Southern Tier Region, 37% of gross slot machine revenue and 10% of gross gaming revenue from all other sources.

Minimum Capital Investment Requirements

Each of the three regions has differing minimum capital investment requirements. The minimum capital investment requirement may also be dependent upon the awarding of licenses to other areas within specific regions. In addition to the casino area, at least 1 hotel and other amenities are required as part of the minimum capital requirements for all regions.

The Board will make the determination as to whether or not the purchase or lease of the land and any support infrastructure is included in the minimum capital investment calculation. The minimum capital investment does not include factors such as the licensing fee, financing, other start-up costs and potentially the purchase or lease of the land, pending the decision by the Board. These “implied” excluded costs are projected to total approximately 35% of the total investment.

The table below outlines each region’s minimum capital investment requirement based on potential location and potential additional regional licensing.

Minimum Capital Investment Per Region				
Region	Location	Minimum Capital Investment	Implied Excluded Investment	Total Investment
1	Dutchess or Orange Counties	\$350,000,000	\$122,500,000	\$472,500,000
	All other Counties (if no license is awarded in			
1	Dutchess or Orange Counties)	\$130,000,000	\$45,500,000	\$175,500,000
	All other Counties (if a license is also			
1	awarded in Dutchess or Orange Counties)	\$100,000,000	\$38,500,000	\$138,500,000
2	All Counties	\$135,000,000	\$47,250,000	\$182,250,000
5	Wayne or Seneca Counties	\$135,000,000	\$47,250,000	\$182,250,000
	All other Counties (if no license is awarded in			
5	Wayne or Seneca Counties)	\$85,000,000	\$29,750,000	\$114,750,000
	All other Counties (if a license is also			
5	awarded in Wayne or Seneca Counties)	\$70,000,000	\$24,500,000	\$94,500,000

Source: New York Gaming Facility Location Board

Winning applicants will be required to place 10% of the projected total investment into an account which will be applied to the final phase of the construction plan. If the facility is not completed in a timely manner, this deposit is subject to forfeit to the state.

Competitive Environment in Neighboring States

New Jersey

All casino gaming in New Jersey is based in Atlantic City – including recently passed legislation which allows for online gaming throughout the state and facilitated by Atlantic City resorts. Casinos began operating in Atlantic City in 1978 and currently there are 11 casinos in operation. The effective tax rate in New Jersey is significantly lower than the VLT facilities in New York and the region. The gaming tax rate is 8% with additional obligations for community investment of 1.25%. For years Atlantic City held a monopoly on gaming in the Northeast, enabling it to market aggressively and invest in their facilities. This broadened its appeal and GGR grew steadily even as competition was introduced. In 2006, GGR peaked at \$5.2 billion. Since that time, increased competition from properties more proximate to major source markets including New York City and Philadelphia led to a decline in Atlantic City's performance. The table that follows provides a summary of Atlantic City gaming revenues from 2011 through 2013.

Atlantic City Gaming Revenue Summary							
	Slot Revenue (\$M)	Table Revenue (\$M)	Total Revenue (\$M)	Average Annual Slot Count	Annual Table Count	Win Per Slot/Day	Win Per Table/Day
2011	\$2,341.2	\$974.7	\$3,315.8	27,302	1,590	\$235	\$1,680
2012	\$2,191.5	\$859.6	\$3,051.1	27,123	1,649	\$221	\$1,428
2013	\$2,073.1	\$801.2	\$2,874.3	26,085	1,624	\$218	\$1,351

Source: New Jersey Division of Gaming Enforcement

Pennsylvania

The Pennsylvania Racehorse Development and Gaming Act passed in 2004 and enabled up to 61,000 slot machines at up to 14 locations throughout the state. In 2010, this legislation was amended to allow for table games.

Casino gaming in Pennsylvania commenced in late 2006 with the opening of Mohegan Sun Pocono Downs and Philadelphia Park/PARX. Currently, there are 12 gaming facilities operating in the state at racetracks and in stand-alone developments.

As in New York, effective gaming tax rates in Pennsylvania are high. Slot machines are taxed at 55% of gross gaming revenue. Revenue from table games is subject to a 14% tax. These parameters lead to a harmonized tax rate of approximately 47%.

Facilities in Eastern Pennsylvania present a formidable competitive threat to the new properties that will be constructed in New York. Sands Bethlehem and Philadelphia Park/PARX are both located only approximately 80 miles from New York City. These properties are well established in the marketplace and are run by experienced operators.

In 2012, total gaming revenue in Pennsylvania reached \$3.1 billion, surpassing Atlantic City. Pennsylvania is now the second largest commercial casino market in the U.S., behind Nevada. Total gaming revenue dipped slightly in 2013, largely due to maturing competition in surrounding markets.

The following table provides gaming revenue figures for Pennsylvania from 2011 through 2013.

Pennsylvania Gaming Revenue 2011-2013			
	2011	2012	2013
Sands Bethlehem (\$M)	\$377.3	\$438.0	\$465.0
Philadelphia Park/ PARX (\$M)	\$493.0	\$494.5	\$487.7
Mohegan Sun (\$M)	\$274.8	\$274.9	\$263.4
Harrah's Chester Downs (\$M)	\$349.1	\$340.8	\$311.2
SugarHouse (\$M)	\$247.7	\$274.1	\$265.6
Presque Isle (\$M)	\$188.4	\$169.6	\$144.6
The Meadows (\$M)	\$282.9	\$284.4	\$264.3
Mount Airy (\$M)	\$185.4	\$186.6	\$183.4
Penn National (\$M)	\$287.3	\$283.0	\$266.8
The Rivers (\$M)	\$343.1	\$351.9	\$352.0
Valley Forge ¹ (\$M)	\$0.0	\$45.7	\$80.3
Nemacolin ² (\$M)	\$0.0	\$0.0	\$13.8
Total (\$M)	\$3,029.2	\$3,143.7	\$3,097.9

Source: Pennsylvania Gaming Control Board

¹Valley Forge opened in March 2012

²Nemacolin opened in June 2013

Connecticut

Two casino properties, Foxwoods and Mohegan Sun, are located approximately seven miles from each other in the eastern part of Connecticut. The properties have lost some revenue due to competition primarily originating in New York and Rhode Island. In 2013 combined to offer more than 11,000 slots and generated over \$1.1 billion in slot revenue.

The tribes that operate the casinos: the Mashantucket Pequot Tribe (Foxwoods) and the Mohegan Tribe of Indians of Connecticut (Mohegan Sun) both have compacts in place with the State of Connecticut that include revenue sharing components. Both tribes contribute 25% of their gross slot revenue to Connecticut's general fund.

The following table summarizes slot revenue for both properties from 2011 through 2013.

Connecticut Slot Revenue (\$M)			
	2011	2012	2013
Foxwoods	\$633.8	\$576.8	\$530.6
Mohegan Sun	\$712.3	\$652.8	\$614.4
Total	\$1,346.1	\$1,229.6	\$1,145.0

Source: State of Connecticut - Department of Consumer Protection

In addition to the substantial slot revenues noted above, both properties generate significant table revenue. According to the Mohegan Tribal Gaming Authority's annual report, Mohegan Sun held \$300.1 million in table revenue in 2013. Foxwoods is expected to generate similar table revenue totals. This implies 2013 gross gaming revenue in Connecticut of \$1.7 billion.

Massachusetts

Massachusetts approved casino gaming in 2011 with the targeted development of up to three casino resorts and one slot parlor. A Category 1 license permits the operation of a casino resort offering slots and table games and requires an \$85 million licensing fee, minimum \$500 million investment, and 25% tax on gross gaming revenue in addition to fees offsetting regulatory costs and increases in public health expenditures. A Category 2 license permits the operation of a slot parlor and requires a \$25 million licensing fee, minimum \$125 million investment, and a 40% tax on gross gaming revenue and additional 9% assessment for the Race Horse Development Fund.

The slot parlor license is being developed by Penn National Gaming in Plainville, which is located in the eastern part of the Commonwealth. MGM recently received the first casino resort license in Springfield. The planned MGM Springfield project is an \$800 million development which will include the casino, hotel, and entertainment and a shopping complex. The complex could potentially be completed within two years and construction may begin as early as this summer. In late June 2014, the two competing proposals for the eastern license will be aired at public hearings. Mohegan Sun's \$1.2 billion proposed development at Suffolk Downs in East Boston is competing against Wynn Resorts' proposed \$1.6 billion plan at a former chemical plant located along the Mystic River in Everett. Finally, a casino resort is expected to be developed in the southeastern part of Massachusetts for which applications have not yet been received.

Synopsis

The high revenue sharing agreements that characterize commercial facilities in the New York MSA would put a great deal of pressure on most operations. The lack of competition within this densely populated and wealthy area enables these facilities to overcome their financial burden. Due to those burdens, these properties are largely built for the convenience of those customers and lack the financial flexibility to justify developing a resort experience.

More distant competition includes commercial properties in New Jersey and Pennsylvania and Native American properties in New York and Connecticut. These properties offer resort experiences that include slot machines, which are preferred by most players compared to the VLT machines offered in New York. In addition those properties offer table games, which appeal to different players and broaden a resort's customer base. Most of these properties are in rural locations and also offer hotels, a range of food and beverage outlets, and other amenities. In New Jersey and at the Native American properties, lower gaming taxes and revenue sharing agreements enable the properties to offer incentives that characterize casino gaming in the United States. The New York casino resorts will have a tax advantage for slot play when compared to Pennsylvania. They will also have a benefit in both tax and product compared to the New York VLT properties. For table games, all of the properties in the region pay tax rates that enable them to compete effectively for those customers. The subject property would offer the closest table games to the New York MSA, which will enable it to disproportionately cater to daytrip traffic from the area. The one-hour transit time from Manhattan combined with table games should drive substantial mid-week business.

Additional competition within this segment is expected to come from the resorts authorized by the New York legislation, the casino resort planned for Springfield, MA, and the addition of a casino resort in Philadelphia, PA.

SMA has assumed that two casino resorts are constructed in Region 1, and the second property in that region will offer the most immediate and direct competition to the Sterling Forest Resort. That property is assumed to be located in Sullivan County. The other casino resorts mentioned here are either in markets that are largely unrelated, like the Boston area, or will only offer a limited amount of competition. This includes the Springfield location, which will compete with the proposed facility for tertiary market areas. Similarly, a Philadelphia property is expected to largely compete with the existing properties in that area.

These dynamics are evident in the following map, which shows the drive time distances from the proposed Sterling Forest Resort in 30-minute increments. Sterling Forest Resort's location limits it from direct competition and makes it the most proximate casino resort for residents of the New York City MSA. In fact, its proximate location makes it an easy day trip for many prospective customers and will make it an attractive alternative for customers that would rather return home the same day.



The property's positioning is expected to appeal to premium customers in the region. Many customers with these means live in the New York MSA have grown accustomed to traveling greater distances to find high quality facilities or playing at properties that may not meet their expectations. By appealing to these players, the proposed Sterling Forest Resort is expected to be differentiated from the existing New York MSA properties and most of the regional casino resorts. The resort is therefore expected to recapture revenue that would accrue at out-of-state facilities.

Even taking account the current offerings in the region, the overall penetration of the New York market is relatively low. SMA has examined revenue totals of the two proximate New York VLT facilities along with

estimated market share of regional competitors to generate an approximated revenue per person figure for the New York MSA. Taking these figures into account, the average revenue per person in the New York MSA is currently estimated at \$171. SMA also compared these figures to selected established casino markets in the Northeast: Pittsburgh, Philadelphia and Cincinnati. In 2013, the average revenue per person in these markets ranged from an estimated \$274 to \$408 and averaged \$336. The average total of these three markets nearly doubles the New York MSA figure, demonstrating that there is significant untapped potential in the New York market. Taking into account the substantially higher AAHI for residents who live in the New York MSA compared to most regions, the current revenue per person totals in the New York MSA appear even more deflated.

By taking these factors into account and simply doubling the average revenue per person, the New York MSA would appear to be able to support gaming revenue totals of approximately an additional \$3.5 billion. While reaching such a figure would likely take a significant change in product, the potential is apparent. The proposed Sterling Forest Resort, given its location and expected offerings, would be expected to retain some of the revenue being generated within the New York MSA and drive growth in that market.

The table that follows provides an examination of the 2013 MSA projected gaming penetration of selected markets.

2013 Metropolitan Statistical Area Gaming Penetration			
Facility Revenues in Millions			
Pittsburg		Cincinnati	
Rivers	\$352.0	Horseshoe Cincinnati	\$228.0
Meadows	\$264.3	Hollywood Lawrenceburg	\$269.7
Mountaineer	\$223.6	Rising Star	\$69.9
Wheeling Island	\$124.1	Belterra	\$129.8
Total	\$964.0	Total	\$697.4
Population	2,360,867	Population	2,137,406
Revenue/Person	\$408	Revenue/Person	\$326
New York		Philadelphia	
Empire City	\$613.6	Sugarhouse	\$265.6
Resorts World	\$861.9	Parx	\$487.7
Mohegan Sun Pocono	\$263.4	Sands @ 7.5%	\$34.9
Mount Airy	\$183.4	Harrahs Chester	\$311.2
Sands @ 27%	\$125.6	Valley Forge	\$96.3
Connecticut @ 26%	\$429.1	Delaware Park	\$167.9
Atlantic City @ 37%	\$1,063.8	Atlantic City @ 10%	\$287.5
Total	\$3,540.7	Total	\$1,651.1
Population	19,949,502	Population	6,034,678
Revenue/Person	\$177	Revenue/Person	\$274
Average of Pittsburg, Cincinnati, and Philadelphia	\$336		

Source: State agencies, Mohegan Tribal Gaming Authority, US Census Bureau, Strategic Market Advisors

Tourism in the Region

The proposed Sterling Forest casino site is located within close proximity to a number of attractions in the region that appeal to a wide variety of tourists. Travelers who enjoy the outdoors visit the region for areas such as Tuxedo Ridge Ski Resort or one of the region's state parks. Other tourists, those who enjoy shopping experiences, are drawn to Woodbury Common, one of the largest outlet malls in the country. Still others, those searching for a unique interactive experience, visit the New York Renaissance Faire each August and September.

Orange County Tourism

Sterling Forest State Park

Sterling Forest State Park is located off of Route 84 a few miles southwest of the proposed casino site. Sterling Forest State Park is comprised of approximately 22,000 acres with 31 marked trails. Typically a fee of \$6 to \$10 for vehicle admissions is charged, but this fee varies depending on the location and season. There are numerous outdoor activities to be found at the park during the both the summer and the winter seasons. In the summer, activities such as hiking, fishing, biking and bird watching are available. In the winter, ice fishing and snowshoeing are popular activities. For a \$5 fee, hunting is offered during different time periods of the year depending on the type of hunting desired.

Harriman State Park

Harriman State Park is located to the northeast of the proposed Sterling Forest resort site, east of I-87. The park entrance is about a 15-mile drive from the proposed site. At more than 46,000 acres, Harriman State Park is the second-largest park in the New York parks system. The park contains 31 lakes and reservoirs and approximately 200 miles of hiking trails. There are also two beaches and two public camping areas available at the park. While total visitation statistics for the park are not available, a study conducted by the Alliance for New York State Parks found that Lake Welch, the third largest lake in the park, attracts 400,000 visitors annually.

Woodbury Common

The Woodbury Common Outlet Mall is located in Central Valley, New York at the intersection of I-87 and Route 17, approximately 10 miles north of the proposed resort development. Woodbury Common is home to 220 outlet stores, including upscale offerings such as Armani, Gucci, Coach, and Prada. The property encompasses over 800,000 square feet, making it one of the largest contiguous outlet centers in the U.S.

An estimated 12 to 13 million patrons visit the Woodbury Common Outlet Mall annually, which generates approximately \$1.3 billion in sales annually (\$1,550 per sq ft). The \$1.3 billion in sales figure represents over 10 percent of the \$12.3 billion in annually U.S. outlet sales¹.

According to some estimates, foreign visitors, especially Chinese and Japanese tourists, make up 40% of total visitation to the mall. The property employs a staff of interpreters, including those who speak Japanese, Spanish, French, and Portuguese. Currency exchange and foreign shipping services are also available on site. The New York City Port Authority provides daily bus transportation to Woodbury Common.

Currently the property is undergoing a \$170 million renovation that will bring the total square footage to 900,000 and add additional parking. This renovation project is expected to be completed by 2016.

¹ NPD Group

Genting acknowledges the strength of the Woodbury Common property and its subsequent success. In lieu of competing directly against such a facility for retail customers, Sterling Forest Resort plans to operate regular and frequent shuttles to Woodbury Common as a means of enhancing the guest experience.

Tuxedo Ridge Ski Area

The Tuxedo Ridge Ski area in Sterling Forest State Park is located off of Route 17A, approximately 3 miles from I-87 and a half-mile from the proposed resort. The ski season at Tuxedo Ridge typically begins around Christmas and lasts until mid-March depending upon the snow levels. Night skiing is also available during portions of the season.

During the 2013/2014 season, Tuxedo Ridge hosted approximately 30,000 total ski visits. About 33% of these visits were from season pass holders. Total revenue at the facility approximated \$1.5 million. Tuxedo Ridge is a family mountain that caters to beginner skiers. It offers two lifts, seven trails, and a tubing park. Trail lengths range from 600 feet to 2,000 feet. The summit of the mountain is 1,185 feet and the base is 785 feet, which represents a 400-foot vertical drop. Dining options on the property include a cafeteria-style restaurant and a pub, both located in the main lodge. According to staff, the facility draws customers from West Chester, Bergen, Rockland, and New York City.

New York Renaissance Faire

The New York Renaissance Faire is a roughly two-month event held annually in Tuxedo Park, New York over eight weekends and on Labor Day in August and September. The 2014 version will be the 37th year of the event and runs from August 2nd through September 21st. The Faire itself is a recreation of a medieval village with 75+ costumed actors, 100+ craftspeople, events, and games which allows guests to glimpse at what life was like for residents of that time period. The Village is permanent and the grounds are solely used for the Faire each year.

There are more than 125 performances provided at the New York Renaissance Faire during its two-month run. Events include jousting, birds of prey demonstrations, storytelling displays, various magic and comedy acts and singing, dancing, and other theater performance routines. The craftspeople sell a wide variety of products such as glass and pottery, armor and weaponry, clothing, jewelry, and games and toys. There is also a bevy of food and beverage options ranging from typical carnival-style food such as hamburgers, funnel cakes, shaved ice, and frozen bananas to more exotic offerings like Boar platters, lamb and vegetable shish-Kebabs, and turkey legs. Additionally, eight pubs and taverns are located onsite. The New York Renaissance Faire offers several human-powered rides and games of skill.

In 2013, the New York Renaissance Faire had its most successful year in the recent history. Paid attendance in 2013 reached nearly 131,000, up 16.2% over 2012 levels. Attendance levels in 2013 were also up more than 56% over 2011 totals. Total income reached nearly \$2.2 million in 2013, which was an increase of 18.3% over the previous year. The following table shows attendance and income statistics for the New York Renaissance Faire from 2011 through 2013.

New York Renaissance Faire Statistics 2011-2013

	Paid Attendance	Change	Total Income	Change
2011	83,328		\$1,407,088	
2012	112,644	35.2%	\$1,857,467	32.0%
2013	130,839	16.2%	\$2,198,080	18.3%

New York City Tourism

New York City is a global destination, attracting more than 50 million tourists annually. Approximately 20% of these tourists come from other countries, with 69% using New York as a point of entry. Half of all domestic tourists are day-trippers coming from the surrounding area² or along the Amtrak corridor (Washington DC to Boston). Seventy-seven percent of all domestic visitors come to New York for leisure purposes, including 38% that are visiting friends and family. Shopping (38%) and fine dining (28%) are the most popular activities.

The strongest source of foreign visitation is nearby Canada, with other major sources including several European countries as well as long-haul visitors from China and Australia. China has been the fastest growing source of visitation, growing at 30% annually since 2008 and moving well into the top ten sources of visitation. An estimated 81% of international tourists visit New York for vacation or holiday and they are more enthusiastic tourists when compared to domestic visitors. Shopping is again the most popular activity, with 91% of them shopping, more than twice the percentage of domestic tourists. Sightseeing (87%), galleries and museums (55%), and fine dining (40%) are other top activities.

Visitors to New York City by Country/Region (in 000's)							
	2008	2009	2010	2011	2012	2013(p)	CAGR ¹
Domestic Tourists	37,600	37,000	39,100	40,300	41,800		2.1%
<i>Top 10 Overseas Markets</i>							
United Kingdom	1,328	1,088	1,055	1,055	1,033	1,041	-4.8%
Brazil	341	332	589	718	806	895	21.3%
France	561	519	596	662	667	664	3.4%
China (PRC) ²	174	151	229	427	541	646	30.0%
Australia	336	419	479	532	595	619	13.0%
Germany	590	568	528	587	605	608	0.6%
Middle East ^{3,4}	370	355	406	436	478	521	7.1%
Italy	457	431	469	495	449	456	0.0%
Eastern Europe ³	342	353	298	367	384	406	3.5%
Spain	412	357	388	402	380	383	-1.4%
Canada	964	880	977	1,033	1,063	1,100	2.7%
Mexico	288	234	384	376	387	384	5.9%
Total International Visitation	9,450	8,835	9,744	10,583	10,918	11,382	3.8%

Source: NYC & Company, US Department of Commerce/OTTI, Tourism Economics

(p) Preliminary

¹ CAGR - Compounded Annual Growth Rate for the 5-year period. Calculated through 2012 for domestic tourists

² People's Republic of China, excluding Hong Kong

³ Due to sample size limitations for sizing the market, regional markets were analyzed together

⁴ Middle East includes Israel

² According to NYC & Company, a day tripper must come from beyond 50 miles

Transportation Network

Accessibility is a major determinant for casino visitation, particularly given the competition in the region. Sterling Forest Resort will enjoy excellent proximity to northern New Jersey, New York City, and its northern suburbs. The existing site, which currently enjoys secondary roadway access similar to the Connecticut resorts, has been reviewed. Plans indicate dramatic improvements not only via roadways but also additional access using waterways and air transportation.

Roadways

The property is located on State Highway 17A, 2.5 miles from Interstate 87. A planned exchange between the two roadways was approved but never funded. Genting plans on funding the construction of this exchange to better facilitate travel. According to the New York Department of Transportation, this section of Interstate 87 had average daily traffic of 87,764 vehicles, 16.8% of which were trucks, in 2012.

Via Interstate 87, the highway network extends to the north and south, connecting into many roads that facilitate travel around New York City. The Palisades Parkway is a popular roadway between Interstate 87 and New York with motorists since trucks are not permitted. It's more scenic journey has views from the west bank of the Hudson River. The Garden State Parkway and Interstate 287 are larger roadways that also extend into the populated parts of northern New Jersey.

Travel from the opposite side of the Hudson River includes three bridge and tunnel options in New York City in addition to the more proximate Tappan Zee Bridge as well as other bridges to the north, near the communities of Harriman and Newburgh. These major transportation junctures extend into road and highway networks serving the east.

With the construction of the new highway exchange, Sterling Forest Resort will be a 35-minute drive from the George Washington Bridge and a one-hour drive from central Manhattan.

Waterway Service

Sterling Forest Resort will operate water taxis to bring customers from the docks located on the west side of Manhattan to the Alpine Boat Basin. The Basin is located along the Palisades Parkway and will enable passengers to bypass roadways susceptible to traffic congestion. From the Basin, a limousine service will bring customers to the Sterling Forest Resort. While the transportation time will still be one hour, it will be predictable and more enjoyable.

Rail

Train service is expected to be an option that a number of casino visitors utilize due to its availability and ease of use. Train service to Tuxedo runs along the Port Jervis Line to Secaucus Transfer Station. From the Secaucus, passengers can connect to Penn Station in Manhattan or may connect to other New Jersey Transit services, including a connection for Amtrak at Newark Penn Station. Passengers along the Port Jarvis Line may also connect with the Port Authority Trans-Hudson (PATH) service or NY Waterway ferry service in Hoboken for access to lower Manhattan. There are 13 trains that run from Secaucus Monday through Friday, including five during PM peak periods. There are 12 trains that run from Tuxedo to Secaucus Transfer Station, including five during AM peak periods. On the weekends and holidays, there are seven trains that run from Secaucus Transfer Station to Tuxedo and eight that run from Tuxedo to Secaucus. The trip from Tuxedo to Secaucus Transfer Station is roughly 45 minutes. A six-minute free transfer is expected to be provided to bring guests from Tuxedo to the Sterling Forest casino resort.

Airports

Warwick Municipal Airport is located off of Route 13 (Kings Highway), three miles northeast of Warwick. Warwick Municipal Airport is a public use airport with three runways (one paved, two turf). As of 2011, the airport had about 12 general aviation aircraft operations per day. Visitors to the Sterling Forest resort who utilize this airport would likely take Kings Highway to Warwick which connects to Route 17A near the casino resort. The trip is estimated to take approximately 20 minutes from the airport to the casino.

Stewart International Airport is located near the intersection of I-84 and I-87, roughly 30 miles from the proposed development site. The airport has been operated by the Port Authority of New York and New Jersey since November, 2007. The airport has two runways and there are seven gates at the terminal. Four commercial carriers service the airport (Allegiant, jetBlue Airways, Delta Connection and US Airways Express). Stewart International offers approximately 2,000 parking spaces within walking distance of the terminal. In 2012, total commercial passenger traffic was 157,588.

Regional Demographics

Research on the demographics of the population living within a 90-minute drive of the proposed Sterling Forest location was conducted. The population within a 30-minute drive of the proposed location included nearly 290,000 adults in 2013 and is expected to grow to over 308,000 adults in 2018. The Average Annual Household Income ("AAHI") of this region was the highest of all of the regions analyzed at over \$114,000 in 2013 and is expected to reach over \$130,000 in 2018.

The adult population total rises considerably in the 30-minute to 60-minute drive time band. Nearly 7.2 million adults live within this band, which includes parts of northeastern New Jersey that lie within the New York City MSA. By 2018, the adult population of this band is projected to total nearly 7.4 million. The residents of this area have an AAHI level of over \$100,000. The 60-90 minute drive-time band has the largest adult population at nearly 7.9 million in 2013 and is projected to reach over 8.2 million adults in 2018. This drive-time band includes much of New York City, which is expected to be a prominent market for the proposed facility. Incomes are slightly lower in this region than the two closer bands, at an average of nearly \$94,000. The aggregate income totals for this band were estimated at over \$426 billion in 2018.

Sterling Forest Demographics by Drivetime				
	0 min-30 min	30 min-60 min	60 min-90 min	0 min-90 min
2013 Total Population	421,598	9,721,467	10,753,922	20,896,987
2013 Population 21+	289,551	7,184,509	7,883,727	15,357,788
2018 Total Population	441,186	9,926,036	11,101,566	21,468,789
2018 Population 21+	308,654	7,381,829	8,256,431	15,946,914
2013 Average Annual Household Income	\$114,710	\$100,683	\$93,943	\$97,498
2018 Average Annual Household Income	\$130,136	\$114,333	\$106,312	\$110,510
2013 Aggregate Income (000)	\$16,090,564	\$377,927,602	\$362,704,282	\$756,722,448
2018 Aggregate Income (000)	\$18,958,530	\$449,138,174	\$426,419,028	\$894,515,732

Source: Applied Geographic Solutions

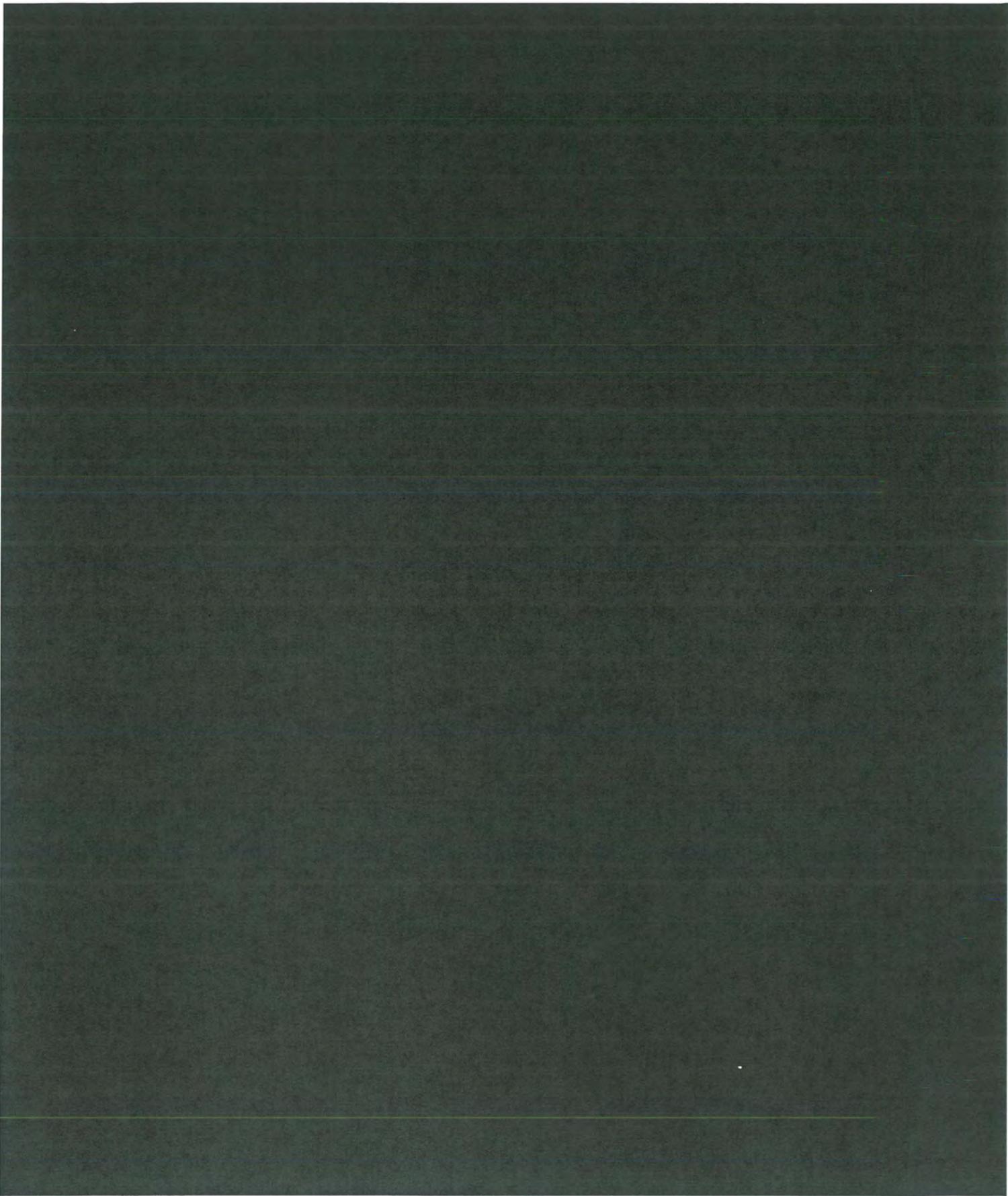


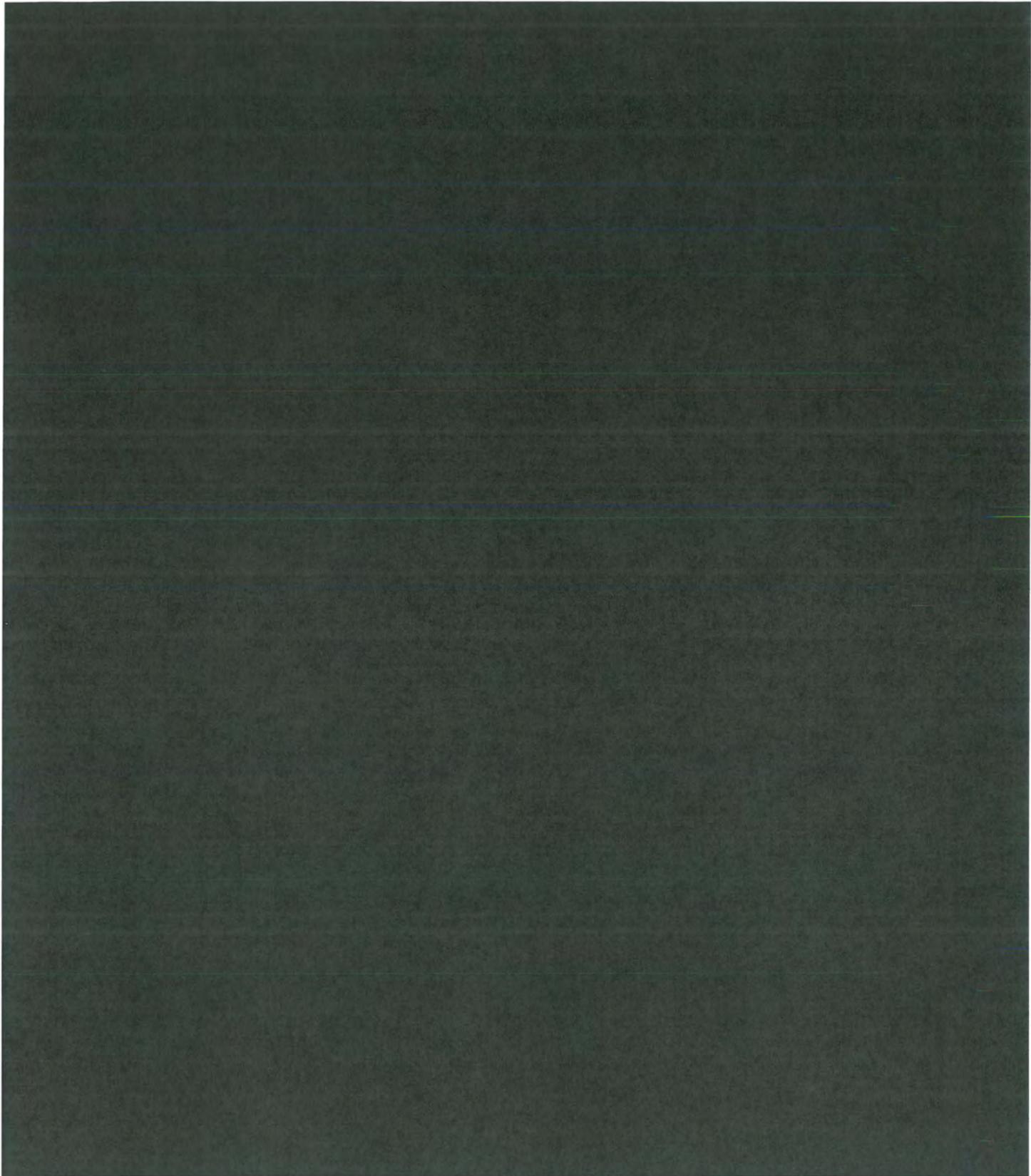
Sterling Forest Resort Offering and Positioning

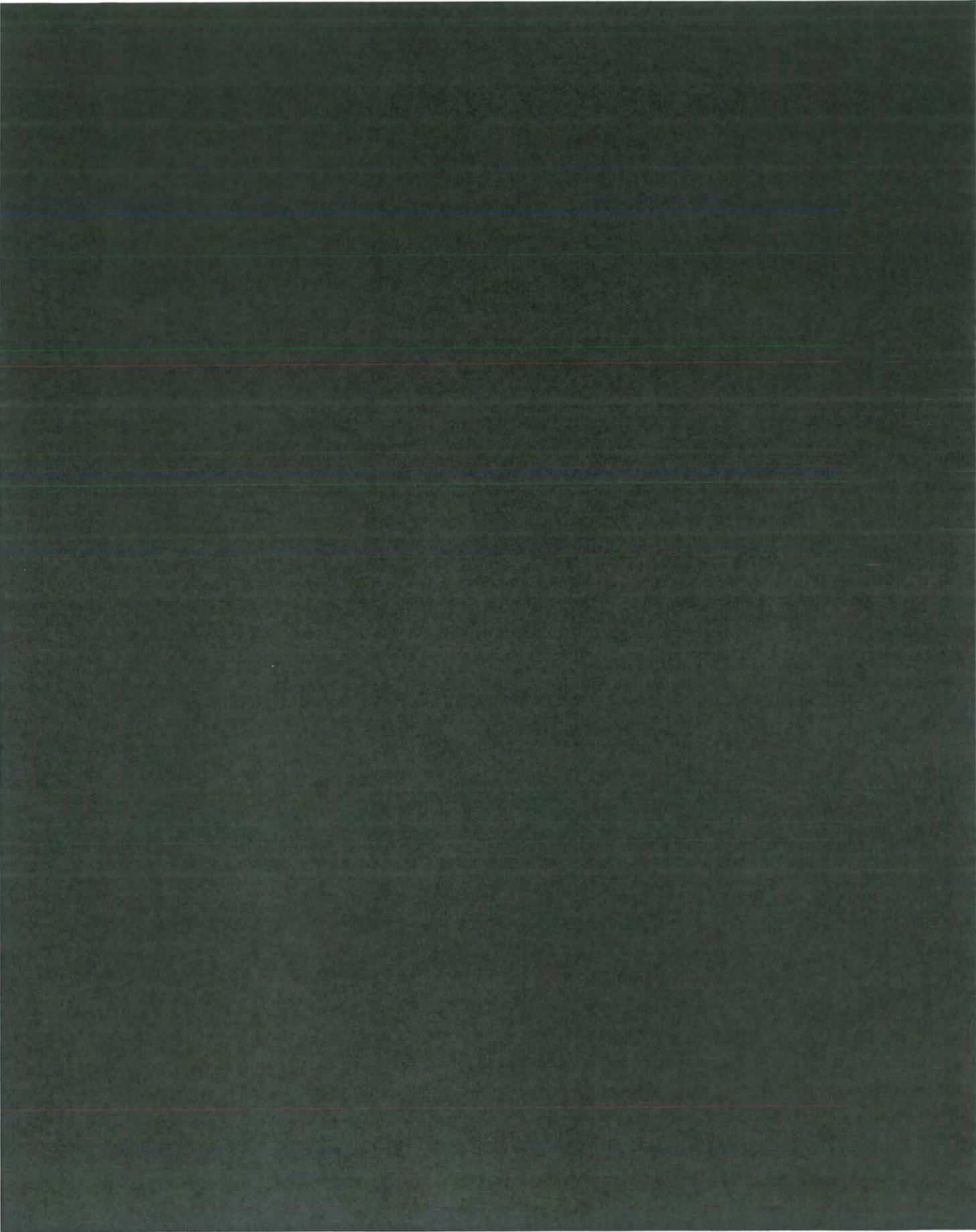
Genting plans to make an investment in excess of \$1.2 billion in the Sterling Forest Resort. The world-class resort will introduce a true casino resort approximately one-hour from Manhattan while enhancing existing attractions in Tuxedo. The hotel will include 1,000 five-star, including suites and villas adjacent to gardens and the pool area. The casino will be nearly 140,000 sq ft and will include 4,000 slot machines, 350 house-banked table games, and 40 poker tables. Special areas for high-limits slot and table play will be offered, and a dedicated area for popular Asian games including baccarat and pai gow will incorporate appropriate cultural nuances and target this valuable customer segment. Complementing these key elements will be meeting and convention space including a wedding chapel, 18 food and beverage outlets, live entertainment, and an extensive spa offering. Nearby, the property will offer other recreational activities including a renovated Tuxedo Ridge Ski Area, garden, and the 22,000-acre Sterling Forest State Park. The resort provides the nearby urban and suburban population with an opportunity to enjoy a convenient, high-quality casino resort experience complemented by the adjacent recreational opportunities and natural beauty.

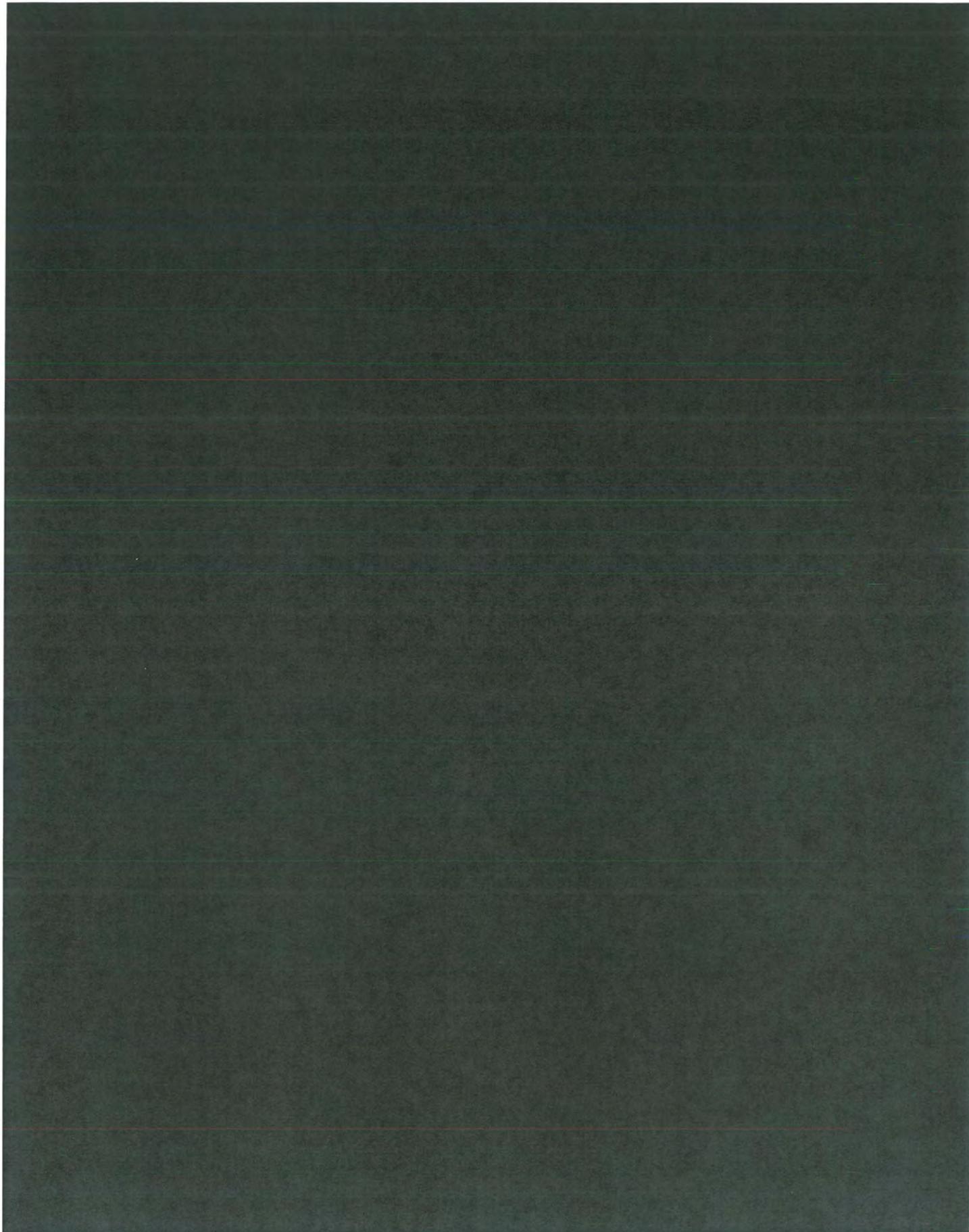
The casino resort positioning targets premium players, and is therefore expected to offer a limited number of gaming positions when compared to strategies that attempt to address all of the perceived demand. This strategy recognizes the role of the existing slot machines located at racetracks in New York and leaves space for competing options by differentiating itself within the market place. While the property will bring in less players, the ones it does attract will have higher than average budgets.

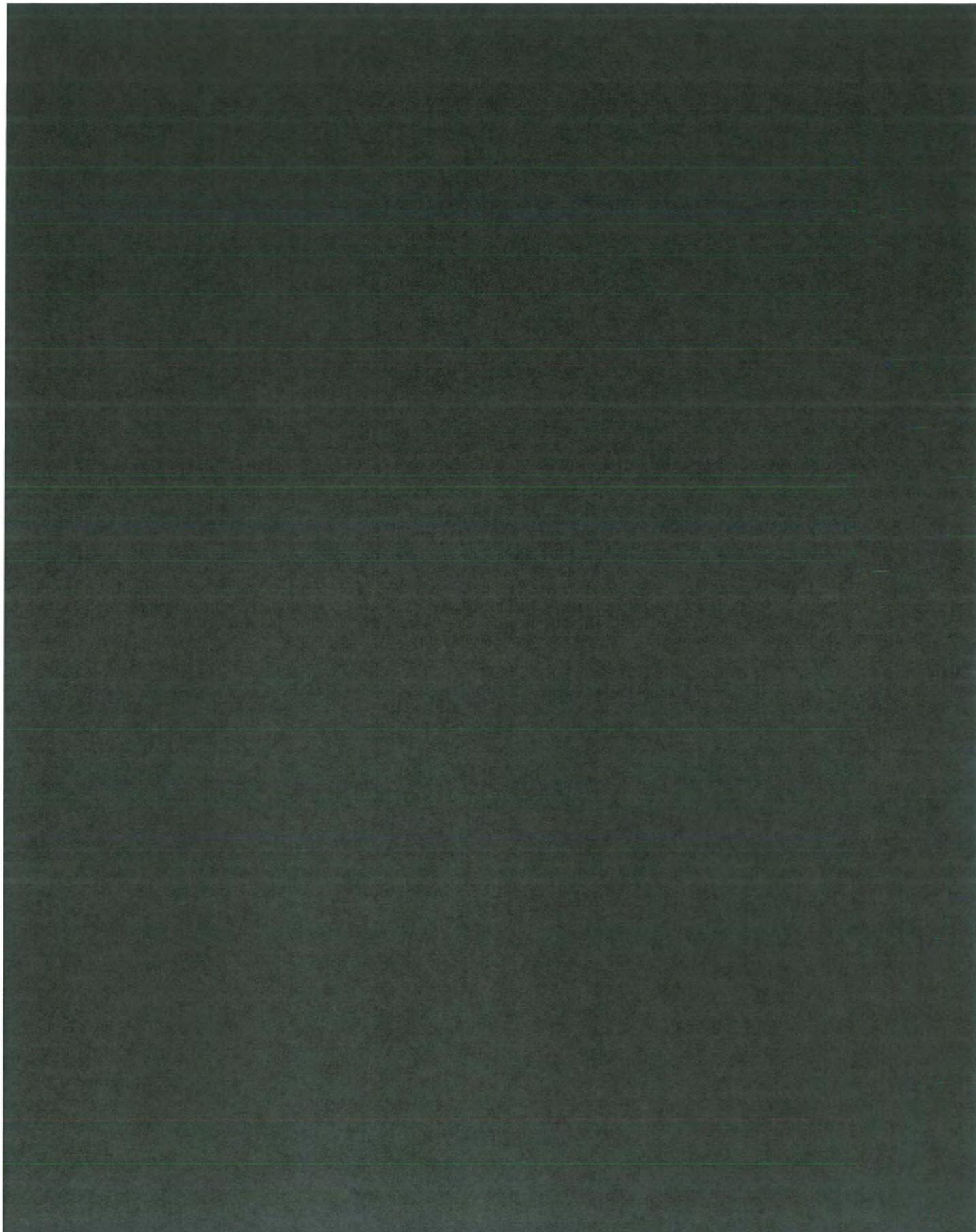
Access at the site is expected to be excellent through the addition of the nearby highway exchange, addition of water taxis, and dedicated air service. The property itself has dedicated valet areas, self parking, and space for arriving and departing vehicles to easily enter, navigate, and exit the property.

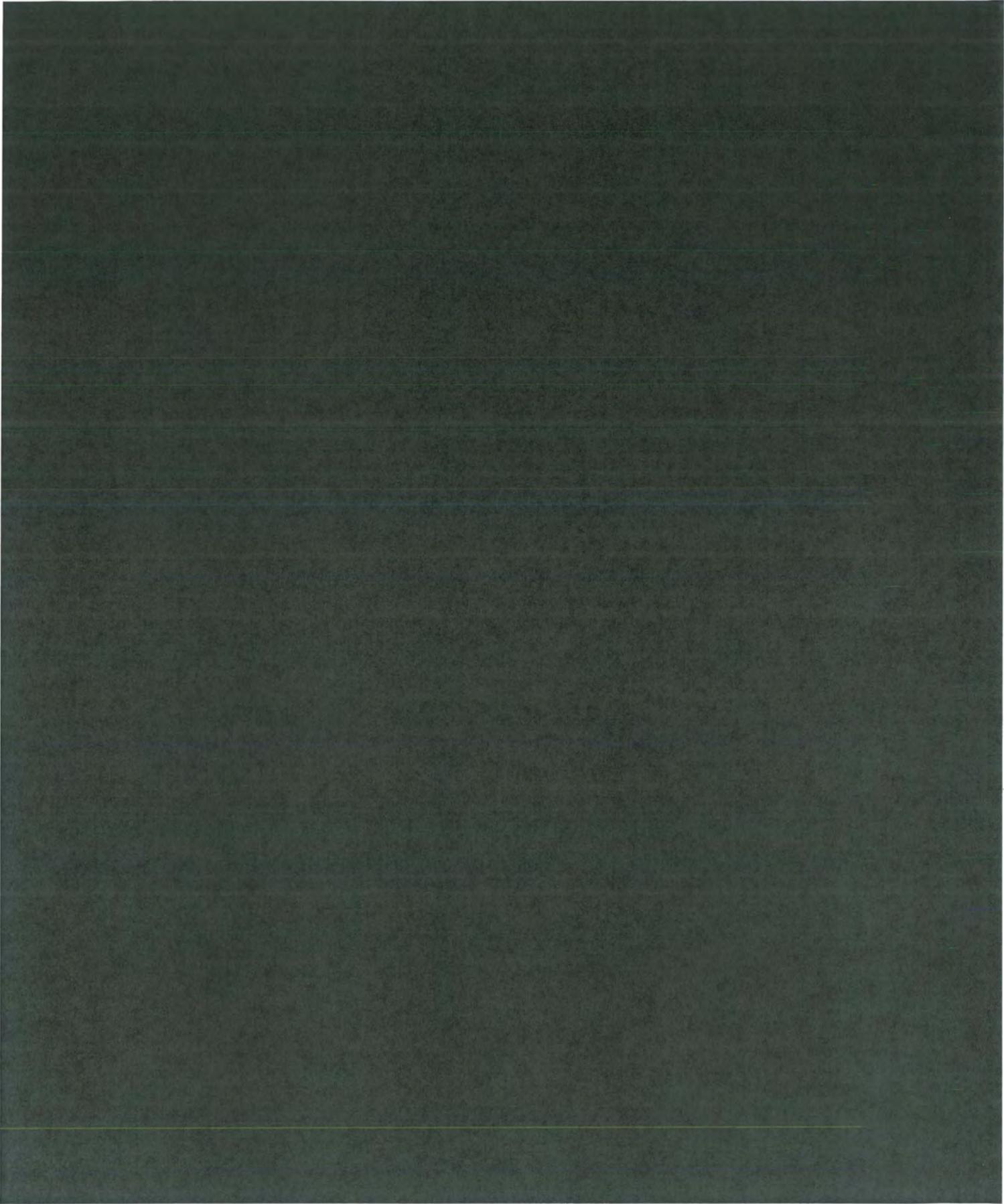


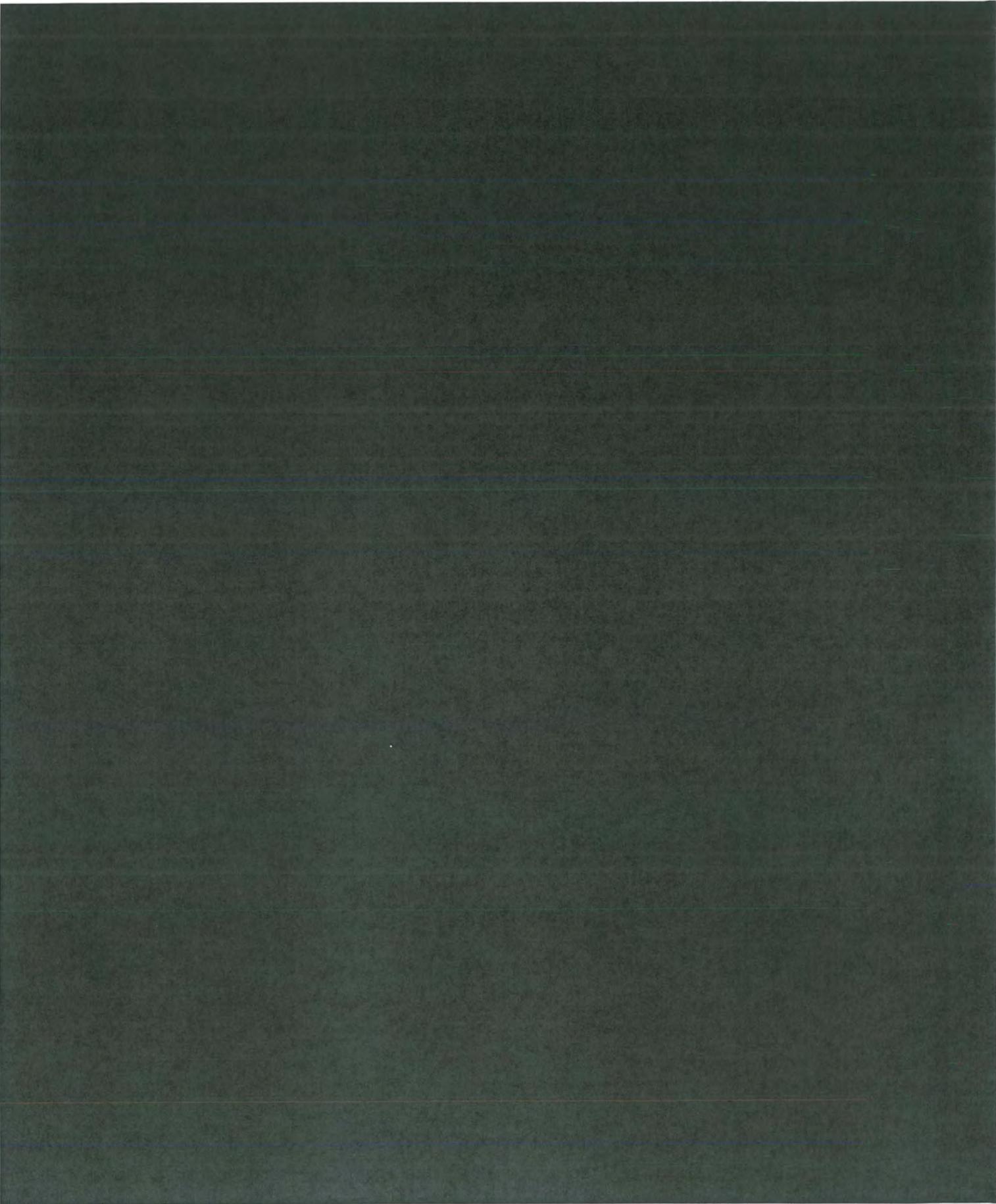


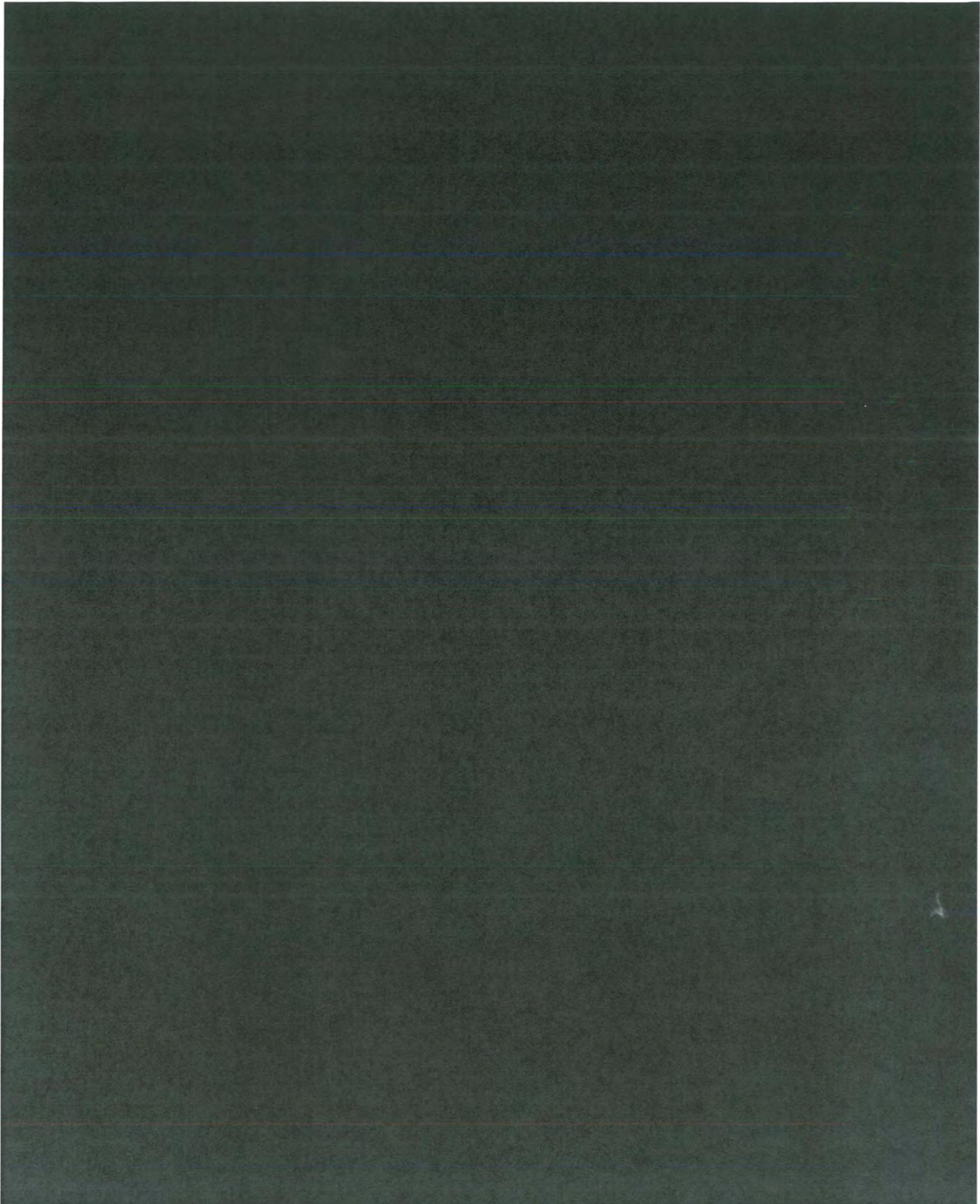












Casino Resort Amenity Forecasts

SMA was asked to review the revenue that could be generated by specific amenities at the proposed Sterling Forest Resort. Casino gaming can be a unique amenity that drives visitation to a resort and become a primary source of revenue. Casino amenities originally focused on keeping guests at the facility longer, but in many instances were offered at below market prices. This strategy was linked to the profitability of the casino and the hopes of earning incremental play from guests. Hotels and food and beverage outlets address needs and were therefore among the earliest amenities.

Amenities have evolved in two primary ways. First, amenities have expanded to include a wider range of offerings. For hotels, this includes both higher quality accommodations and a wider range of options in terms of suites that are situated adjacent to other amenities, such as pools, golf courses, or gardens. In food and beverage, this includes varying price points and a selection of cuisines. However, amenities have also diversified beyond these needs to offer other options. These include meeting and convention facilities to attract groups, retail shopping, and live entertainment. In addition, recreational activities such as golf courses, spas, and water-based sports activities.

Next, amenities have shifted from being subsidized or break-even to being increasingly important sources of revenue and profit. On the Las Vegas Strip, non-gaming amenity revenue has grown to become more than 60% of gross revenue at the largest and most diversified resorts. Hotels, food and beverage outlets, and retail operations increasingly include brands that can complement and even broaden a casino resort's positioning and appeal. Whether these are branding or licensing deals, stakeholders increasingly demand that these amenities are economically viable. The importance of profitable amenities has grown in recent years, particularly at properties with the appropriate positioning and appeal.

Amenities at the Sterling Forest Resort will include 23 food and beverage establishments, a 61,000 sq ft spa, and 20,800 sq ft of meeting and convention space. The resort will also manage live events at two nearby amphitheaters with combined seating of approximately 3,000. These all represent opportunities to profitably broaden the resort's appeal. SMA was asked to review the food and beverage outlets, live entertainment, and the spa. Following details on the experience at other, similar resorts SMA will project the performance of these resort amenities.

Resort Amenity Performance

The large resorts located along the Las Vegas Strip started diversifying their profitability into amenities before most other casino resorts in the United States and even the world. This arguably started approximately 25 years ago with the opening of the Mirage Resort, although as a trend the diversification of profitability gained more popularity in the last 10 to 15 years. In recent years, approximately 10% of surveyed visitors say the primary purpose of their trip to Las Vegas was to gamble. In contrast, 45% say they went for the broader purpose of vacation or leisure. This response, and the revenue streams detailed in the following table, demonstrate the diversification of revenue streams and the importance of non-gaming amenities.

Between fiscal year 2007 and 2013, gross gaming revenue has declined approximately 11%. This is largely a function of slot machine play, which is down nearly 16%. In comparison, food revenue is up 11% and beverage revenue is up 40%. This demonstrates the popularity of food and beverage options to the casino resort experience. It should be noted that beverage revenue in particular is tied to the increasing popularity of night clubs, which are driving visitation and sales by retaining popular DJs. Other revenue, which includes spa sales, is the only other category that is up, at nearly 3%.

Las Vegas Strip Casino Resort Performance, US\$72 million and above in GGR							
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Number of Properties	23	23	23	23	22	23	23
Gross Gaming Revenue	\$5,943,694,056	\$5,760,434,033	\$4,853,898,541	\$4,682,667,911	\$4,898,993,318	\$5,041,456,984	\$5,293,675,063
Slots Revenue	\$3,030,559,340	\$3,014,796,054	\$2,577,663,294	\$2,367,647,850	\$2,397,853,968	\$2,510,693,279	\$2,557,552,533
Table Revenue	\$2,652,395,996	\$2,510,289,368	\$2,077,976,474	\$2,116,313,178	\$2,317,082,526	\$2,356,489,327	\$2,568,689,823
Other Gaming Revenue	\$260,738,720	\$235,348,611	\$198,258,773	\$198,706,883	\$184,056,824	\$174,274,378	\$167,432,707
Room Revenue	\$3,764,726,879	\$3,797,326,096	\$3,129,426,479	\$2,850,908,047	\$3,073,509,916	\$3,505,324,872	\$3,591,335,679
Food Revenue	\$2,029,297,035	\$2,167,536,904	\$1,921,229,921	\$1,864,545,377	\$1,973,343,004	\$2,222,493,769	\$2,249,775,030
Beverage Revenue	\$779,905,429	\$739,823,659	\$746,563,305	\$790,338,974	\$852,409,619	\$1,035,220,986	\$1,089,344,430
Other Revenue	\$2,053,268,070	\$2,175,067,475	\$2,027,630,606	\$1,918,455,191	\$2,023,723,945	\$2,165,629,797	\$2,108,062,510
Gross Revenue	\$14,570,891,469	\$14,640,188,167	\$12,678,748,852	\$12,106,915,500	\$12,821,979,802	\$13,970,126,408	\$14,332,192,712
Complimentary Expenses	\$1,438,373,962	\$1,480,431,546	\$1,480,439,055	\$1,517,184,403	\$1,464,799,002	\$1,603,183,321	\$1,625,158,244
Net Revenue	\$13,132,517,507	\$13,159,756,621	\$11,198,309,797	\$10,589,731,097	\$11,357,180,800	\$12,366,943,087	\$12,707,034,468
EBITDA	\$3,707,318,261	\$3,490,268,087	-\$365,138,632	\$1,645,357,072	\$2,222,386,502	\$2,776,451,592	\$2,905,875,403
EBITDA Margin	28.2%	26.5%	-3.3%	15.5%	19.6%	22.5%	22.9%
Occupied Rooms	24,504,276	24,277,794	23,311,839	23,343,511	23,537,876	24,417,278	24,561,469
Available Rooms	25,622,936	25,529,460	25,515,657	25,935,123	25,832,645	26,503,691	26,617,238
Occupancy	95.63%	95.10%	91.36%	90.01%	91.12%	92.13%	92.28%
Average Daily Rate	\$154	\$156	\$134	\$122	\$131	\$144	\$146
Revenue per Room per Day							
Table Games	\$108	\$103	\$89	\$91	\$98	\$97	\$105
Slot Machines	\$124	\$124	\$111	\$101	\$102	\$103	\$104
Food and Beverage	\$115	\$120	\$114	\$114	\$120	\$133	\$136
Other Revenue	\$84	\$90	\$87	\$82	\$86	\$89	\$86

Source: Nevada State Gaming Control Board

Operators of casino resorts outside Las Vegas are following these trends. The University of Massachusetts conducted a 2010 survey that found 17% of visitors to the Native American casinos in Connecticut do not gamble, but rather visit for other amenities. The American Gaming Association is consistent, estimating that 26% of visitors don't play casino games. In Atlantic City, the Borgata has distinguished itself and grown in a declining market in part due to its robust amenities package.

These properties are highlighted because they are located in the Northeast, but the trend towards entertainment as reflected in a broader array of amenities is national and even global. The most effective operators are using amenities to complement their positioning and drive increased profitability, but not losing sight of how those amenities complement their casino and drive incremental play. This can be either by providing

additional entertainment to casino gamers or by hosting travel companions while gamers play. Operators at the forefront of this trend are also adjusting their rewards programs to include non-gaming expenditures.

Case Studies

SMA evaluated casino resorts for comparison purposes to the proposed Sterling Forest Resort in terms of positioning, customer base, and amenities. The selected resorts include Wynn Las Vegas ("Wynn LV"), Borgata, and Mohegan Sun. While Wynn LV is not in the region, its appeal towards the high-end of the market and location in a destination market makes it significantly different but still useful in terms of the insight it provides. The Borgata and Mohegan Sun properties compete in the Northeast, offer amenities consistent with the proposed Sterling Forest Resort, and target the same customer base.

The following table provides a comparison between these three properties and the proposed Sterling Forest Resort. The three existing properties offer more rooms than the proposed Sterling Forest Resort, which is also more proximate to its customer and will therefore host less overnight guests. Wynn LV's casino offering is heavily skewed towards table play (74% of gaming positions), with Sterling Forest being skewed in that direction (53%) compared to its regional competitors. Similarly, Sterling Forest Resort's food and beverage offering focuses on higher end dining as a share of all dining. The proposed Sterling Forest Resort does not have a substantial retail component, but will offer shuttle service to and from nearby Woodbury Common, a large and popular retail mall. Live entertainment at the proposed resort is likely most similar to Borgata, which features more intimate, exclusive venues. All of the resorts host large spas, the one at Mohegan Sun is operated by a third-party. Wynn LV's spa earned a five-star distinction from Forbes and is only available for hotel guests.

Selected Resort Amenities				
	Wynn LV	Mohegan Sun	Borgata	Sterling Forest
Casino and Hotel				
Rooms	4,748	1,200	2,767	1,000
Slots	1,854	5,530	3,200	4,000
Tables	230	285	180	350
As % of gaming positions	74%	31%	34%	53%
Food and Beverage Outlets				
Fine Dining	10	4	5	4
Casual Dining	9	21	14	12
Bars & Lounges	6	13		6
Clubs	5	3	2	2
Retail (square feet)	96,000	95,000	45,000	3,731
Meeting (square feet)	284,000	100,000	88,000	20,800
Other Revenue Elements				
Entertainment	2 theaters	10,000-seat arena	3,700-seat event center 950-seat theater	2,000-seat amphitheater 1,000-seat amphitheater
Recreation	golf	golf		ski area
Spa	2 spas	1 spa, 20,000 sq ft	2 spas, 54,000 sq ft	61,000 sq ft spa

Source: Company Filings, Company web sites, Strategic Market Advisors

Note: Includes estimated sq ft of retail space for Borgata

The financial results for each of the selected resorts were evaluated in order to identify operating characteristics and performance metrics that could form the foundation of the analysis for Sterling Forest Resort. Those metrics are highlighted in the following table. When comparing the forecasted performance of the gaming and hotel components of the proposed Sterling Forest Resort, it is important to note that similarities exist within the

selected properties. This is likely particularly true of Mohegan Sun and Borgata, which compete in the Northeast market.

2013 Performance (\$M)			
	Wynn LV	Mohegan Sun	Borgata
Gaming	\$682.8	\$911.2	\$615.7
Hotel	\$377.6	\$40.9	\$115.1
Food and Beverage	\$489.1	\$60.0	\$140.3
Other	\$220.4	\$108.5	\$42.4
Gross Revenue	\$1,769.8	\$1,120.6	\$913.5
Promotional Allowances	\$188.5	\$78.5	\$217.8
Net Revenue	\$1,581.3	\$1,042.1	\$695.7

Source: Company Filings

Note: Mohegan Sun leases many outlets, leading to lower revenue on a comparison basis

More detailed comparisons are based on the specific amenity being considered and are detailed in the following sections.

Estimated Food and Beverage Revenue

The trend towards increased revenue and profitability is perhaps most prevalent in food and beverage operations. The exceptional range of food and beverage opportunities available in today's casino resorts help to signal property's positioning. Furthermore, satisfying people's hunger lies at the very foundation of the hospitality industry.

The most successful casino resorts host multiple food and beverage options with a range of price points and options. Restaurateurs and celebrity chefs lease or license casino resort eateries now. These properties can be notable and limited dining experiences that can complement a special occasion or night out. The "eatertainment" trend highlights not just dining, but the importance of the overall experience. In addition, popular chains offer familiar dining options for guests that prefer that experience.

Lounges and night clubs increasing popularity makes them significant contributors to the performance of casino resorts in Las Vegas. In fact, Las Vegas hosts seven of the top ten grossing nightclubs in the United States.⁵ Globally, and by several counts, Las Vegas is said to host two of the top five nightclubs. This performance is driving the Las Vegas beverage revenue detailed earlier in this section. Most new regional casino resorts in the planning stage include night clubs while other resorts are making space to fit them into their existing structures. This will benefit the planned night clubs at the proposed Sterling Forest Resort.

Sterling Forest Resorts' food and beverage program is most similar to Mohegan Sun and Borgata. This is in part based on the mix of restaurants but also as some are planned to be leased or branded, putting pressure on reported revenue. For comparison purposes, Wynn LV manages all of its food and beverage options as part of its operating strategy. This drives higher food and beverage revenue for a property that also drives high revenue through its customer base and up-market appeal.

Sterling Forest will, however, have a greater share of drive-in guests when compared to Borgata or Mohegan Sun. This is due to its location proximate to the New York MSA and extensive transportation plans, which will

⁵ Nightclub & Bar and Technomic Inc 2013

enable many guests to visit without spending an evening. The food and beverage revenue, on a per occupied room basis, should therefore be higher at Sterling Forest Resort. Borgata and Mohegan Sun are increasingly dependent on weekend guests as competing supply in key source markets attracts mid-week business at their more proximate locations. The win per occupied room, therefore, largely reflects the performance of their hotels. To the extent that the win per occupied room does reflect day trippers, it is expected to be offset by the higher price points established at Sterling Forest Resort based on its positioning. For this reason, the F&B revenue per occupied room was applied to the forecasted occupied room nights for Sterling Forest Resort and day trip guests are accounted for separately.

To develop the F&B revenue per occupied room, SMA used the 2013 average for the Mohegan Sun and Borgata properties that attract visitors from the region. F&B revenue was estimated to grow 2% annually between 2013 and 2017 to reach \$166 per occupied room. This results in an estimated \$50 million in F&B revenue from hotel guests.

Casino day trip guests also tend to use food and beverage outlets, although average expenditures tend to be lower than hotel guests due to shorter stays, some customers do not use the outlets at all. The Portrait of the American Gambler survey indicated that 24% of day trip guests do not dine, and the median expenditure for those that do is \$30. In comparison, the average guest expenditure at Mohegan Sun was \$16 between 2011 and 2013. In order to be conservative, SMA gauged expenditures on this number, discounting the average expenditure to \$12 due to the proximity of the customer base. This drove \$63 million in food and beverage revenue from day trippers and a total estimated food and beverage estimate of nearly \$119 million.

Forecasted F&B Revenue	
MS/Borgata 2013 Average per Occupied Room	\$153
2017 Forecasted Average per Occupied Room	\$166
RND	338,426
Hotel Guest F&B Revenue (\$M)	\$56.1
Day Trips	5,230,333
Revenue/Visit	\$12
Day Trip F&B Revenue (\$M)	\$62.8
Total F&B Revenue (\$M)	\$118.9
Source: Company Filings, Marquette Advisors, Strategic Market Advisors	

Estimated Amphitheater Revenue

Live entertainment venues are another popular amenity at just about all casino resorts, with options including magic shows, impersonators and tribute shows, comedy acts, production/Broadway shows, and headline acts. The Sterling Forest Resort will offer an outdoor amphitheater that will be used by both the New York Renaissance Faire and for other events booked by casino management. The venue will be most appropriate for headline acts.

Between 60% and 72% of Las Vegas visitors report going to a show during their trip. According to the Portrait of the American Gamblers, 36% of overnight guests to regional casinos reported spending an average of \$120 on entertainment over the previous 12 months. That is to say, over the previous 12 months 36% reported spending a total of \$120 on entertainment in regional casinos. While there was some drop, an impressive 19% of day trippers spent an average of \$87 on entertainment over the previous 12 months.

Sterling Forest will host live events at two intimate amphitheatres, one consisting of 2,000 seats and the second with 1,000 seats. These venues will provide an element of exclusivity for concerts, comedians, and other entertainment. It is important to note that DJs will play a variety of club music in two night clubs, and those projections are included in our food and beverage forecasts.

The amphitheatres will provide an air of intimacy due to their sizing. Supply will be further limited as the casinos provide tickets to events to selected guests. This will drive higher pricing for the remaining seats than can be expected at theaters not associated with casino resorts. Relative to the casino resorts highlighted earlier in this section, the venues' seating capacity is most similar to the Borgata, which has a live events center that can host 3,500 people, the 950-seat Music Box venue, and a comedy club. Shows at Borgata are frequently sold out due to the popularity of the acts relative to the size of the venues. SMA's analysis indicates that the venues at Borgata drive about \$18 to \$20 per occupied room night. Wynn, with a much different offering and market, generates about \$55 per occupied room night.

Borgata's venues are located indoors and therefore are able to host events year-round. In contrast, the planned amphitheater spaces are outdoors and will have roughly 4 months during which weather is considered reasonable by the average person. This shortens the overall number of days the venue can be used. However, the summer is a more popular time of year for people to take vacations and seek out entertainment, and many performers focus on the summer season. Therefore the venue is expected to be utilized frequently.

Forecasts are shown in the following table. SMA estimated that 3.5 shows per week would be held between the two venues. This clearly includes mid-week events, which can be difficult to sell out, but overall a relatively high level of utilization is expected, similar to other casino resorts and other live entertainment venues. This results in estimated sales of 162,000 tickets. An average price of \$60 is assumed based on pricing at other casino resorts, where some performers or times do not warrant high prices. Other events can be exclusive and command higher prices. In comparison, Borgata venues appear to have average pricing between \$50 and \$75. These events include headline acts, driving higher prices on a comparison basis. The estimated \$9.7 million in revenue implies \$29 in live entertainment per occupied room. This is higher than Borgata, which has a greater dependency on its larger hotel for visitation.

Estimated Live Entertainment Revenue	
Weeks	17
Events/Week	3.5
Events	60
Seats	3,000
Utilization	90%
Tickets Sold	162,000
Average Price	\$60
Revenue	\$9,720,000
Occupied Rooms	338,426
Revenue per Occupied Room	\$29
Source: Strategic Market Advisors	

Estimated Spa Revenue

Spas are a popular amenity within casino resorts for both gaming and non-gaming guests. Some casinos have aggressively expanded their spas, and like other amenities, Las Vegas led the charge. While Wynn, Bellagio, and the Venetian all enjoy up-market positioning and clientele that are more likely to enjoy a day in the spa, many

other properties have successfully integrated spas into their operations. Given that spas tend to still be focused in the largest properties, it is noteworthy that 3% of all visitors to Las Vegas report visiting a spa during their trip.

Spending on spa visits is discretionary, and as such was susceptible to the recent economic downturn. According to the International Spa Association ("ISPA"), US spa expenditures reached \$14 billion in 2012, up from \$13.4 billion in 2011. Performance in the industry has rebounded, with visitation, revenue per visit, total revenue, and employment all increasing over the last three years. In 2012 there were 160 million spa visits with an average expenditure per visit of \$87. This average increases to \$127 for hotels and resorts, which on average offer a broader range of services and charge higher prices. The average resort spa, according to ISPA, was nearly 13,000 sq ft and generated \$1.5 million in revenue from nearly 12,000 visits in 2012.

While spas obviously exist in and around New York City, the vast majority appear to be day spas that have limited space. This narrows the potential range of services any spa can offer, limiting the appeal of the overall experience and forcing consumers to search for spas that offer the services they seek. For this reason, the spa at Sterling Forest Resort will have a dedicated marketing effort in the regional market and dedicated space to accommodate these guests. Guests will be enrolled in a rewards program and a customer base will be built. This strategy results in a spa that appears abnormally large when compared to the room count or other in-house metrics against industry benchmarks.

The spa at Mohegan Sun is leased, and as such our foundation for forecasted spa revenue has to rely on comparisons to Wynn LV and the Borgata. Wynn LV only allows hotel guests to use its spa, which enjoys a five-star rating from Forbes. While Sterling Forest Resort's expected quality is high, the most appropriate comparisons are likely to the spa at the Borgata, which includes 54,000 sq ft. The Borgata spa achieved an estimated sales per sq ft of \$161 compared to \$119 for a hotel resort as reported by ISPA.

Spa Expenditures (2013)		
	Wynn LV	Borgata
Spa per occupied room	\$21.06	\$10.21
Sales per sq ft		\$160.77
Source: Company Filings		

The Sterling Forest Resort spa will be 61,000 sq ft, about 20% larger than Borgata's. The spa will serve a smaller hotel but also a much larger local population. The dedication to the local market, which is not expected to use the hotel on most stays, will drive a substantial revenue stream. Therefore, the lower room count is expected to be offset by the larger local population, and the Sterling Forest Resort spa is expected to perform similarly to the Borgata spa. SMA therefore applied the sales per square foot figure, assuming 2.0% annual growth, to forecast \$10.6 million in spa sales in the first full year of operations.

Estimated Sterling Forest Resort Spa Sales (000)	
Sales per sq ft	\$174.03
square feet	61,000
Estimated spa sales (000)	\$10,615.7
Source: Strategic Market Advisors	

Off-Site Amenity Evaluation

The Sterling Forest Resort's location was planned in conjunction with existing attractions located along State Route 17A. Within a mile of the planned location is the Tuxedo Ridge Ski Area, the New York Renaissance Faire, and additional property where a garden will be located. Some visitors will choose to visit these attractions, thus enhancing the overall appeal of the property.

Adventure World Evaluation

Tuxedo Ridge Ski Area will be transformed into Adventure World, which will include skiing as well as zip lines, ropes courses, alpine slides, and other summer attractions. The Tuxedo Ridge Ski Area in Sterling Forest State Park is located off of Route 17A, approximately one-half mile from the proposed Sterling Forest Resort location. The ski area⁶ features approximately 400 feet of vertical drop serviced by two ski lifts. Overall the mountain incorporates about 100 acres, 30 of which are skiable. A third lift serves a tubing area, and night skiing is offered on the entire mountain. Snowmaking covers about 25% to 30% of the mountain, making it difficult to extend the season from beyond the Christmas to mid-March timeframe, a window which is highly weather dependent. A mild season from 2011 to 2012 put the industry on unstable financial footing and was likely more severe at Tuxedo Ridge in part for this reason.

Also contributing to the business' performance are dated facilities. The aforementioned lifts are old, and have likely been in service well beyond the useful life that would be determined for accounting purposes. A fourth lift sits idle and is apparently in disrepair. The lodging facilities, parking area, and other facilities are essentially all in need of investment. Performance reflects these dynamics, where last season the ski area attracted about 30,000 skier days⁷. In comparison, Mount Peter in nearby Warwick likely attracted three to four times that amount.

Tuxedo Ridge, Mount Peter, and some other ski areas are positioned on relatively small mountains and considered to be family or beginner areas. These mountains tend to be located in foothills or other areas that are not necessarily as deep into mountain ranges as other ski areas that cater to more advanced skiers. As they are generally characterized by greater proximity and access, these mountains compete extensively for customers that consist of families. These families enroll children in programs and purchase season passes, becoming dedicated customers in the process.

As a sport skiing is expensive, and the National Ski Areas Association ("NSAA") confirmed that skiers are more affluent than the general population. In its National Demographic Study 2012/13, the NSAA noted that 45% of skiers came from households earning over \$100,000 per year in 2006/07. This increased to 54% in 2012/13. At the same time, representation from households earning less than \$50,000 dropped from 30% to 21%. Nationwide, 21% of households earn more than \$100,000 annually.

⁶ Throughout this report SMA may refer to the combined ski and snowboarding sports as skiing

⁷ A skier day is defined as one skier or snowboarder on the mountain for one day

SnowSports Industry America reported that 15.5 million Americans are active skiers or snowboarders, with about 60% of all participants being focused in ten states. Nationwide this figure implies a participation rate of 5.0%. However, participation can vary depending on a number of factors including proximity, wealth, and climate. Skiers made 13.3 million visits in the northeast during the 2012/2013 season, with an estimated 4.8 million originating in the New York/New Jersey/Pennsylvania tri-state area. The NSAA indicated that 55.6% of the trips that originated in this area also accrued in the Northeast region, which also includes New England. Resorts in New England, and particularly Vermont, are popular with skiers and snowboarders that live in this region.

Estimated 2013 Regional Market Dynamics			
2013 Total Population	421,598	9,721,467	10,753,922
2013 Average Annual Household Income	\$114,710	\$100,683	\$93,943
Premium (discount)	10%	3%	-2%
Visits	53,586	1,156,992	1,217,739
Total Visits	2,428,317		
Share that accrue in the region	55.60%		
Visits in the Northeast Region	1,350,144		
Non-Expert	52%		
Non-Expert Visits in the Northeast	1,262,725		
Tuxedo Ridge Visits	30,000		
Share	2.4%		
Mount Peter Visits	120,000		
Share	9.5%		

Source: National Ski Areas Association, Strategic Market Advisors

Mount Peter and Campgaw, two nearby competitors, feature newer facilities including more modern lifts with greater capacity. These facilities keep skiers and boarders on the mountain rather than in a line or on a lift. This is a key to serving customers. In addition, lodges and other facilities at the base of the mountains seem to be more modern.

All three ski areas offer rental equipment, lessons, and racing. Tuxedo Ridge and Campgaw offer tubing as well. Tuxedo Ridge hosts summer events including adventure races and concerts. Mount Peter and Campgaw may also hold summer events that they do not note on their web site. Summer is an increasing source of revenue for ski areas due to the high fixed costs associated with the facilities and newer and emerging forms of entertainment including adventure races, zip lines, and rope courses.

The following table shows Tuxedo Ridge and its nearby competitors and includes a comparison of vertical feet per hour ("VTF"). VTF is the product of the number of passengers a lift can move in an hour and the number of vertical feet it rises and is quoted herein in thousands. The sum of all the lifts (not including magic carpets that serve beginner areas) for each mountain is presented in the following table. Mount Peter, which serves more vertical feet, has a much greater VTF than Tuxedo Ridge and is able to command higher prices. The planned expansion will put Tuxedo Ridge on more equal footing.

Total Vertical Feet per Hour Comparison				
	Competition		Tuxedo Ridge	
	Mount Peter	CampGaw	Existing	Planned
VTF	2,100	648	538	2,198
Pricing				
Adult Season	499	285	169	
Junior Season	469	210	149	
Adult Weekend	45	36	42	
Junior Weekend	36		32	
Source: Strategic Market Advisors				
Note: VTF, or Vertical Feet per Hour, for a lift is the product of number of people it can move in one hour and the vertical feet it can move them				

While daily lift ticket prices are competitive, Tuxedo Ridge's season pass costs seem low. SMA compared these prices to a benchmark developed by the NSAA. Mountains in the Northeast that are under 7,500 VTF had average adult season pass prices of \$558 and \$371 for juniors.

The following table demonstrates the estimated revenue breakdown of the 2013 revenue generated by the winter operations at Tuxedo Ridge, developed based on conversations with the management team. On a per visitor basis, Tuxedo Ridge is generating \$47 per visitor compared to \$61 for the NSAA benchmark. If Tuxedo Ridge were able to reach the Benchmark levels, it would represent a 30% increase in revenue. This opportunity seems particularly strong for the non-ticket revenue, where Tuxedo Ridge is achieving 72% of the average performance.

Estimated Tuxedo Ridge 2013 Performance		
Season Passes	\$140,000	
Ticket Sales	\$525,000	
F&B	\$280,000	
Ski School	\$175,000	
Programs	\$105,000	
Tubing	\$175,000	
Total Revenue	\$1,400,000	
Per Day Analysis	Tuxedo	Benchmark
Skier Days	30,000	150,777
Ticket Revenue/Visit	\$22.17	\$26.59
Non-Ticket Revenue/Visit	\$24.50	\$34.08
Total Revenue/Visit	\$46.67	\$60.67
Source: National Ski Areas Association, Strategic Market Advisors		

In the Northeast, mountains between 0 and 7,500 VTF averaged 150,777 visits during the 2012/13 season and had an average of 129 skiable acres. Larger mountains serve more advanced skiers, requiring more space per

skier due to higher average speeds. In comparison, it is likely that Mount Peter, which is a similar size as Tuxedo Ridge, handles over 100,000 visitors per season. As the planned expansion of the ski area will incorporate unused and more varied terrain, SMA believes that Tuxedo Ridge can operate similarly. The two mountains are about 8 miles apart and attract about 12% of the total number of beginner visits originating within 90 minutes. From this perspective, SMA believes the demand in the market is also present, and that an improved Tuxedo Ridge ski area can attract visitation commensurate with its enhanced offering.

Tuxedo Ridge, aside from the mountain and terrain, will essentially be a new mountain after its renovations. Four new ski lifts will serve the ski area in addition to a magic carpet for the beginner area. Loading areas will feature loading carpets that help avoid loading challenges that force operators to stop lifts. More terrain will become accessible and more varied runs will enable families to use the mountain longer, since more advanced members will have more intermediate terrain.

The base area will be improved as well, including a new parking area that will be paved, a dedicated area for loading and unloading customers and groups, and new facilities for rentals, lift ticket sales, lessons, dining, and all other base-area activities. These improvements will not only make it easier for families to get on the mountain, but it will make parents that stay in the lodge more comfortable.

The market for non-expert skiing in the region was assumed to grow at the same rate as the population, with the total target market shown in the following table. The new facilities are expected to be among the nicest in the market as they will be totally new. This is expected to drive growth in market share that will approach the levels achieved at Mount Peter, but at a discount as Mount Peter will also lose market share and the market will reach a new equilibrium. Average ticket revenue and average non-ticket revenue is based on the pricing achieved at Mount Peter, CampGaw, and other, similar mountains in the broader region with the benchmarks being a secondary point of reference. This pricing is believed to represent a discount compared to Mount Peter, as the influx of supply should drive further competition for what can be a price-sensitive customer base. In particular, with additional opportunities for non-ticket revenue, Tuxedo Ridge's growth opportunity is two-fold. This will drive over 100,000 skier days by the third year of operations and total revenue of \$6.7 million.

Forecasted Skier Days and Associated Revenue					
	2017	2018	2019	2020	2021
Target Market	1,290,187	1,297,145	1,311,174	1,332,504	1,361,483
Market Share	7.50%	8.25%	8.75%	8.75%	8.75%
Skier Days	96,764	107,014	114,728	116,594	119,130
Average ticket revenue/visit	\$27.00	\$27.54	\$28.09	\$28.65	\$29.23
Average non-ticket revenue/visit	\$29.50	\$30.09	\$30.69	\$31.31	\$31.93
Total Revenue/visit	\$56.50	\$57.63	\$58.78	\$59.96	\$61.16
Revenue	\$5,467,166	\$6,167,244	\$6,743,996	\$6,990,777	\$7,285,670
Source: Strategic Market Advisors					

Adventure World revenue during the new winter season and the forecasted performance for the summer operations is shown in the following table. Revenue streams such as lessons, rental equipment, and food and beverage will all grow with greater visitation, an improved offering, and increased pricing power. Summer operations were also benchmarked, for the selected attractions, based on ratios observed in operations in the Northeast. In total, revenue is expected to grow from approximately \$6 million in 2017 to \$7.9 million in the fifth year of operations.

Forecasted Revenue by Department for Adventure World					
	2017	2018	2019	2020	2021
Winter Operations					
Ticket Sales	\$2,612,628	\$2,947,178	\$3,222,795	\$3,340,725	\$3,481,648
Snowplay and Other Winter Operations	\$256,908	\$289,806	\$316,908	\$328,505	\$342,362
Lessons	\$827,816	\$933,819	\$1,021,148	\$1,058,515	\$1,103,167
Food and Beverage	\$913,452	\$1,030,421	\$1,126,785	\$1,168,016	\$1,217,287
Retail	\$199,818	\$225,405	\$246,484	\$255,504	\$266,282
Rental	\$342,545	\$386,408	\$422,544	\$438,006	\$456,483
Other	\$313,999	\$354,207	\$387,332	\$401,506	\$418,442
Total Winter Operations	\$5,467,166	\$6,167,244	\$6,743,996	\$6,990,777	\$7,285,670
Summer Operations					
Summer Visits	29,915	33,084	35,469	36,046	36,830
Zip Lines/Canopy Tours	\$108,250	\$122,111	\$133,531	\$138,417	\$144,256
Alpine Slide/Mountain Coaster	\$142,693	\$160,965	\$176,018	\$182,459	\$190,156
Other Attractions	\$132,852	\$149,864	\$163,879	\$169,876	\$177,042
Food and Beverage	\$108,250	\$122,111	\$133,531	\$138,417	\$144,256
Total Summer Operations	\$492,045	\$555,052	\$606,960	\$629,170	\$655,710
Total Revenue	\$5,959,211	\$6,722,295	\$7,350,956	\$7,619,947	\$7,941,381
Source: Strategic Market Advisors					

Forecasted Adventure World Performance

The following estimated pro-forma income statement shows the forecasted level of earnings before interest, taxes, depreciation, and amortization. Expenses were forecasted based on ratios observed for comparable facilities in the Northeast and were adjusted for the expected operating strategies and conditions in the area. This includes higher than average wages due to the income levels in the region and lower marketing expenses due to the combined marketing effort conducted in conjunction with Sterling Forest Resort. Margins gradually improve to match the average level of performance in year 3 and improve slightly thereafter.

Estimated Adventure World Pro-Forma Income Statement					
	2017	2018	2019	2020	2021
Revenue					
Winter Ticket Sales	\$2,612,628	\$2,947,178	\$3,222,795	\$3,340,725	\$3,481,648
Snowplay and other Winter Operations	\$256,908	\$289,806	\$316,908	\$328,505	\$342,362
Lessons	\$827,816	\$933,819	\$1,021,148	\$1,058,515	\$1,103,167
Food and Beverage	\$1,021,702	\$1,152,532	\$1,260,316	\$1,306,434	\$1,361,543
Retail	\$199,818	\$225,405	\$246,484	\$255,504	\$266,282
Rental	\$342,545	\$386,408	\$422,544	\$438,006	\$456,483
Summer Operations (exc. F&B)	\$383,795	\$432,940	\$473,429	\$490,753	\$511,454
Other	\$313,999	\$354,207	\$387,332	\$401,506	\$418,442
Total	\$5,959,211	\$6,722,295	\$7,350,956	\$7,619,947	\$7,941,381
Expenses					
Cost of Goods Sold	\$500,574	\$551,228	\$595,427	\$611,044	\$633,635
Direct Labor	\$1,370,619	\$1,512,516	\$1,617,210	\$1,659,624	\$1,720,985
Maintenance and Repair	\$244,328	\$275,614	\$301,389	\$309,294	\$320,729
Other Direct Expenses	\$315,838	\$356,282	\$389,601	\$399,819	\$414,601
Payroll Taxes	\$232,409	\$262,170	\$286,687	\$294,206	\$305,084
Utilities	\$280,083	\$302,503	\$323,442	\$331,925	\$344,197
General and Administration	\$1,162,046	\$1,277,236	\$1,367,278	\$1,403,137	\$1,455,014
Marketing and Advertising	\$297,961	\$329,392	\$352,846	\$362,100	\$375,488
Insurance	\$125,143	\$141,168	\$154,370	\$158,419	\$164,276
Land use fees	\$83,429	\$94,112	\$102,913	\$105,612	\$109,517
Property/Other Taxes	\$71,511	\$80,668	\$88,211	\$90,525	\$93,872
Miscellaneous	\$5,959	\$6,722	\$7,351	\$7,544	\$7,823
Operating Leases	\$5,959	\$6,722	\$7,351	\$7,544	\$7,823
Total Expenses	\$4,695,858	\$5,196,334	\$5,594,078	\$5,740,792	\$5,953,042
EBITDA	\$1,263,353	\$1,525,961	\$1,756,878	\$1,879,155	\$1,988,339
EBITDA Margin	21.2%	22.7%	23.9%	24.7%	25.0%
Source: Strategic Market Advisors					
Note: EBITDA is earnings before interest, taxes, depreciation, and amortization					

Seasonal Festivals Evaluation

Improvements to the New York Renaissance Faire site are included within the overall development plan in order to increase attendance/income generated by the Renaissance Faire and hold additional seasonal events at the site. Accordingly, SMA reviewed its performance in order to forecast the impact that planned improvements could have on visitation and revenue.

The late summer and early fall seasons are well positioned for the existing and proposed events. Optimally, however, the site should be utilized during other times of the year to maximize revenue potential. While increased utilization of the site is expected, the grounds feature themed structures that will limit its suitability for other events that may be considered for similar spaces. The improvements to the grounds will make them more appealing, to be clear. However, special consideration will need to be given to specific events' ability to use or work around the existing infrastructure.

In addition, the grounds will be positioned between the Tuxedo Ridge Ski Area, which will feature year-round activities, and the new gardens. These properties will essentially be new and significant attractions that should enhance the overall notoriety for each attraction. Furthermore, all three are down the road from a new casino resort, which will be heavily advertised and will note these additional entertainment options. Overall, the cumulative offering and increased access due to the new highway exchange and increased transportation options is expected to benefit the seasonal events and other attractions in the area.

There are a relatively small number of major outdoors events that are held in the region. One of the largest is the Orange County Fair. The annual Orange County Fair is held in Middletown in mid to late July. The Orange County fairgrounds are located within close proximity of the intersection of I-84 and Route 17. Much of the appeal of that event is the stock car races and demolition derby that are held at the Fair's speedway. Hosting such an event in Tuxedo is unlikely due to those facilities. However, hosting other events outside of the Renaissance Faire's August to September timeframe is possible.

A Halloween-themed event known as the Forest of Fear is located off of State Highway 17A about two miles north of The Renaissance Faire site. The Forest of Fear runs every Friday, Saturday and Sunday in October and offers a haunted house, known as the "Slaughterhouse", a buried alive coffin simulator, and a smaller tent operation called the Blind Panic. Admission is \$20 and includes one trip through both the Slaughterhouse and the Blind Panic. Limited food offerings are available, but alcohol is not served. The event is tailored towards young adults and children under 12 are discouraged from attending. The Forest of Fear has received positive reviews from a number of industry publications including being rated as the #3 Haunted House in America by Haunted Attractions magazine. During Halloween, complementary events could be held at the Renaissance Faire site to capitalize on the presence of the Forest of Fear, perhaps by tailoring the event for adults.

In terms of concert events, now in its fifth year, the Hudson Valley Jazz Festival will be held in mid-August at a number of small venues in Orange, Ulster, and Westchester counties. Last year, there were at least 18 separate concerts run in conjunction with this festival. The site of the Renaissance Faire would be a potential option for an event such as this, where smaller concerts could be put on at the numerous small stages that are already in place and concertgoers would have the ability to sample a number of different acts.

Overall, Genting plans on operating several seasonal events for the community as well as its customers. Events will likely include an Oktoberfest event, a winter ice festival similar to the one in Harbin, China, and a springtime festival that could tie-in to the blooming flowers in the garden and celebrate May Day. The objective is to

essentially create seasonal events that collectively drive similar visitation to the Renaissance Faire, complement the facilities, and serve casino customers and the community.

The New York Renaissance Faire runs for 8 weeks, from the first weekend in August through late September every year. Performance is shown in the following table, where revenue increased 18% in 2013. This was due to both an increase in visitation and an increase in average expenditures. In particular, other expenditures grew substantially. These include parking, beverages, programs, and RenQuest, a theatrical gaming experience. Overall expenditures on all of these items increased substantially, and may be more likely to a change in pricing than increased sales volume on a per visitor basis.

Renaissance Faire Performance		
	2012	2013
Revenue	\$1,857,467	\$2,198,080
Attendance	128,795	148,734
Gate Revenue	\$1,025,657	\$1,076,664
Other Revenue	\$831,810	\$1,121,416
Revenue/Attendee	\$14.42	\$14.78
Source: New York Renaissance Faire		

Attendance is still well below attendance totals of some of the larger renaissance festivals in the U.S. The Texas Renaissance Festival is an annual event located approximately 50 miles north of Houston and is also held over eight weekends. In 2012, total attendance of this event was reportedly over 600,000. This is indicative of the potential for growth of the New York Renaissance Faire.

The projections that follow do not include the capture of the more than 7 million casino gamers expected to visit the Sterling Forest Resort annually. In general, the demographics of typical patrons visiting renaissance fairs do not align with those who are visiting casinos. Based on some general demographic studies of attendees, the age of the average renaissance fair patrons skews considerably younger than the average casino visitor. Also, visitors who make trips to renaissance fairs often spend significant time at the fairgrounds. A study of the Michigan Renaissance Festival found that approximately 70% of the patrons spend all day (9 hours) at the festival. While there may be some cross-visitation or groups that come to the area together but split to visit the different events, but ultimately the attractions are very different in their appeal.

A much more likely interaction between the two events is that the new casino resort and investment in the fairgrounds will raise the profile of the area. The Renaissance Faire, which by its revenue must have a limited marketing budget, should benefit greatly by its association with the casino resort and its exposure to its customer base. While visiting both attractions on a day trip may be unlikely, some may chose to visit the Renaissance Faire separately or incorporate it into an overnight trip. The other major benefit to the Renaissance Faire is the increased accessibility. This extends beyond the new exchange between State Highway 17A and Interstate 87 to include shuttle services, water taxis, and busses that will make frequent daily trips from several regional locations.

Week 7 is the busiest week of the event and served as the basis for our analysis. As mentioned previously, the two main revenue sources for the New York Renaissance Faire are ticket receipts and beverage sales. There is significant room for growth in both of these areas going forward. Over the last three years, during Week 7, gate revenue per paid admission has fallen by an average of approximately 5.7% per year from \$9.12 in 2011 to \$8.11 in 2013. Given that ticket prices at the gate are \$24 for adults and \$10 for children, it is apparent that significant

discounting is taking place. Based on revenue information provided by the operators of the Faire, a majority of ticket sales occur through third-party vendors such as Walgreens and Ticketfly. These vendors apparently keep a portion of the sales which depresses the revenue potential of ticket sales. As the Sterling Forest Resort should provide a significantly higher profile for the event going forward, commission rates to these vendors are expected to fall.

In terms of beverage sales, the 2013 Week 7 average was \$6.68 per paid admission. This figure has risen at a compounded annual growth rate of 6.2% since 2011 when the average beverage sales total was \$5.92. It appears that there may be improvement in either pricing or volume.

In the analysis that follows we have assumed that gate receipts per paid attendee rises at an annual rate of 7% going forward. This figure takes into account expected improvements to the site, a higher profile given the connection to the resort and lowering of commission rates by third-party ticket vendors. Beverage sales growth is projected to continue at the same average 6.2% rate that has been experienced during Week 7 since 2011. After slightly adjusting the other revenue components upwards, SMA projects that total average revenue per paid admission would reach \$20.48 by 2017. This figure is a 28% total increase over the \$16.00 revenue per paid admission that was experienced in Week 7 of 2013. The following table provides a breakout of expected overall revenue and paid admissions for the New York Renaissance Faire in 2017.

New York Renaissance Faire Projections 2017	
Average Weekend Paid Attendance	22,455
Average Revenue Per Paid Attendee	\$20.48
Number of Weeks	8
Projected Total Revenue Potential	\$3,679,352
Source: Strategic Market Advisors	

Management plans to develop a Fall Oktoberfest event, a Winter Ice Festival, and a Spring May Day celebration with the goal of utilizing the Renaissance Faire site and the other, neighboring attractions over the course of the year. In the projections that follow, a total of an additional twenty-two weekends for all other events were incorporated. As these events are expected to be shorter in duration and are more likely to have more appeal to casino gamers, SMA has projected a higher average attendance figure overall that is comparable to peak visitation for the Renaissance Faire. A revenue per paid attendee figure was also projected given some baseline assumptions on the type of events that may be offered. As some of these events are not expected to charge an admission for entry, the revenue per paid attendee is projected to be slightly less than that of the Renaissance Faire. The following table provides projections for the additional events at the site.

Seasonal Event Projections 2017	
Average Weekend Paid Attendance	26,946
Average Revenue Per Paid Attendee	\$19.37
Number of Weekends	22
Projected Total Revenue Potential	\$11,481,772
Source: Strategic Market Advisors	

Forecasted Seasonal Events Performance

The following table provides a projected 5-year pro forma income statement for the New York Renaissance Faire and other events held at the Fairgrounds.

Five Year Pro Forma Income Statement for Seasonal Events Held at Fairgrounds					
	Year 1	Year 2	Year 3	Year 4	Year 5
Total Revenue	\$15,161,124	\$15,762,090	\$16,391,622	\$17,051,340	\$17,742,969
Expenses					
Salaries and Wages	\$5,674,329	\$5,910,318	\$6,158,129	\$6,418,459	\$6,692,052
General & Admin	\$1,061,279	\$1,103,346	\$1,147,414	\$1,193,594	\$1,242,008
COGS	\$2,848,257	\$2,955,625	\$3,067,794	\$3,185,023	\$3,307,587
Utilities	\$1,258,558	\$1,300,698	\$1,344,420	\$1,389,791	\$1,436,888
Other	\$758,056	\$788,105	\$819,581	\$852,567	\$887,148
Total Expenses	\$11,600,478	\$12,058,092	\$12,537,337	\$13,039,434	\$13,565,683
EBITDA	\$3,560,646	\$3,703,998	\$3,854,285	\$4,011,906	\$4,177,285
EBITDA Margin	23.5%	23.5%	23.5%	23.5%	23.5%
Source: Strategic Market Advisors					

Sterling Forest Gardens Evaluation

Sterling Forest Resort plans to develop the 24-acre Sterling Forest Gardens. The Gardens will showcase a wide range of fauna to both provide an attractive and interesting environment for guests and to promote horticulture, conservation, and science. Careful planning of the Garden's layout incorporate water features, gardens, and entertainment that provide opportunities for relaxation, reflection, education, and entertainment. Pathways through the Gardens provide circulation between major elements and access to several more intimate settings while providing scenic views of the Gardens and the surrounding Sterling Forest.

The Gardens will be dispersed over the development area, with no genuinely central area other than a visitor center offering a cafe. This will encourage exploration into various spaces connected by landscaped walkways and beautiful views across several water features. A treetop walk, showcasing a tree of imagination attraction, cherry blossom row, and sugar maple grove will highlight larger species. Other species will be featured in dedicated in rose, azalea, lavender, aquatic, Chinese, and Japanese gardens. Integrated into this experience is a green house, where horticulturists can both cultivate projects and educate guests. Entertaining elements include a hedge maze, carousel, a garden chessboard, an amphitheater, and a croquet lawn.

Genting's intent for the Garden is to provide a comfortable and relaxing environment for its customers and the community. Revenue will be generated through admissions and amenities such as the cafe, carousel, and ancillary revenue sources such as storage lockers and vending machines that may be located at the visitor center.

The Chicago Botanical Gardens are 400 acres and receive 1 million visitors annually. This is one of the top levels of attendance identified in SMA's research, with special events appearing to be a major part of their success. Special dinners, four different musical series, and sunset lighting events all appear to complement the gardens and drive additional visitation and revenue. The Garden View Cafe highlights its locally grown, seasonal menu. Similar events can be found at other gardens, with holiday-related events, races, and art and antique shows being other popular ideas. Some gardens host private events, such as birthdays and weddings.

The New York Botanical Gardens are located in the Bronx and can be reached by car or the New York Metro. The gardens cover 250 acres of plant collections in addition to a conservatory, library, and herbarium. The gardens attracted just over 775,000 visitors in fiscal year 2008. Pricing for adults is \$13 for the gardens and \$20 for all-access. Also in New York City, the 52-acre Brooklyn Botanical Gardens attracts similar visitation, with approximately 725,000 reported visitors in recent years. Adults are \$10 with pricing for seniors and children at \$5.

The visitation and population within a one-hour drive for these three botanical gardens is shown in the following table. The population within one-hour was selected as this is the reasonable distance a person or group of people would travel to reach this and similar attractions. The ratio of visits to the population was calculated to demonstrate the level of penetration into the market and normalize it for comparison purposes. The Chicago Botanical Garden receives 0.1 visits for every person that lives within a 60-minute drive of its location. The two New York properties appear to have a lower level of penetration, at .04 visits per person. This is misleading, however, as 17,725,041 people reside in both catchment areas. This is 96% of the catchment area for the New York Botanical Gardens and 98% for the Brooklyn Botanical Garden. Combined they attract .08 visits for each person residing with 60-minutes, much more similar to the performance in Chicago.

Existing Botanical Garden Performance			
Garden	Visits	Total Population (60 minutes)	Ratio
New York Botanical Gardens	775,000	18,560,138	0.04
Brooklyn Botanical Gardens	725,000	18,103,573	0.04
Chicago Botanical Gardens	1,000,000	9,624,419	0.10

Source: Organization publications, Applied Geographic Solutions, Strategic Market Advisors

In order to apply the calculated ratios to the Sterling Forest Garden, consideration was given to the current visitation in New York. Visitation patterns for similar attractions indicate that the level of penetration is higher among people that live closer to an attraction, all other things being equal. This, in part, is why the two existing botanical gardens are able to both operate in the New York City area. Sterling Forest Garden will have an exclusive area as well and will also have excellent access for people residing outside of the city. For this reason, a ratio of .04 was applied to the local population, resulting in over 405,000 visits.

Forecasted Visitation	
Average Ratio	0.04
Population	10,143,065
Forecasted Visitation	405,723

Source: Applied Geographic Solutions, Strategic Market Advisors

Hotel visitors will also be a source of visitation to the proposed gardens. The hotel is expected to host over 883,000 visitors. A capture rate of 2% is similar to the capture rate of other off-site attractions. For example, 2% of visitors to Las Vegas play golf, which is off-site for most casino guests. This results in an estimated 19,629 visitors to the garden from the hotel.

Hotel Visits to the Sterling Forest Garden	
Hotel RND	338,426
Guests/Room	2.9
Guests	981,436
Capture Rate	2%
Hotel Visits	19,629

Source: Strategic Market Advisors

Forecasted Sterling Forest Garden Performance

The next table shows the estimated performance of the Sterling Forest Garden. Ticket pricing was assumed to start at \$18 for adults and \$10 for seniors and children. Other revenue at the New York area botanical gardens was 73% and 75% of ticket revenue. However, those properties are larger and run a wider range of amenities, including concerts, dinners, and special events. As the scope of amenities is expected to be limited at the proposed gardens, due to its smaller size, these ancillary sources of revenue were expected to perform at one-third of the New York properties.

Expenses were calculated based largely on the Brooklyn Botanical Garden expenses. Expense items were evaluated for fixed versus variable expenses and adjusted based on the differences in acreage and operations. General and Administrative expenses were estimated to start at \$650,000 and grow 2% annually, similar to the growth in other expenses.

Sterling Forest Garden Estimated Performance					
	2017	2018	2019	2020	2021
Visits	378,696	408,992	425,351	433,858	442,536
Pricing	\$15.28	\$15.59	\$15.90	\$16.22	\$16.54
Ticket Revenue	\$5,786,475	\$6,374,380	\$6,761,943	\$7,035,125	\$7,319,344
Other Revenue	\$1,413,057	\$1,556,624	\$1,651,266	\$1,717,978	\$1,787,384
Total Revenue	\$7,199,532	\$7,931,004	\$8,413,209	\$8,753,103	\$9,106,728
Cost of Goods Sold	\$1,271,751	\$1,400,961	\$1,486,140	\$1,546,180	\$1,608,645
Horticulture	\$1,501,938	\$1,501,938	\$1,501,938	\$1,501,938	\$1,501,938
Maintenance	\$1,717,411	\$1,717,411	\$1,717,411	\$1,717,411	\$1,717,411
Admissions	\$462,918	\$509,950	\$540,955	\$562,810	\$585,548
General and Administrative	\$650,000	\$663,000	\$676,260	\$689,785	\$703,581
Other Expenses	\$863,944	\$951,720	\$1,009,585	\$1,050,372	\$1,092,807
Total Expenses	\$6,467,962	\$6,744,981	\$6,932,289	\$7,068,497	\$7,209,930
EBITDA	\$731,569	\$1,186,023	\$1,480,920	\$1,684,606	\$1,896,798
EBITDA Margin	10.2%	15.0%	17.6%	19.2%	20.8%
Source: Strategic Market Advisors					

Amenity Summary

The following table summarizes the forecasted revenue from the amenities discussed herein. Like other resorts, the hotel and food and beverage components are expected to drive substantial revenue. However, the other amenities provide valuable entertainment at the resort and add up to over \$50 million in revenue.

Amenity Revenue Summary (\$M)	
First Stable Year of Operations (Year 3)	
Hotel	\$93.2
Food and Beverage	\$118.9
Entertainment	\$9.7
Spa	\$10.6
Ski Resort	\$7.4
Seasonal Events	\$16.4
Gardens	\$8.4
Total	\$264.6

Source: Strategic Market Advisors

The following table shows the forecasted five-year forecasts for the baseline case as well as low and high cases. Revenue levels were expected to accelerate more rapidly in early years, as management develops its marketing programs and builds a customer base. In later years, revenue growth moderates to reflect modest increases in visitation that reflect population growth as well as inflation. The low and high cases were forecasted at a 10% discount/premium. This reflects the accuracy of the gravity model used in forecasting, where performance falls within 10% of an estimate in about 90% of cases.

Five-Year Forecasted Amenity Revenue Streams (\$M)					
	2017	2018	2019	2020	2021
Low					
Hotel	\$72.5	\$79.8	\$83.9	\$87.3	\$90.8
Food and Beverage	\$97.1	\$102.9	\$107.0	\$110.2	\$113.5
Entertainment	\$7.9	\$8.4	\$8.7	\$9.0	\$9.3
Spa	\$8.7	\$9.2	\$9.6	\$9.8	\$10.1
Ski Resort	\$6.0	\$6.4	\$6.6	\$6.8	\$7.0
Seasonal Events	\$13.4	\$14.2	\$14.8	\$15.2	\$15.7
Gardens	\$6.9	\$7.3	\$7.6	\$7.8	\$8.0
Total	\$212.4	\$228.1	\$238.1	\$246.2	\$254.4
Baseline					
Hotel	\$80.5	\$88.7	\$93.2	\$97.0	\$100.9
Food and Beverage	\$107.9	\$114.3	\$118.9	\$122.5	\$126.1
Entertainment	\$8.8	\$9.3	\$9.7	\$10.0	\$10.3
Spa	\$9.6	\$10.2	\$10.6	\$10.9	\$11.3
Ski Resort	\$6.7	\$7.1	\$7.4	\$7.6	\$7.8
Fairs and Events	\$14.9	\$15.8	\$16.4	\$16.9	\$17.4
Gardens	\$7.6	\$8.1	\$8.4	\$8.7	\$8.9
Total	\$236.0	\$253.5	\$264.6	\$273.5	\$282.7
High					
Hotel	\$88.6	\$97.6	\$102.5	\$106.7	\$110.9
Food and Beverage	\$118.6	\$125.8	\$130.8	\$134.7	\$138.8
Entertainment	\$9.7	\$10.3	\$10.7	\$11.0	\$11.3
Spa	\$10.6	\$11.2	\$11.7	\$12.0	\$12.4
Ski Resort	\$7.3	\$7.8	\$8.1	\$8.3	\$8.6
Seasonal Events	\$16.4	\$17.3	\$18.0	\$18.6	\$19.1
Gardens	\$8.4	\$8.9	\$9.3	\$9.5	\$9.8
Total	\$259.6	\$278.8	\$291.1	\$300.9	\$311.0
Source: Strategic Market Advisors					

Conclusion

Genting plans to introduce the Sterling Forest Resort in Tuxedo, New York. The location's proximity to New York enables the construction of a truly world-class facility positioned towards premium players. The differentiated property and location enable the targeting of up-market clientele. This positioning and the location near New York make the property an attractive destination for Genting's existing client base in East Asia and particularly in China. This will induce additional international visitation to New York, where these guests will visit attractions, shop, and recreate. This new international visitation compounds the impact the location and investment will have on the New York economy.

A guest traveling from midtown Manhattan will be able to reach Tuxedo Ridge in one hour by either land, air, or waterway. Sterling Forest Resort will be the most proximate casino resort option to the New York MSA, and this will help it retain revenue that may have flowed out of state and attract new revenue to New York. Genting's investment in excess of \$1.2 billion will capitalize on this location while targeting premium players, leading to less direct competition with the existing and proposed New York facilities.

The investment will be reflected in the quality and scope of amenities at the property, where a large five-star hotel will be complemented by 24 food and beverage outlets, a 61,000 sq ft spa, meeting and convention space, and retail outlets that will complement Woodbury Common and New York City. This represents a thoughtful and considerate development plan that partners with and benefits the surrounding community.

Incorporating the natural beauty and recreational activities in the region further enhance the opportunity for surrounding businesses and the State of New York. These include the Tuxedo Ridge Ski Area and a proposed 24-acre garden in addition to Sterling Forest and Harriman State Parks. By incorporating these elements and highlighting shopping in New York and at Woodbury Commons, Sterling Forest Resort hopes to partner with the community and create a remarkable experience for its guests.

Robust financial projections for the Sterling Forest Resort could be justified solely on its superior location. A one-hour travel distance from Manhattan and its proximity to New Jersey make the location the most attractive for customers considering resorts in Pennsylvania and New Jersey. Those resorts are a slightly greater distance, and distance is a major determinant for customers intending to visit a casino resort. This benefit is compounded by Genting's Asian operations, the combination of which create a unique opportunity for the State of New York to better cater to the fastest growing and increasingly targeted customer base.

Appendix A: About Strategic Market Advisors

As a boutique management consultancy, Strategic Market Advisors (“SMA”) assists clients in the casino gaming, hospitality, and leisure space to transform market dynamics and complex challenges into competitive advantages and growth opportunities. Our collaborative process starts by clearly defining a client’s questions and then outlining an effective and efficient engagement. SMA’s thorough research and thoughtful insight diligently addresses those complex questions by leveraging the diverse experience of its staff.

Broad and meaningful transformations are taking place in nearly every aspect of the tourism industry. Whether it’s growing demand from customers in emerging markets, deregulation, or the technological changes that target meeting that demand, increased opportunities is driving increased competition. SMA leverages its broad experience to develop strategies and tactics that support clients’ evolution in this dynamic market.

Services

Our tailored engagements and collaborative approach ensure that the best available resources are leveraged to develop customized research, insightful analyses, and actionable strategies. Noting that each situation is unique, SMA brings a fresh perspective to complex strategic questions. Our integrity and dedication have been instrumental in reaching our goal of fostering long-lasting client relationships.

SMA staff has served facility operators and owners, the investment community including financial institutions and asset managers, and local, state, and federal governments throughout the globe. Engagements have been executed across Asia, North and South America, Europe, and Africa.

Economic Analysis and Strategic Planning

- Market Assessments
- Amenity Concept Design and Forecasting
- Internet and Online Gaming Strategies
- Mergers and Acquisitions
- Pro-Forma Financial Statements
- Benchmarking
- Valuation and Return Analysis
- Economic Impact Analysis
- Business Plans

Litigation, Legislative, Regulatory, and Policy

- Litigation Support
- Expert Witness Testimony
- Legislative Testimony
- Social Impact Analysis
- Tax Policy Guidance
- Public Objectives and Policy

Marketing Services

- Marketing Plans

- Focus Groups
- Customer Surveys
- Quantitative Research
- Competitive Analysis and Positioning
- Consumer Audits/Secret Shopping
- Benchmarking
- Database Marketing

Asset Management

- Identification of investment opportunities
- Structuring asset transfers
- Structuring management agreements
- Evaluation of investment parameters and financial returns

Disclaimer

Certain information included in this report contains forward-looking estimates, projections and/or statements. Strategic Market Advisors has based these projections, estimates and/or statements on our current expectations about future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, anticipations, results of operations, future performance and business plans.

Further, statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," "project," or other words or expressions of similar meaning have been utilized. These statements reflect our judgment on the date they are made and we undertake no duty to update such statements in the future.

Although we believe that the expectations in these reports are reasonable, any or all of the estimates or projections in this report may prove to be incorrect. To the extent possible, we have attempted to verify and confirm estimates and assumptions used in this analysis. However, some assumptions inevitably will not materialize as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties and unanticipated events and circumstances, which may occur. Consequently, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such, Strategic Market Advisors accepts no liability in relation to the estimates provided herein.

CASINO

Appendix VIII. C.7.b-2. Union Gaming Analytics Sterling Forest Resort Report

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