



### Exhibit VIII.A.3. - Market/Revenue Study

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*Submit as Exhibit VIII.A.3. a study completed by an independent expert assessing the size of the potential gaming market for the proposed Gaming Facility. Include annual projections of gaming patronage (e.g. by gaming visitor count) and gaming revenues (including itemization of slot, table and gross revenues) annually for a period of at least the first ten (10) years after opening for gaming on a high-, average- and low-case basis. The high-, average- and low-case bases should be the same as used for tax revenue analysis provided by the Applicant pursuant to Item VIII. B.4 hereof.*

*Include a description of all assumptions that are material to the expert's projections. Substantiate the bases and reasonableness of all such assumptions, for example, by comparison to comparable gaming facilities in comparable gaming markets. The study should explain the model or methodology used to derive the projections, identify the sources and robustness of input data, report the results of projections and include a comparison of those results to actual observed visitation and revenue performance against the most comparable gaming facilities in other jurisdictions for which data are available.*

Please see the attached Gaming Market Assessment & Pro Forma Financial Analysis prepared by Global Gaming & Hospitality LLC & Morowitz Gaming Advisors, LLC.

Additionally, see the attached template as requested.

# **Gaming Market Assessment & Pro Forma Financial Analysis**

**Tioga Downs Casino Expansion and Re-development**

**Location:**

***Eastern Southern Tier Region, New York***

**Prepared For:**

***American Racing & Entertainment, LLC***

**Prepared By:**

***Global Gaming & Hospitality LLC &  
Morowitz Gaming Advisors, LLC***

**Updated June 22, 2015**



*This Gaming Market Assessment and Pro Forma Financial Analysis ( the “Report”) has been prepared by Global Gaming & Hospitality LLC including its subsidiaries, affiliates, and independent contractors, which include Morowitz Gaming Advisors LLC (collectively, the “Advisors”) with the assistance of American Racing & Entertainment, LLC (the “Company”). The sole purpose of the Report is to assist the Company with preparing its application in response to the New York Gaming Facility Location Board’s Request for Applications to Develop & Operate a Gaming Facility in New York State (the “RFA”) related to a prospective Class III casino to be developed and located in the Eastern Southern Tier Region of New York (the “Project”). This Report does not purport to be all-inclusive or to contain all information that a prospective interested party may desire to evaluate any investment related to a potential transaction involving the Company or the Project. By accepting this Report, all recipients acknowledge that the information contained herein or made available in connection with any further investigation of the Project or a transaction involving the Company or the Project, oral or written, is proprietary and confidential and is being furnished to the recipient with the express understanding that this Report and any proprietary and confidential information regarding the Company or the Project contained herein are deemed to be “Confidential Information,” and as such, the recipient’s review of this Report and any proprietary and confidential information regarding the Company or the Project shall remain strictly confidential. This Report may not be photocopied, reproduced or distributed to others at any time without the prior written consent of the Advisors. By accepting this Report, the recipient agrees to comply with the terms of any Confidentiality Agreement as it relates to the Report and any other evaluation material provided by the Company.*

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*to you and an independent assessment of the merits of pursuing a transaction involving the Company or the Project and should consult your own professional advisors in light of your particular circumstances.*

*This Report does not constitute a solicitation of funds, an offer to sell a financial interest in the Company or the Project or any other entity, or an offer to accept any proposal, nor does it constitute an offer to sell, or a solicitation of offers to buy, securities of the Company or any other entity. In furnishing this Report, neither the Advisors nor the Company undertake any obligation to provide the recipient with access to any evaluation material. This Report shall neither be deemed an indication of the state of affairs of the Company or the Project nor constitute an indication that there has been no change in the business affairs of the Company or the Project since the date hereof or since the dates as of which information is provided herein.*

*All communications, inquiries and requests for information relating to this Report should be addressed directly to the Advisors at the contact information listed below.*

**The Advisors Contact Information:**

**Cory Morowitz**  
**Morowitz Gaming Advisors, LLC**  
**Chairman & Managing Member**

248 South New York Road  
Galloway, NJ 8205

(609) 652-6472 (General)  
cory@morowitzgaming.com

**www.morowitzgaming.com**

**Michael S. Kim**  
**Global Gaming & Hospitality LLC**  
**Managing Partner, New York**

903 Madison Avenue Suite #5F  
New York, NY 10021-2649

(646) 719-1096 (General)  
(917) 509-2975 (Mobile)  
michael.kim@gghsp.com

**www.gghsp.com**

## Gaming Market Assessment – Tioga Downs Casino

### TABLE OF CONTENTS

I.	PROJECT BACKGROUND.....	4
II.	MAJOR PROJECT ASSUMPTIONS.....	6
III.	ENABLING LEGISLATION.....	7
IV.	THE PROJECT.....	8
V.	THE MACRO-ECONOMIC ENVIRONMENT.....	18
VI.	NATIONAL GAMING TRENDS.....	24
VII.	REGIONAL GAMING TRENDS.....	27
VIII.	REGIONAL ANALYSIS.....	29
IX.	COMPETITION & GAMING MARKET ASSESSMENT.....	32
X.	CASINO MARKET COMPETITOR ASSESSMENT CONCLUSIONS.....	41
XI.	POTENTIAL SOURCES OF GAMING REVENUES AT TIOGA DOWNS.....	42
XII.	HOTEL MARKET ASSESSMENT.....	59
XIII.	OTHER DEPARTMENTAL REVENUE.....	64
XIV.	SUMMARY OF NET REVENUE.....	75
XV.	DEPARTMENTAL EXPENSE ANALYSIS.....	77
XVI.	TIOGA DOWNS PRO FORMA STATEMENT TO EBITDA.....	88
XVII.	PROJECT RISKS.....	91
XVIII.	LIMITING CONDITIONS.....	92

## I. PROJECT BACKGROUND

Global Gaming & Hospitality LLC and Morowitz Gaming Advisors LLC (collectively “GGH” or the “Advisors”) were engaged by American Racing & Entertainment, LLC (the “Company”) to prepare a market assessment and pro forma financial analysis of a proposed Class III casino expansion and re-development by the Company of its existing Tioga Downs gaming facility in Nichols, NY. The Company’s proposed \$195 million (historical investment and expansion) project<sup>1</sup>, as currently envisioned, will consist of an expanded main casino building, new hotel, new 60,000 square foot amenity building, parking garage and off-site country club. The expanded facility will have the following features upon completion:

### Proposed Expansion

- 33,550 square foot casino floor with 1,000 slots & 50 “live” table games
- Live harness racing including a covered grandstand, simulcast wagering and outdoor bleacher seating
- 161-room luxury hotel including business center, fitness center, indoor pool and outdoor pool and waterslide
- 6,552 square foot multi-function event center
- 7 restaurants including P.J. Clarke’s, Virgil’s Real Barbeque and related dining assets (buffet, quick serve outlets)
- 2 Lounges
- 2,500 square foot spa
- 274-space parking garage (completed in fourth quarter of 2014 in contemplation of proposed casino expansion at a cost of \$15.7 million)
- 18-hole golf course and country club (Tioga Country Club located off-site) including major renovation and improvements to Tioga Country Club
- Outdoor amenities including lower and upper terrace, outdoor concert area, event tent, outdoor food concessions and farmers market

Assuming a license is granted by December 31, 2015 and because Tioga is already operating as a Class II facility, different aspects of the expansion will open throughout 2016 with full implementation of the entire expansion by April 1, 2017. Class III gaming operations will be open during 2016 with Class III slot machines replacing Class II machines by April 1, 2016, poker opening in early April, and full implementation of table games by July 1, 2016. Restaurants and non-hotel amenities are expected to come online by January 1, 2017. The hotel construction is expected to be completed by March 6, 2017 and open by April 1, 2017.

The total investment at Tioga Downs upon completion of the expansion is depicted in the following table. Historical investment at the property to date has been \$62.9 million (\$98.6 million replacement cost if built today). Class III development costs are estimated at \$131.8

<sup>1</sup> \$230 million at current replacement cost based on estimate by L.P. Ciminelli Construction

million inclusive of construction, FF&E and license fees. The total investment including historical costs will be \$194.7 million (\$230.4 million at full replacement cost).

### Project Development Costs

	Historical Cost	Current Cost
<b>Investment to Date</b>		
Land, building & FF&E Investment	\$47.2M	\$82.9M
Parking garage Investment	15.7M	\$15.7M
<b>Total Costs to Date</b>	<b>62.9M</b>	<b>\$98.6M<sup>2</sup></b>
<b>Phase 1 Class III Development Costs</b>		
Phase 1 includes hard construction and development costs	\$83.4M	\$83.4M
Phase 1 Furniture, Fixtures and Equipment	23.9M	23.9M
License Fee	24.5M	24.5M
<b>Total Phase 1 Development</b>	<b>\$131.8M</b>	<b>\$131.8M</b>
<b>Total</b>	<b>\$194.7M</b>	<b>\$230.4M</b>

### Master Planned Potential Future Development

Tioga Downs has created a master plan for additional development at the site contingent on future demand and economic conditions. The main elements of this potential expansion are as follows.

- Additional 150-room hotel
- 85,000 square foot Adventure Center (batting cages, rock climbing and mini golf)
- 40,000 square foot Indoor waterpark
- Nature trails

Tioga Downs is located off of RT-17 / I-86 (Southern Tier Expressway) approximately 34 miles (34 minutes) west of Binghamton and 27 miles (28 minutes) east of Elmira. The expanded and re-developed facility will depend mostly upon high frequency gamers residing within a reasonable drive time of the property.

This report will explore national and regional macroeconomic & gaming trends along with the Advisors' evaluation regarding the potential gaming and other revenues that Tioga Downs is capable of producing. The report will also analyze the expanded and re-developed property's potential Earnings Before Interest Tax Depreciation and Amortization (EBITDA). The Advisors' assume the opening of the expanded and re-developed facility will be July 1, 2016, assuming the license is granted before the end of 2015. The Advisors' conclusions assume, among other key variables, that economic growth will continue through the opening of the new casino in July of 2016. In the event economic growth stalls or other unforeseen events or conditions occur in the intervening period of time, the conclusions arrived in this report may not be fully realized.

<sup>2</sup> Based on estimate by L.P. Ciminelli Construction

## II. MAJOR PROJECT ASSUMPTIONS

The following assumptions are an integral part of this study:

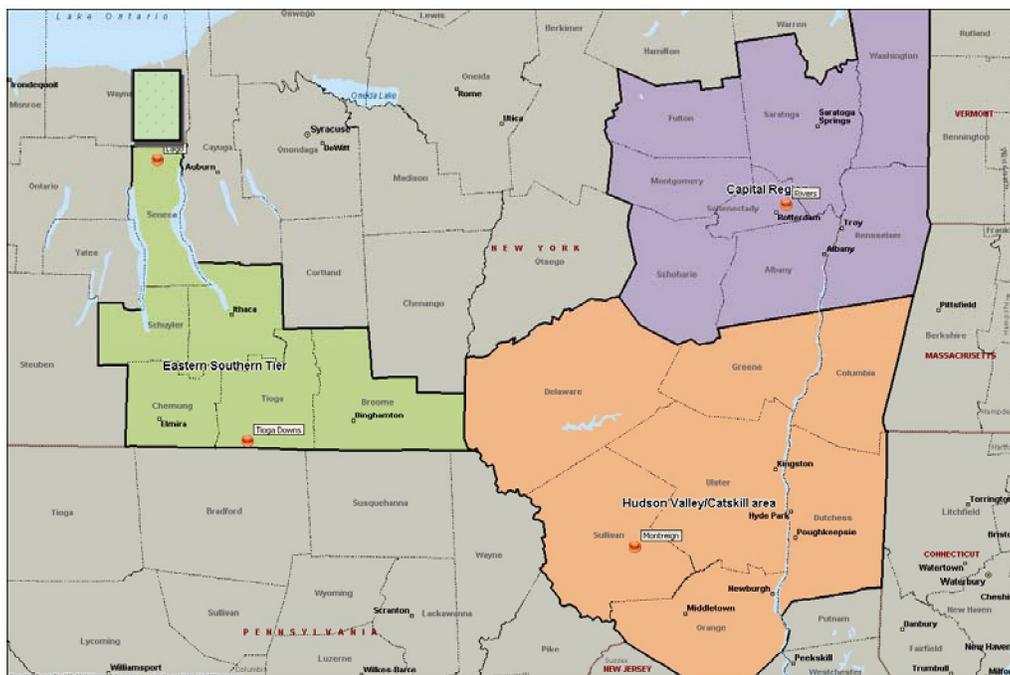
- Zoning and planning regulations pertaining to the Project will readily allow for the scope of gaming, hotel, dining, and entertainment development anticipated in this report.
- The casino operation, at the discretion of management, will be capable of offering Class III gaming similar to that currently allowed in Atlantic City, Connecticut, and Pennsylvania.
- Management personnel will have extensive experience operating comparable casino and resort operations.
- The casino will use comprehensive accounting and gaming control systems capable of providing management with accurate and timely performance data.
- The Project will be properly maintained and annual capital expenditures required to keep the Project at a competitive level will be made.
- Management will continue and upgrade its marketing and advertising campaign and a promotional plan to ensure adequate patronage from local, regional, and tourism-based customers. The entire Project will be positioned, in accordance with the quality of the envisioned development, to offer customers a consistently excellent experience from a physical facility, overall amenity, and customer service perspective.
- Management will continue and upgrade its customer loyalty program and offer comparable levels of promotional expenditures or “comps” on par with similarly-positioned competitive properties in Tioga Down’s region.
- The quality, design, décor, restaurants, gaming product, and other public areas and amenities will be competitive with comparable facilities the Project intends to compete with.
- Parking will be adequate to service projected demand.
- The total investment at Tioga Downs will be as depicted above.
- The Project will be adequately capitalized with sufficient equity to support Project debt financing obtained in normalized capital markets conditions that provide for a reasonable market rate of return on invested capital for investors in the Project.
- The only new competition during the projection period is assumed by the Advisors to be the recently awarded licensees in the Hudson Valley/Catskill area, Capital, and Eastern Southern Tier regions of New York and the Oneida Indian Nation Yellow Brick Road casino which opened June 2, 2015, with 500 slot machines.
- The Advisors assumed a significant reduction of the Company’s effective gaming tax rate upon the commencement of Class III gaming operations based on the following gaming tax and fee structure:
  - Slots 37%
  - Tables 10%
  - Annual license fee of \$500 per slot machine and table game

### III. ENABLING LEGISLATION

On July 30, 2013, Governor Cuomo signed into law The Upstate New York Gaming Economic Development Act of 2013, which outlined the process and criteria for siting no more than four destination gaming resorts to create jobs, reduce unemployment in disadvantaged areas of the State, enhance the State’s tourism industry and generate substantial revenue for public education and taxpayer relief. In order to fully capitalize on the beneficial aspects of legalized gambling, the legislature determined that Upstate New York is where the jobs and economic development are most needed. The law established the eligible Regions of the State where such gaming resorts could be sited, while respecting boundaries established with Native American Tribes that have exclusivity over gaming rights in various parts of the State. The purpose of the law’s siting criteria was to provide the highest impact and best value to the State and to those localities where a gaming resort is to be located.

The Act provided for the Gaming Commission to award up to four Gaming Facility licenses within three Regions of the State: Hudson Valley/Catskill area, Capital Region, and Eastern Southern Tier. On December 17, 2014 the Gaming Facility Location Board selected three Applicants - one in each of the aforementioned Regions. To maximize the benefit conferred and fulfill both the mission and spirit of the legislation, the Board looks to the fourth license to be an economic catalyst within the Eastern Southern Tier.

The following map approximates the three regions eligible for Class III gaming, the three current licensees and Tioga Downs, which is seeking the fourth license.



## IV. THE PROJECT

The Company is proposing an investment of \$132 million (including licensing fee) to expand and re-develop Tioga Downs as a Class III gaming resort at its current location just off of Route 17 / I-86 in Nichols, New York. With the \$15.7 million parking garage which opened in the fourth quarter of 2014 and an initial investment in the facility of \$47 million, the Company will have invested a total of \$195 million into Tioga Downs (\$230 million at current replacement cost).

### Project Rendering



### The Project – Expansion to Class III Facility

Tioga Downs sits on 145 acres in Nichols, New York. The proposed Phase 1 expansion will consist of the following elements:

- Casino Expansion (33,550 square feet)
  - 1,000 slot machines (replace existing video gaming machines)
  - 50 table games
  - Adjacent Virgil’s Real Barbeque Restaurant
  - Office and break room
- Hotel Construction (96,978 square feet)
  - 161-room luxury hotel
  - Business center
  - Fitness center
  - Indoor Pool
  - Outdoor pool, cabana, waterslide
- Multi-Purpose Amenity Building (59,738 square feet)
  - 6,562 square foot Event Center to host banquets, concerts and exhibitions
  - 2,500 square foot Spa
  - P.J. Clarke’s New York bar and restaurant with outdoor terrace and patio seating overlooking track
  - 3 outdoor concession stalls
  - Lower and upper terrace
  - Outdoor concert area to seat 12,000 in addition to existing outdoor venue
  - Farmers market

- Tioga Country Club – offsite facility
  - 18-hole golf course
  - Renovated and improved clubhouse to include 200 seat dining hall and 84 seat grill room plus pro shop and outdoor terrace

### Casino Rendering



### New 161-Room Hotel



### Exterior Terrace View



### Virgil's Real Barbeque

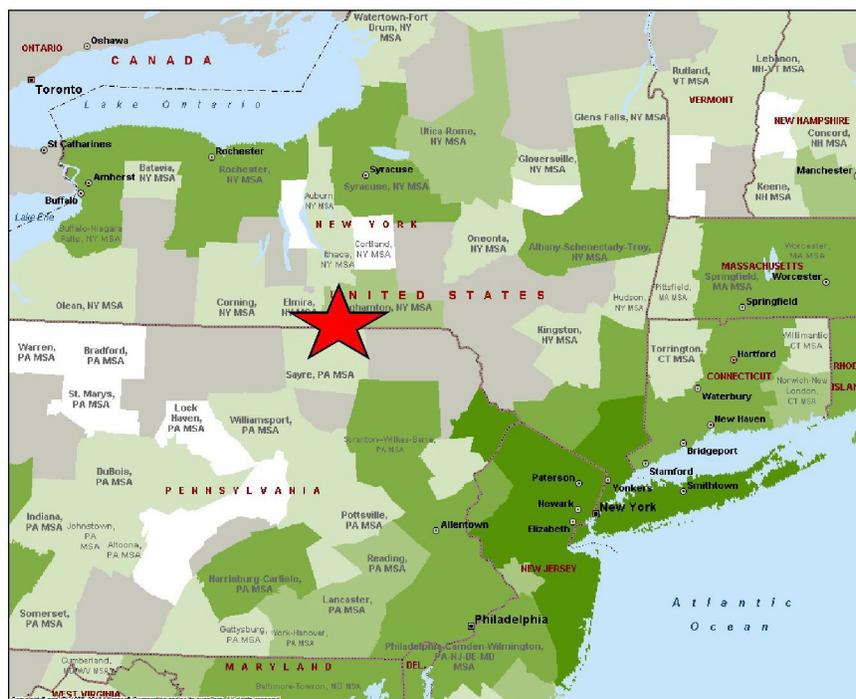


The master plan for additional development at the site, which is contingent on future demand and economic conditions, contemplates an additional 150-room hotel, 85,000 square foot Adventure Land indoor amusement park, 40,000 square foot indoor waterpark and a series of outdoor nature trails.

**Location**

Tioga Downs is located in Nichols, Tioga County New York, approximately 30 miles west of Binghamton. Tioga County is part of the Southern Tier, situated on the Pennsylvania border of New York State. The region boasts some of the state’s finest natural resources and agriculture, as well as significant educational institutions and readiness for manufacturing companies. The economy was at one time heavily supported by several manufacturing companies but has fallen on hard economic times. There is a significant need for economic development.

The following map depicts Tioga Downs relative to major population centers. The major MSA’s include Binghamton, Scranton/Wilkes Barre, Rochester, Syracuse, Buffalo-Niagara and Albany-Schenectady-Troy.



There are over 340 thousand adults within 60 minutes and almost 2 million adults within 120 minutes of Tioga Downs.

**Adult Population By Drive Time**

Drive Time (in minutes) from Tioga Downs	2014 Adult Population (21+)
0 to 15	22,375
15 to 30	61,021
30 to 60	341,658
60 to 90	400,636
90 to 120	1,118,800
<b>Total</b>	<b>1,944,490</b>

Source: DemographicsNow

There are several less populated MSA's surrounding Tioga Downs, with the Binghamton MSA being the largest within sixty miles of the property. Beyond the sixty miles, there are larger population centers but competitor sites are located more proximate to these MSA's.

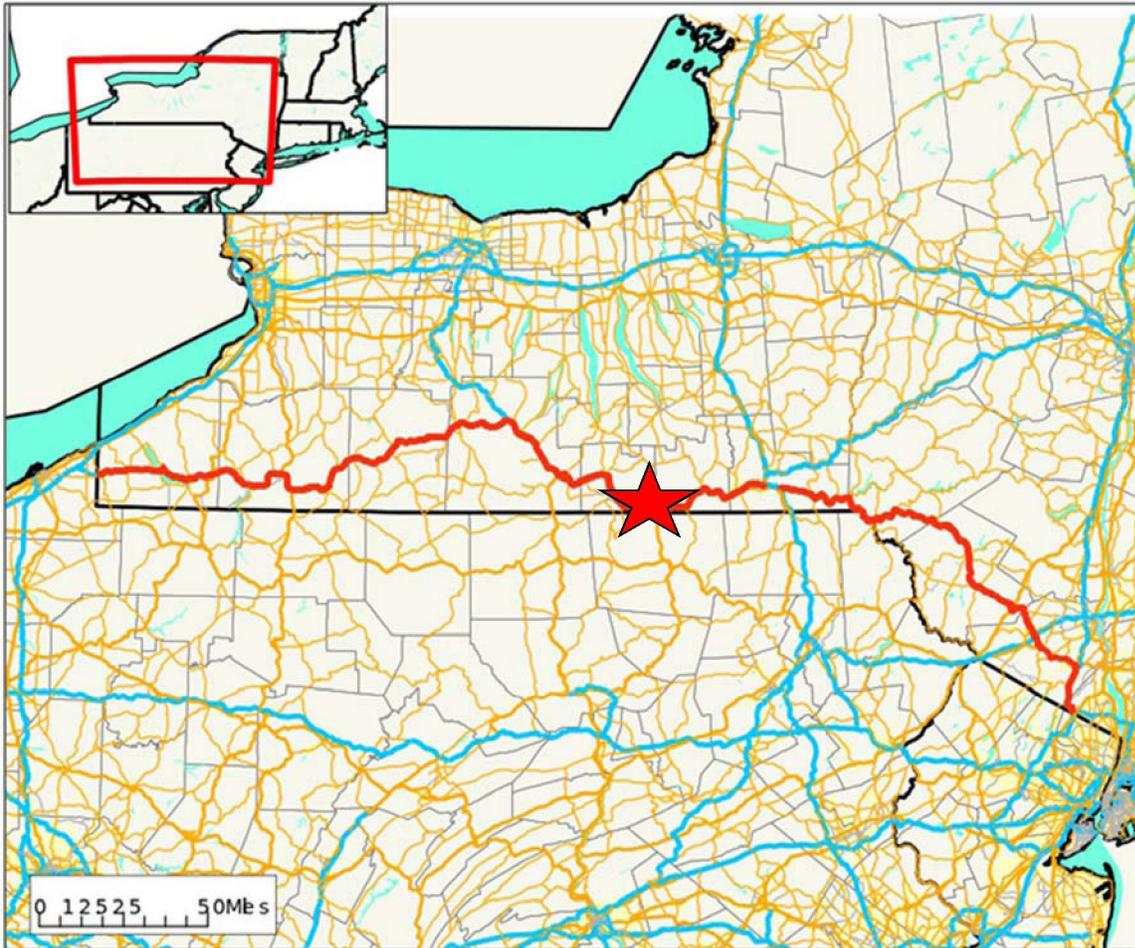
### Population Centers within 3 Hour Drive Time

MSA	Driving Distance (miles)	Drive Time (minutes)	2014 Population
Binghamton, NY Metro Area	36.4	37	247,219
Elmira, NY Metro Area	32.7	37	87,770
Sayre, PA Micro Area	30.8	38	61,784
Ithaca, NY Metro Area	42.0	53	104,691
Cortland, NY Micro Area	72.1	66	49,024
Corning, NY Micro Area	71.7	68	98,394
Seneca Falls, NY Micro Area	71.5	87	34,884
Oneonta, NY Micro Area	100.8	93	61,128
Scranton--Wilkes-Barre, PA Metro Area	84.2	100	559,679
Williamsport, PA Metro Area	79.7	100	116,508
Bloomsburg-Berwick, PA Micro Area	92.3	104	85,763
East Stroudsburg, PA Micro Area	125.6	114	166,314
Auburn, NY Micro Area	126.4	115	78,823
Syracuse, NY Metro Area	134.6	126	661,478
Lewisburg, PA Micro Area	114.4	128	44,874
Rochester, NY Metro Area	142.1	128	1,083,393
Sunbury, PA Micro Area	108.2	128	93,944
Batavia, NY Micro Area	129.0	132	59,162
Allentown-Bethlehem-Easton Metro Area	147.4	136	829,835
Selinsgrove, PA Micro Area	126.9	143	40,323
Pottsville, PA Micro Area	158.5	149	145,797
State College, PA Metro Area	143.4	149	158,742
Olean, NY Micro Area	161.1	151	78,600
Bradford, PA Micro Area	141.6	158	42,554
Kingston, NY Metro Area	150.6	159	180,445
Utica-Rome, NY Metro Area	155.5	160	296,615
Lock Haven, PA Micro Area	138.9	161	39,745
Amsterdam, NY Micro Area	180.4	163	49,779

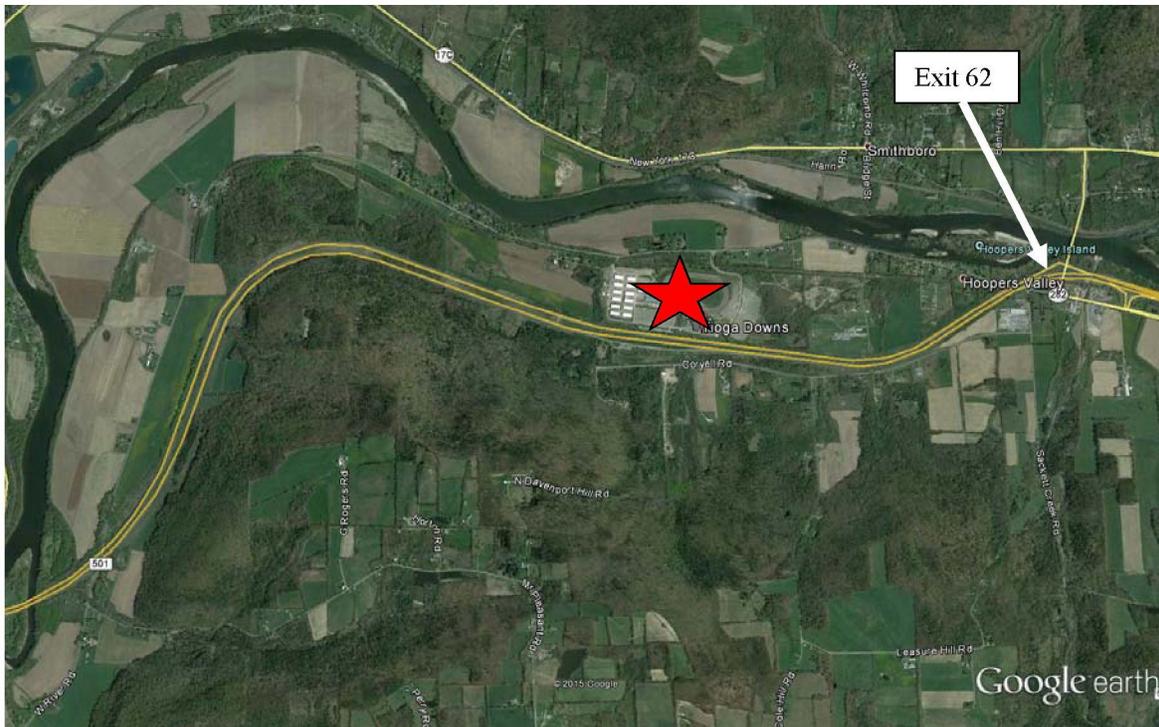
Source: Microsoft MapPoint North America, GGH & Morowitz Gaming Advisors, LLC research

## Transportation Access

The primary access to Tioga Downs is via I-86 / New York State Route 17 (NY 17), a major thoroughfare that extends for 397 miles through the Southern Tier and downstate regions of New York. Route 17 / I-86 is an important highway because it provides direct access to Tioga Downs from population centers in Binghamton to the east and from Elmira and Corning to the west. Route 17 / I-86 also connects with Interstates 81 and 88 in Binghamton providing access to populations in Pennsylvania.



Tioga Downs is easily accessible from the east via exit 62 from I-86/Route 17 onto NY-282/W. River Road (two miles to site from exit). From the west, access is also via exit 62.



### Supporting Development

As noted previously, the Project will be an expansion and re-development of the existing Tioga Downs (a Class II gaming facility) into a Class III casino. Additional development at the property will include a 161-room hotel, several restaurants and entertainment facilities. The site already includes a race track, simulcasting facilities, a functioning casino, restaurants and a grandstand and infield suitable for concerts. There is little other supporting development near the site except for several hotels located nearby.

There are seventy-seven hotels located within thirty miles of Tioga Downs. Seven miles southwest there are six hotels in Sayre, Pennsylvania (450 rooms) and ten miles northeast in Owego, New York there are five (270 rooms). A majority of the hotels are located to the east in Binghamton (the largest city in the region), with additional clusters north in Ithaca and west in Elmira. Guests at these hotels represent an opportunity to drive additional revenues to Tioga Downs. Most of the hotel inventory (5,350 rooms) located within thirty miles of the site are positioned as mid-price to economy lodging product. Bed and Breakfasts can be found in many of the smaller towns, particularly to the extreme east and west of the region. Additionally, there are many campsites scattered all over the Southern Tier and New York State designated state forests.

## Hotels Located Near Tioga Downs (Straight Line Distance)

	Name of Establishment	City & State	# of Rooms	Miles from Site
1	Best Western Grand Victorian Inn	Sayre, PA	100	6.0
2	Hampton Inn Sayre	Sayre, PA	70	7.2
3	Candlewood Suites Sayre	Sayre, PA	95	7.3
4	Comfort Inn & Suites Sayre	Sayre, PA	85	7.3
5	Microtel Inn & Suites by Wyndham Sayre	Sayre, PA	77	7.5
6	Sunrise Motel	Owego, NY	20	7.5
7	O'Brien's Inn	Waverly, NY	24	7.7
8	Deep Well Motel	Owego, NY	20	8.2
9	Hampton Inn Owego	Owego, NY	66	10.4
10	Holiday Inn Express Owego	Owego, NY	74	10.5
11	Treadway Inn & Conference Ctr	Owego, NY	92	10.5
12	Quality Inn Binghamton West Apalachin	Apalachin, NY	51	14.0
13	Comfort Inn Apalachin	Apalachin, NY	52	14.0
14	Rodeway Inn Towanda	Towanda, PA	50	17.0
15	Red Carpet Inn Endicott	Endicott, NY	60	17.6
16	Fairfield Inn & Suites Towanda Wysox	Towanda, PA	88	17.6
17	Comfort Inn Wysox	Towanda, PA	51	17.7
18	The Bradford Inn	Towanda, PA	22	17.8
19	Riverstone Inn	Towanda, PA	16	18.2
20	Best Western Plus Towanda	Towanda, PA	65	19.3
21	Skylark Motel	Vestal, NY	24	19.3
22	Endicott Inn	Endicott, NY	57	19.4
23	Parkway Inn	Vestal, NY	58	19.8
24	Holiday Inn Elmira Riverview	Elmira, NY	149	19.9
25	Vestal Motel	Vestal, NY	24	19.9
26	Knights Inn Endwell Binghamton	Endwell, NY	50	20.3
27	Coachman Motor Lodge	Elmira, NY	18	20.4
28	Endwell Motel	Endicott, NY	23	20.8
29	Mark Twain Motor Inn	Elmira, NY	60	21.3
30	Lindenwald Haus	Elmira, NY	15	21.4
31	Comfort Suites Vestal	Vestal, NY	79	22.2
32	Traditions @ The Glen	Johnson City, NY	41	22.4
33	Homewood Suites Binghamton Vestal	Vestal, NY	79	22.5
34	Motel 6 Elmira Horseheads	Horseheads, NY	80	22.5
35	Red Carpet Inn Horseheads	Horseheads, NY	60	22.5
36	Holiday Inn Express & Stes Binghamton Univ Vestal	Vestal, NY	81	22.5
37	Hampton Inn Binghamton Johnson City	Johnson City, NY	63	22.6
38	Hampton Inn Suites Binghamton Vestal	Vestal, NY	79	22.6
39	Courtyard Binghamton	Vestal, NY	78	22.8

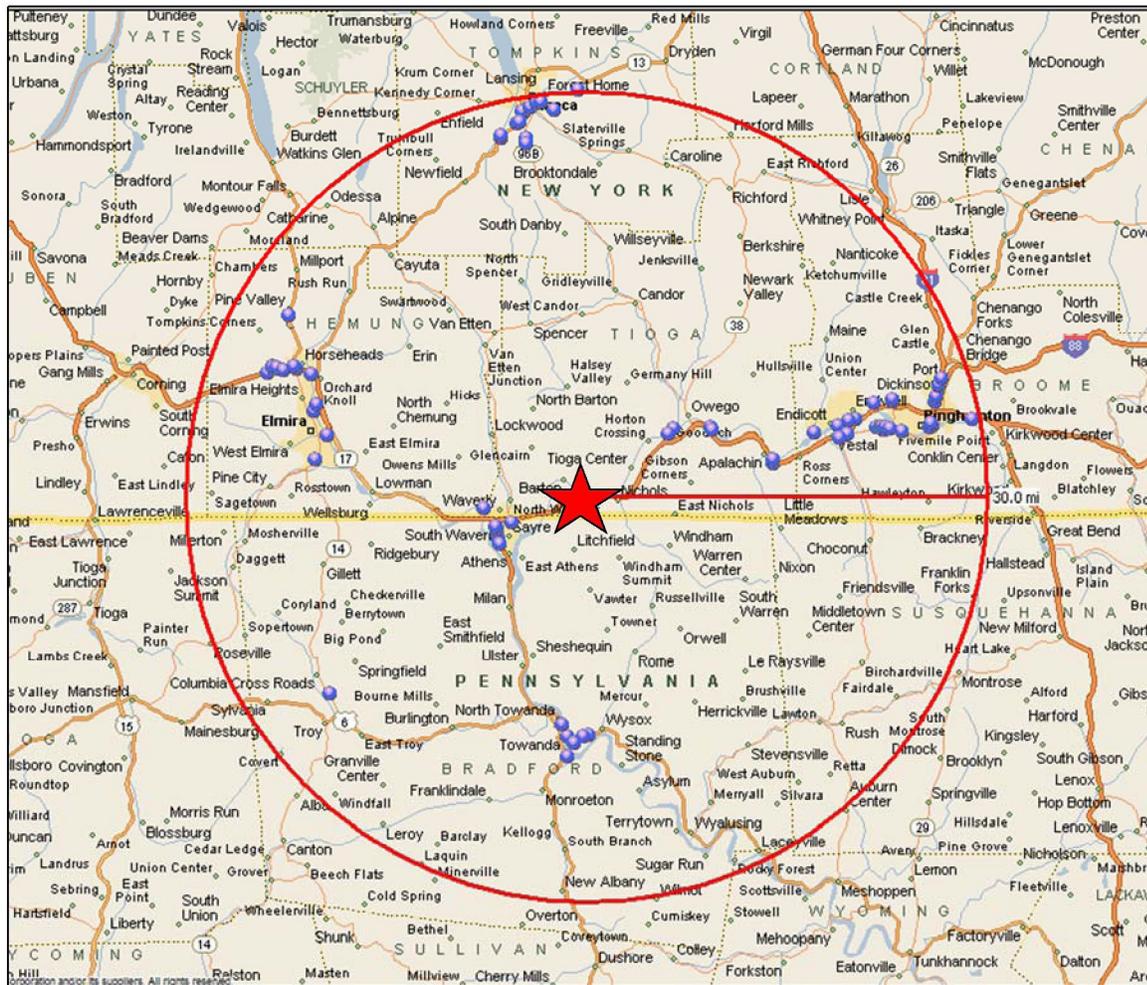
Source: Smith Travel Research, GGH and Morowitz Gaming Advisors

## Hotels Located Near Tioga Downs (continued)

	Name of Establishment	City & State	# of Rooms	Miles from Site
40	Quality Inn & Suites Vestal Binghamton	Vestal, NY	142	23.0
41	Holiday Inn Express Elmira Horseheads	Horseheads, NY	99	23.7
42	La Quinta Inns & Suites Binghamton Johnson City	Johnson City, NY	59	23.7
43	Best Western Plus Of Johnson City	Johnson City, NY	99	23.8
44	Red Roof Inn Binghamton	Johnson City, NY	107	23.8
45	Knights Inn Corning Elmira Horseheads	Horseheads, NY	40	23.9
46	Residence Inn Binghamton University	Vestal, NY	72	23.9
47	Troy Motel	Troy, PA	22	24.1
48	Fairfield Inn & Suites Elmira Corning	Horseheads, NY	79	24.5
49	Candlewood Suites Elmira Horseheads	Elmira, NY	83	25.0
50	Country Inn & Suites Big Flats	Horseheads, NY	70	25.0
51	Hampton Inn Elmira Horseheads	Horseheads, NY	101	25.3
52	Hilton Garden Inn Elmira Corning	Horseheads, NY	119	25.3
53	Econo Lodge Elmira	Elmira, NY	48	25.5
54	Rodeway Inn Marshall Manor Horseheads	Horseheads, NY	40	26.0
55	Holiday Inn Binghamton Downtown Hawley Street	Binghamton, NY	237	26.1
56	DoubleTree Binghamton	Binghamton, NY	207	26.1
57	Grand Royale Hotel	Binghamton, NY	61	26.2
58	La Tourelle Country Inn	Ithaca, NY	54	26.4
59	Country Inn & Suites Ithaca	Ithaca, NY	58	26.8
60	Econo Lodge Inn & Suites Binghamton	Binghamton, NY	102	26.8
61	Fairfield Inn Binghamton	Binghamton, NY	82	27.1
62	Grayhaven Motel	Ithaca, NY	17	27.2
63	Rodeway Inn & Suites Ithaca	Ithaca, NY	35	27.3
64	Comfort Inn Binghamton	Binghamton, NY	104	27.4
65	Motel 6 Binghamton	Binghamton, NY	98	27.5
66	Howard Johnson & Suites Binghamton	Binghamton, NY	65	27.9
67	Comfort Inn Ithaca	Ithaca, NY	80	28.0
68	Hampton Inn Ithaca	Ithaca, NY	66	28.1
69	Best Western University Inn	Ithaca, NY	101	28.6
70	Meadow Court Inn	Ithaca, NY	75	28.6
71	Super 8 Ithaca	Ithaca, NY	63	28.8
72	Hilton Garden Inn Ithaca	Ithaca, NY	104	29.0
73	Foorhills Motel	Binghamton, NY	20	29.2
74	Hillside Inn	Ithaca, NY	41	29.2
75	Del Motel	Binghamton, NY	26	29.3
76	Statler Hotel	Ithaca, NY	153	29.3
77	Embassy Inn	Ithaca, NY	25	30.0
			<u>5,350</u>	

Source: Smith Travel Research, GGH and Morowitz Gaming Advisors

The map on the following page depicts these hotels in relation to Tioga Downs.



Most of the Southern Tier (between the Allegheny and Catskill Mountains) lies within the Allegheny Plateau, a vast region of hills and valleys. Climate is typical 'humid continental' with hot, humid summers and cold, snowy winters.

The Southern Tier is a large, mostly rural region full of dairy farms, quaint towns, deep forests and state parks. Numerous small fairs and markets dot the valleys in the summer and the area is a destination for hunters and travelers who take in the foliage in the fall. The Finger Lakes region is also a favored “wine country” destination with several vineyards, wineries and a tour and travel industry forming around it.

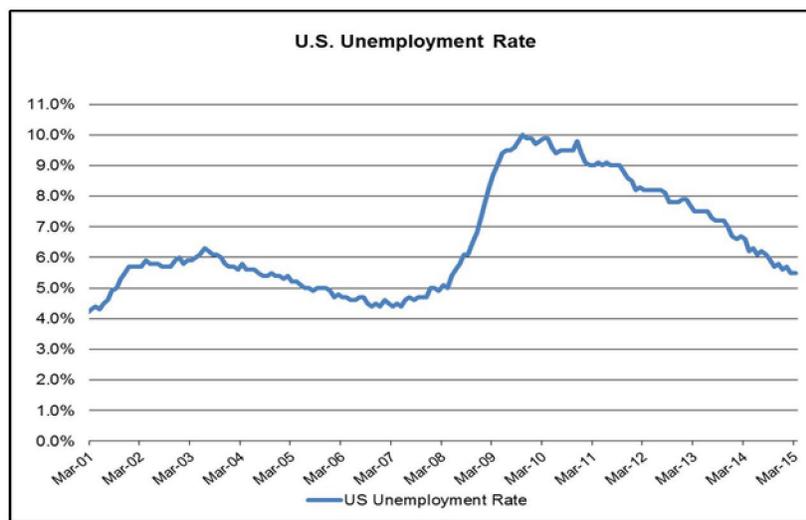
The region remained a manufacturing center for some time, but generally declined as the old line U.S. manufacturing base moved off shore and automating technologies reduced labor inputs. Today the area is attempting a resurgence. Binghamton is becoming a destination for high technology and the arts while much of the rest of the region is trying to draw in tourists interested in the natural beauty and small time charm of the area.

## V. THE MACRO-ECONOMIC ENVIRONMENT

The macro-economic environment has been at the forefront recently in terms of the ability of consumers to spend discretionary income on such items as gaming. While the gaming sector has been flat across the U.S., there are several indicators that suggest consumer spending may rebound in the future. These indicators of the general trend of the macro economy are presented below:

### Unemployment is declining

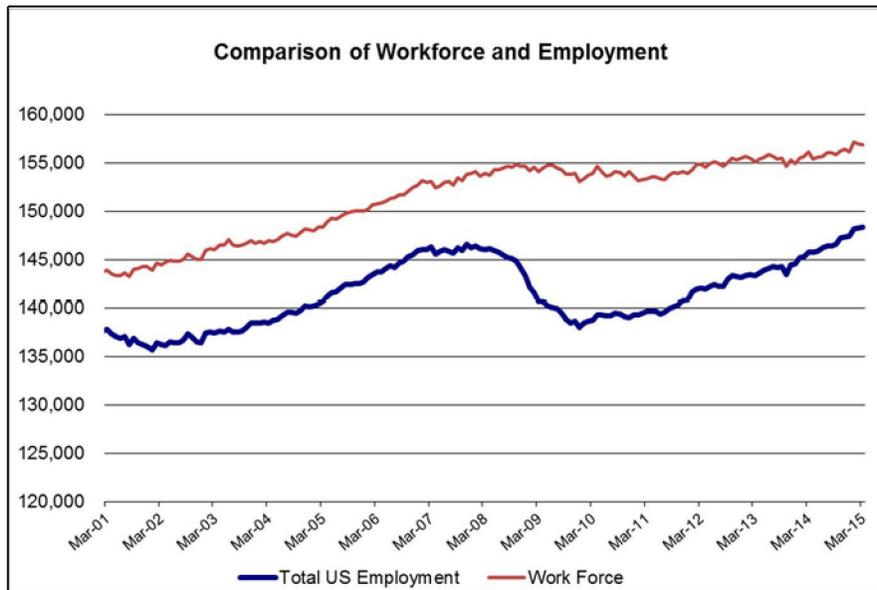
Unemployment (seasonally adjusted) spiked at over 10% in October of 2009. It has since declined to 5.5% as of March 2015, continuing its downward trend.



Source: Bureau of Labor Statistics

### Total Employment is inching up

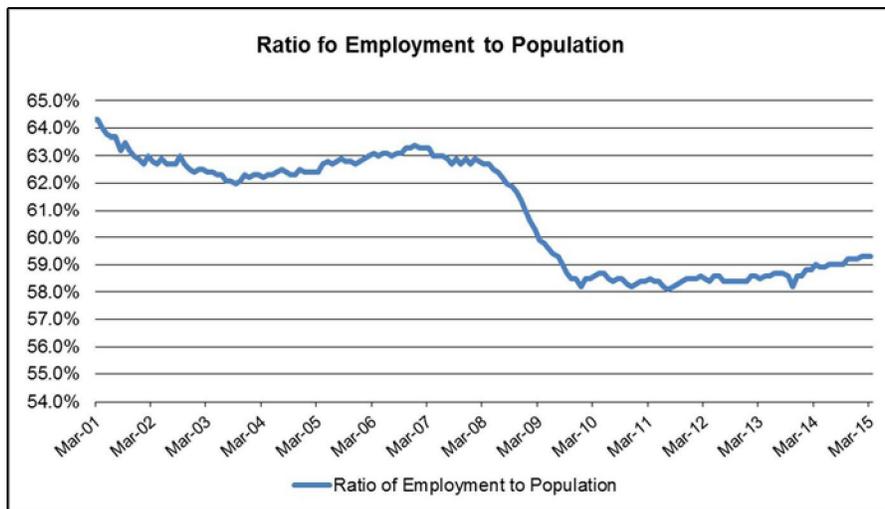
Similar to the decline in unemployment, total employment has increased since bottoming in December of 2009. At 148.3 million, employment has reached its highest level ever. Additionally, after declining for several years and then flattening for several months, the workforce has been expanding since early 2014.



Source: Bureau of Labor Statistics

**The Percentage of the Population at Work Remains Low but is Trending Upward**

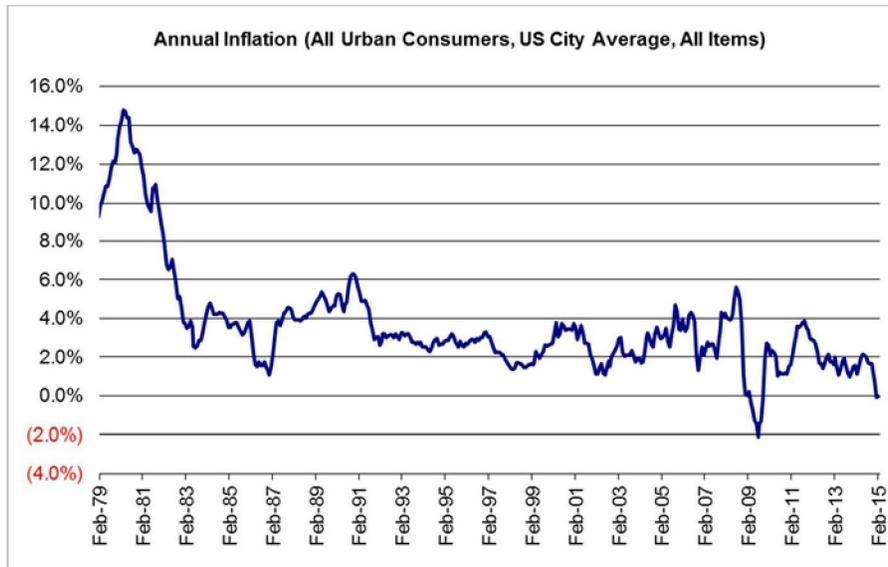
While unemployment continues its decline and the number of jobs is approaching its all-time high, the percentage of the population working is still at only 59.3% compared to 64.4% at the beginning of 2001. This decline reflects the aging of the population but also the ceiling on the total workforce that is in some respects a reflection of changes in the structure of the economy. The upshot of this is that employment has broken through its recent range bound level to higher levels.



Source: Bureau of Labor Statistics

**Inflation and Interest Rates Remain Low**

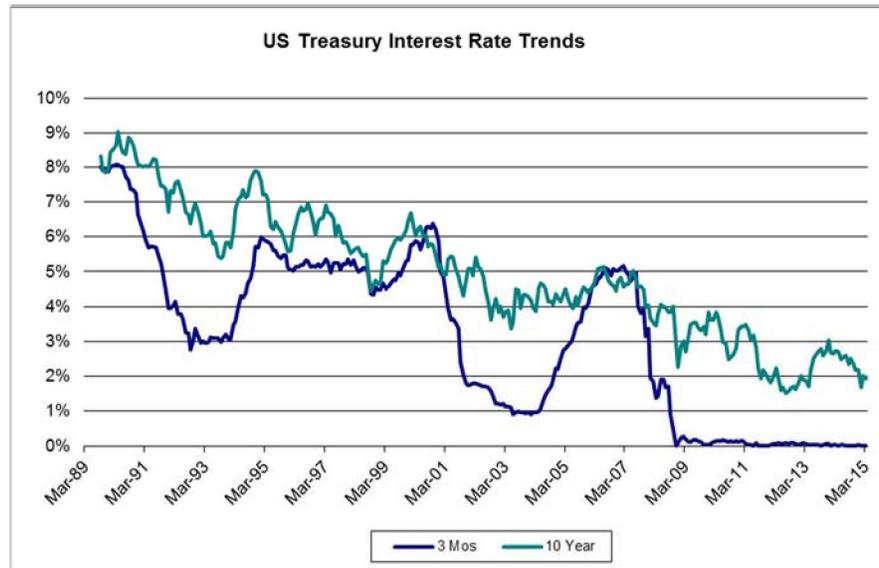
Inflation remains a non-factor in the economy, despite loose monetary policy. Year over year CPI increases have remained below 2 percent for an extended period and are near zero due to declining energy prices.



Source: Bureau of Labor Statistics

The Federal Reserve injected substantial liquidity into the U.S. financial system throughout the economic crisis through its Quantitative Easing (QE) programs. These measures along with other monetary measures have suppressed interest rates for quite some time.

The following chart depicts 3 month and 10 year interest rates since 1990. The data indicates that during periods following an economic downturn (1990, 2001, 2008) the spread between the 3 month and 10 year treasury widens and as economic growth begins these rates converge (usually through increasing short term rates). The United States has experienced a prolonged period of low interest rates and the 10 year rate is now hovering near 2%. While these rates are still low by standards of the last 25 years it suggests that short term rates could start to increase and converge with longer term rates as economic growth accelerates. To date, the Federal Reserve Bank has been unwilling to increase short term rates.

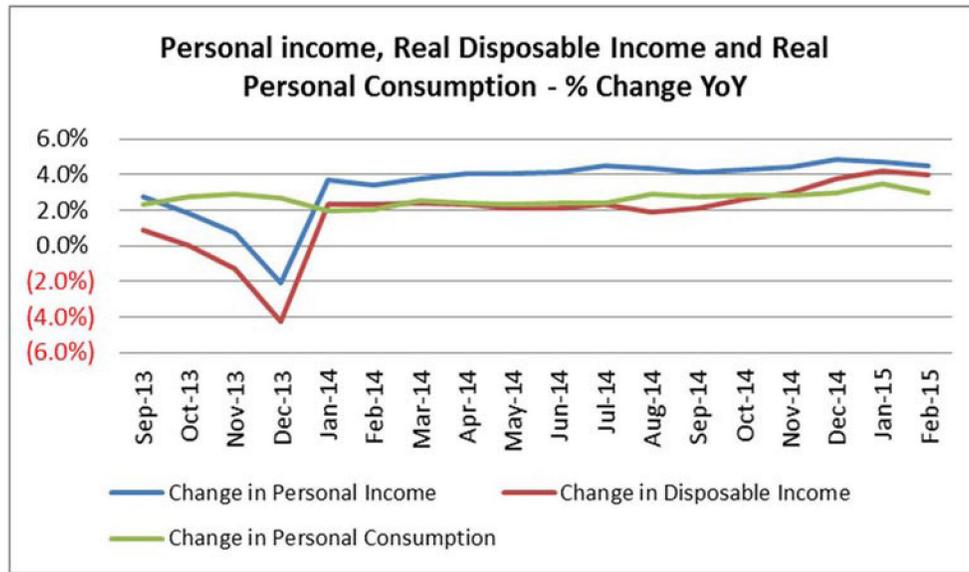


Source: GGH/Morowitz Gaming Advisors, LLC analysis

The relatively low ten year rates do not seem to signal a period of high inflation. In fact, they seem to signal a period of low economic growth in the US and a relatively benign inflation environment. These indicators appear to be waiting for a catalyst before growth rates increase and inflation and interest rates trend significantly upward. These low interest rates are a mixed blessing in terms of consumer spending and gaming market growth. The low interest rates help consumers in that they make the cost of home and vehicle purchases more reasonable. However, for savers, low yields reduce discretionary spending, especially for older consumers who have the time and wealth to visit casinos.

### Personal Consumption is Flat

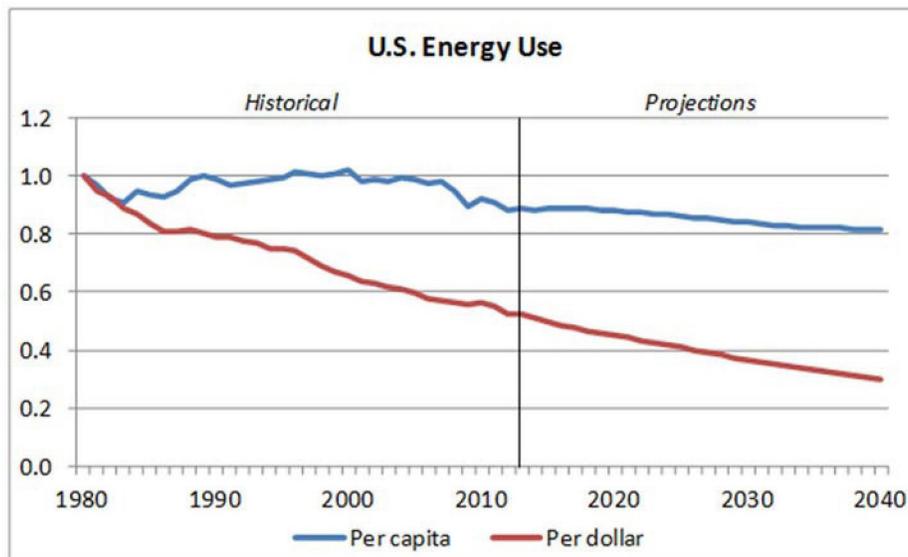
In the last twelve months, personal consumption has been increasing. Personal and disposable income declined from September 2013 to December 2013, saw a sharp increase from December 2013 to January 2014 and have been showing reasonable growth since then. As a result of these trends, disposable income has been increasing since the summer of 2014. Thusly, personal consumption has also been growing at a reasonable rate since mid 2014 and while year over year growth has slowed, it is still positive.



Source: Bureau of Economic Analysis

### US Energy Independence is becoming a Reality

The U.S. Energy Information Administration forecasts significant declines in energy usage per capita in the U.S. The projected declines in energy use will result from gains in appliance efficiency, a shift in production from cooler to warmer regions, and an increase in vehicle efficiency standards, combined with modest growth in travel per licensed driver. From 1970 through 2008, energy use dipped below 320 million British thermal units (Btu) per person for only a few years in the 1980s. In 2012, energy use per capita was about 302 million Btu. Forecasted energy use per capita declines to 279 million Btu per person in 2040—levels not seen since 1965. Continual changes in the structure of the U.S. economy are expected to reduce energy use per dollar of GDP.

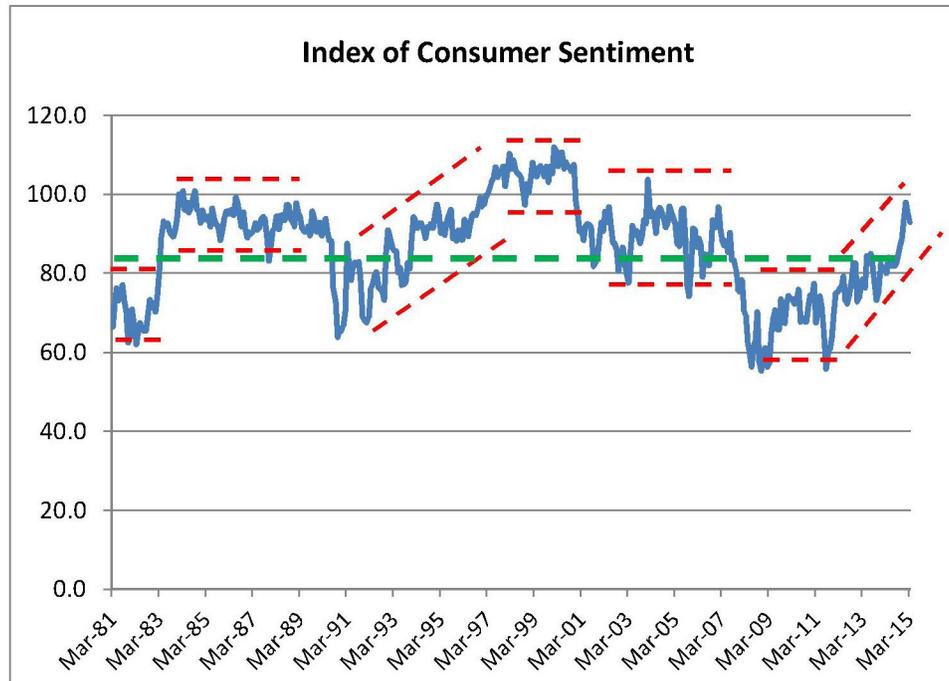


Source: U.S. Energy Information Administration

These trends, combined with what is known as the “fracking revolution” are expected to catalyze economic growth and should have positive impacts on consumers.

**Consumer Sentiment has broken through 30 year trend**

Consumer sentiment, as measured by the University of Michigan-Index-of-Consumer-Sentiment, has been trending upward since the depths of the Great Recession and recently broke through and above its 30 year trend. This indicates a potential increase in consumer spending after several years of malaise.



Source: Thomson Reuters, University of Michigan

**Macroeconomic Conclusion**

From a U.S. perspective, many economic indicators have turned positive as of the date of this report. Essentially, absent some geo-political shock or worldwide recession, the U.S. appears well into a period of sustained growth. This should have positive impacts on consumer spending. We explore national and regional gaming trends in the next section of this report and note that overall gaming growth has been negative to muted as of late; however, these positive macroeconomic trends suggest this could be reversed in the near future. Based upon these trends, we estimate that annual consumer budgets for gaming will grow by 1% annually for the duration of our financial projections.

## VI. NATIONAL GAMING TRENDS

Up until 2008, the gaming industry had enjoyed annual growth for almost two decades. With new jurisdictions opening throughout the U.S. during this time frame, gaming revenues grew significantly at both commercial and Native American casinos. From 2007 through 2009, the “Great Recession” and general reductions in consumer spending resulted in declining gaming revenues before stabilizing and recovering in 2010 and then growing in 2011 and 2012 as new jurisdictions came online and matured. Growth declined to 1.3% in 2013 and was negative for 2014, mostly due to consumer malaise. The following table depicts revenue trends in commercial (non-Native American) casino jurisdictions from 2007 through 2014.

### States with Commercial Gaming (\$Billion)

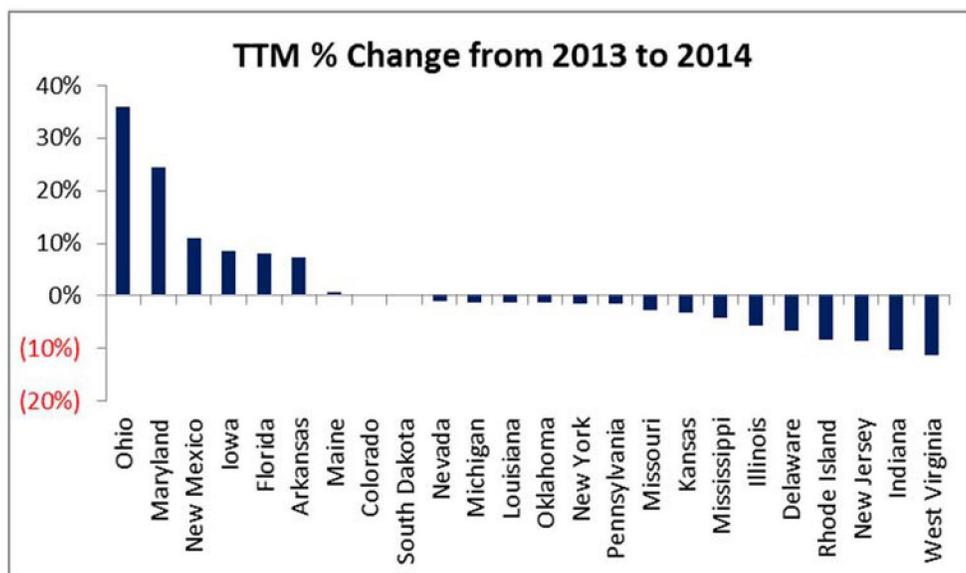
States With Commercial Casinos (Non-Native American) - 2007-2014								
Revenues (\$ Billion)								
State	2007	2008	2009	2010	2011	2012	2013	2014
Nevada	\$ 12.8	\$ 11.6	\$ 10.4	\$ 10.4	\$ 10.7	\$ 10.9	\$ 11.1	\$ 11.0
Pennsylvania	\$ 1.0	\$ 1.6	\$ 2.0	\$ 2.5	\$ 3.0	\$ 3.2	\$ 3.1	\$ 3.1
New Jersey	\$ 4.9	\$ 4.5	\$ 3.9	\$ 3.6	\$ 3.3	\$ 3.1	\$ 2.9	\$ 2.6
Louisiana	\$ 2.6	\$ 2.6	\$ 2.5	\$ 2.4	\$ 2.4	\$ 2.4	\$ 2.4	\$ 2.4
Indiana	\$ 2.6	\$ 2.7	\$ 2.8	\$ 2.8	\$ 2.7	\$ 2.7	\$ 2.4	\$ 2.2
Mississippi	\$ 2.9	\$ 2.7	\$ 2.5	\$ 2.4	\$ 2.2	\$ 2.3	\$ 2.1	\$ 2.0
New York	\$ 0.8	\$ 0.9	\$ 1.0	\$ 1.1	\$ 1.3	\$ 1.8	\$ 1.9	\$ 1.9
Missouri	\$ 1.6	\$ 1.7	\$ 1.7	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.7	\$ 1.7
Illinois	\$ 2.0	\$ 1.6	\$ 1.4	\$ 1.4	\$ 1.5	\$ 1.6	\$ 1.6	\$ 1.5
Ohio						\$ 0.4	\$ 1.1	\$ 1.5
Iowa	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.3	\$ 1.4
Michigan	\$ 1.3	\$ 1.4	\$ 1.3	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.3	\$ 1.3
Maryland				\$ 0.0	\$ 0.2	\$ 0.4	\$ 0.7	\$ 0.9
Colorado	\$ 0.8	\$ 0.7	\$ 0.7	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.7	\$ 0.8
West Virginia	\$ 0.9	\$ 1.0	\$ 0.9	\$ 0.9	\$ 1.0	\$ 0.9	\$ 0.8	\$ 0.7
Rhode Island	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.6	\$ 0.5
Florida	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.3	\$ 0.4	\$ 0.4	\$ 0.5	\$ 0.5
Delaware	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.5	\$ 0.5	\$ 0.4	\$ 0.4
Kansas			\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.3	\$ 0.4	\$ 0.4
New Mexico	\$ 0.2	\$ 0.3	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.3
Arkansas	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.2
Maine	\$ 0.0	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
Oklahoma	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
South Dakota	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
<b>Totals</b>	<b>\$ 37.5</b>	<b>\$ 36.2</b>	<b>\$ 34.4</b>	<b>\$ 34.8</b>	<b>\$ 35.8</b>	<b>\$ 37.4</b>	<b>\$ 38.0</b>	<b>\$ 37.6</b>
<b>% Increase (Decrease)</b>		<b>(3.4%)</b>	<b>(5.1%)</b>	<b>1.1%</b>	<b>3.0%</b>	<b>4.7%</b>	<b>1.3%</b>	<b>(1.0%)</b>

Source: Various state agencies and GGH/Morowitz Gaming Advisors, LLC research

Seven states registered gains in 2014 revenues including Ohio and Maryland, which are both in the early phases of their new gaming industries, Iowa (added capacity), Florida (added capacity), Colorado (which changed table limits), New Mexico and Arkansas.

The other seventeen states experienced revenue declines with the largest percentage declines occurring in West Virginia (impacted by MD and OH), Indiana (impacted by OH), Delaware

(impacted by MD), and several states throughout the Mississippi River Valley that were impacted by a combination of a weak economy, lack of re-investment, and competitive forces.



Source: Various state agencies and GGH/Morowitz Gaming Advisors, LLC research

Revenues at Native American casinos followed a similar pattern to commercial casinos, declining in 2009 before recovering post-recession. Revenues grew at a healthy pace in 2011 and 2012 and were flat in 2013 (2014 figures not yet reported).

	States With Native American Casinos - 2007-2013						
	Revenues (\$Billion)						
	2007	2008	2009	2010	2011	2012	2013
Portland (fka Region I)	\$ 2.3	\$ 2.4	\$ 2.5	\$ 2.7	\$ 2.8	\$ 2.9	\$ 2.9
Sacramento (fka Region II)	\$ 7.8	\$ 7.4	\$ 7.0	\$ 6.8	\$ 6.9	\$ 7.0	\$ 7.0
Phoenix (fka Region III)	\$ 2.9	\$ 2.8	\$ 2.6	\$ 2.5	\$ 2.6	\$ 2.7	\$ 2.7
St. Paul (fka Region IV)	\$ 4.2	\$ 4.4	\$ 4.4	\$ 4.5	\$ 4.6	\$ 4.8	\$ 4.7
Tulsa (Eastern part of fka Region V)	\$ 1.4	\$ 1.7	\$ 1.7	\$ 1.8	\$ 1.9	\$ 2.0	\$ 2.0
OK City (Western part of fka Region V)	\$ 1.1	\$ 1.3	\$ 1.5	\$ 1.6	\$ 1.7	\$ 1.8	\$ 1.9
Washington (fka Region VI)	\$ 6.4	\$ 6.8	\$ 6.8	\$ 6.7	\$ 6.7	\$ 6.7	\$ 6.8
<b>Totals</b>	<b>\$ 26.1</b>	<b>\$ 26.7</b>	<b>\$ 26.5</b>	<b>\$ 26.5</b>	<b>\$ 27.2</b>	<b>\$ 27.9</b>	<b>\$ 28.0</b>
<b>Annual Increase (Decrease)</b>	<b>5.0%</b>	<b>2.3%</b>	<b>-1.0%</b>	<b>0.1%</b>	<b>2.5%</b>	<b>2.7%</b>	<b>0.5%</b>
Portland (fka Region I)	Alaska, Idaho, Oregon, and Washington.						
Sacramento (fka Region II)	California, and Northern Nevada						
Phoenix (fka Region III)	Arizona, Colorado, New Mexico, and Southern Nevada.						
St. Paul (fka Region IV)	Iowa, Michigan, Minnesota, Montana, North Dakota, Nebraska, South Dakota, Wisconsin and Wyoming						
Tulsa (Eastern part of fka Region V)	Kansas, and Eastern Oklahoma.						
OK City (Western part of fka Region V)	Western Oklahoma and Texas.						
Washington (fka Region VI)	Alabama, Connecticut, Florida, Louisiana, Mississippi, North Carolina, and New York.						

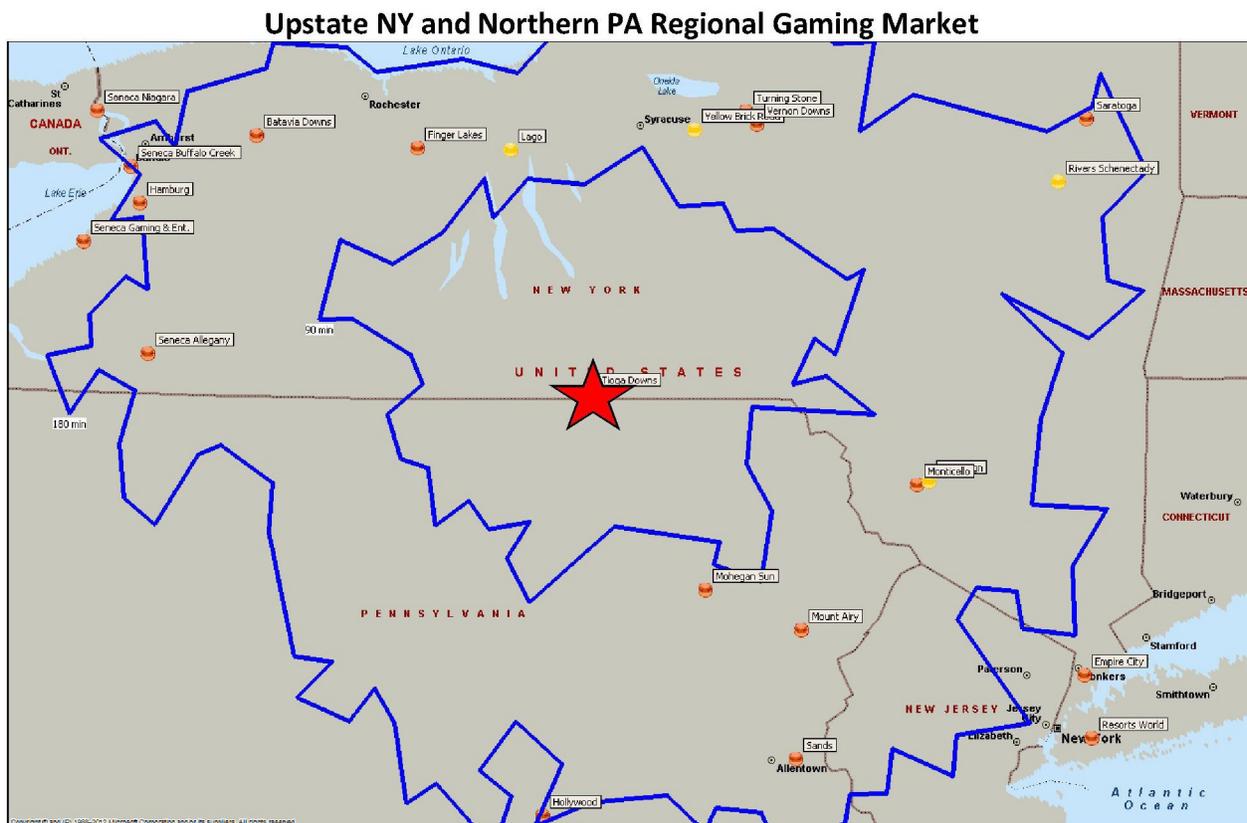
Source: National Indian Gaming Commission

The casino gaming industry in the U.S. generates approximately \$66 billion annually between commercial and Native American gaming. However, the economic crisis of the mid-2000’s has constrained investment and growth in many “legacy” jurisdictions. Most of the growth in gaming

over the last several years has come from either new jurisdictions or existing jurisdictions expanding or adding new types of gaming such as table games. However, 2014 actually saw negative growth in the commercial sector and while we expect the economy to improve over the next few years, it is clear that gaming is increasingly becoming a regional industry with the fortunes of casinos tied to the nearby competitive landscape and health of the local economies.

## VII. REGIONAL GAMING TRENDS

The following map of the Upstate New York and northern Pennsylvania regional gaming market depicts all current and future casinos within a three hour drive of Tioga Downs. Tioga Downs is located in New York’s Southern Tier region close to the northern Pennsylvania border. There are no other casinos within a ninety minute drive of Tioga Downs (see smaller blue band) so it is reasonable to expect the property will attract most of its visitors from within this catchment area but will also capture some visits from up to 2 hours. While competition nearby is limited, Tioga Downs’ most significant competitors will include Mohegan Sun Pocono in Pennsylvania, Turning Stone near Syracuse and the proposed Lago casino resort in Tyre, NY.



The following table depicts regional gaming revenues and indicates that revenues have been in decline for the past two years despite economic indicators to the contrary. This decline can be attributed to new competition on the periphery of the market and lack of investment at the properties within the region. The Class III expansion at Tioga Downs will expand the regional market.

## Gaming Revenues in Regional Markets (\$Million)

	2007	2008	2009	2010	2011	2012	2013	2014
Tioga Downs	\$ 41.4	\$ 47.2	\$ 49.4	\$ 53.0	\$ 57.0	\$ 61.7	\$ 59.6	\$ 55.9
Mohegan Pocono	175.5	185.6	220.8	243.2	274.8	274.9	263.4	262.8
Mount Airy	25.7	176.4	164.6	163.3	185.4	189.5	183.4	183.5
Turning Stone <i>(does not report)</i>								
Monticello	64.3	58.1	53.8	57.4	60.9	63.9	62.8	59.1
Vernon Downs	32.1	37.3	37.1	41.3	42.3	43.7	43.7	41.5
Finger Lakes	93.2	101.4	111.1	115.7	122.0	129.6	131.5	124.4
Seneca Allegany <i>(does not report)</i>								
Batavia	28.2	32.5	36.3	37.7	39.6	45.1	46.5	49.0
Sands Bethlehem	-	-	142.3	286.1	377.3	438.0	465.0	463.6
Saratoga	129.8	134.4	136.0	139.7	150.4	159.8	159.6	158.8
Seneca Buffalo Creek <i>(does not report)</i>								
Hamburg (FKA Fairgrounds)	44.9	50.0	55.1	61.6	73.3	81.2	76.8	64.2
Penn Hollywood	-	171.1	237.7	268.5	287.3	282.6	266.8	247.4
<b>TOTAL</b>	<b>\$ 635.1</b>	<b>\$ 994.0</b>	<b>\$1,244.2</b>	<b>\$1,467.5</b>	<b>\$1,670.3</b>	<b>\$1,770.0</b>	<b>\$1,759.1</b>	<b>\$1,710.2</b>

Source: Various state agencies and GGH/Morowitz Gaming Advisors, LLC research

## VIII. REGIONAL ANALYSIS

### Overview

The Southern Tier is located on the Pennsylvanian border of New York State and contains Broome, Chemung, Chenango, Delaware, Schuyler, Steuben, Tioga, and Tompkins counties. The region boasts some of the state's finest natural resources and agriculture, as well as significant educational institutions and readiness for manufacturing companies. In addition to its tourism industry and dozens of prominent universities such as Cornell University, Ithaca College, and Binghamton University, the Southern Tier is also the location of many businesses that employ over 350,000 highly-skilled workers. The region is mostly known for its industrial machinery and materials processing, and contributing to the electronics, imaging, and simulation industries. Businesses choose the Southern Tier for its proximity to the marketplace, abundant natural resources, and well-educated workforce.

### Market Demographics

Tioga Downs is located in Nichols, New York, which is part of the Binghamton, NY Metropolitan Statistical Area. As the following table depicts, population is limited within 90 minutes of the facility. Larger populations that are beyond 90 but within 120 minutes include parts of the Syracuse and Rochester MSAs in New York and Scranton-Wilkes Barre in Pennsylvania. The following table depicts the 2014 adult population within a two hour drive of the property.

Drive Time (mins)	2014 Population	2014 Adult Population	2014 PCI	2019 Population	2019 Adult Population	2019 PCI
<15 Minutes	30,228	22,375	\$ 24,055	30,246	22,643	\$ 28,074
15-30 Minutes	86,521	61,021	\$ 26,375	86,693	61,980	\$ 30,132
30-60 Minutes	461,979	341,658	\$ 26,238	464,228	347,234	\$ 29,940
60-90 Minutes	541,837	400,636	\$ 24,351	545,499	408,650	\$ 27,926
90-120 Minutes	1,514,757	1,118,800	\$ 26,134	1,531,571	1,146,613	\$ 30,115
<b>Total</b>	<b>2,635,322</b>	<b>1,944,490</b>	<b>\$ 25,770</b>	<b>2,658,237</b>	<b>1,987,120</b>	<b>\$ 29,612</b>

Source: DemographicsNow

### Market Access

Highways: Easy north-south access is provided by I-81, which connects the Southern Tier with Canada to the north and the Mid-Atlantic and Southern states to the south. Buffalo and New York City metropolitan areas are accessed via Rte. 17 / I-86, the Southern Tier Expressway. This route traverses the Southern Tier of the state, and serves as a major through-route for recreational and commercial traffic. It is the only major east west through-facility between I-90 (NYS Thruway) and I-80. Most importantly, it ties together other routes on the Interstate and U.S. route systems. I-88 provides quick and easy access to Albany and New England.

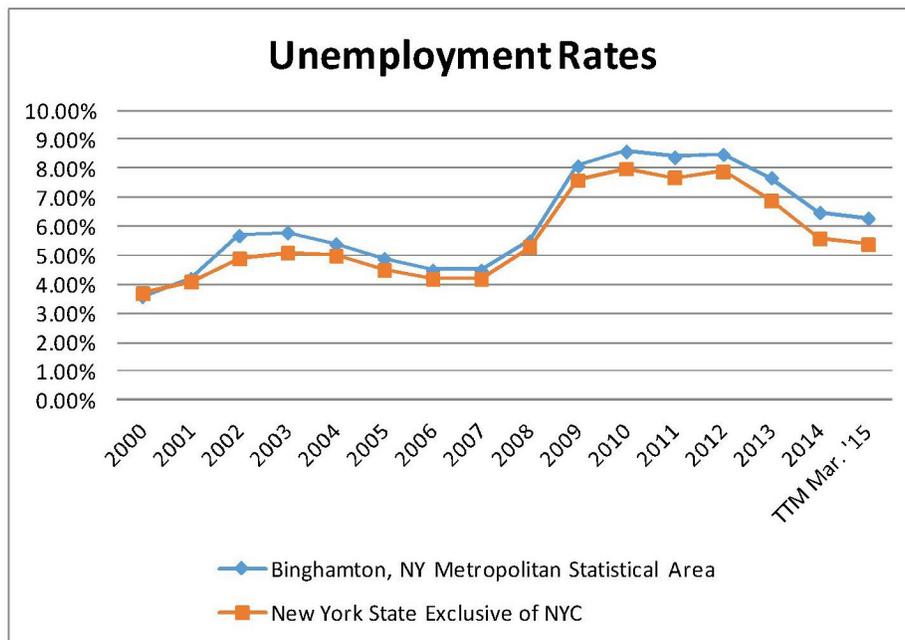
**Air Service:** Three regional airports, at Binghamton, Elmira, and Ithaca provide passenger service through US Airways and a number of commuter airlines connecting the Southern Tier to national and international destinations. The region also has six general aviation airports.

**Bus Service:** Extensive public and private bus transportation is provided throughout the region by Greyhound, Short Line and Capitol Trailways.

**Labor Market**

In December 2014, the Binghamton region tied Utica-Rome for the highest unemployment rate among the 11 upstate New York metropolitan areas. The region, consisting of Broome and Tioga counties, had a jobless rate of 6.1%, a drop from 6.9% percent the previous year. The rates for the first quarter of 2015 are better than last year but are still higher than rates for the state excluding New York City. In the Binghamton region, the number of unemployed people dropped from 7,800 to 6,700 over the past year. But the number of employed also dipped, from 105,400 to 103,600, meaning the labor force has become smaller. In December 2014, the Binghamton region's labor force totaled 110,200, the lowest labor force figure for the Binghamton metro area since December 1990, when the region had a labor force of 129,800.

The following chart shows the trend of unemployment rates for the Binghamton MSA and the rest of New York State (excluding NYC) from 2000 through the first quarter of 2015. Unemployment in Binghamton is consistently higher than the state wide rate and by almost a full percentage point in recent years.



Source: New York State Department of Labor and GGH/Morowitz Gaming Advisors, LLC

### Principal Industries and Top Employers

The region's principal industries include industrial machinery, electronic image simulation, materials processing, transportation equipment, insurance, tourism, agriculture and education. The top employers by size of workforce include Corning Natural Gas (a Fortune 500 Company), Lockheed Martin (defense and aerospace), Sikorsky Aircraft, BAE Systems and Frito Lay.

### Status of Hydraulic Fracturing

In recent years hydraulic fracturing had been posited as an economic savior to the Southern Tier with energy industry officials claiming it could bring investment to the economically depressed area. Fracking however was recently banned in New York and a new investment plan for the Southern Tier includes a \$20 million clean energy plan that will encourage companies to compete for funding, technical assistance and other services. It will be based at Binghamton University and encourage development in the region. A \$30 million agriculture proposal is designed to help farmers grow, maintain and develop businesses in the Southern Tier.



Existing Competitor Matrix – within 3 hour drive time

Casino	City	State	Drive Time from TD	Status	Tribal	Slots	Tables	Poker	Bingo	Casino SF	Conven-tion SF	Rooms	Restau-rants	Venues	Parking	Emp-loyees
Tioga Downs	Nichols	NY	0.0	Open	No	800				19,000			4	2		
<b>Tioga Downs</b>	<b>Nichols</b>	<b>NY</b>	<b>0.0</b>	<b>Proposed</b>	<b>No</b>	<b>1,000</b>	<b>50</b>			<b>33,550</b>		<b>161</b>	<b>7</b>	<b>2</b>		
Mohegan Sun	Wilkes Barre	PA	95.7	Open	Yes	2,331	66	18		82,000	20,000	238	12	4	4,000	1,280
<b>Lago</b>	<b>Tyre</b>	<b>NY</b>	<b>107.4</b>	<b>Proposed</b>	<b>No</b>	<b>2,000</b>	<b>85</b>					<b>207</b>	<b>6</b>			
<b>Yellow Brick Road</b>	<b>Chittenango</b>	<b>NY</b>	<b>107.4</b>	<b>Opened 6/2/15</b>	<b>Yes</b>	<b>430</b>				<b>67,000</b>						<b>250</b>
Mount Airy	Mount Pocono	PA	110.1	Open	No	2,300	77	11		65,144	6,000	188	4	2		1,300
Monticello	Monticello	NY	111.4	Open	No	1,545				40,000			4	2	5,000	400
<b>Montreign</b>	<b>Thompson</b>	<b>NY</b>	<b>115.2</b>	<b>Proposed</b>	<b>No</b>	<b>2,150</b>	<b>58</b>			<b>80,000</b>	<b>10,000</b>	<b>392</b>				
Turning Stone	Verona	NY	118.1	Open	Yes	2,150	90	32	1,400	125,000	100,000	709	14	6	5,000	4,050
Vernon Downs	Vernon	NY	127.3	Open	No	761				34,500	20,000	175	7		5,000	450
Finger Lakes	Farmington	NY	128.1	Open	No	1,200				30,000	26,200		5		4,000	500
Seneca Allegany	Salamanca	NY	136.8	Open	Yes	2,000	33			68,300	4,943	212	5		3,200	1,200
Batavia Downs	Batavia	NY	137.0	Open	No	776				60,000	18,000		4	1	1,080	545
<b>Rivers</b>	<b>Schenectady</b>	<b>NY</b>	<b>140.0</b>	<b>Proposed</b>	<b>No</b>	<b>1,150</b>	<b>66</b>					<b>150</b>				<b>1,070</b>
Sands	Bethlehem	PA	148.6	Open	No	3,024	152	30		139,000	22,000	300	8	4	3,500	2,076
Saratoga	Saratoga Springs	NY	167.0	Open	No	1,778				55,000			7	2		630
Seneca Buffalo Creek	Buffalo	NY	171.3	Open	Yes	808	22			67,000			3		1,085	500
Hamburg	Hamburg	NY	173.4	Open	No	940				66,000			4	1	2,000	322
Hollywood	Grantville	PA	174.8	Open	No	2,483	50	16		97,985	6,500		6	1	4,100	1,142

Tioga Downs will compete with casinos in New York and Pennsylvania. In terms of broad regulation and tax rates, each of these jurisdictions has significant similarities and differences. New York and Pennsylvania both have very high tax rates but the tax rates applied to the Class III facilities in New York are advantaged relative to Pennsylvania.

### Legislative Comparison

State	Effective Tax Rate	Hours of Operation	Type of Gaming	Number of Casinos	Smoking	Key Legislation
New York	Class III: 37% - 45% for slots & 10% for tables  Class II: Approx. 69% less 10% marketing award and up to \$2.5 million capital	24 hrs for Class III casinos and limited to 18 hours at racinos	Class III: Unlimited Las Vegas style slots, tables, etc. Class II: VGMs only at racinos (VGMs owned by State)	4 Class III casinos, 8 racinos and 7 tribal (all tribal in western and northern NY)	Only Native American casinos	New Class III casinos coming online.
Pennsylvania	55% plus slot tax rate; Table tax rate of 14% (dropping to 12% after 2 years of operation) and 48% on fully automated electronic table games	24 hours or determined by operator	Racino and slot parlor slot machines and table games implemented in 2010	Legislation allows for 7 racinos, 5 slot parlors, and 3 resort based capped at 61,000 slot machines - all licenses issued except one racino and one resort license	Limited	Considering taxing free play

Source: GGH & Morowitz Gaming Advisors, LLC research

### KEY CURRENT & FUTURE COMPETITORS

The most significant competitors for Tioga Downs are currently Mohegan Sun at Pocono Downs and Turning Stone casino. While these are important competitors for Tioga Downs they are both significantly further from Tioga's main feeder market (Binghamton) than is Tioga Downs and will be at a disadvantage to Tioga once it adds Class III gaming, a hotel and upgraded dining amenities. In addition to these two facilities, the proposed Lago casino will enter the market and also draw from Tioga's feeder markets. However Lago will still be disadvantaged to Tioga in terms of location to its main feeder market. Similarly, the proposed Montreign casino near Monticello will have the size and amenities to draw from long distances but its focus will be mostly on the New York metro market and the populations of southern New York and western Connecticut, limiting its reach into Tioga's key feeder market.

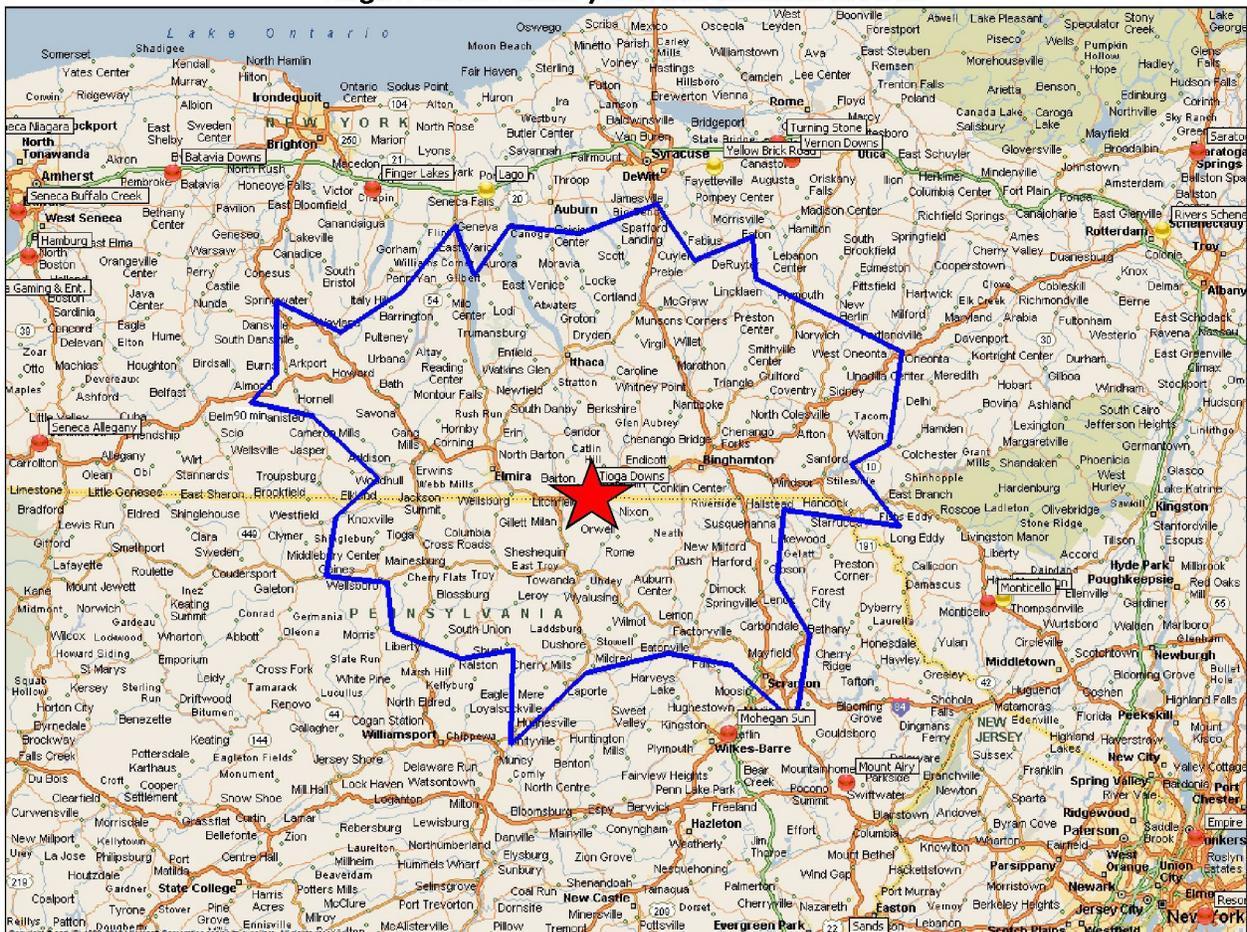
Secondary competition will come from Mount Airy casino in Pennsylvania while tertiary competition will come from the new Yellow Brick Road casino in Chittenango, Vernon Downs (a sister property of Tioga) in Vernon, NY, Finger Lakes in Farmington, NY and Seneca Allegany in Salamanca, NY.

**Tioga Downs**

Tioga Downs will add significant Class III assets and non-gaming amenities to its existing slots only racino operation upon receipt of a Class III gaming license. The facility will swap its video lottery terminals for 1,000 slot machines, add 50 table games, a hotel and two new mid to upscale restaurants to its existing offering. Combined with its new structured parking deck, track facilities and existing operations, Tioga is expected to compete formidably for patrons in Binghamton and Elmira. It is also expected to recapture both New York and out-of-state gamers who currently patronize Mohegan Sun at Pocono Downs in Pennsylvania.

The following map depicts Tioga Downs expected primary market catchment area and its proximity to Binghamton, Elmira and Ithaca. Tioga Downs is perfectly located to be the leader in this specific market.

**Tioga Downs Primary Market Catchment Area**



### Mohegan Sun at Pocono Downs

Mohegan Sun at Pocono Downs is located close to the Scranton/Wilkes-Barre market, approximately 76 miles and 75 minutes from Binghamton, NY and 107 miles and an hour and forty-one minutes from Tioga Downs. Mohegan Sun Pocono Downs is positioned as an entertainment destination with significant destination assets and features including a horse racing facility, an upscale casino, a new hotel, and excellent and varied dining, entertainment and retail offerings to complement its gaming assets. The property has become a favored entertainment destination for the Scranton/Wilkes-Barre market.

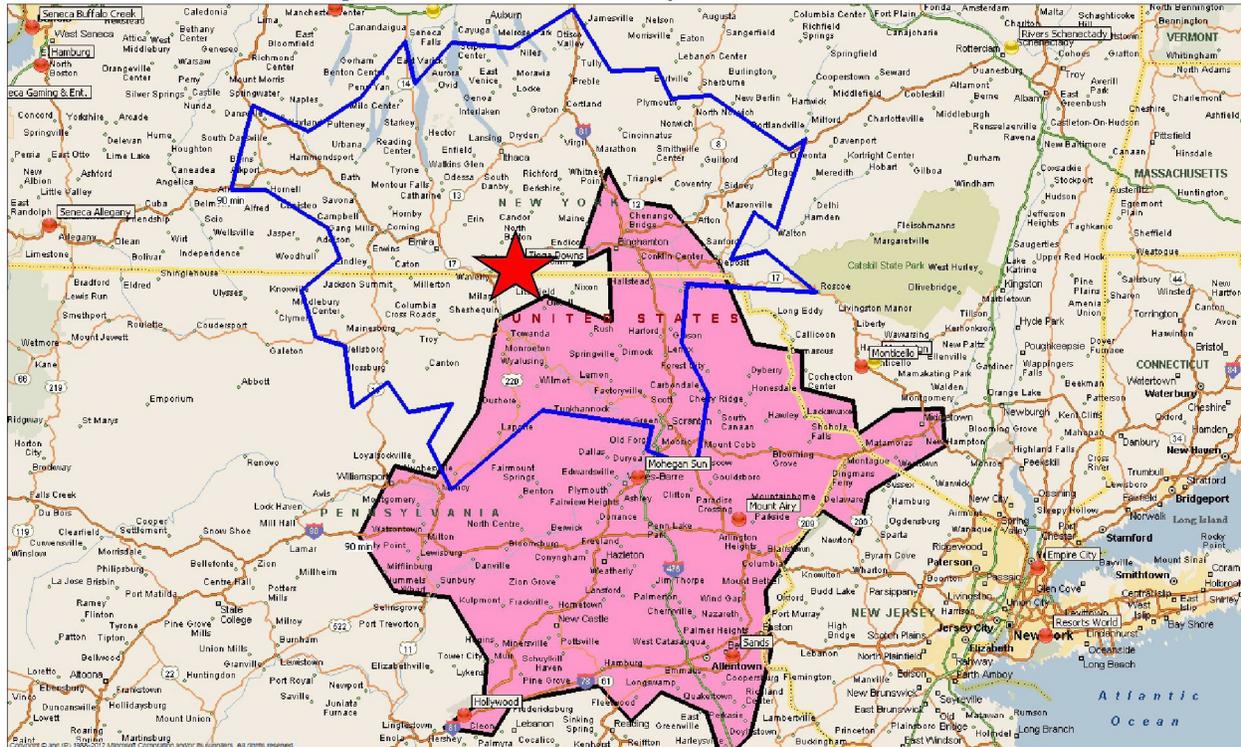
The casino boasts 2,342 slots, 73 table games, 18 poker tables, 82,000 square feet of gaming space, 20,000 square feet of convention space, and 238 hotel rooms. Food and beverage options include 3 casual dining options, 4 bars/nightclubs, and 2 upscale restaurants. The property also features specialty retail shops and live entertainment with local bands every weekend at Breakers and Bar Louie. In addition, less than 5 miles away is the 8,300-seat Mohegan Sun Arena at Casey Plaza which features a variety of events including music and sports. The arena is also home to the American Hockey League's Wilkes-Barre/Scranton Penguins.

Pocono Downs generated \$213.1 million in slot revenue for the twelve months ended April 2015, down from its peak of \$232.8 million in 2011 and from its 2014 total of \$217.2 million. Slot revenues have been trending downward since 2012 reflecting more intense slot competition in the region.

Table games were added in 2010. Pocono Downs generated \$48.1 million in table revenue for the twelve months ending April 2015, its highest level ever and considerably higher than the calendar year ending in 2014 when it generated \$45.6 million in table revenue.

The following map depicts the competitive overlap of Tioga Downs with Mohegan Sun based on 90 minute drive time catchment areas. There will be some market overlap, specifically in the Binghamton area. Class III gaming at Tioga Downs along with its proposed hotel and new dining facilities will significantly increase its ability to compete with Mohegan Sun in this key competitive area and recapture both New York and out-of-state gamers who currently patronize Mohegan Sun at Pocono Downs.

**Tioga Downs Market Overlap with Pocono Downs**



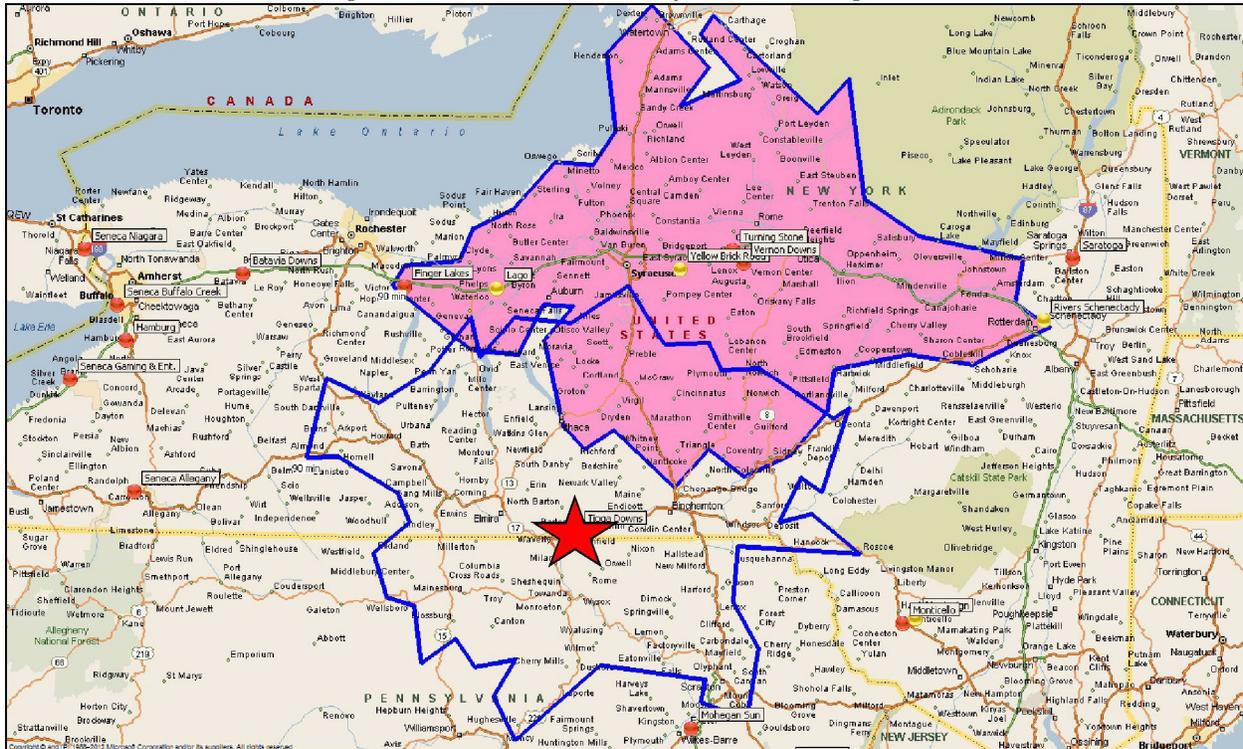
**Turning Stone Resort Casino**

The Oneida Indian Nation’s Turning Stone Resort Casino is a premier four-season, destination resort in Upstate New York. It is located about 30 miles east of Syracuse at NYS Thruway exit 33 and approximately two hours from Tioga Downs. Turning Stone is positioned as an entertainment superstore and is the largest destination resort serving upstate New York and Canada. The resort offers world-class gaming, golf, entertainment, accommodations and spa facilities, and has earned AAA Four Diamond ratings for The Lodge, The Tower Hotel, and Wildflowers restaurant. Despite being two hours from Tioga and more than an hour and a half from Binghamton, the breadth of its offerings make Turning Stone an important competitor to Tioga Downs.

Turning Stone features 2,150 slot machines, 122 table games (including 32 poker tables), 709 hotel rooms, a 1,400 seat bingo hall, a world class golf resort, 14 restaurants catering to many different customer segments, and a 100,000 square foot convention center and entertainment facility. Gaming revenues for Turning Stone are not reported to the public.

The following map depicts the main market catchment areas for Turning Stone and Tioga Downs. Market overlap will occur to the north of Binghamton and Tioga but Tioga will still be more conveniently located to a significant portion of the Binghamton market.

**Tioga Downs Market Overlap with Turning Stone**

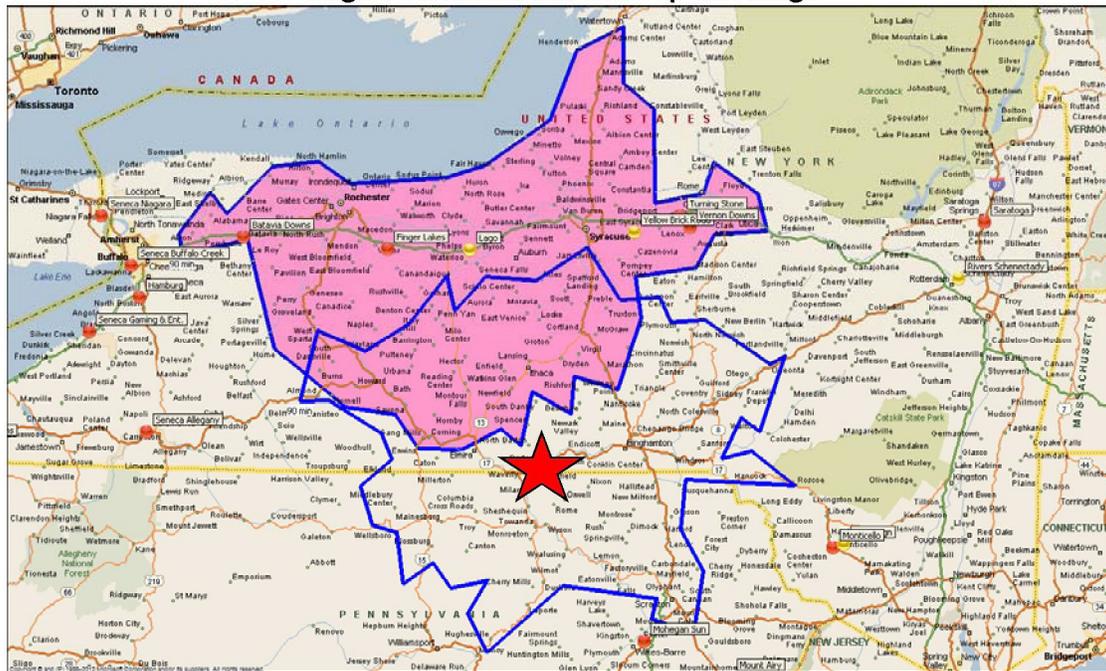


**Lago Resort Casino**

Lago was awarded New York’s initial Class III gaming license for the Eastern Southern Tier region. This \$425 million destination resort will feature a 207-room luxury hotel, spa and convenient covered parking with easy highway access. The property will be situated between Rochester, Syracuse and points south. This state of the art entertainment venue will offer a world class casino with 2,000 slot machines and 85 table games supported by a variety of fine and casual dining restaurants.

Competition with Lago will be most significant to the north of Tioga but will be very limited in the Binghamton market.

**Tioga Downs Market Overlap with Lago**

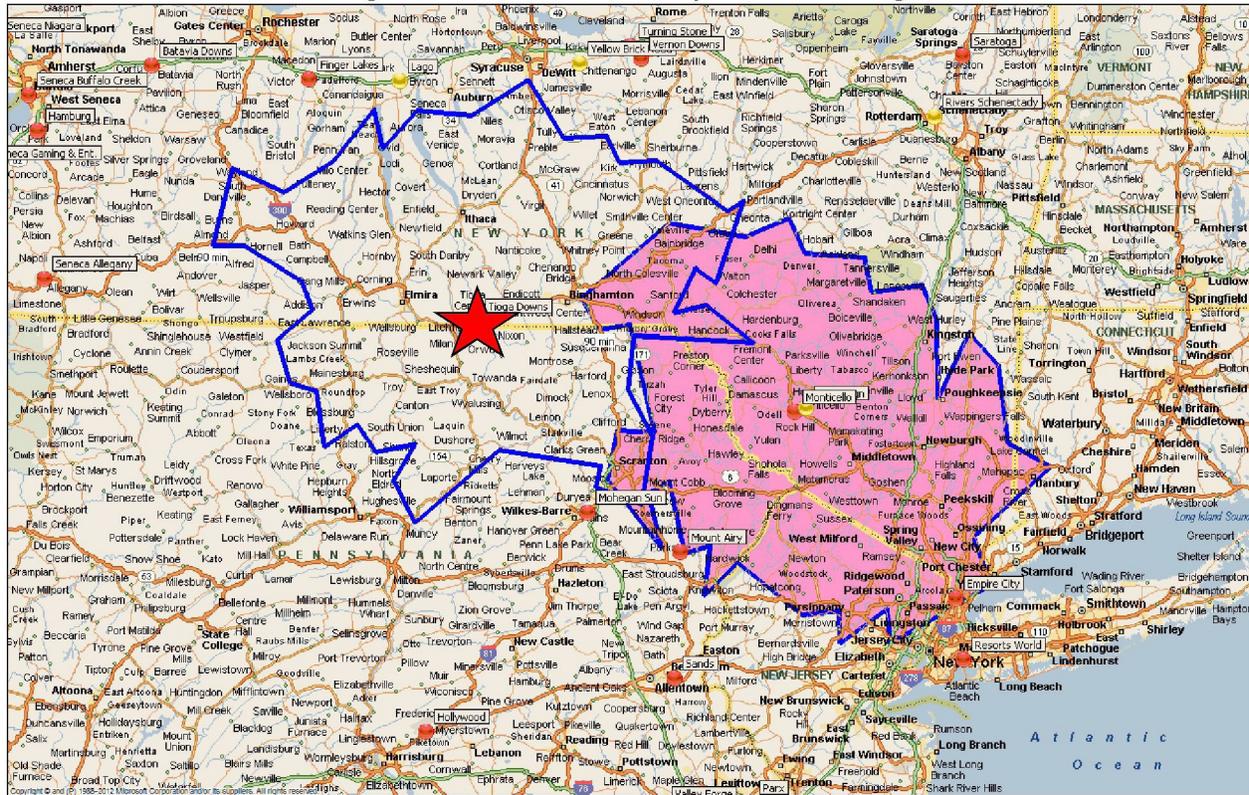


**Montreign**

Empire Resorts, owner of Monticello Casino Raceway, was awarded the gaming facility license for the Hudson Valley/Catskill area. This casino resort will replace the existing Monticello racino and be part of Adelaar, a \$1 billion integrated entertainment and lifestyle complex. Montreign will offer an 80,000 square foot casino with over 2,000 slot machines and 50 table games, a 390-room luxury hotel, casual and gourmet restaurants, and conference, meeting room and banquet facilities. Montreign will compete more directly in the western Connecticut, New York metro and northern New Jersey markets with casinos in Connecticut and Atlantic City as well as with casinos in northeastern Pennsylvania.

There is little market overlap with the proposed Montreign casino and Binghamton is on the outer reaches of Montreign’s catchment area.

**Tioga Downs Market Overlap with Montreign**



**Yellow Brick Road Casino**

The Oneida Indian Nation (Turning Stone) recently opened its Wizard of Oz themed Class II slots only casino on June 2, 2015. The facility features approximately a 500-unit slot parlor (no table games), bingo hall, two signature restaurants and a country western bar and lounge. This casino is small and designed to act as a convenience alternative to patrons from the Syracuse market and poses little threat to Tioga.

**Mount Airy**

Mount Airy casino is located in Mount Pocono, PA approximately one hour and fifty minutes from Tioga. Mount Airy features 2,300 slot machines, 88 table games (including 11 poker tables) and a 188-room hotel. The facility generated \$139.7 million in slot revenue and \$42.8 million of table revenue for the twelve months ended April 2015. Table revenue has been increasing, while slot revenues have been trending downward.

**Vernon Downs, Finger Lakes, Seneca Allegany**

These three casinos represent tertiary competition to Tioga but will have little impact on and little competitive rivalry with the Tioga facility. They are all convenience oriented gaming establishments with little reach beyond their close-in markets.

## X. CASINO MARKET COMPETITOR ASSESSMENT CONCLUSIONS

In this section gaming strategy is re-visited to gain an understanding of the strategic orientation of each of these market competitors relative to the expanded and redeveloped Tioga Downs casino.



Gaming-centric, high frequency casinos usually differentiate themselves based on the following attributes:

- Convenient access to surrounding communities
- Slot product geared to high frequency play coupled with a loyalty program designed to entice increased visitation and play per visit
- Regularly scheduled entertainment and exciting atmosphere
- Dining and retail product designed to entice repeat visitation and aligned to high frequency customer
- Quality level aligned to target customer

Casinos that are not located close to dense population centers (Turning Stone and proposed Lago and Montreign) maximize their revenues and cash flows by adding destination resort amenities. This allows the casinos in these markets to draw patronage from customers who have more convenient alternatives. The key to a successful migration to an entertainment destination is to drive revenue and cash flow sufficient enough to provide an above market return on the investment required to create the destination assets. Based on where it is expected to be positioned relative to its key competitors, in most cases Tioga Downs will be on par with its competitors.

Given its location and the lack of competitors nearby, Tioga Downs should be able to carve out a comfortable position serving the Binghamton, Elmira and Ithaca markets as a regional destination casino. The proposed expansion which will include two new destination dining facilities, table games, a hotel and entertainment amenities will position Tioga Downs squarely as a destination facility.

## XI. POTENTIAL SOURCES OF GAMING REVENUES AT TIOGA DOWNS

Three sources of revenue were identified for the Tioga Downs development including a drive-in market (defined as patrons emanating from within a 120 minute drive time from the site), an overnight visitor market (defined as patrons staying at the Tioga Downs casino hotel and patrons staying at other nearby hotels), and a traffic intercept market (defined as passers-by on Route 17 / I-86 who emanate from beyond the drive-in market but who stop in at the casino to gamble).

### Gaming Revenues from Drive-In Market

A gravity model was used to estimate the potential revenue from drive-in gaming markets from the surrounding populations. In later sections, we quantify additional revenues derived from the overnight visitor segment and the traffic intercept market.

A gravity model is a quantitative model that estimates customer demand based on the following factors: adult population, gaming penetration or participation, and the distance to and attractiveness of various gaming facilities and their offerings. The model derives its name and basic premise from Isaac Newton's law of gravity. William Reilly developed Reilly's Law of Retail Gravitation for purposes of determining "Retail Gravitation." Gravity models are commonly used in the retail and gaming industries to determine the interaction between or likely number of trips from population centers (generators) to shopping malls or casinos (attractors). The model is used to predict the likely number of gamers in a market and at which properties (or proposed properties) they spend (or would spend) their gaming dollars.

The gravity model formula for the drive-in market is depicted as follows:

$$\# \text{ of Gamers } \times (\# \text{ of Gaming Positions plus Hotel Rooms}) \times \text{Attraction} / \text{Distance}^2$$

Our models encompass the market of adults residing in zip codes within an approximate three hour drive time of the property. The map below depicts the three hour drive time band and all current and future competition assumed in this analysis, including the recently opened Oneida Nation Yellow Brick Road Casino and the three resort casinos (Montreign, Rivers and Lago) recently awarded licenses from the New York Gaming Commission.



Participation is based on a negative exponential curve with a convenient drive time of 6.0 minutes and an exponent of negative 0.7. We factor hotel rooms into the model, meaning that properties with hotel assets have a stronger pull than those without.

Based on these revenues and assumptions, our gravity model is calibrated to yield trailing twelve month February 2015 slot revenues in the market from which the current Tioga Downs facility derives its drive-in revenues (less than 70 minutes from the site). Market revenues for the region are depicted by drive time band in the following tables.

#### 2014 Calibrated Gravity Model Summary – Slot Revenues

Minutes	2014 Adult Population	Participation %	Gamers	Avg. Annual Budget	Estimated Market	Spend per Adult
<15 Minutes	22,375	35.0%	7,831	\$ 808	\$ 6,325,216	\$ 283
15-30 Minutes	61,021	34.1%	20,818	\$ 833	\$ 17,336,005	\$ 284
30-60 Minutes	341,658	26.5%	90,398	\$ 836	\$ 75,604,729	\$ 221
60-90 Minutes	400,636	23.9%	95,924	\$ 803	\$ 77,001,944	\$ 192
90-120 Minutes	1,118,800	28.3%	316,893	\$ 823	\$ 260,866,309	\$ 233
120-180 Minutes	5,581,367	28.8%	1,607,283	\$ 846	\$ 1,360,536,736	\$ 244
<b>Total</b>	<b>7,525,857</b>	<b>28.4%</b>	<b>2,139,149</b>	<b>\$ 840</b>	<b>\$ 1,797,670,940</b>	<b>\$ 239</b>

#### Cumulative

Minutes	2014 Adult Population	Participation %	Gamers	Avg. Annual Budget	Estimated Market	Spend per Adult
<15	22,375	35.0%	7,831	\$ 808	\$ 6,325,216	\$ 283
<30	83,396	34.4%	28,650	\$ 826	\$ 23,661,222	\$ 284
<60	425,054	28.0%	119,048	\$ 834	\$ 99,265,951	\$ 234
<90	825,690	26.0%	214,972	\$ 820	\$ 176,267,895	\$ 213
<120	1,944,490	27.4%	531,866	\$ 822	\$ 437,134,204	\$ 225
<180	7,525,857	28.4%	2,139,149	\$ 840	\$ 1,797,670,940	\$ 239

There are presently an estimated \$1.8 billion of slot revenues generated from the market within a three hour drive time of the property. The model yields consumer slot participation rates of 28.4% in this region, in conformity with data published in gamer surveys.

We modeled slot revenues for the year ending 2019, assuming this is the first stabilized year of operations after a ramp-up period. Our model for 2019 assumes an increase in annual budgets of 1% annually (based on expected economic conditions) to \$946 in 2019. This budget is then adjusted based on per capita income for each zip code. The average slot budget for 2019 is \$884. We assume that the catchment area for Tioga Downs will increase due to the size and scope of the project from 70 minutes to 120 minutes.

The following tables depict the slot market potential and revenue allocation to the redeveloped Tioga Downs, based on the assumptions set forth in this report. As the output from the model indicates, the total slot market is projected to grow from \$1.8 billion to \$2.0 billion by 2019 due

to budget growth of 1% annually, annual population growth and three new casino resorts in New York with a commensurate increase in participation rates (from a market wide 28.4% to 30.0%). **Tioga Downs is projected to yield \$69.2 million of slot revenues in 2019 from the drive-in market.**

### 2019 Gravity Model Summary – Slot Revenues

Minutes	2019 Adult Population	Participation %	Gamers	Avg. Annual Budget	Estimated Slot Market	Spend per Adult	Tioga Downs Capture	Tioga Downs Slot Revenue
<15 Minutes	22,643	35.4%	7,925	\$ 855	\$ 6,772,687	\$ 303	89.1%	\$ 6,034,732
15-30 Minutes	61,980	34.7%	21,148	\$ 877	\$ 18,551,854	\$ 304	63.8%	\$ 11,832,098
30-60 Minutes	347,234	26.8%	91,724	\$ 877	\$ 80,469,275	\$ 236	42.8%	\$ 34,407,007
60-90 Minutes	408,650	25.4%	101,741	\$ 844	\$ 85,913,831	\$ 214	11.3%	\$ 9,749,805
90-120 Minutes	1,146,613	31.3%	350,501	\$ 867	\$ 303,838,108	\$ 272	2.4%	\$ 7,180,522
120-180 Minutes	5,762,730	30.2%	1,687,344	\$ 890	\$ 1,501,892,470	\$ 269	0.0%	\$ -
<b>Total</b>	<b>7,749,850</b>	<b>30.0%</b>	<b>2,260,383</b>	<b>\$ 884</b>	<b>\$ 1,997,438,226</b>	<b>\$ 265</b>	<b>3.5%</b>	<b>\$ 69,204,165</b>

#### Cumulative

Minutes	2019 Adult Population	Participation %	Gamers	Avg. Annual Budget	Estimated Slot Market	Spend per Adult	Tioga Downs Capture	Tioga Downs Slot Revenue
<15	22,643	35.4%	7,925	\$ 855	\$ 6,772,687	\$ 303	89.1%	\$ 6,034,732
<30	84,623	34.9%	29,073	\$ 871	\$ 25,324,542	\$ 304	70.6%	\$ 17,866,831
<60	431,857	28.4%	120,797	\$ 876	\$ 105,793,817	\$ 249	49.4%	\$ 52,273,838
<90	840,507	27.0%	222,538	\$ 861	\$ 191,707,648	\$ 232	32.4%	\$ 62,023,642
<120	1,987,120	29.5%	573,039	\$ 865	\$ 495,545,756	\$ 255	14.0%	\$ 69,204,165
<180	7,749,850	30.0%	2,260,383	\$ 884	\$ 1,997,438,226	\$ 265	3.5%	\$ 69,204,165

### Table Revenues from Drive-In Market

We created a similar model and analysis for the table games market. Participation is based on a negative exponential curve with a convenient drive time of 19 minutes and an exponent of -2.0. Maximum participation is 11%. As with the slot model we factor hotel rooms into the table games model.

We have calibrated a table model for the trailing twelve months ended February 2015 (a 180 minute drive time radius of the site) assuming maximum table budgets of \$700 annually (which yields an average budget of \$651 after adjusting for per capita income levels) and the following market revenue.

Based on these revenues and assumptions, our gravity model is calibrated to yield trailing twelve months ended February 2015 table revenues in the market from which Tioga Downs will derive its drive-in table revenues. Table market revenues are depicted by distance band for the entire 180 minute market radius.

### 2014 Calibrated Gravity Model Summary – Table Game Revenues

Minutes	2014 Adult Population	Participation %	Gamers	Avg. Annual Budget	Estimated Market	Spend per Adult
<15 Minutes	22,375	3.2%	709	\$ 627	\$ 444,751	\$ 20
15-30 Minutes	61,021	3.9%	2,359	\$ 662	\$ 1,561,432	\$ 26
30-60 Minutes	341,658	4.8%	16,398	\$ 648	\$ 10,624,315	\$ 31
60-90 Minutes	400,636	7.7%	30,970	\$ 626	\$ 19,397,669	\$ 48
90-120 Minutes	1,118,800	9.3%	104,081	\$ 640	\$ 66,600,586	\$ 60
120-180 Minutes	5,581,367	8.0%	448,188	\$ 655	\$ 293,543,189	\$ 53
<b>Total</b>	<b>7,525,857</b>	<b>8.0%</b>	<b>602,706</b>	<b>\$ 651</b>	<b>\$ 392,171,943</b>	<b>\$ 52</b>

**Cumulative**

Minutes	2014 Adult Population	Participation %	Gamers	Avg. Annual Budget	Estimated Market	Spend per Adult
<15	22,375	3.2%	709	\$ 627	\$ 444,751	\$ 20
<30	83,396	3.7%	3,068	\$ 654	\$ 2,006,183	\$ 24
<60	425,054	4.6%	19,466	\$ 649	\$ 12,630,498	\$ 30
<90	825,690	6.1%	50,437	\$ 635	\$ 32,028,167	\$ 39
<120	1,944,490	7.9%	154,518	\$ 638	\$ 98,628,754	\$ 51
<180	7,525,857	8.0%	602,706	\$ 651	\$ 392,171,943	\$ 52

There are presently \$392.2 million of table revenues generated from markets within three hours of Tioga Downs. The model yields consumer participation rates of 8.0% in this region, with very low participation nearby the property due to the slots only offering.

We modeled table revenues for the year ending 2019, assuming this is the first stabilized year of operations after a ramp-up period. Our model for 2019 assumes an increase in annual budgets of 1% annually (based on expected economic conditions) to \$736 in 2019. This budget is then adjusted based on per capita income. The average table games budget for 2019 is \$687. As with slots, we assume the catchment area will be 120 minutes.

The following tables depict the table games market potential and revenue allocation to Tioga Downs, based on the assumptions set forth in this report. As the output from the model indicates, the total table market is projected to grow from \$392.2 million to \$546.9 million by 2019 due to the introduction of Class III gaming in the Catskills, Capital and Southern Tier Regions of New York and the commensurate increase in participation rates (to a market wide 10.6%), budget growth of 1% annually, and annual population growth. **Tioga Downs is projected to yield \$27.6 million of table revenues in 2019 from the drive-in market.**

**2019 Calibrated Gravity Model Summary**

Minutes	2019 Adult Population	Participation %	Gamers	Avg. Annual Budget	Estimated Market	Spend per Adult	Tioga Downs Capture	Tioga Downs Table Revenue
<15 Minutes	22,643	11.1%	2,491	\$ 665	\$ 1,655,546	\$ 74	95.4%	\$ 1,579,006
15-30 Minutes	61,980	11.2%	6,818	\$ 681	\$ 4,643,657	\$ 76	78.2%	\$ 3,630,939
30-60 Minutes	347,234	11.1%	38,092	\$ 682	\$ 25,988,257	\$ 76	54.7%	\$ 14,221,390
60-90 Minutes	408,650	10.0%	40,027	\$ 657	\$ 26,300,011	\$ 66	17.6%	\$ 4,618,529
90-120 Minutes	1,146,613	10.6%	118,463	\$ 674	\$ 79,883,578	\$ 71	4.5%	\$ 3,559,397
120-180 Minutes	5,762,730	10.6%	589,979	\$ 692	\$ 408,451,993	\$ 73	0.0%	\$ -
<b>Total</b>	<b>7,749,850</b>	<b>10.6%</b>	<b>795,870</b>	<b>\$ 687</b>	<b>\$ 546,923,043</b>	<b>\$ 73</b>	<b>5.0%</b>	<b>\$ 27,609,261</b>

*Cumulative*

Minutes	2019 Adult Population	Participation %	Gamers	Avg. Annual Budget	Estimated Market	Spend per Adult	Tioga Downs Capture	Tioga Downs Table Revenue
<15	22,643	11.1%	2,491	\$ 665	\$ 1,655,546	\$ 74	95.4%	\$ 1,579,006
<30	84,623	11.2%	9,309	\$ 677	\$ 6,299,203	\$ 76	82.7%	\$ 5,209,945
<60	431,857	11.2%	47,400	\$ 681	\$ 32,287,460	\$ 76	60.2%	\$ 19,431,335
<90	840,507	10.6%	87,428	\$ 670	\$ 58,587,472	\$ 71	41.0%	\$ 24,049,864
<120	1,987,120	10.6%	205,891	\$ 673	\$ 138,471,050	\$ 71	19.9%	\$ 27,609,261
<180	7,749,850	10.6%	795,870	\$ 687	\$ 546,923,043	\$ 73	5.0%	\$ 27,609,261

**Total Slots and Tables Drive-In Market and Comparison to Benchmarks**

We summarize the drive-in market for both slots and tables and compare those to national and regional gaming benchmarks.

Minutes	2019 Adult Population	Revenues			Spend per Adult		
		Slot	Table	Total	Slot	Table	Total
<15 Minutes	22,643	\$ 6,772,687	\$ 1,655,546	\$ 8,428,233	\$ 299	\$ 73	\$ 372
15-30 Minutes	61,980	\$ 18,551,854	\$ 4,643,657	\$ 23,195,512	\$ 299	\$ 75	\$ 374
30-60 Minutes	347,234	\$ 80,469,275	\$ 25,988,257	\$ 106,457,532	\$ 232	\$ 75	\$ 307
60-90 Minutes	408,650	\$ 85,913,831	\$ 26,300,011	\$ 112,213,843	\$ 210	\$ 64	\$ 275
90-120 Minutes	1,146,613	\$ 303,838,108	\$ 79,883,578	\$ 383,721,687	\$ 265	\$ 70	\$ 335
120-180 Minutes	5,762,730	\$ 1,501,892,470	\$ 408,451,993	\$ 1,910,344,463	\$ 261	\$ 71	\$ 331
<b>Total</b>	<b>7,749,850</b>	<b>\$ 1,997,438,226</b>	<b>\$ 546,923,043</b>	<b>\$ 2,544,361,269</b>	<b>\$ 258</b>	<b>\$ 71</b>	<b>\$ 328</b>

*Cumulative*

Minutes	2019 Adult Population	Revenues			Spend per Adult		
		Slot	Table	Total	Slot	Table	Total
<15	22,643	\$ 6,772,687	\$ 1,655,546	\$ 8,428,233	\$ 299	\$ 73	\$ 372
<30	84,623	\$ 25,324,542	\$ 6,299,203	\$ 31,623,745	\$ 299	\$ 74	\$ 374
<60	431,857	\$ 105,793,817	\$ 32,287,460	\$ 138,081,277	\$ 245	\$ 75	\$ 320
<90	840,507	\$ 191,707,648	\$ 58,587,472	\$ 250,295,120	\$ 228	\$ 70	\$ 298
<120	1,987,120	\$ 495,545,756	\$ 138,471,050	\$ 634,016,806	\$ 249	\$ 70	\$ 319
<180	7,749,850	\$ 1,997,438,226	\$ 546,923,043	\$ 2,544,361,269	\$ 258	\$ 71	\$ 328

We compare these results to national and regional benchmarks of spend per adult. On a national level, spend per adult was approximately \$290 for 2013 (Native American revenues for 2014 are not yet available). The nationwide spend is tempered by the fact that not all adults in the U.S. live within a convenient distance of a casino.

	<u>2012</u>	<u>2013</u>
Commercial Casinos	\$ 37,445,898,138	\$ 37,950,239,362
Native American	\$ 27,904,675,612	\$ 28,280,510,589
	<u>\$ 65,350,573,750</u>	<u>\$ 66,230,749,951</u>
Estimated U.S. Adult Population	227,059,283	228,690,683
Spend Per Adult	<u>\$ 288</u>	<u>\$ 290</u>

Source: Various state agencies, NIGC, GGH/Morowitz Gaming Advisors

On a regional level, the projected \$328 spend per adult within three hours of Tioga Downs comports with benchmarks we calculated for the Mid-Atlantic (\$305) and Western Pennsylvania (\$349) markets.

We also sensitize drive-in market revenues based on increasing and decreasing the attraction factor in our gravity model by 20%. We summarize gaming revenues from the drive-in market in the low, mid and high cases as follows:

	High Case	Mid Case	Low Case
# of Slot Machines	1,000	1,000	1,000
# of Table Games	50	50	50
Drive-in Market			
Slot Revenues	\$ 75,559,382	\$ 69,204,165	\$ 61,885,775
Table Game Revenues	29,827,619	27,609,261	25,049,653
Total Drive-in Market Revenues	<u>\$ 105,387,000</u>	<u>\$ 96,813,426</u>	<u>\$ 86,935,427</u>

**Gaming Revenues from Overnight Visitor Market**

We calculated potential revenue from the overnight visitor segment based on assumptions of occupancy, hotel occupants hailing from beyond the 120 minute drive-in market, gaming capture percentage (participation), occupants per room, and gaming revenue per occupant.

Based on our research, we have identified two specific hotel segments relevant to Tioga Downs. These include hotel guests at the site staying in the property’s 161-room casino hotel and guests staying at other hotels in the area. We have identified 5,350 hotel/motel rooms within 30 miles of the property.

Gaming revenue per occupied room is based on the formula for daily theoretical revenue per customer and is expressed as follows:

$$TR = t \times b \times h \times d$$

Where:

t = time played  
b = average bet  
h = hold %  
d = decisions (spins or hands) per hour

Average daily play time for a room occupants staying on-site is estimated at five hours (based on our proprietary analysis of several different casino databases and overnight customers), average bet for a slot customer generally averages \$1.00 (based on our proprietary database of over 15,000 slot machines and several casinos), and spins per hour on a slot machine are normally 720 (based on industry standard of 12 handle pulls per minute). Assuming a slot floor yielding an 8.5% hold, daily revenue for hotel-based customers would be \$306. Similarly, table games customers are estimated to play five hours at 70 decisions per hour (typical average for a table game) at \$50 per hand (assuming yield managed rooms for high end table players). Daily table game win per on-site guest is estimated at \$263.

Other key assumptions include room occupancy, the percentage of gamers for each segment and the percentage of visitors from beyond the 120 minute drive-in market. Occupancy at the onsite casino hotel is based on our hotel assessment included later in this report and is estimated at 92.6% at stabilization. Occupancy at local hotels is estimated at 55% based on data obtained from STR, Inc. Overnight visitors from beyond 120 minutes are estimated at 33% for on-site and 40% for off-site hotel guests because it is assumed that most visitors to the region come from within the 120 minute radius but some will travel further distances to visit the redeveloped Class III facility. The capture percentages are estimated based on the Advisor's proprietary database of hotel based guests who gamble and are estimated at 85% for the onsite hotel and 1.7% for visitors to nearby hotels (weighted average based on each hotel's proximity to Tioga Downs). We also sensitized these models to determine a high and low case by increasing and decreasing capture rates and other assumptions. Based on these assumptions, overnight visitor segment revenues for 2019 (the initial stabilized year of operations) years of operations are calculated as follows:

### Overnight Visitor Gaming Model

Casino Hotel Over Night Visitor Market	High		Mid		Low	
	Slots	Tables	Slots	Tables	Slots	Tables
# of Rooms	161	161	161	161	161	161
Occupancy	94.6%	94.6%	92.6%	92.6%	88.5%	88.5%
Guests/ Room	1.8	1.8	1.8	1.8	1.8	1.8
Number of Hotel Guests	100,048	100,048	97,919	97,919	93,662	93,662
Gaming Capture Rate	90.0%	90.0%	85.0%	85.0%	80.0%	80.0%
Total Gamers	90,043	90,043	83,231	83,231	74,930	74,930
% Slots/Tables	70.0%	30.0%	70.0%	30.0%	70.0%	30.0%
Total Gamers by Segment	63,030	27,013	58,262	24,969	52,451	22,479
Avg. Win per Guest	\$ 306	\$ 263	\$ 306	\$ 263	\$ 306	\$ 263
Gaming Win	\$19,287,246	\$ 7,104,406	\$17,828,163	\$ 6,566,957	\$16,049,907	\$ 5,911,940
% From Beyond 120 Minutes	40%	40%	33%	33%	25%	25%
	<b>\$ 7,714,898</b>	<b>\$ 2,841,762</b>	<b>\$ 5,883,294</b>	<b>\$ 2,167,096</b>	<b>\$ 4,012,477</b>	<b>\$ 1,477,985</b>
<b>Estimated Win Per Guest Calculations</b>						
	<u>Slots</u>	<u>Tables</u>	<u>Slots</u>	<u>Tables</u>	<u>Slots</u>	<u>Tables</u>
Time on Device (Hours)	5.0	5.0	5.0	5.0	5.0	5.0
Decisions per Hour	720	70	720	70	720	70
Average Bet	\$ 1.00	\$ 50.00	\$ 1.00	\$ 50.00	\$ 1.00	\$ 50.00
Casino Hold %	8.5%	1.5%	8.5%	1.5%	8.5%	1.5%
Total Theoretical Revenue	\$ 306	\$ 263	\$ 306	\$ 263	\$ 306	\$ 263

Other Hotel Over Night Visitor Market	High		Mid		Low	
	Slots	Tables	Slots	Tables	Slots	Tables
# of Rooms	5,350	5,350	5,350	5,350	5,350	5,350
Occupancy	55%	55%	55%	55%	55%	55%
Guests/ Room	1.8	1.8	1.8	1.8	1.8	1.8
Gaming Capture Rate	2.7%	2.7%	1.7%	1.7%	0.7%	1.5%
Avg. Win per Guest	\$ 61	\$ 26	\$ 61	\$ 26	\$ 61	\$ 26
Gaming Win	\$ 3,153,459	\$ 1,344,097	\$ 1,974,193	\$ 841,459	\$ 794,927	\$ 753,957
% From Beyond 120 Minutes	40%	40%	40%	40%	40%	40%
	<b>\$ 1,261,383</b>	<b>\$ 537,639</b>	<b>\$ 789,677</b>	<b>\$ 336,584</b>	<b>\$ 317,971</b>	<b>\$ 301,583</b>
<b>Estimated Win Per Guest Calculations</b>						
	<u>Slots</u>	<u>Tables</u>	<u>Slots</u>	<u>Tables</u>	<u>Slots</u>	<u>Tables</u>
Time on Device (Hours)	1.0	1.0	1.0	1.0	1.0	1.0
Decisions per Hour	720	70	720	70	720	70
Average Bet	\$ 1.00	\$ 25.00	\$ 1.00	\$ 25.00	\$ 1.00	\$ 25.00
Casino Hold %	8.5%	1.5%	8.5%	1.5%	8.5%	1.5%
Total Theoretical Revenue	\$ 61	\$ 26	\$ 61	\$ 26	\$ 61	\$ 26

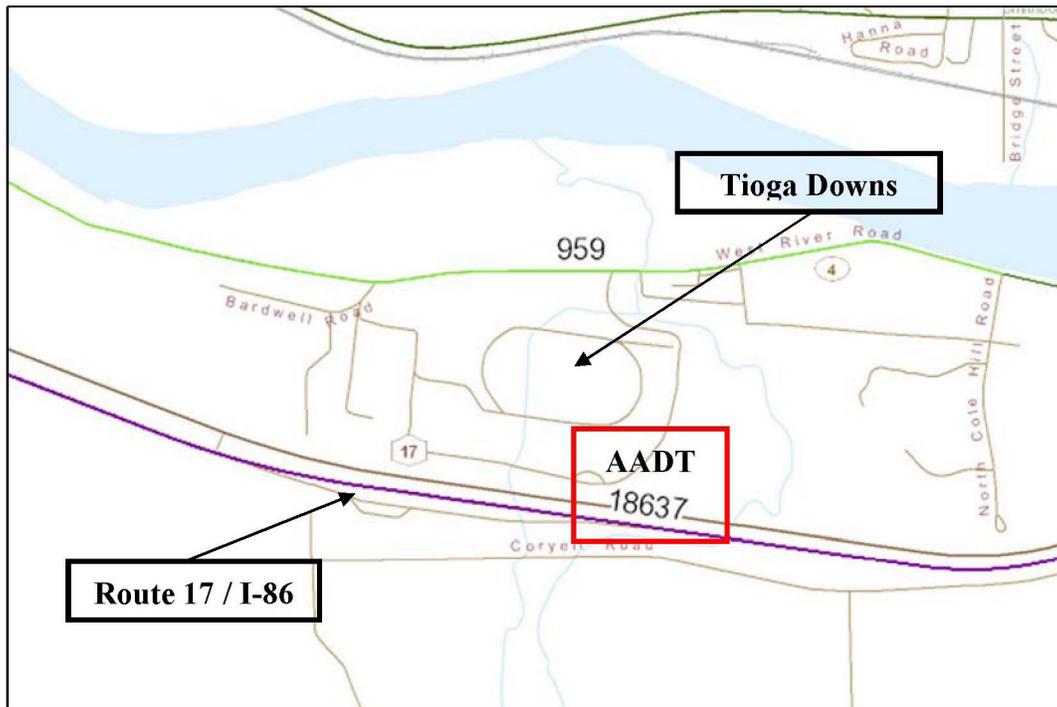
**Gaming Revenues from Traffic Intercept Market**

Tioga Downs is located directly off of Route-17 / I-86, a major east/west thoroughfare connecting western New York to southeastern New York, through the Southern Tier of New York. In that regard, a reasonably large number of vehicles will be passing by the Project along Route-17. Based on the casino’s proximity to and visibility from the highway and the existence of nearby exits, some vehicles are likely to exit the highway to patronize the casino. Based on our own proprietary studies, traffic intercept trips are usually for a shorter duration than trips made for the sole purpose of visiting the casino and we assume a lower win per trip than the average visitor for these patrons. Traffic intercept revenues are based on the following assumptions.

- 15% of Route-17 / I-86 traffic will be pass-through vehicles (from beyond the 120 minute drive-in market). This is based on our proprietary observations of highway traffic in other jurisdictions and remote location of the property relative to populations.

- 1.0% of travelers will patronize the casino (based on industry wide accepted rates and the anticipated redeveloped facility).
- Travelers will make relatively short duration trips and average win per trip will be \$61 for slots and \$21 for tables based on an estimate of one hour of play time.
- Each car will have an average of 1.5 adult passengers (based on Advisors traffic observations).
- We also sensitize (for high and low) our traffic intercept model by increasing and decreasing the capture rate by .25%.

Average annual daily traffic (AADT) on Route-17 / I-86 is based on data supplied by the New York Department of Transportation as follows:



Source: NYDOT

Based on these assumptions, we have calculated the gaming revenue potential from the traffic intercept market as follows:

Traffic Intercept Gaming Revenues	High		Mid		Low	
	Slots	Tables	Slots	Tables	Slots	Tables
Average Annual Daily Traffic	18,637	18,637	18,637	18,637	18,637	18,637
% Pass-Through Vehicles	15%	15%	15%	15%	15%	15%
Adults per Vehicle	1.5	1.5	1.5	1.5	1.5	1.5
Gaming Capture Rate	1.25%	1.25%	1.00%	1.00%	0.75%	0.75%
Daily Gamer Visits	52	52	42	42	31	31
Win per Guest	\$ 61	\$ 21	\$ 61	\$ 21	\$ 61	\$ 21
Daily Gaming Win	\$ 3,172	\$ 1,092	\$ 2,562	\$ 882	\$ 1,891	\$ 651
Annual Win	<b>\$ 1,157,780</b>	<b>\$ 398,580</b>	<b>\$ 935,130</b>	<b>\$ 321,930</b>	<b>\$ 690,215</b>	<b>\$ 237,615</b>
<b>Estimated Win Per Guest Calculations</b>						
	Slots	Tables	Slots	Tables	Slots	Tables
Time on Device (Hours)	1.00	1.00	1.00	1.00	1.00	1.00
Decisions per Hour	720	70	720	70	720	70
Average Bet	\$ 1.00	\$ 20.00	\$ 1.00	\$ 20.00	\$ 1.00	\$ 20.00
Casino Hold %	8.5%	1.5%	8.5%	1.5%	8.5%	1.5%
Total Theoretical Revenue	\$ 61	\$ 21	\$ 61	\$ 21	\$ 61	\$ 21

**Summary of Gaming Revenues**

Gaming revenues for 2019 (first year of stabilized operations) from the three segments are summarized in the following table.

	High Case	Mid Case	Low Case
# of Slot Machines	1,000	1,000	1,000
# of Table Games	50	50	50
# of Rooms	161	161	161
Drive-in Market Revenues	\$ 105,387,000	\$ 96,813,426	\$ 86,935,427
Overnight Visitor Market - Casino Hotel <sup>1</sup>	10,556,661	8,050,390	5,490,462
Overnight Visitor Market - Other Area Hotels <sup>1</sup>	1,799,022	1,126,261	619,554
Traffic Intercept Market <sup>1</sup>	1,556,360	1,257,060	927,830
<b>TOTAL GAMING REVENUES</b>	<b>\$ 119,299,043</b>	<b>\$ 107,247,136</b>	<b>\$ 93,973,273</b>
Slot Revenues	\$ 85,693,443	\$ 76,812,266	\$ 66,906,437
Table Game Revenues	\$ 33,605,600	\$ 30,434,871	\$ 27,066,835
Table Game Revenues as % of Slot Revenues	39.2%	39.6%	40.5%
Win per Day per Slot	\$ 235	\$ 210	\$ 183
Win per Day per Table	\$ 1,841	\$ 1,668	\$ 1,483
Win per Day per Position	\$ 251	\$ 226	\$ 198

<sup>1</sup> Overnight visitor and traffic intercept market rev are incremental to drive-in market rev

Gaming revenues, visitation and win-per-visit are summarized below as well. Visitation (trip frequency) is determined based on distance and participation relationships applied to gaming revenues derived in the gravity (drive-in), overnight visitor and traffic intercept models.

#### Tioga Downs - Gaming Revenues, Visitation and Win Per Visit

GAMING REVENUES			
Minutes	High Case	Mid Case	Low Case
<15 Minutes	\$ 7,736,801	\$ 7,613,738	\$ 7,437,324
15-30 Minutes	16,314,196	15,463,038	14,360,706
30-60 Minutes	52,822,323	48,628,397	43,594,111
60-90 Minutes	15,983,658	14,368,333	12,640,436
90-120 Minutes	12,530,023	10,739,920	8,902,851
Beyond 120 Mins	13,912,043	10,433,710	7,037,845
<b>Total</b>	<b>\$ 119,299,043</b>	<b>\$ 107,247,136</b>	<b>\$ 93,973,273</b>

GAMER VISITATION			
Minutes	High Case	Mid Case	Low Case
<15 Minutes	112,301	110,524	107,977
15-30 Minutes	226,947	215,267	200,114
30-60 Minutes	604,580	557,382	500,475
60-90 Minutes	132,699	117,674	101,718
90-120 Minutes	127,196	107,711	87,837
Beyond 120 Mins	115,334	84,017	58,174
<b>Total</b>	<b>1,319,057</b>	<b>1,192,575</b>	<b>1,056,294</b>

WIN PER GAMER VISIT			
Minutes	High Case	Mid Case	Low Case
<15 Minutes	\$ 68.89	\$ 68.89	\$ 68.88
15-30 Minutes	71.89	71.83	71.76
30-60 Minutes	87.37	87.24	87.11
60-90 Minutes	120.45	122.10	124.27
90-120 Minutes	98.51	99.71	101.36
Beyond 120 Mins	120.62	124.19	120.98
<b>Total</b>	<b>\$ 90.44</b>	<b>\$ 89.93</b>	<b>\$ 88.97</b>

The Advisors benchmark total revenues and win per unit against other regional casinos of similar size and comparable supporting assets. The following table depicts benchmarks of slot and table revenue, capacity, and win per unit.

## Regional Casinos – Gaming Revenue Benchmarks

Casino	Slot Revenue	Slots	WDU	Table Revenue	Tables	WDT	Table Rev as % of Slot Rev	Total Gaming Revenue
Tioga Downs	\$ 55,881,324	802	\$ 191					\$ 55,881,324
Mohegan Sun	\$ 214,996,524	2,331	\$ 253	\$ 43,863,923	70	\$ 1,715	20.4%	\$ 258,860,447
Mount Airy	\$ 140,996,278	1,869	\$ 207	\$ 41,688,321	70	\$ 1,635	29.6%	\$ 182,684,598
Monticello	\$ 58,988,553	1,110	\$ 146					\$ 58,988,553
Vernon Downs	\$ 41,092,267	767	\$ 147					\$ 41,092,267
Finger Lakes	\$ 123,020,468	1,549	\$ 218					\$ 123,020,468
Batavia Downs	\$ 48,902,794	780	\$ 172					\$ 48,902,794
Saratoga	\$ 158,884,376	1,782	\$ 244					\$ 158,884,376
Hamburg	\$ 63,373,193	940	\$ 185					\$ 63,373,193
Hollywood	\$ 215,907,221	2,432	\$ 243	\$ 29,873,418	54	\$ 1,504	13.8%	\$ 245,780,640
<b>Average</b>	<b>\$ 112,204,300</b>	<b>1,436</b>	<b>\$ 200</b>	<b>\$ 38,475,221</b>	<b>65</b>	<b>\$ 1,618</b>	<b>21.3%</b>	<b>\$ 123,746,866</b>
<b>Min</b>	<b>\$ 41,092,267</b>	<b>767</b>	<b>\$ 146</b>	<b>\$ 29,873,418</b>	<b>54</b>	<b>\$ 1,504</b>	<b>13.8%</b>	<b>\$ 41,092,267</b>
<b>Max</b>	<b>\$ 215,907,221</b>	<b>2,432</b>	<b>\$ 253</b>	<b>\$ 43,863,923</b>	<b>70</b>	<b>\$ 1,715</b>	<b>29.6%</b>	<b>\$ 258,860,447</b>
Tioga Downs	\$ 76,812,266	1,000	\$ 210	\$ 30,434,871	50	\$ 1,668	39.6%	\$ 107,247,136

Source: NYS Gaming Commission, Pennsylvania Gaming Control Board, GGH/Morowitz Gaming Advisors analysis

At \$76.8 million slot revenue, \$30.4 million table revenue and \$107.2 million of total gaming revenue (2019 stabilized), Tioga Downs is well within the observed range for each metric. Win per slot is a little higher because Tioga will have much smaller capacity than the average casino. Similarly, win per table will be a little higher than average but well within the observed range of casinos.

The Advisors also compare the win per visit to several other casinos and jurisdictions. Limited information is available on visitation in the northeast so we compare to Midwestern and southern jurisdictions where casinos are of similar size to what Tioga Downs will be after its expansion. Win per visit averages from \$74 in Missouri to over \$105 in Illinois. However, some casinos report win per visit (or admission) of over \$130.

## Benchmark Win Per Visit

Illinois		Indiana		Louisiana		Missouri	
Rivers, Des Plains	\$ 127	Horseshoe SL	\$ 126	Horseshoe	\$ 132	IOC Lady Luck	\$ 91
Grand Victoria		Hollywood				Hollywood St.	
Elgin	\$ 125	Lawrenceberg	\$ 114	L'Auberge BR	\$ 105	Louis	\$ 88
Harrah's		Horseshoe					
Metropolis	\$ 124	Hammond	\$ 108	Delta Downs	\$ 104	Harrah's NKC	\$ 86
Joliet Harrah's	\$ 121	Casino Azatar	\$ 101	Boomtown NO	\$ 95	Argosy	\$ 84
Aurora Hollywood	\$ 116	Ameristar	\$ 91	Treasure Chest	\$ 94	Ameristar SC	\$ 83
Joliet Hollywood	\$ 112	Belterra	\$ 90	Hollywood BR	\$ 91	IOC Boonville	\$ 79
Par-A-Dice East				L'Auberge Lake			
Peoria	\$ 94	Majestic Star I	\$ 88	Charles	\$ 90	Mark Twain	\$ 74
Argosy Alton	\$ 87	French Lick	\$ 76	Isle of Capri, Lake			
Casino Queen E				Charles	\$ 83	Ameristar KC	\$ 71
St. Louis	\$ 78	Blue Chip	\$ 65	Amelia Belle	\$ 78	River City	\$ 69
Jumers Rock							
Island	\$ 71	Rising Star	\$ 64	Evangeline Downs	\$ 71	Lumiere Place	\$ 65
						IOC Cape	
		Majestic Star II	\$ 60	Belle of BR	\$ 71	Girardeau	\$ 61
				Harrah's NO	\$ 69	Isle of Capri KC	\$ 58
				Harrah's LA			
				Downs	\$ 65	St. Jo Frontier	\$ 43
				Fair Grounds	\$ 64		
				Sam's Town	\$ 64		
				Boomtown			
				Bossier	\$ 63		
				Margaritaville	\$ 59		
				Diamond Jacks	\$ 58		
				Eldorado Resort	\$ 56		
<b>Average</b>	<b>\$ 105</b>	<b>Average</b>	<b>\$ 89</b>	<b>Average</b>	<b>\$ 80</b>	<b>Average</b>	<b>\$ 73</b>

Source: Various state agencies, GGH/Morowitz Gaming Advisors analysis

Average win per visit for the Project of \$90 is higher than many markets because of the location and the lack of competition within 60 minutes of the Project. The location of the Project, combined with the proposed expansion and re-development will result in longer duration trips and customers coming from longer distances than the typical locals casino in the mid-west and south. At \$90, Tioga Downs's expected win per visit is above average but in line with casinos that have hotels and dining assets similar to those proposed at Tioga Downs. Furthermore, the addition of the on-site hotel and other amenities, naturally translate into longer duration trips, more time on device and higher win per visit. Based on this analysis of estimated gaming revenue and win per visit, patronage and revenues appear reasonable.

### Gaming Revenue Ramp-Up

In order to determine an appropriate “ramp-up” period to achieve this stabilized gaming revenue, we look to market entries by casinos into other markets. The table below depicts revenue ramp up for several recent casino openings. We deem these relevant casino openings because they were in relatively protected markets with little if any expansion of the opening gaming capacity.

**Casino Ramp-Up Benchmarks**

	Yr 1	Yr 2	Yr 3	Yr 1	Yr 2	Yr 3
Tioga	\$ 41,021,651	\$ 44,724,891	\$ 48,443,145	84.7%	92.3%	100.0%
Vernon	\$ 33,417,961	\$ 36,900,032	\$ 36,629,445	91.2%	100.7%	100.0%
Mohegan Pocono	\$ 176,334,068	\$ 181,893,040	\$ 219,909,723	80.2%	82.7%	100.0%
Parx	\$ 285,032,169	\$ 345,502,693	\$ 359,274,247	79.3%	96.2%	100.0%
Harrah's Chester	\$ 304,955,991	\$ 326,820,531	\$ 317,010,400	96.2%	103.1%	100.0%
Presque Isle	\$ 163,919,047	\$ 166,744,745	\$ 165,062,750	99.3%	101.0%	100.0%
Saratoga	\$ 83,494,380	\$ 105,723,841	\$ 118,904,304	70.2%	88.9%	100.0%
Mount Airy	\$ 171,128,430	\$ 169,818,183	\$ 157,038,161	109.0%	108.1%	100.0%
Penn National Grantville	\$ 198,313,803	\$ 241,479,919	\$ 272,786,439	72.7%	88.5%	100.0%
Finger Lakes	\$ 62,983,498	\$ 73,644,825	\$ 87,290,844	72.2%	84.4%	100.0%
Fairgrounds	\$ 34,393,396	\$ 39,357,216	\$ 41,996,158	81.9%	93.7%	100.0%
Batavia	\$ 23,055,279	\$ 24,814,684	\$ 30,494,575	75.6%	81.4%	100.0%
Monticello	\$ 62,790,305	\$ 74,368,337	\$ 70,956,581	88.5%	104.8%	100.0%
Meadows	\$ 231,203,755	\$ 264,489,170	\$ 261,072,067	88.6%	101.3%	100.0%
Sugar House	\$ 227,798,190	\$ 274,241,541	\$ 267,549,815	85.1%	102.5%	100.0%
Flagler Casino	\$ 62,774,921	\$ 77,564,687	\$ 77,147,712	81.4%	100.5%	100.0%
Calder Casino	\$ 64,800,027	\$ 76,669,018	\$ 72,330,645	89.6%	106.0%	100.0%
Boot Hill Casino	\$ 37,618,378	\$ 42,470,979	\$ 43,962,513	85.6%	96.6%	100.0%
Ocean Downs	\$ 44,930,695	\$ 49,920,418	\$ 51,892,471	86.6%	96.2%	100.0%
<b>Average</b>				<b>85.1%</b>	<b>96.3%</b>	<b>100.0%</b>
<b>Min</b>				<b>70.2%</b>	<b>81.4%</b>	<b>100.0%</b>
<b>Max</b>				<b>109.0%</b>	<b>108.1%</b>	<b>100.0%</b>

Source: Various state agencies, GGH/Morowitz Gaming Advisors analysis

As noted earlier in this report the Class III operations will begin throughout 2016 with Slots beginning on April 1, 2016 and tables on July 1, 2016. Class II operations will continue through March 31, 2016. Revenues for 2016 are based on three months of Class II operations plus slot revenues at nine months at 93% of stabilized revenues and table games at six months at 84% of stabilized revenue. Both slots and tables will achieve 96% in the first full year of operations (2017) and 98% in the second full year of operations (2018). It is projected the ramp-up will occur faster than the benchmarks above due to the established player database at Tioga Downs.

**Mid Case Gaming Revenue Ramp-Up**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Number of Slots	951	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Win/Day/Unit	\$ 195	\$ 202	\$ 206	\$ 210	\$ 214	\$ 217	\$ 219	\$ 221	\$ 221	\$ 221
% of 2019E	93.0%	96.0%	98.0%	100.0%						
% Growth					101.5%	101.5%	101.0%	101.0%	100.0%	100.0%
Number of Tables	25	50	50	50	50	50	50	50	50	50
Win/Day/Table	\$ 1,401	\$ 1,601	\$ 1,634	\$ 1,668	\$ 1,693	\$ 1,718	\$ 1,735	\$ 1,753	\$ 1,753	\$ 1,753
% of 2019E	84.0%	96.0%	98.0%	100.0%						
% Growth					101.5%	101.5%	101.0%	101.0%	100.0%	100.0%
Slot Revenues	\$67,485,159	\$73,739,775	\$75,276,020	\$76,812,266	\$77,964,450	\$79,133,916	\$79,925,256	\$80,724,508	\$80,724,508	\$80,724,508
Table Game Revenues	12,782,646	29,217,476	29,826,173	30,434,871	30,891,394	31,354,765	31,668,312	31,984,995	31,984,995	31,984,995
Total Gaming Revenues	80,267,804	102,957,251	105,102,194	107,247,136	108,855,843	110,488,681	111,593,568	112,709,503	112,709,503	112,709,503
% Change	44.3%	28.3%	2.1%	2.0%	1.5%	1.5%	1.0%	1.0%	0.0%	0.0%
TG Rev as % of Slot Rev	18.9%	39.6%	39.6%	39.6%	39.6%	39.6%	39.6%	39.6%	39.6%	39.6%

**Low Case Gaming Revenue Ramp-Up**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Number of Slots	951	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Win/Day/Unit	\$ 175	\$ 176	\$ 180	\$ 183	\$ 186	\$ 189	\$ 191	\$ 193	\$ 193	\$ 193
% of 2019E	93.0%	96.0%	98.0%	100.0%						
% Growth					101.5%	101.5%	101.0%	101.0%	100.0%	100.0%
Number of Tables	25	50	50	50	50	50	50	50	50	50
Win/Day/Table	\$ 1,246	\$ 1,424	\$ 1,453	\$ 1,483	\$ 1,505	\$ 1,528	\$ 1,543	\$ 1,559	\$ 1,559	\$ 1,559
% of 2019E	84.0%	96.0%	98.0%	100.0%						
% Growth					101.5%	101.5%	101.0%	101.0%	100.0%	100.0%
Slot Revenues	\$60,575,843	\$64,230,180	\$65,568,308	\$66,906,437	\$67,910,034	\$68,928,684	\$69,617,971	\$70,314,151	\$70,314,151	\$70,314,151
Table Game Revenues	11,368,071	25,984,162	26,525,499	27,066,835	27,472,838	27,884,930	28,163,780	28,445,418	28,445,418	28,445,418
Total Gaming Revenues	71,943,914	90,214,342	92,093,807	93,973,273	95,382,872	96,813,615	97,781,751	98,759,568	98,759,568	98,759,568
% Change	29.3%	25.4%	2.1%	2.0%	1.5%	1.5%	1.0%	1.0%	0.0%	0.0%
TG Rev as % of Slot Rev	18.8%	40.5%	40.5%	40.5%	40.5%	40.5%	40.5%	40.5%	40.5%	40.5%

High Case Gaming Revenue Ramp-Up

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Number of Slots	951	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Win/Day/Unit	\$ 212	\$ 225	\$ 230	\$ 235	\$ 238	\$ 242	\$ 244	\$ 247	\$ 247	\$ 247
% of 2019E	93.0%	96.0%	98.0%	100.0%						
% Growth					101.5%	101.5%	101.0%	101.0%	100.0%	100.0%
Number of Tables	25	50	50	50	50	50	50	50	50	50
Win/Day/Table	\$ 1,547	\$ 1,768	\$ 1,805	\$ 1,841	\$ 1,869	\$ 1,897	\$ 1,916	\$ 1,935	\$ 1,935	\$ 1,935
% of 2019E	84.0%	96.0%	98.0%	100.0%						
% Growth					101.5%	101.5%	101.0%	101.0%	100.0%	100.0%
Slot Revenues	\$73,679,780	\$82,265,706	\$83,979,575	\$85,693,443	\$86,978,845	\$88,283,528	\$89,166,363	\$90,058,027	\$90,058,027	\$90,058,027
Table Game Revenues	14,114,352	32,261,376	32,933,488	33,605,600	34,109,684	34,621,329	34,967,542	35,317,218	35,317,218	35,317,218
Total Gaming Revenues	87,794,132	114,527,081	116,913,062	119,299,043	121,088,529	122,904,857	124,133,905	125,375,244	125,375,244	125,375,244
% Change	57.8%	30.4%	2.1%	2.0%	1.5%	1.5%	1.0%	1.0%	0.0%	0.0%
TG Rev as % of Slot Rev	19.2%	39.2%	39.2%	39.2%	39.2%	39.2%	39.2%	39.2%	39.2%	39.2%

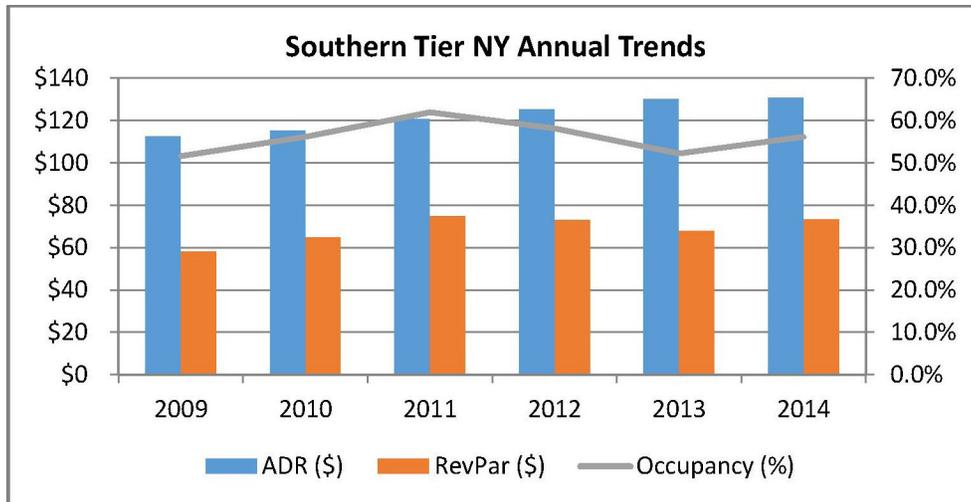
## XII. HOTEL MARKET ASSESSMENT

The proposed 161-room hotel is projected to complete construction in March of 2017 and to be fully operational by April 1, 2017. The Advisors examined a competitive set of hotels similarly positioned to Tioga Downs that are located throughout the Southern Tier Region of New York. One competitive set consisted of 18 hotels, comprising 2,336 hotel rooms, with an average of 130 rooms.

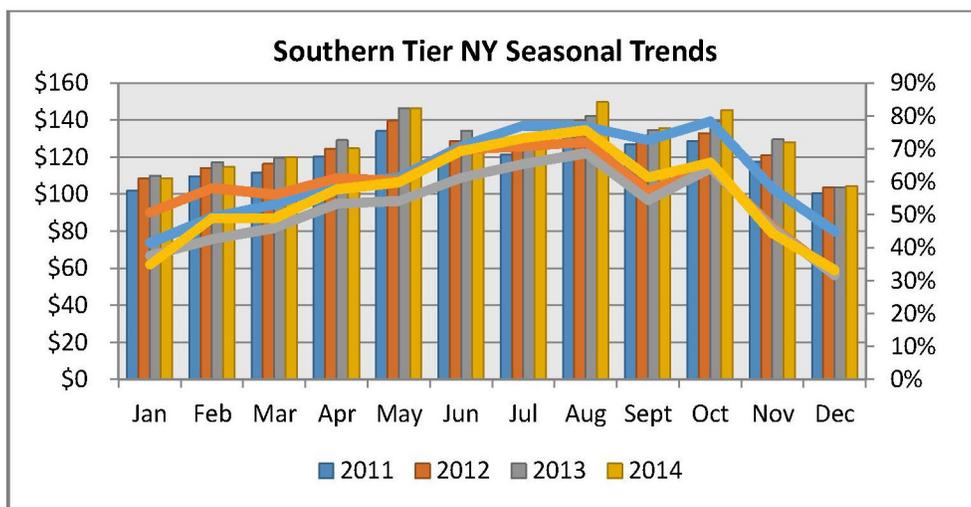
Name of Establishment	City & State	Zip Code	Class	Aff Date	Open Date	Rooms
Best Western Plus Of Johnson City	Johnson City, NY	13790	Upper Midscale Class	Mar 2011	Jun 1978	99
Quality Inn & Suites Vestal Binghamton	Vestal, NY	13850	Midscale Class	Jul 2008	Jun 1963	142
DoubleTree Binghamton	Binghamton, NY	13901	Upscale Class	May 2013	Mar 1987	207
Holiday Inn Binghamton Downtown Hawley Street	Binghamton, NY	13901	Upper Midscale Class	Jul 1978	Jul 1978	237
Comfort Inn Binghamton	Binghamton, NY	13905	Upper Midscale Class	Jan 2006	Mar 1986	104
Hilton Garden Inn Elmira Corning	Horseheads, NY	14845	Upscale Class	Jul 2000	Jul 2000	119
Hampton Inn Elmira Horseheads	Horseheads, NY	14845	Upper Midscale Class	Jan 2010	Jan 2010	101
Holiday Inn Express Elmira Horseheads	Horseheads, NY	14845	Upper Midscale Class	Sep 2006	Jul 1964	99
Fairfield Inn & Suites Ithaca	Ithaca, NY	14850	Upper Midscale Class	Aug 2013	Aug 2013	106
Courtyard Ithaca	Ithaca, NY	14850	Upscale Class	Dec 2000	Dec 2000	107
Hilton Garden Inn Ithaca	Ithaca, NY	14850	Upscale Class	Aug 2005	Aug 2005	104
Statler Hotel	Ithaca, NY	14850	Luxury Class	Jun 1987	Jun 1987	153
Trip Hotel	Ithaca, NY	14850	Midscale Class	Sep 2013	Jun 1965	106
Ramada Ithaca Hotel & Conference Center	Ithaca, NY	14850	Midscale Class	Jul 1993	Dec 1971	121
Best Western University Inn	Ithaca, NY	14850	Midscale Class	Apr 1987	Apr 1987	101
Hotel Ithaca	Ithaca, NY	14850	Upper Upscale Class	Feb 2014	Jun 1972	181
Holiday Inn Elmira Riverview	Elmira, NY	14901	Upper Midscale Class	Mar 1974	Mar 1974	149
Best Western Grand Victorian Inn	Sayre, PA	18840	Midscale Class	Jun 1998	Jun 1985	100
Total Properties:					18	2,336

All 18 of the hotels are categorized from midscale to luxury. Five of the hotels opened in the mid 2000's with the most recent in 2013, five of the hotels opened in the 1980's, and eight of the hotels opened in the 1960's and 1970's.

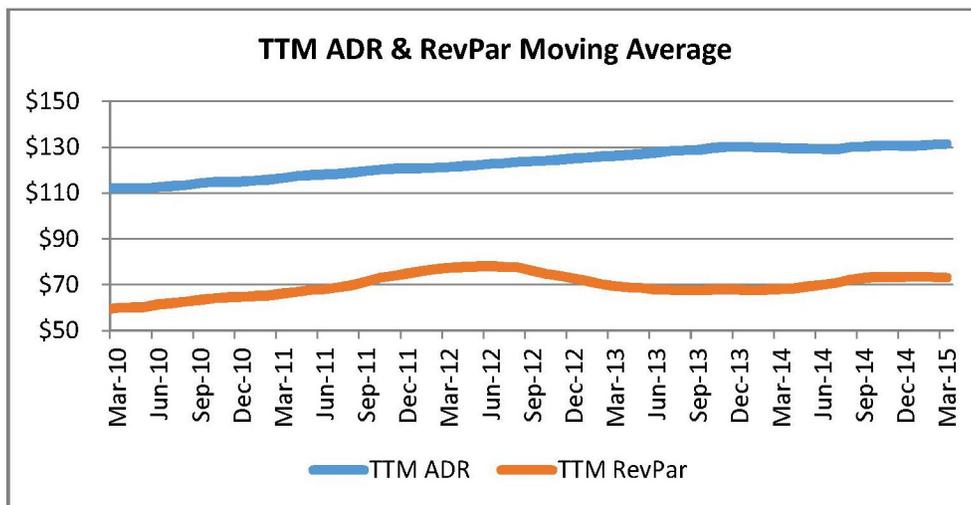
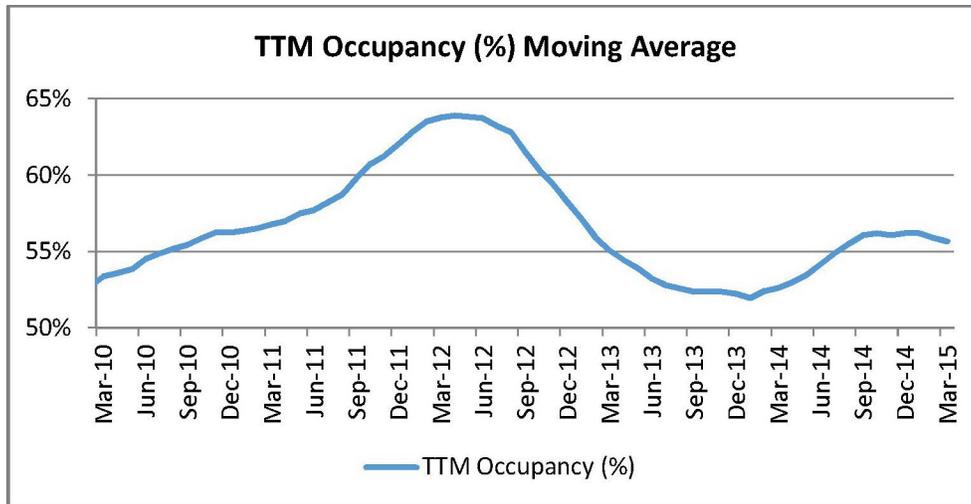
Average daily rate (ADR) appears to have rebounded since the recession. Since 2009 ADR has increased every year, growing from \$113 to \$131 in 2014. Occupancy percentages have been volatile from 2009 to 2014, due to the increase of 76,650 new rooms. From 2009 to 2011, occupancy increased from 52% to 62%. After peaking in 2011 occupancy declined to 52% in 2013 and has stabilized in 2014 at 56%.



The Southern Tier New York market is highly seasonal, with June, July and August being the peak months. During “off-peak” months (November to March), the average occupancy percentage is 45%.



Overall occupancy has been volatile due to the increase of new supply in the market. Occupancy bottomed out in January 2014 at 52% and has since rebounded increasing to 55.7% in March 2015. The trailing twelve month (TTM) ADR has remained stable, steadily increasing from \$112 in March 2010 to \$132 in March 2015.



We also analyzed selected northeast casino hotel statistics. The weighted average occupancy and ADR of casino hotels in the Northeast is 83.7% and \$93 respectively. Newer casinos (Borgata, Sands Bethlehem and Revel when open) yield higher ADRs (generally above \$130). Occupancy is dependent on the size of the casinos database relative to its room capacity as well as each individual casino’s strength of player database and strategy with respect to yield management (especially mid-week).

## Northeast Casino Hotel Benchmarks

2014	Rooms	Occupancy	ADR
<b>Atlantic City</b>			
Bally's	1,180	82.2%	\$89.56
Borgata	2,767	86.1%	\$133.52
Caesars	1,141	87.8%	\$96.86
Golden Nugget	727	83.2%	\$83.89
Harrah's	2,590	82.6%	\$96.81
Resorts	942	80.2%	\$80.99
Showboat	1,329	80.4%	\$92.03
Tropicana	2,079	77.3%	\$91.89
Trump Taj Mahal	2,010	69.4%	\$90.87
<b>Total Atlantic City</b>	<b>14,765</b>	<b>80.8%</b>	<b>\$100.83</b>
<b>Other Northeast Casinos</b>			
Sands Bethlehem	300	83.4%	\$146.00
Mohegan Sun CT	1,200	98.0%	\$97.00
Mohegan Sun Pocono	238	93.0%	\$61.25
Dover Downs	500	85.0%	n/a
Mountaineer	354	82.8%	\$44.93
<b>Total Other NE Casinos</b>	<b>518</b>	<b>88.4%</b>	<b>\$87.30</b>
<b>Mean</b>	<b>1,240</b>	<b>83.7%</b>	<b>\$92.74</b>
<b>Median</b>	<b>1,161</b>	<b>83.0%</b>	<b>\$91.89</b>
<b>Max</b>	<b>2,767</b>	<b>98.0%</b>	<b>\$146.00</b>
<b>Min</b>	<b>238</b>	<b>69.4%</b>	<b>\$44.93</b>

Tioga Downs is expected to achieve a ratio of casino customers to non-gamers in its rooms of at least 60%. We project that Tioga Downs, with its similar room count to the comp set and being among the newest properties in the Southern Tier, will yield ADRs similar to the Southern Tier Hotel comps set. We project that Tioga Downs will have higher occupancy than the hotel comp set because of its positioning as a casino hotel and because of its established database. Essentially, Tioga Downs will be able to drive occupancy by comping rooms to its database customers.

The hotel at Tioga Downs is projected to become fully operational on April 1, 2017. Hotel revenues are projected based upon assumptions of estimated occupancy (both cash and casino "comped" rooms) and average daily rate (ADR). These assumptions are derived from the Company's anticipated business plan, the local area hotel trends from Smith Travel (STR), and other similar casino hotels in the region. Hotel occupancy, based on a 161-room casino hotel is estimated at 80.5% in 2017, ramping up to and stabilizing at 92.6% in 2019. ADR is estimated at \$132 at opening, increasing 2% annually through 2022 and 1% thereafter. Other hotel revenue is estimated to be 2% of room revenue.

## Hotel Revenue - Mid Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Number of Rooms	-	161	161	161	161	161	161	161	161	161
Available Rooms	-	44,074	58,765	58,765	58,765	58,765	58,765	58,765	58,765	58,765
Occupancy	0.0%	80.5%	85.5%	92.6%	92.6%	92.6%	92.6%	92.6%	92.6%	92.6%
Rate	\$ -	\$ 132	\$ 135	\$ 137	\$ 140	\$ 143	\$ 144	\$ 146	\$ 147	\$ 149
% Growth			102%	102%	102%	102%	101%	101%	101%	101%
Hotel Room Revenue	\$ -	\$ 4,683,096	\$ 6,767,074	\$ 7,470,849	\$ 7,620,266	\$ 7,772,672	\$ 7,850,398	\$ 7,928,902	\$ 8,008,191	\$ 8,088,273
Other Hotel Revenue	-	93,662	135,341	149,417	152,405	155,453	157,008	158,578	160,164	161,765
<b>Total Hotel Revenue</b>	<b>-</b>	<b>4,776,758</b>	<b>6,902,415</b>	<b>7,620,266</b>	<b>7,772,672</b>	<b>7,928,125</b>	<b>8,007,406</b>	<b>8,087,480</b>	<b>8,168,355</b>	<b>8,250,039</b>

In the low case occupancy is assumed to be 88.5% at stabilization and the initial ADR is assumed to be \$125 growing to \$141 by 2015.

## Hotel Revenue - Low Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Number of Rooms	-	161	161	161	161	161	161	161	161	161
Available Rooms	-	44,074	58,765	58,765	58,765	58,765	58,765	58,765	58,765	58,765
Occupancy	0.0%	78.5%	83.5%	88.5%	88.5%	88.5%	88.5%	88.5%	88.5%	88.5%
Rate	\$ -	\$ 125	\$ 128	\$ 130	\$ 133	\$ 135	\$ 137	\$ 138	\$ 139	\$ 141
% Growth			102%	102%	102%	102%	101%	101%	101%	101%
Hotel Room Revenue	\$ -	\$ 4,323,881	\$ 6,257,432	\$ 6,767,074	\$ 6,902,415	\$ 7,040,463	\$ 7,110,868	\$ 7,181,977	\$ 7,253,797	\$ 7,326,335
Other Hotel Revenue	-	86,478	125,149	135,341	138,048	140,809	142,217	143,640	145,076	146,527
<b>Total Hotel Revenue</b>	<b>-</b>	<b>4,410,359</b>	<b>6,382,581</b>	<b>6,902,415</b>	<b>7,040,463</b>	<b>7,181,273</b>	<b>7,253,085</b>	<b>7,325,616</b>	<b>7,398,873</b>	<b>7,472,861</b>

In the high case, stabilized occupancy is estimated at 94.6% and the initial ADR is \$135 growing to \$152 by 2025.

## Hotel Revenue - High Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Number of Rooms	-	161	161	161	161	161	161	161	161	161
Available Rooms	-	44,074	58,765	58,765	58,765	58,765	58,765	58,765	58,765	58,765
Occupancy	0.0%	82.5%	88.5%	94.6%	94.6%	94.6%	94.6%	94.6%	94.6%	94.6%
Rate	\$ -	\$ 135	\$ 138	\$ 140	\$ 143	\$ 146	\$ 148	\$ 149	\$ 151	\$ 152
% Growth			102%	102%	102%	102%	101%	101%	101%	101%
Hotel Room Revenue	\$ -	\$ 4,909,268	\$ 7,165,137	\$ 7,806,742	\$ 7,962,877	\$ 8,122,135	\$ 8,203,356	\$ 8,285,390	\$ 8,368,244	\$ 8,451,926
Other Hotel Revenue	-	98,185	143,303	156,135	159,258	162,443	164,067	165,708	167,365	169,039
<b>Total Hotel Revenue</b>	<b>-</b>	<b>5,007,454</b>	<b>7,308,440</b>	<b>7,962,877</b>	<b>8,122,135</b>	<b>8,284,577</b>	<b>8,367,423</b>	<b>8,451,097</b>	<b>8,535,608</b>	<b>8,620,964</b>

### XIII. OTHER DEPARTMENTAL REVENUE

#### Racing

Racing revenue is based upon 70% of the historical percentage of gaming revenue because racing revenue is not expected to increase substantially with the addition of Class III gaming. We estimate racing revenue will increase slightly due to the increased number of patrons visiting the facility.

#### Racing Revenue - Mid Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Total Racing Revenue</b>	<b>\$1,123,156</b>	<b>\$1,440,641</b>	<b>\$1,470,654</b>	<b>\$1,500,668</b>	<b>\$1,523,178</b>	<b>\$1,546,025</b>	<b>\$1,561,486</b>	<b>\$1,577,101</b>	<b>\$1,577,101</b>	<b>\$1,577,101</b>
% Growth	1.0%	28.3%	2.1%	2.0%	1.5%	1.5%	1.0%	1.0%	0.0%	0.0%
% of Gaming	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%

#### Racing Revenue - Low Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Total Racing Revenue</b>	<b>\$1,026,683</b>	<b>\$1,262,334</b>	<b>\$1,288,633</b>	<b>\$1,314,932</b>	<b>\$1,334,656</b>	<b>\$1,354,676</b>	<b>\$1,368,222</b>	<b>\$1,381,905</b>	<b>\$1,381,905</b>	<b>\$1,381,905</b>
% Growth	(9.5%)	25.4%	2.1%	2.0%	1.5%	1.5%	1.0%	1.0%	0.0%	0.0%
% of Gaming	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%

#### Racing Revenue - High Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Total Racing Revenue</b>	<b>\$1,228,469</b>	<b>\$1,602,533</b>	<b>\$1,635,919</b>	<b>\$1,669,305</b>	<b>\$1,694,345</b>	<b>\$1,719,760</b>	<b>\$1,736,958</b>	<b>\$1,754,327</b>	<b>\$1,754,327</b>	<b>\$1,754,327</b>
% Growth	10.5%	30.4%	2.1%	2.0%	1.5%	1.5%	1.0%	1.0%	0.0%	0.0%
% of Gaming	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%

#### Food and Beverage

We estimated potential food and beverage revenues based upon anticipated trips to Tioga Downs multiplied by an assumed capture rate for both day trip customers and hotel customers. An average meal or beverage spend per customer was then applied to these captured trips to arrive at gross food and beverage revenue. Capture rates, average meal spend, and beverage spend are based upon similarly positioned casino operations throughout the Northeast as follows:

#### NORTHEAST FOOD & BEVERAGE BENCHMARKS

	Mohegan Sun CT	Mohegan Pocono	Sands	Mountaineer	Presque Isle	Scioto Downs	Dover Downs	Market Avg
Slot Machines	5,541	2,332	3,024	2,145	1,720	2,125	2,600	2,784
Table Games	326	84	182	59	49	-	58	108
Hotel Rooms	1,200	-	300	354	-	-	500	336
# of Restaurants	36	11	8	7	6	2	15	12
Gaming Revenues	\$ 916.8	\$ 278.0	\$ 462.0	\$ 175.7	\$ 114.2	\$ 120.1	\$ 173.0	\$ 320.0
Food & Beverage	\$ 61.1	\$ 26.9	\$ 29.0	\$ 19.5	\$ 10.9	\$ 9.0	\$ 14.8	\$ 24.5
<b>% of Gaming</b>	<b>6.7%</b>	<b>9.7%</b>	<b>6.3%</b>	<b>11.1%</b>	<b>9.5%</b>	<b>7.5%</b>	<b>8.6%</b>	<b>7.6%</b>

Food and Beverage revenue at Tioga Downs is expected to average 10.5% of gaming revenue which is at the higher end of the range of percentages (6.7% to 11.1%) observed at other casinos throughout the Northeast, but reflective of the new food offerings (P.J. Clarke’s and Virgil’s Real BBQ) which are substantially different than what is available to patrons in the market and is expected to result in higher food and beverage revenues. Food and beverage revenues are estimated at \$6.2 million in 2016 (before restaurant openings), \$9.9 million in 2017, increasing to \$11.3 million by 2019 or 10.5% of gaming revenue.

**F&B Revenue - Mid Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Occupied Rooms	47,304	50,261	54,400	54,400	54,400	54,400	54,400	54,400	54,400	54,400
Guests per Room	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Covers per Guest	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
F&B Covers from Hotel Guests	140,729	149,525	161,839	161,839	161,839	161,839	161,839	161,839	161,839	161,839
Avg. Check	\$ 16.77	\$ 16.93	\$ 17.02	\$ 17.10	\$ 17.19	\$ 17.28	\$ 17.36	\$ 17.36	\$ 17.36	\$ 17.36
Avg. Check Growth		101.0%	100.5%	100.5%	100.5%	100.5%	100.5%	100.5%	100.0%	100.0%
<b>Revenue from Hotel Guests</b>	<b>\$ -</b>	<b>\$ 2,359,535</b>	<b>\$ 2,532,076</b>	<b>\$ 2,754,303</b>	<b>\$ 2,768,075</b>	<b>\$ 2,781,915</b>	<b>\$ 2,795,825</b>	<b>\$ 2,809,804</b>	<b>\$ 2,809,804</b>	<b>\$ 2,809,804</b>
Gaming Revenue	80,267,804	102,957,251	105,102,194	107,247,136	108,855,843	110,488,681	111,593,568	112,709,503	112,709,503	112,709,503
Estimated Win per Visit	\$ 79	\$ 89	\$ 89	\$ 90	\$ 90	\$ 91	\$ 91	\$ 92	\$ 92	\$ 92
Win per Visit Growth	101.0%	112.6%	100.5%	100.5%	100.5%	100.5%	100.5%	100.5%	100.0%	100.0%
Gamer Visits	1,015,295	1,156,350	1,174,567	1,192,575	1,204,441	1,216,426	1,222,478	1,228,560	1,228,560	1,228,560
Hotel Guests		80,417	85,443	92,479	92,479	92,479	92,479	92,479	92,479	92,479
% Gamers		90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Casino Hotel Guests		72,375	76,898	83,231	83,231	83,231	83,231	83,231	83,231	83,231
Day Trip Gamers	1,015,295	1,083,975	1,097,669	1,109,344	1,121,210	1,133,195	1,139,247	1,145,329	1,145,329	1,145,329
Non-Casino Visitors	379,007	416,908	416,908	416,908	416,908	416,908	416,908	416,908	416,908	416,908
Total Patrons	1,394,302	1,500,883	1,514,577	1,526,252	1,538,118	1,550,103	1,556,155	1,562,237	1,562,237	1,562,237
Day Trip Capture	30.2%	34.4%	37.7%	37.8%	37.8%	37.9%	37.9%	38.0%	38.1%	38.2%
Number of Covers Per Day	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Number of Meals from Gamers	306,309	372,553	413,861	418,879	424,004	429,177	432,117	435,072	436,411	437,764
Avg. Check	\$ 16.60	\$ 16.77	\$ 16.93	\$ 17.02	\$ 17.10	\$ 17.19	\$ 17.28	\$ 17.36	\$ 17.36	\$ 17.36
Avg. Check Growth	101.0%	101.0%	101.0%	100.5%	100.5%	100.5%	100.5%	100.5%	100.0%	100.0%
<b>Revenue from Other Patrons</b>	<b>\$ 5,084,866</b>	<b>\$ 6,246,391</b>	<b>\$ 7,008,386</b>	<b>\$ 7,128,818</b>	<b>\$ 7,252,122</b>	<b>\$ 7,377,302</b>	<b>\$ 7,464,985</b>	<b>\$ 7,553,614</b>	<b>\$ 7,576,863</b>	<b>\$ 7,600,344</b>
Total Food Covers	306,309	513,282	563,386	580,718	585,843	591,016	593,956	596,911	598,250	599,603
% Capture	22.0%	34.2%	37.2%	38.0%	38.1%	38.1%	38.2%	38.2%	38.3%	38.4%
Beverage per Patron	\$ 1.09	\$ 1.12	\$ 1.14	\$ 1.16	\$ 1.17	\$ 1.19	\$ 1.21	\$ 1.23	\$ 1.24	\$ 1.25
	100.6%	102.5%	101.5%	101.5%	101.5%	101.5%	101.5%	101.5%	101.0%	101.0%
<b>Total Beverage Revenue</b>	<b>\$ 1,111,704</b>	<b>\$ 1,297,292</b>	<b>\$ 1,337,297</b>	<b>\$ 1,377,962</b>	<b>\$ 1,412,479</b>	<b>\$ 1,447,861</b>	<b>\$ 1,476,819</b>	<b>\$ 1,506,355</b>	<b>\$ 1,521,269</b>	<b>\$ 1,536,331</b>
<b>Total F&amp;B Revenue</b>	<b>\$ 6,196,570</b>	<b>\$ 9,903,219</b>	<b>\$ 10,877,760</b>	<b>\$ 11,261,083</b>	<b>\$ 11,432,676</b>	<b>\$ 11,607,079</b>	<b>\$ 11,737,628</b>	<b>\$ 11,869,773</b>	<b>\$ 11,907,936</b>	<b>\$ 11,946,479</b>
% of Gaming Revenue	7.7%	9.6%	10.3%	10.5%	10.5%	10.5%	10.5%	10.5%	10.6%	10.6%

In the low case food and beverage revenues are reduced due to lower volumes and a lower capture percentage and are estimated at 9.8% of gaming revenue.

**F&B Revenue - Low Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Occupied Rooms		46,121	49,078	52,034	52,034	52,034	52,034	52,034	52,034	52,034
Guests per Room		1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Covers per Guest		1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
F&B Covers from Hotel Guests		137,211	146,007	154,802	154,802	154,802	154,802	154,802	154,802	154,802
Avg. Check		\$ 16.77	\$ 16.93	\$ 17.02	\$ 17.10	\$ 17.19	\$ 17.28	\$ 17.36	\$ 17.36	\$ 17.36
Avg. Check Growth			101.0%	100.5%	100.5%	100.5%	100.5%	100.5%	100.0%	100.0%
<b>Revenue from Hotel Guests</b>	<b>\$ -</b>	<b>\$ 2,300,547</b>	<b>\$ 2,472,498</b>	<b>\$ 2,634,551</b>	<b>\$ 2,647,724</b>	<b>\$ 2,660,962</b>	<b>\$ 2,674,267</b>	<b>\$ 2,687,639</b>	<b>\$ 2,687,639</b>	<b>\$ 2,687,639</b>
Gaming Revenue	71,943,914	90,214,342	92,093,807	93,973,273	95,382,872	96,813,615	97,781,751	98,759,568	98,759,568	98,759,568
Estimated Win per Visit	\$ 79	\$ 88	\$ 89	\$ 89	\$ 89	\$ 90	\$ 90	\$ 91	\$ 91	\$ 91
Win per Visit Growth	101.0%	112.1%	100.5%	100.5%	100.5%	100.5%	100.5%	100.5%	100.0%	100.0%
Gamer Visits	915,478	1,024,208	1,040,344	1,056,294	1,066,804	1,077,419	1,082,780	1,088,167	1,088,167	1,088,167
Hotel Guests		78,406	83,432	88,458	88,458	88,458	88,458	88,458	88,458	88,458
% Gamers		84.7%	84.7%	84.7%	84.7%	84.7%	84.7%	84.7%	84.7%	84.7%
Casino Hotel Guests		66,415	70,673	74,930	74,930	74,930	74,930	74,930	74,930	74,930
Day Trip Gamers	915,478	957,793	969,671	981,364	991,874	1,002,489	1,007,850	1,013,237	1,013,237	1,013,237
Non-Casino Visitors	379,007	416,908	416,908	416,908	416,908	416,908	416,908	416,908	416,908	416,908
Total Patrons	1,294,485	1,374,701	1,386,579	1,398,272	1,408,782	1,419,397	1,424,758	1,430,145	1,430,145	1,430,145
Day Trip Capture	27.2%	29.3%	32.2%	32.2%	32.3%	32.4%	32.4%	32.5%	32.6%	32.8%
Number of Covers Per Day	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Number of Meals from Gamers	248,568	280,783	311,985	316,369	320,403	324,474	326,859	329,255	330,596	331,951
Avg. Check	\$ 16.60	\$ 16.77	\$ 16.93	\$ 17.02	\$ 17.10	\$ 17.19	\$ 17.28	\$ 17.36	\$ 17.36	\$ 17.36
Avg. Check Growth	101.0%	101.0%	101.0%	100.5%	100.5%	100.5%	100.5%	100.5%	100.0%	100.0%
<b>Revenue from Other Patrons</b>	<b>\$ 4,126,350</b>	<b>\$ 4,707,735</b>	<b>\$ 5,283,189</b>	<b>\$ 5,384,223</b>	<b>\$ 5,480,144</b>	<b>\$ 5,577,524</b>	<b>\$ 5,646,604</b>	<b>\$ 5,716,441</b>	<b>\$ 5,739,725</b>	<b>\$ 5,763,242</b>
Total Food Covers	248,568	417,994	457,991	471,171	475,205	479,277	481,661	484,057	485,398	486,753
% Capture	19.2%	30.4%	33.0%	33.7%	33.7%	33.8%	33.8%	33.8%	33.9%	34.0%
Beverage per Patron	\$ 1.09	\$ 1.12	\$ 1.14	\$ 1.16	\$ 1.17	\$ 1.19	\$ 1.21	\$ 1.23	\$ 1.24	\$ 1.25
	100.6%	102.5%	101.5%	101.5%	101.5%	101.5%	101.5%	101.5%	101.0%	101.0%
<b>Total Beverage Revenue</b>	<b>\$ 1,002,381</b>	<b>\$ 1,149,045</b>	<b>\$ 1,184,478</b>	<b>\$ 1,220,496</b>	<b>\$ 1,251,069</b>	<b>\$ 1,282,408</b>	<b>\$ 1,308,056</b>	<b>\$ 1,334,217</b>	<b>\$ 1,347,427</b>	<b>\$ 1,360,768</b>
<b>Total F&amp;B Revenue</b>	<b>\$ 5,128,731</b>	<b>\$ 8,157,326</b>	<b>\$ 8,940,165</b>	<b>\$ 9,239,270</b>	<b>\$ 9,378,937</b>	<b>\$ 9,520,894</b>	<b>\$ 9,628,927</b>	<b>\$ 9,738,296</b>	<b>\$ 9,774,791</b>	<b>\$ 9,811,648</b>
% of Gaming Revenue	7.1%	9.0%	9.7%	9.8%	9.8%	9.8%	9.8%	9.9%	9.9%	9.9%

In the high case food and beverage revenues are higher due to greater capture rates and are estimated at 11.3% of gaming revenue.

**F&B Revenue - High Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Occupied Rooms		48,487	52,034	55,582	55,582	55,582	55,582	55,582	55,582	55,582
Guests per Room		1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Covers per Guest		1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
F&B Covers from Hotel Guests		144,248	154,802	165,357	165,357	165,357	165,357	165,357	165,357	165,357
Avg. Check		\$ 16.77	\$ 16.93	\$ 17.02	\$ 17.10	\$ 17.19	\$ 17.28	\$ 17.36	\$ 17.36	\$ 17.36
Avg. Check Growth		101.0%	101.0%	100.5%	100.5%	100.5%	100.5%	100.5%	100.0%	100.0%
<b>Revenue from Hotel Guests</b>	<b>\$ -</b>	<b>\$ 2,418,524</b>	<b>\$ 2,621,444</b>	<b>\$ 2,814,181</b>	<b>\$ 2,828,252</b>	<b>\$ 2,842,393</b>	<b>\$ 2,856,605</b>	<b>\$ 2,870,888</b>	<b>\$ 2,870,888</b>	<b>\$ 2,870,888</b>
Gaming Revenue	87,794,132	114,527,081	116,913,062	119,299,043	121,088,529	122,904,857	124,133,905	125,375,244	125,375,244	125,375,244
Estimated Win per Visit	\$ 79	\$ 90	\$ 90	\$ 90	\$ 91	\$ 91	\$ 92	\$ 92	\$ 92	\$ 92
Win per Visit Growth	101.0%	112.9%	100.5%	100.5%	100.5%	100.5%	100.5%	100.5%	100.0%	100.0%
Gamer Visits	1,106,970	1,278,990	1,299,140	1,319,057	1,332,182	1,345,437	1,352,131	1,358,858	1,358,858	1,358,858
Hotel Guests		82,427	88,458	94,490	94,490	94,490	94,490	94,490	94,490	94,490
% Gamers		95.3%	95.3%	95.3%	95.3%	95.3%	95.3%	95.3%	95.3%	95.3%
Casino Hotel Guests		78,548	84,296	90,043	90,043	90,043	90,043	90,043	90,043	90,043
Day Trip Gamers	1,106,970	1,200,442	1,214,844	1,229,014	1,242,139	1,255,394	1,262,088	1,268,815	1,268,815	1,268,815
Non-Casino Visitors	379,007	416,908	416,908	416,908	416,908	416,908	416,908	416,908	416,908	416,908
Total Patrons	1,485,977	1,617,350	1,631,752	1,645,922	1,659,047	1,672,302	1,678,996	1,685,723	1,685,723	1,685,723
Day Trip Capture	34.2%	40.2%	43.5%	43.5%	43.6%	43.6%	43.7%	43.7%	43.8%	43.9%
Number of Covers Per Day	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Number of Meals from Gamers	378,501	482,349	528,272	535,015	541,352	547,749	551,297	554,862	556,158	557,467
Avg. Check	\$ 16.60	\$ 16.77	\$ 16.93	\$ 17.02	\$ 17.10	\$ 17.19	\$ 17.28	\$ 17.36	\$ 17.36	\$ 17.36
Avg. Check Growth	101.0%	101.0%	101.0%	100.5%	100.5%	100.5%	100.5%	100.5%	100.0%	100.0%
<b>Revenue from Other Patrons</b>	<b>\$ 6,283,287</b>	<b>\$ 8,087,296</b>	<b>\$ 8,945,826</b>	<b>\$ 9,105,328</b>	<b>\$ 9,259,239</b>	<b>\$ 9,415,491</b>	<b>\$ 9,523,858</b>	<b>\$ 9,633,380</b>	<b>\$ 9,655,879</b>	<b>\$ 9,678,603</b>
Total Food Covers	378,501	626,597	683,074	700,372	706,709	713,106	716,654	720,219	721,515	722,824
% Capture	25.5%	38.7%	41.9%	42.6%	42.6%	42.6%	42.7%	42.7%	42.8%	42.9%
Beverage per Patron	\$ 1.09	\$ 1.12	\$ 1.14	\$ 1.16	\$ 1.17	\$ 1.19	\$ 1.21	\$ 1.23	\$ 1.24	\$ 1.25
	100.6%	102.5%	101.5%	101.5%	101.5%	101.5%	101.5%	101.5%	101.0%	101.0%
<b>Total Beverage Revenue</b>	<b>\$ 1,212,101</b>	<b>\$ 1,434,880</b>	<b>\$ 1,479,128</b>	<b>\$ 1,524,106</b>	<b>\$ 1,562,284</b>	<b>\$ 1,601,418</b>	<b>\$ 1,633,447</b>	<b>\$ 1,666,116</b>	<b>\$ 1,682,612</b>	<b>\$ 1,699,271</b>
<b>Total F&amp;B Revenue</b>	<b>\$ 7,495,388</b>	<b>\$11,940,700</b>	<b>\$13,046,398</b>	<b>\$13,443,615</b>	<b>\$13,649,775</b>	<b>\$13,859,303</b>	<b>\$14,013,910</b>	<b>\$14,170,384</b>	<b>\$14,209,379</b>	<b>\$14,248,762</b>
% of Gaming Revenue	8.5%	10.4%	11.2%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	11.4%

**Retail Revenues**

Retail revenues are based on a small existing gift shop at the casino of 350 square feet and sales per square foot of \$550. This is based on a premium of approximately 7% applied to the historical averages of Tioga Downs of \$513. In addition the expansion will include a small 100 square foot sundries offering with estimated sales per square foot of \$350. Sales per square foot is estimate to grow by 2% annually in the first five years and 1% thereafter.

**Retail Revenue - Mid Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Gift Shop</b>										
Total Retail Sq Ft	350	350	350	350	350	350	350	350	350	350
Sales / Sq ft	\$525	\$550	\$561	\$572	\$584	\$595	\$601	\$607	\$613	\$620
<b>SunDries</b>										
Total Retail Sq Ft	-	100	100	100	100	100	100	100	100	100
Sales / Sq ft	\$0	\$ 350	\$357	\$364	\$371	\$379	\$383	\$386	\$390	\$394
<b>Total Retail Revenue</b>	<b>\$ 183,648</b>	<b>\$ 227,500</b>	<b>\$ 232,050</b>	<b>\$ 236,691</b>	<b>\$ 241,425</b>	<b>\$ 246,253</b>	<b>\$ 248,716</b>	<b>\$ 251,203</b>	<b>\$ 253,715</b>	<b>\$ 256,252</b>
% of Gaming Rev	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%

In the low case the gift shop sales per square foot is reduced to \$525 and the Sundries sales per square foot is reduced to \$325.

#### Retail Revenue - Low Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Gift Shop</b>										
Total Retail Sq Ft	350	350	350	350	350	350	350	350	350	350
Sales / Sq ft	\$525	\$525	\$536	\$546	\$557	\$568	\$574	\$580	\$585	\$591
<b>SunDries</b>										
Total Retail Sq Ft	-	100	100	100	100	100	100	100	100	100
Sales / Sq ft	\$0	\$325	\$332	\$338	\$345	\$352	\$355	\$359	\$362	\$366
Total Retail Revenue	\$183,648	\$216,250	\$220,575	\$224,987	\$229,486	\$234,076	\$236,417	\$238,781	\$241,169	\$243,580
% of Gaming Rev	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%

In the high case the gift shop sales per square foot is increased to \$575 and the Sundries sales per square foot is reduced to \$375.

#### Retail Revenue – High Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Gift Shop</b>										
Total Retail Sq Ft	350	350	350	350	350	350	350	350	350	350
Sales / Sq ft	\$525	\$575	\$587	\$598	\$610	\$622	\$629	\$635	\$641	\$648
<b>SunDries</b>										
Total Retail Sq Ft	-	100	100	100	100	100	100	100	100	100
Sales / Sq ft	\$0	\$375	\$383	\$390	\$398	\$406	\$410	\$414	\$418	\$422
Total Retail Revenue	\$183,648	\$238,750	\$243,525	\$248,396	\$253,363	\$258,431	\$261,015	\$263,625	\$266,261	\$268,924
% of Gaming Rev	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%

#### Entertainment Revenue

Tioga Downs will feature multiple entertainment venues, including:

- Multi-Purpose Room configurable as follows
  - 410-seat banquet center
  - 594-seat showroom
  - 594 seat exhibition center
- A outdoor event center, with a capacity of up to 12,000 people

Entertainment revenues are based on the anticipated entertainment schedule at Tioga Downs and estimates of tickets sold and average ticket price. The Seneca properties are used as a benchmark for this analysis because they had similar sized facilities. The following schedule depicts entertainment events at two of their properties during the quarters ending June 2009 and 2010 (the only periods for which they reported this information). Seneca increased its entertainment schedule leading to lower attendance per event and in the case of Seneca Niagara Falls, lower pricing. Based on this limited sample of data, the typical event at these two Seneca venues during those periods drew between 700 and 1,800 spectators at prices ranging from \$20 to \$54.

**Benchmark Data from Seneca Casinos**

	Jun-09	June-10
<b>Seneca Niagara Falls Shows</b>		
Number Shows	10	16
Tickets Sold	12,809	11,565
Tickets Per Event	1,281	723
Occupancy	85.0%	76.0%
Average Ticket Price <sup>1</sup>	\$ 53.50	\$ 47.36
<b>Seneca Allegany Shows</b>		
Number Shows	2	5
Tickets Sold	3,534	7,901
Tickets Per Event	1,767	1,580
Occupancy	74.0%	66.0%
Average Ticket Price <sup>1</sup>	\$ 19.85	\$ 42.65

Note:

1.) Reflects average price per occupied seat

Tioga Downs has also had experience bringing in large events (concerts) to its outdoor facility (grandstand and infield). The Tioga Downs business plan calls for at least two large outdoor events annually and four to six smaller events. Based on this analysis Entertainment revenues for Tioga Downs are estimated as follows:

**Entertainment Revenues - Mid Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Banquet</b>										
# of Events	-	12	12	12	12	12	12	12	12	12
Capacity	410	410	410	410	410	410	410	410	410	410
Occupancy	0.0%	90.0%	90%	90%	90%	90%	90%	90%	90%	90%
Avg Ticket Price	\$0.00	\$20.00	\$ 20.40	\$ 20.81	\$ 21.22	\$ 21.65	\$ 22.08	\$ 22.52	\$ 22.97	\$ 23.43
Total Revenue	\$ -	\$ 88,560	\$ 90,331	\$ 92,138	\$ 93,981	\$ 95,860	\$ 97,777	\$ 99,733	\$ 101,728	\$ 103,762
<b>Showroom</b>										
# of Events	-	24	24	24	24	24	24	24	24	24
Capacity	594	594	594	594	594	594	594	594	594	594
Occupancy	0.0%	80.0%	80%	80%	80%	80%	80%	80%	80%	80%
Avg Ticket Price	\$0.00	\$30.00	\$ 30.60	\$ 31.21	\$ 31.84	\$ 32.47	\$ 33.12	\$ 33.78	\$ 34.46	\$ 35.15
Total Revenue	\$ -	\$ 342,144	\$ 348,987	\$ 355,967	\$ 363,086	\$ 370,348	\$ 377,755	\$ 385,310	\$ 393,016	\$ 400,876
<b>Exhibition</b>										
# of Events	-	8	8	8	8	8	8	8	8	8
Capacity	594	594	594	594	594	594	594	594	594	594
Occupancy	0.0%	70.0%	70%	70%	70%	70%	70%	70%	70%	70%
Avg Ticket Price	\$0.00	\$15.00	\$ 15.30	\$ 15.81	\$ 15.92	\$ 16.24	\$ 16.56	\$ 16.89	\$ 17.23	\$ 17.57
Total Revenue	\$ -	\$ 49,896	\$ 50,894	\$ 51,912	\$ 52,950	\$ 54,009	\$ 55,089	\$ 56,191	\$ 57,315	\$ 58,461
<b>Outdoor Event - Small Venue</b>										
# of Events	5	5	5	5	5	5	5	5	5	5
Capacity	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Occupancy	95.0%	95.0%	95%	95%	95%	95%	95%	95%	95%	95%
Avg Ticket Price	\$20.00	\$ 20.40	\$ 20.81	\$ 21.22	\$ 21.65	\$ 22.08	\$ 22.52	\$ 22.97	\$ 23.43	\$ 23.90
Total Revenue	\$ 380,000	\$ 387,600	\$ 395,352	\$ 403,259	\$ 411,324	\$ 419,551	\$ 427,942	\$ 436,501	\$ 445,231	\$ 454,135
<b>Outdoor Event - Large Venue</b>										
# of Events	-	2	2	2	2	2	2	2	2	2
Capacity	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Occupancy	0.0%	80.0%	80%	80%	80%	80%	80%	80%	80%	80%
Avg Ticket Price	\$0.00	\$35.00	\$ 35.70	\$ 36.41	\$ 37.14	\$ 37.89	\$ 38.64	\$ 39.42	\$ 40.20	\$ 41.01
Total Revenue	\$ -	\$ 672,000	\$ 685,440	\$ 699,149	\$ 713,132	\$ 727,394	\$ 741,942	\$ 756,781	\$ 771,917	\$ 787,355
<b>Total Event Revenue</b>	<b>\$ 380,000</b>	<b>\$ 1,540,200</b>	<b>\$ 1,571,004</b>	<b>\$ 1,602,424</b>	<b>\$ 1,634,473</b>	<b>\$ 1,667,162</b>	<b>\$ 1,700,505</b>	<b>\$ 1,734,515</b>	<b>\$ 1,769,206</b>	<b>\$ 1,804,590</b>
<i>% of Gaming Rev</i>	<i>0.5%</i>	<i>1.5%</i>	<i>1.6%</i>	<i>1.6%</i>						

In the low case and high cases, entertainment revenues fluctuates based upon the number events, occupancy, and the average ticket price. Entertainment revenues for low and high cases are estimated as follows:

**Entertainment Revenues - Low Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Banquet</b>										
# of Events	-	11	11	11	11	11	11	11	11	11
Capacity	410	410	410	410	410	410	410	410	410	410
Occupancy	0.0%	88.0%	88%	88%	88%	88%	88%	88%	88%	88%
Avg Ticket Price	\$0.00	\$18.00	\$ 18.36	\$ 18.73	\$ 19.10	\$ 19.48	\$ 19.87	\$ 20.27	\$ 20.68	\$ 21.09
Total Revenue	\$ -	\$ 71,438	\$ 72,867	\$ 74,325	\$ 75,811	\$ 77,327	\$ 78,874	\$ 80,451	\$ 82,060	\$ 83,701
<b>Showroom</b>										
# of Events	-	22	22	22	22	22	22	22	22	22
Capacity	594	594	594	594	594	594	594	594	594	594
Occupancy	0.0%	75.0%	75%	75%	75%	75%	75%	75%	75%	75%
Avg Ticket Price	\$0.00	\$28.00	\$ 28.56	\$ 29.13	\$ 29.71	\$ 30.31	\$ 30.91	\$ 31.53	\$ 32.16	\$ 32.81
Total Revenue	\$ -	\$ 274,428	\$ 279,917	\$ 285,515	\$ 291,225	\$ 297,050	\$ 302,991	\$ 309,051	\$ 315,232	\$ 321,536
<b>Exhibition</b>										
# of Events	-	6	6	6	6	6	6	6	6	6
Capacity	594	594	594	594	594	594	594	594	594	594
Occupancy	0.0%	68.0%	68%	68%	68%	68%	68%	68%	68%	68%
Avg Ticket Price	\$0.00	\$12.00	\$ 12.24	\$ 12.48	\$ 12.73	\$ 12.99	\$ 13.25	\$ 13.51	\$ 13.78	\$ 14.06
Total Revenue	\$ -	\$ 29,082	\$ 29,664	\$ 30,257	\$ 30,862	\$ 31,480	\$ 32,109	\$ 32,751	\$ 33,406	\$ 34,074
<b>Outdoor Event - Small Venue</b>										
# of Events	4	4	4	4	4	4	4	4	4	4
Capacity	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Occupancy	93.0%	93.0%	93%	93%	93%	93%	93%	93%	93%	93%
Avg Ticket Price	\$20.00	\$ 20.40	\$ 20.81	\$ 21.22	\$ 21.65	\$ 22.08	\$ 22.52	\$ 22.97	\$ 23.43	\$ 23.90
Total Revenue	\$ 297,600	\$ 303,552	\$ 309,623	\$ 315,816	\$ 322,132	\$ 328,574	\$ 335,146	\$ 341,849	\$ 348,686	\$ 355,660
<b>Outdoor Event - Large Venue</b>										
# of Events	-	2	2	2	2	2	2	2	2	2
Capacity	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Occupancy	0.0%	79.0%	79%	79%	79%	79%	79%	79%	79%	79%
Avg Ticket Price	\$0.00	\$35.00	\$ 35.70	\$ 36.41	\$ 37.14	\$ 37.89	\$ 38.64	\$ 39.42	\$ 40.20	\$ 41.01
Total Revenue	\$ -	\$ 663,600	\$ 676,872	\$ 690,409	\$ 704,218	\$ 718,302	\$ 732,668	\$ 747,321	\$ 762,268	\$ 777,513
<b>Total Event Revenue</b>	<b>\$ 297,600</b>	<b>\$ 1,342,101</b>	<b>\$ 1,368,943</b>	<b>\$ 1,396,322</b>	<b>\$ 1,424,248</b>	<b>\$ 1,452,733</b>	<b>\$ 1,481,788</b>	<b>\$ 1,511,423</b>	<b>\$ 1,541,652</b>	<b>\$ 1,572,485</b>
<i>% of Gaming Rev</i>	<i>0.4%</i>	<i>1.5%</i>	<i>1.6%</i>	<i>1.6%</i>						

**Entertainment Revenues - High Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Banquet</b>										
# of Events	-	14	14	14	14	14	14	14	14	14
Capacity	410	410	410	410	410	410	410	410	410	410
Occupancy	0.0%	92.0%	92%	92%	92%	92%	92%	92%	92%	92%
Avg Ticket Price	\$0.00	\$22.00	\$ 22.44	\$ 22.89	\$ 23.35	\$ 23.81	\$ 24.29	\$ 24.78	\$ 25.27	\$ 25.78
Total Revenue	\$ -	\$ 116,178	\$ 118,501	\$ 120,871	\$ 123,289	\$ 125,754	\$ 128,269	\$ 130,835	\$ 133,452	\$ 136,121
<b>Showroom</b>										
# of Events	-	26	26	26	26	26	26	26	26	26
Capacity	594	594	594	594	594	594	594	594	594	594
Occupancy	0.0%	85.0%	85%	85%	85%	85%	85%	85%	85%	85%
Avg Ticket Price	\$0.00	\$32.00	\$ 32.64	\$ 33.29	\$ 33.96	\$ 34.64	\$ 35.33	\$ 36.04	\$ 36.76	\$ 37.49
Total Revenue	\$ -	\$ 420,077	\$ 428,478	\$ 437,048	\$ 445,789	\$ 454,705	\$ 463,799	\$ 473,075	\$ 482,536	\$ 492,187
<b>Exhibition</b>										
# of Events	-	10	10	10	10	10	10	10	10	10
Capacity	594	594	594	594	594	594	594	594	594	594
Occupancy	0.0%	72.0%	72%	72%	72%	72%	72%	72%	72%	72%
Avg Ticket Price	\$0.00	\$18.00	\$ 18.36	\$ 18.73	\$ 19.10	\$ 19.48	\$ 19.87	\$ 20.27	\$ 20.68	\$ 21.09
Total Revenue	\$ -	\$ 76,982	\$ 78,522	\$ 80,092	\$ 81,694	\$ 83,328	\$ 84,995	\$ 86,695	\$ 88,429	\$ 90,197
<b>Outdoor Event - Small Venue</b>										
# of Events	6	6	6	6	6	6	6	6	6	6
Capacity	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Occupancy	98.0%	98.0%	98%	98%	98%	98%	98%	98%	98%	98%
Avg Ticket Price	\$20.00	\$ 20.40	\$ 20.81	\$ 21.22	\$ 21.65	\$ 22.08	\$ 22.52	\$ 22.97	\$ 23.43	\$ 23.90
Total Revenue	\$ 470,400	\$ 479,808	\$ 489,404	\$ 499,192	\$ 509,176	\$ 519,360	\$ 529,747	\$ 540,342	\$ 551,149	\$ 562,172
<b>Outdoor Event - Large Venue</b>										
# of Events	-	2	2	2	2	2	2	2	2	2
Capacity	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Occupancy	0.0%	81.0%	81%	81%	81%	81%	81%	81%	81%	81%
Avg Ticket Price	\$0.00	\$35.00	\$ 35.70	\$ 36.41	\$ 37.14	\$ 37.89	\$ 38.64	\$ 39.42	\$ 40.20	\$ 41.01
Total Revenue	\$ -	\$ 680,400	\$ 694,008	\$ 707,888	\$ 722,046	\$ 736,487	\$ 751,217	\$ 766,241	\$ 781,566	\$ 797,197
<b>Total Event Revenue</b>	<b>\$ 470,400</b>	<b>\$ 1,773,445</b>	<b>\$ 1,808,914</b>	<b>\$ 1,845,092</b>	<b>\$ 1,881,994</b>	<b>\$ 1,919,634</b>	<b>\$ 1,958,026</b>	<b>\$ 1,997,187</b>	<b>\$ 2,037,131</b>	<b>\$ 2,077,873</b>
<i>% of Gaming Rev</i>	<i>0.5%</i>	<i>1.5%</i>	<i>1.5%</i>	<i>1.5%</i>	<i>1.6%</i>	<i>1.6%</i>	<i>1.6%</i>	<i>1.6%</i>	<i>1.6%</i>	<i>1.7%</i>

**Golf Revenues**

A 2013 survey by the National Golf Foundation found the average number of rounds per course to be approximately 31,720 annually. We estimate golf revenues based upon an estimate of total annual rounds played of 22,204 (70% of the average due to weather) with growth of 2% annually. We estimate the average price per round (including club house spend) of \$40, growing by 2% annually. Golf revenues are estimated at \$0.9 million in 2017 and \$1.2 million by 2026.

**Golf Revenues - Mid Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Total Golf Guests	0	22,204	22,648	23,101	23,563	24,034	24,515	25,005	25,505	26,016
Revenue per Round	\$ -	\$ 40	\$ 41	\$ 42	\$ 42	\$ 43	\$ 44	\$ 45	\$ 46	\$ 47
Total Golf Revenue	\$ -	\$888,160	\$924,042	\$961,373	\$1,000,212	\$1,040,621	\$1,082,662	\$1,126,402	\$1,171,908	\$1,219,253
<i>% of Gaming Rev</i>	<i>0.0%</i>	<i>0.9%</i>	<i>0.9%</i>	<i>0.9%</i>	<i>0.9%</i>	<i>0.9%</i>	<i>1.0%</i>	<i>1.0%</i>	<i>1.0%</i>	<i>1.1%</i>

In the low case, golf rounds decrease to 19,032 and revenue per round decreases in the initial year to \$35.

**Golf Revenues - Low Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Total Golf Guests	0	19,032	19,413	19,801	20,197	20,601	21,013	21,433	21,862	22,299
Revenue per Round	\$ -	\$ 35	\$ 36	\$ 36	\$ 37	\$ 38	\$ 39	\$ 39	\$ 40	\$ 41
Total Golf Revenue	\$ -	\$666,120	\$693,031	\$721,030	\$ 750,159	\$ 780,466	\$ 811,997	\$ 844,801	\$ 878,931	\$ 914,440
<i>% of Gaming Rev</i>	<i>0.0%</i>	<i>0.7%</i>	<i>0.8%</i>	<i>0.8%</i>	<i>0.8%</i>	<i>0.8%</i>	<i>0.8%</i>	<i>0.9%</i>	<i>0.9%</i>	<i>0.9%</i>

In the high case, golf rounds increase to 29,182 and revenue per round increases in the initial year to \$45.

## Golf Revenues - High Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Total Golf Guests	0	25,376	25,884	26,401	26,929	27,468	28,017	28,577	29,149	29,732
Revenue per Round	\$ -	\$ 45	\$ 46	\$ 47	\$ 48	\$ 49	\$ 50	\$ 51	\$ 52	\$ 53
Total Golf Revenue	\$ -	\$ 1,141,920	\$ 1,188,054	\$ 1,236,051	\$ 1,285,987	\$ 1,337,941	\$ 1,391,994	\$ 1,448,231	\$ 1,506,739	\$ 1,567,611
% of Gaming Rev	0.0%	1.0%	1.0%	1.0%	1.1%	1.1%	1.1%	1.2%	1.2%	1.3%

## Other Revenues

Other revenues include ATM fees, rental income and other miscellaneous charges and are based upon typical relationship to gaming revenues found in similar casino properties. These revenues are projected to average 2.8% of gaming revenue based on similar sized casino operations.

## Other Revenues - Mid Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Total Other Revenue	\$1,838,098	\$2,712,829	\$2,825,655	\$2,950,035	\$2,990,810	\$3,032,162	\$3,062,484	\$3,093,109	\$3,100,342	\$3,107,647
% of Gaming Revenue	2.3%	2.6%	2.7%	2.8%	2.7%	2.7%	2.7%	2.7%	2.8%	2.8%

In the low other revenues are estimated to average 2.7% of gaming revenue.

## Other Revenues - Low Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Total Other Revenue	\$1,652,277	\$2,310,480	\$2,405,587	\$2,501,764	\$2,536,661	\$2,572,055	\$2,597,775	\$2,623,753	\$2,629,226	\$2,634,753
% of Gaming Revenue	2.3%	2.6%	2.6%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%

In the low other revenues are estimated to average 2.8% of gaming revenue.

## Other Revenues - High Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Total Other Revenue	\$2,006,115	\$3,112,628	\$3,250,597	\$3,390,251	\$3,436,696	\$3,483,792	\$3,518,630	\$3,553,817	\$3,562,994	\$3,572,263
% of Gaming Revenue	2.3%	2.7%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%

## Promotional Allowances

Promotional allowances represent the retail value of items of revenue provided to patrons for free as part of the company's expected marketing efforts. These include free hotel rooms, comped meals and drinks at restaurants on site, comped entertainment tickets, and comped miscellaneous items. These amounts are estimated based on the past practice of the facility, the amenities available for comping, and the competitive environment.

In Atlantic City, comps and promotional cash are over 34% of gross gaming revenue. In Pennsylvania, where there is a high tax rate and little else to offer, firms have resorted to increasing their free play offers to over 20% of gross gaming revenue (especially in competitive environments).

Non-taxable promotional play is normally not shown on the financial statements - i.e. it is a reduction of gross gaming revenue. In New York, some forms of promotional credits are presently

non-taxable. We assume all promotional credits will be non-taxable at Class III casinos in New York and gaming revenue is presented net of promotional allowances.

The following schedule depicts estimated promotional allowances for the Project for the revenue analysis period. Total promotional allowances are expected to rise dramatically to 9.6% of gaming revenue (exclusive of free play) and 39.5% of total other revenues by 2019. This compares reasonably with competitive facilities in the market after adjusting for volume and positioning. Promotional allowances at Mohegan Sun Pocono are reported at 7.5% of gaming revenues and 48.5% of other revenues. Promotional allowances as a percentage of other revenues are estimated to be lower at Tioga Downs because the food and beverage offering will be designed to drive a higher percentage of cash sales.

### Promotional Allowances - Mid Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Hotel	\$ -	\$1,910,703	\$2,760,966	\$3,048,107	\$3,109,069	\$3,171,250	\$3,202,963	\$3,234,992	\$3,267,342	\$3,300,016
Food	2,796,676	4,733,260	5,247,254	5,435,717	5,511,108	5,587,570	5,643,445	5,699,880	5,712,667	5,725,581
Beverage	444,681	518,917	534,919	551,185	564,992	579,145	590,727	602,542	608,508	614,533
Retail	36,730	45,500	46,410	47,338	48,285	49,251	49,743	50,241	50,743	51,250
Entertainment	152,000	616,080	628,402	640,970	653,789	666,865	680,202	693,806	707,682	721,836
Golf	-	177,632	184,808	192,275	200,042	208,124	216,532	225,280	234,382	243,851
Other	239,514	353,495	374,937	399,267	404,388	409,576	413,672	417,808	419,617	421,443
<b>Total Promotion Allowances</b>	<b>3,669,601</b>	<b>8,355,587</b>	<b>9,777,697</b>	<b>10,314,858</b>	<b>10,491,673</b>	<b>10,671,780</b>	<b>10,797,284</b>	<b>10,924,549</b>	<b>11,000,940</b>	<b>11,078,509</b>
% of Gaming Revenue	4.6%	8.1%	9.3%	9.6%	9.6%	9.7%	9.7%	9.7%	9.8%	9.8%
% of Other Revenue	37.7%	38.9%	39.4%	39.5%	39.4%	39.4%	39.4%	39.4%	39.4%	39.3%
<b>Assumptions:</b>										
Hotel Comps (as % of Hotel Rev)	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Food Comps (% of Food Rev)	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
Beverage Comps (% of Bev Rev)	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Retail Comps (as % of Retail Rev)	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Ent Comps (as % of Ent Rev)	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Golf Comps (as % of Golf Rev)	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Other Comps (as % of Other Rev)	13.0%	13.0%	13.3%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.6%

Promotional allowances in both the low and high cases are estimated to fluctuate with gaming, hotel, food, beverage, retail, entertainment, golf, and other revenues. In the low case other comps are estimated to be 13.2% and all other assumptions of individual promotional relationships are estimated to remain the same.

### Promotional Allowances - Low Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Hotel	\$ -	\$1,764,144	\$2,553,032	\$2,760,966	\$2,816,185	\$2,872,509	\$2,901,234	\$2,930,247	\$2,959,549	\$2,989,144
Food	2,269,492	3,854,555	4,265,628	4,410,326	4,470,327	4,531,167	4,576,479	4,622,244	4,635,050	4,647,984
Beverage	400,953	459,618	473,791	488,198	500,428	512,963	523,222	533,687	538,971	544,307
Retail	36,730	43,250	44,115	44,997	45,897	46,815	47,283	47,756	48,234	48,716
Entertainment	119,040	536,840	547,577	558,529	569,699	581,093	592,715	604,569	616,661	628,994
Golf	-	133,224	138,606	144,206	150,032	156,093	162,399	168,960	175,786	182,888
Other	209,601	293,097	310,947	329,063	333,342	337,678	341,055	344,465	345,834	347,215
<b>Total Promotion Allowances</b>	<b>3,035,815</b>	<b>7,084,728</b>	<b>8,333,696</b>	<b>8,736,285</b>	<b>8,885,910</b>	<b>9,038,319</b>	<b>9,144,388</b>	<b>9,251,928</b>	<b>9,320,084</b>	<b>9,389,249</b>
% of Gaming Revenue	4.2%	7.9%	9.0%	9.3%	9.3%	9.3%	9.4%	9.4%	9.4%	9.5%
% of Other Revenue	36.7%	38.6%	39.1%	39.2%	39.2%	39.1%	39.1%	39.1%	39.1%	39.1%
<b>Assumptions:</b>										
Hotel Comps (as % of Hotel Rev)	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Food Comps (% of Food Rev)	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
Beverage Comps (% of Bev Rev)	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Retail Comps (as % of Retail Rev)	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Ent Comps (as % of Ent Rev)	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Golf Comps (as % of Golf Rev)	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Other Comps (as % of Other Rev)	12.7%	12.7%	12.9%	13.2%	13.1%	13.1%	13.1%	13.1%	13.2%	13.2%

In the high case other comps are estimated to be 13.9% and all other assumptions of individual promotional relationships are estimated to remain the same.

**Promotional Allowances - High Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Hotel	\$ -	\$2,002,981	\$2,923,376	\$3,185,151	\$3,248,854	\$3,313,831	\$3,346,969	\$3,380,439	\$3,414,243	\$3,448,386
Food	3,455,808	5,778,201	6,361,998	6,555,730	6,648,120	6,741,837	6,809,255	6,877,347	6,889,722	6,902,220
Beverage	484,840	573,952	591,651	609,642	624,914	640,567	653,379	666,446	673,045	679,709
Retail	36,730	47,750	48,705	49,679	50,673	51,686	52,203	52,725	53,252	53,785
Entertainment	188,160	709,378	723,565	738,037	752,798	767,853	783,211	798,875	814,852	831,149
Golf	-	228,384	237,611	247,210	257,197	267,588	278,399	289,646	301,348	313,522
Other	268,731	416,956	443,923	471,312	477,279	483,325	488,158	493,039	495,334	497,651
<b>Total Promotion Allowances</b>	<b>4,434,269</b>	<b>9,757,602</b>	<b>11,330,830</b>	<b>11,856,761</b>	<b>12,059,834</b>	<b>12,266,687</b>	<b>12,411,573</b>	<b>12,558,518</b>	<b>12,641,796</b>	<b>12,726,422</b>
% of Gaming Revenue	5.1%	8.5%	9.7%	9.9%	10.0%	10.0%	10.0%	10.0%	10.1%	10.2%
% of Other Revenue	39.0%	39.3%	39.8%	39.8%	39.8%	39.7%	39.7%	39.7%	39.7%	39.6%
<b>Assumptions:</b>										
Hotel Comps (as % of Hotel Rev)	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Food Comps (% of Food Rev)	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
Beverage Comps (% of Bev Rev)	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Retail Comps (as % of Retail Rev)	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Ent Comps (as % of Ent Rev)	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Golf Comps (as % of Golf Rev)	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Other Comps (as % of Other Rev)	13.4%	13.4%	13.7%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%

**XIV. SUMMARY OF NET REVENUE**

**Mid Case Net Revenues**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Revenue										
Gaming, net	\$ 80,267,804	\$ 102,957,251	\$ 105,102,194	\$ 107,247,136	\$ 108,855,843	\$ 110,488,681	\$ 111,593,568	\$ 112,709,503	\$ 112,709,503	\$ 112,709,503
Hotel	-	4,776,758	6,902,415	7,620,266	7,772,672	7,928,125	8,007,406	8,087,480	8,168,355	8,250,039
Racing	1,123,156	1,440,641	1,470,654	1,500,668	1,523,178	1,546,025	1,561,486	1,577,101	1,577,101	1,577,101
Food & Beverage	6,196,570	9,903,219	10,877,760	11,261,083	11,432,676	11,607,079	11,737,628	11,869,773	11,907,936	11,946,479
Retail	183,648	227,500	232,050	236,691	241,425	246,253	248,716	251,203	253,715	256,252
Entertainment	380,000	1,540,200	1,571,004	1,602,424	1,634,473	1,667,162	1,700,505	1,734,515	1,769,206	1,804,590
Spa/Salon	-	-	-	-	-	-	-	-	-	-
Golf	-	888,160	924,042	961,373	1,000,212	1,040,621	1,082,662	1,126,402	1,171,908	1,219,253
Other	1,838,098	2,712,829	2,825,655	2,950,035	2,990,810	3,032,162	3,062,484	3,093,109	3,100,342	3,107,647
<b>Gross Revenue</b>	<b>89,989,276</b>	<b>124,446,557</b>	<b>129,905,774</b>	<b>133,379,677</b>	<b>135,451,289</b>	<b>137,556,109</b>	<b>138,994,455</b>	<b>140,449,086</b>	<b>140,658,066</b>	<b>140,870,865</b>
Promotional Allowances	3,669,601	8,355,587	9,777,697	10,314,858	10,491,673	10,671,780	10,797,284	10,924,549	11,000,940	11,078,509
<b>Net Revenue</b>	<b>86,319,675</b>	<b>116,090,970</b>	<b>120,128,077</b>	<b>123,064,819</b>	<b>124,959,616</b>	<b>126,884,329</b>	<b>128,197,170</b>	<b>129,524,536</b>	<b>129,657,126</b>	<b>129,792,355</b>

**Low Case Net Revenues**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Revenue										
Gaming, net	\$ 71,943,914	\$ 90,214,342	\$ 92,093,807	\$ 93,973,273	\$ 95,382,872	\$ 96,813,615	\$ 97,781,751	\$ 98,759,568	\$ 98,759,568	\$ 98,759,568
Hotel	-	4,410,359	6,382,581	6,902,415	7,040,463	7,181,273	7,253,085	7,325,616	7,398,873	7,472,861
Racing	1,006,683	1,262,334	1,288,633	1,314,932	1,334,656	1,354,676	1,368,222	1,381,905	1,381,905	1,381,905
Food & Beverage	5,128,731	8,157,326	8,940,165	9,239,270	9,378,937	9,520,894	9,628,927	9,738,296	9,774,791	9,811,648
Retail	183,648	216,250	220,575	224,987	229,486	234,076	236,417	238,781	241,169	243,580
Entertainment	297,600	1,342,101	1,368,943	1,396,322	1,424,248	1,452,733	1,481,788	1,511,423	1,541,652	1,572,485
Spa/Salon	-	-	-	-	-	-	-	-	-	-
Golf	-	666,120	693,031	721,030	750,159	780,466	811,997	844,801	878,931	914,440
Other	1,652,277	2,310,480	2,405,587	2,501,764	2,536,661	2,572,055	2,597,775	2,623,753	2,629,226	2,634,753
<b>Gross Revenue</b>	<b>80,212,853</b>	<b>108,579,312</b>	<b>113,393,322</b>	<b>116,273,991</b>	<b>118,077,482</b>	<b>119,909,786</b>	<b>121,159,961</b>	<b>122,424,144</b>	<b>122,606,113</b>	<b>122,791,241</b>
Promotional Allowances	3,035,815	7,084,728	8,333,696	8,736,285	8,885,910	9,038,319	9,144,388	9,251,928	9,320,084	9,389,249
<b>Net Revenue</b>	<b>77,177,038</b>	<b>101,494,584</b>	<b>105,059,625</b>	<b>107,537,706</b>	<b>109,191,571</b>	<b>110,871,467</b>	<b>112,015,573</b>	<b>113,172,216</b>	<b>113,286,029</b>	<b>113,401,991</b>

High Case Net Revenues

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Revenue										
Gaming, net	\$ 87,794,132	\$ 114,527,081	\$ 116,913,062	\$ 119,299,043	\$ 121,088,529	\$ 122,904,857	\$ 124,133,905	\$ 125,375,244	\$ 125,375,244	\$ 125,375,244
Hotel	-	5,007,454	7,308,440	7,962,877	8,122,135	8,284,577	8,367,423	8,451,097	8,535,608	8,620,964
Racing	1,228,469	1,602,533	1,635,919	1,669,305	1,694,345	1,719,760	1,736,958	1,754,327	1,754,327	1,754,327
Food & Beverage	7,495,388	11,940,700	13,046,398	13,443,615	13,649,775	13,859,303	14,013,910	14,170,384	14,209,379	14,248,762
Retail	183,648	238,750	243,525	248,396	253,363	258,431	261,015	263,625	266,261	268,924
Entertainment	470,400	1,773,445	1,808,914	1,845,092	1,881,994	1,919,634	1,958,026	1,997,187	2,037,131	2,077,873
Spa/Salon	-	-	-	-	-	-	-	-	-	-
Golf	-	1,141,920	1,188,054	1,236,051	1,285,987	1,337,941	1,391,994	1,448,231	1,506,739	1,567,611
Other	2,006,115	3,112,628	3,250,597	3,390,251	3,436,696	3,483,792	3,518,630	3,553,817	3,562,994	3,572,263
<b>Gross Revenue</b>	<b>99,178,152</b>	<b>139,344,511</b>	<b>145,394,908</b>	<b>149,094,630</b>	<b>151,412,823</b>	<b>153,768,295</b>	<b>155,381,862</b>	<b>157,013,912</b>	<b>157,247,684</b>	<b>157,485,970</b>
Promotional Allowances	4,434,269	9,757,602	11,330,830	11,856,761	12,059,834	12,266,687	12,411,573	12,558,518	12,641,796	12,726,422
<b>Net Revenue</b>	<b>94,743,882</b>	<b>129,586,909</b>	<b>134,064,079</b>	<b>137,237,869</b>	<b>139,352,990</b>	<b>141,501,608</b>	<b>142,970,289</b>	<b>144,455,394</b>	<b>144,605,888</b>	<b>144,759,548</b>

## XV. DEPARTMENTAL EXPENSE ANALYSIS

### Labor Costs

We estimate labor costs based on our departmental staffing and labor analysis, incorporating historical full time equivalent employees (FTE's), salaries, and wages from Tioga Downs. We estimated labor based on anticipated staffing in each department for all job classifications. Labor needs are based on the competitive positioning and expected volume levels of the property.

Total employment and salaries and wages are estimated to increase from a historical average of 292 FTE's, 24 corporate FTE's allocated to Tioga Downs and \$7.3 million of wages, to 712 total FTE's and \$18.4 million in salaries and wages by 2017.

The following schedules summarize estimated FTE's and total labor costs by department. Employment will rise gradually as operations ramp up in 2016 until 2017 when the Class III operation and expanded property are fully online.

### FTE's – Mid Case

Department	Tioga Downs Full-Time Equivalents (FTE's)									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Corporate Overhead	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7
Cage	19.5	20.1	20.1	20.1	20.1	20.1	20.1	20.1	20.1	20.1
Drop & Count	5.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
Entertainment	0.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
EVS	13.9	19.1	19.1	19.1	19.1	19.1	19.1	19.1	19.1	19.1
Executive	2.1	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Facilities	14.5	24.5	24.5	24.5	24.5	24.5	24.5	24.5	24.5	24.5
Finance & Accounting	8.6	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Food & Beverage	92.8	171.4	171.4	171.4	171.4	171.4	171.4	171.4	171.4	171.4
Golf	1.4	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Hotel	7.0	45.7	45.7	45.7	45.7	45.7	45.7	45.7	45.7	45.7
Human Resources	5.1	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Information Technology	3.2	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Marketing	5.0	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Mutuel	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Player Development	15.7	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Purchasing	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Racing	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6
Retail	0.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Sales	3.2	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Security	29.1	30.8	30.8	30.8	30.8	30.8	30.8	30.8	30.8	30.8
Slots	16.9	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
Special Events	0.3	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Surveillance	17.8	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Table Games	124.3	199.5	199.5	199.5	199.5	199.5	199.5	199.5	199.5	199.5
Wardrobe	0.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Totals</b>	<b>428.3</b>	<b>685.5</b>								

Labor Costs – Mid Case

Department	Tioga Downs Salaries & Wages (Excludes Taxes & Benefits)									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Corporate Overhead	\$ 1,777,429	\$ 1,812,978	\$ 1,849,237	\$ 1,886,222	\$ 1,923,946	\$ 1,962,425	\$ 2,001,674	\$ 2,041,707	\$ 2,082,541	\$ 2,124,192
Cage	\$ 572,334	\$ 603,524	\$ 615,595	\$ 627,906	\$ 640,465	\$ 653,274	\$ 666,339	\$ 679,666	\$ 693,259	\$ 707,125
Drop & Count	\$ 206,068	\$ 248,216	\$ 253,180	\$ 258,244	\$ 263,409	\$ 268,677	\$ 274,050	\$ 279,531	\$ 285,122	\$ 290,824
Entertainment	\$ 7,803	\$ 95,509	\$ 97,419	\$ 99,367	\$ 101,355	\$ 103,382	\$ 105,449	\$ 107,558	\$ 109,709	\$ 111,904
EVS	\$ 303,312	\$ 425,695	\$ 434,209	\$ 442,893	\$ 451,751	\$ 460,786	\$ 470,002	\$ 479,402	\$ 488,990	\$ 498,770
Executive	\$ 162,615	\$ 282,600	\$ 288,252	\$ 294,017	\$ 299,897	\$ 305,895	\$ 312,013	\$ 318,253	\$ 324,618	\$ 331,111
Facilities	\$ 460,494	\$ 748,176	\$ 763,139	\$ 778,402	\$ 793,970	\$ 809,850	\$ 826,047	\$ 842,568	\$ 859,419	\$ 876,607
Finance & Accounting	\$ 289,868	\$ 532,994	\$ 543,654	\$ 554,527	\$ 565,618	\$ 576,930	\$ 588,469	\$ 600,238	\$ 612,243	\$ 624,487
Food & Beverage	\$ 2,126,610	\$ 3,619,670	\$ 3,692,064	\$ 3,765,905	\$ 3,841,223	\$ 3,918,048	\$ 3,996,409	\$ 4,076,337	\$ 4,157,864	\$ 4,241,021
Golf	\$ 50,122	\$ 613,489	\$ 625,758	\$ 638,274	\$ 651,039	\$ 664,060	\$ 677,341	\$ 690,888	\$ 704,706	\$ 718,800
Hotel	\$ 208,259	\$ 1,244,248	\$ 1,269,133	\$ 1,294,516	\$ 1,320,406	\$ 1,346,814	\$ 1,373,751	\$ 1,401,226	\$ 1,429,250	\$ 1,457,835
Human Resources	\$ 231,228	\$ 279,335	\$ 284,922	\$ 290,620	\$ 296,433	\$ 302,361	\$ 308,409	\$ 314,577	\$ 320,868	\$ 327,286
Information Technology	\$ 126,611	\$ 238,581	\$ 243,352	\$ 248,219	\$ 253,184	\$ 258,248	\$ 263,412	\$ 268,681	\$ 274,054	\$ 279,535
Marketing	\$ 196,797	\$ 426,416	\$ 434,944	\$ 443,643	\$ 452,516	\$ 461,566	\$ 470,798	\$ 480,214	\$ 489,818	\$ 499,614
Mutuel	\$ 189,084	\$ 192,866	\$ 196,723	\$ 200,658	\$ 204,671	\$ 208,764	\$ 212,940	\$ 217,198	\$ 221,542	\$ 225,973
Player Development	\$ 391,412	\$ 473,094	\$ 482,556	\$ 492,208	\$ 502,052	\$ 512,093	\$ 522,335	\$ 532,781	\$ 543,437	\$ 554,306
Purchasing	\$ 82,785	\$ 84,441	\$ 86,129	\$ 87,852	\$ 89,609	\$ 91,401	\$ 93,229	\$ 95,094	\$ 96,996	\$ 98,936
Racing	\$ 258,098	\$ 263,260	\$ 268,525	\$ 273,896	\$ 279,374	\$ 284,961	\$ 290,660	\$ 296,473	\$ 302,403	\$ 308,451
Retail	\$ 8,498	\$ 47,118	\$ 48,060	\$ 49,021	\$ 50,002	\$ 51,002	\$ 52,022	\$ 53,062	\$ 54,123	\$ 55,206
Sales	\$ 153,004	\$ 208,594	\$ 212,766	\$ 217,021	\$ 221,361	\$ 225,789	\$ 230,304	\$ 234,910	\$ 239,609	\$ 244,401
Security	\$ 880,129	\$ 961,235	\$ 980,460	\$ 1,000,069	\$ 1,020,071	\$ 1,040,472	\$ 1,061,281	\$ 1,082,507	\$ 1,104,157	\$ 1,126,240
Slots	\$ 533,136	\$ 585,540	\$ 597,251	\$ 609,196	\$ 621,380	\$ 633,807	\$ 646,484	\$ 659,413	\$ 672,602	\$ 686,054
Special Events	\$ 14,306	\$ 175,099	\$ 178,601	\$ 182,173	\$ 185,817	\$ 189,533	\$ 193,324	\$ 197,190	\$ 201,134	\$ 205,157
Surveillance	\$ 506,909	\$ 554,362	\$ 565,449	\$ 576,758	\$ 588,293	\$ 600,059	\$ 612,060	\$ 624,301	\$ 636,787	\$ 649,523
Table Games	\$ 2,184,064	\$ 3,668,673	\$ 3,742,046	\$ 3,816,887	\$ 3,893,225	\$ 3,971,089	\$ 4,050,511	\$ 4,131,521	\$ 4,214,152	\$ 4,298,435
Wardrobe	\$ 4,224	\$ 51,702	\$ 52,736	\$ 53,791	\$ 54,867	\$ 55,964	\$ 57,083	\$ 58,225	\$ 59,389	\$ 60,577
<b>Totals</b>	<b>\$ 11,925,198</b>	<b>\$ 18,437,414</b>	<b>\$ 18,806,162</b>	<b>\$ 19,182,286</b>	<b>\$ 19,565,931</b>	<b>\$ 19,957,250</b>	<b>\$ 20,356,395</b>	<b>\$ 20,763,523</b>	<b>\$ 21,178,793</b>	<b>\$ 21,602,369</b>

In the low case the total FTE's at Tioga Downs are estimated to be 684 FTE's and total salaries and wages are estimated to be \$17.8 million in 2017.

FTE's – Low Case

Department	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Corporate Overhead	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7
Cage	19.0	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5
Drop & Count	5.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
Entertainment	0.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
EVS	13.8	18.1	18.1	18.1	18.1	18.1	18.1	18.1	18.1	18.1
Executive	2.1	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Facilities	14.3	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5
Finance & Accounting	7.6	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Food & Beverage	90.4	164.6	164.6	164.6	164.6	164.6	164.6	164.6	164.6	164.6
Golf	1.4	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Hotel	6.9	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0
Human Resources	5.1	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Information Technology	3.2	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Marketing	5.0	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Mutuel	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Player Development	15.6	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
Purchasing	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Racing	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6
Retail	0.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Sales	3.2	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Security	27.8	29.3	29.3	29.3	29.3	29.3	29.3	29.3	29.3	29.3
Slots	16.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Special Events	0.3	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Surveillance	17.4	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5
Table Games	101.6	189.6	189.6	189.6	189.6	189.6	189.6	189.6	189.6	189.6
Wardrobe	0.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Totals</b>	<b>398.6</b>	<b>657.5</b>								

Labor Costs – Low Case

Department	Tioga Downs Salaries & Wages (Excludes Taxes & Benefits)									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Corporate Overhead	\$ 1,777,429	\$ 1,812,978	\$ 1,849,237	\$ 1,886,222	\$ 1,923,946	\$ 1,962,425	\$ 2,001,674	\$ 2,041,707	\$ 2,082,541	\$ 2,124,192
Cage	\$ 562,875	\$ 591,946	\$ 603,785	\$ 615,861	\$ 628,178	\$ 640,741	\$ 653,556	\$ 666,627	\$ 679,960	\$ 693,559
Drop & Count	\$ 206,068	\$ 248,216	\$ 253,180	\$ 258,244	\$ 263,409	\$ 268,677	\$ 274,050	\$ 279,531	\$ 285,122	\$ 290,824
Entertainment	\$ 7,803	\$ 95,509	\$ 97,419	\$ 99,367	\$ 101,355	\$ 103,382	\$ 105,449	\$ 107,558	\$ 109,709	\$ 111,904
EVS	\$ 301,491	\$ 403,401	\$ 411,470	\$ 419,699	\$ 428,093	\$ 436,655	\$ 445,388	\$ 454,296	\$ 463,382	\$ 472,649
Executive	\$ 162,615	\$ 282,600	\$ 288,252	\$ 294,017	\$ 299,897	\$ 305,895	\$ 312,013	\$ 318,253	\$ 324,618	\$ 331,111
Facilities	\$ 453,933	\$ 667,864	\$ 681,221	\$ 694,845	\$ 708,742	\$ 722,917	\$ 737,375	\$ 752,123	\$ 767,165	\$ 782,509
Finance & Accounting	\$ 265,956	\$ 508,603	\$ 518,775	\$ 529,151	\$ 539,734	\$ 550,529	\$ 561,539	\$ 572,770	\$ 584,225	\$ 595,910
Food & Beverage	\$ 2,027,599	\$ 3,453,271	\$ 3,522,337	\$ 3,592,784	\$ 3,664,639	\$ 3,737,932	\$ 3,812,691	\$ 3,888,945	\$ 3,966,723	\$ 4,046,058
Golf	\$ 50,122	\$ 613,489	\$ 625,758	\$ 638,274	\$ 651,039	\$ 664,060	\$ 677,341	\$ 690,888	\$ 704,706	\$ 718,800
Hotel	\$ 205,046	\$ 1,204,918	\$ 1,229,016	\$ 1,253,596	\$ 1,278,668	\$ 1,304,242	\$ 1,330,327	\$ 1,356,933	\$ 1,384,072	\$ 1,411,753
Human Resources	\$ 231,228	\$ 279,335	\$ 284,922	\$ 290,620	\$ 296,433	\$ 302,361	\$ 308,409	\$ 314,577	\$ 320,868	\$ 327,286
Information Technology	\$ 126,611	\$ 238,581	\$ 243,352	\$ 248,219	\$ 253,184	\$ 258,248	\$ 263,412	\$ 268,681	\$ 274,054	\$ 279,535
Marketing	\$ 196,797	\$ 426,416	\$ 434,944	\$ 443,643	\$ 452,516	\$ 461,566	\$ 470,798	\$ 480,214	\$ 489,818	\$ 499,614
Mutuel	\$ 189,084	\$ 192,866	\$ 196,723	\$ 200,658	\$ 204,671	\$ 208,764	\$ 212,940	\$ 217,198	\$ 221,542	\$ 225,973
Player Development	\$ 389,600	\$ 450,911	\$ 459,929	\$ 469,128	\$ 478,510	\$ 488,081	\$ 497,842	\$ 507,799	\$ 517,955	\$ 528,314
Purchasing	\$ 82,785	\$ 84,441	\$ 86,129	\$ 87,852	\$ 89,609	\$ 91,401	\$ 93,229	\$ 95,094	\$ 96,996	\$ 98,936
Racing	\$ 258,098	\$ 263,280	\$ 268,525	\$ 273,896	\$ 279,374	\$ 284,961	\$ 290,660	\$ 296,473	\$ 302,403	\$ 308,451
Retail	\$ 8,498	\$ 47,118	\$ 48,060	\$ 49,021	\$ 50,002	\$ 51,002	\$ 52,022	\$ 53,062	\$ 54,123	\$ 55,206
Sales	\$ 153,004	\$ 208,594	\$ 212,766	\$ 217,021	\$ 221,361	\$ 225,789	\$ 230,304	\$ 234,910	\$ 239,609	\$ 244,401
Security	\$ 848,700	\$ 922,766	\$ 941,221	\$ 960,046	\$ 979,247	\$ 998,832	\$ 1,018,808	\$ 1,039,184	\$ 1,059,968	\$ 1,081,167
Slots	\$ 514,922	\$ 563,246	\$ 574,511	\$ 586,001	\$ 597,721	\$ 609,676	\$ 621,869	\$ 634,307	\$ 646,993	\$ 659,933
Special Events	\$ 14,306	\$ 175,099	\$ 178,601	\$ 182,173	\$ 185,817	\$ 189,533	\$ 193,324	\$ 197,190	\$ 201,134	\$ 205,157
Surveillance	\$ 496,991	\$ 542,222	\$ 553,066	\$ 564,127	\$ 575,410	\$ 586,918	\$ 598,656	\$ 610,630	\$ 622,842	\$ 635,299
Table Games	\$ 1,912,074	\$ 3,513,519	\$ 3,583,790	\$ 3,655,466	\$ 3,728,575	\$ 3,803,146	\$ 3,879,209	\$ 3,956,794	\$ 4,035,929	\$ 4,116,648
Wardrobe	\$ 4,224	\$ 51,702	\$ 52,736	\$ 53,791	\$ 54,867	\$ 55,964	\$ 57,083	\$ 58,225	\$ 59,389	\$ 60,577
<b>Totals</b>	<b>\$ 11,447,856</b>	<b>\$ 17,842,870</b>	<b>\$ 18,199,727</b>	<b>\$ 18,563,722</b>	<b>\$ 18,934,996</b>	<b>\$ 19,313,696</b>	<b>\$ 19,699,970</b>	<b>\$ 20,093,969</b>	<b>\$ 20,495,849</b>	<b>\$ 20,905,767</b>

In the high case the total FTE's at Tioga Downs are estimated to be 740 FTE's and total salaries and wages are estimated to be \$19.0 million in 2017.

FTE's – High Case

Department	Tioga Downs Full-Time Equivalents (FTE's)									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Corporate Overhead	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7
Cage	19.9	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6
Drop & Count	5.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
Entertainment	0.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
EVS	13.9	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6
Executive	2.1	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Facilities	15.1	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5
Finance & Accounting	8.6	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Food & Beverage	93.5	180.7	180.7	180.7	180.7	180.7	180.7	180.7	180.7	180.7
Golf	1.4	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Hotel	7.2	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3
Human Resources	5.1	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Information Technology	3.2	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Marketing	5.0	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Mutuel	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Player Development	15.8	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Purchasing	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Racing	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6
Retail	0.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Sales	3.2	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Security	29.8	31.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6
Slots	17.1	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3
Special Events	0.3	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Surveillance	18.6	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Table Games	136.1	212.9	212.9	212.9	212.9	212.9	212.9	212.9	212.9	212.9
Wardrobe	0.2	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
<b>Totals</b>	<b>444.0</b>	<b>716.4</b>								

**Labor Costs – High Case**

Department	Tioga Downs Salaries & Wages (Excludes Taxes & Benefits)									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Corporate Overhead	\$ 1,777,429	\$ 1,812,978	\$ 1,849,237	\$ 1,886,222	\$ 1,923,946	\$ 1,962,425	\$ 2,001,674	\$ 2,041,707	\$ 2,082,541	\$ 2,124,192
Cage	\$ 582,966	\$ 616,451	\$ 628,780	\$ 641,356	\$ 654,183	\$ 667,267	\$ 680,612	\$ 694,224	\$ 708,109	\$ 722,271
Drop & Count	\$ 206,068	\$ 248,216	\$ 253,180	\$ 258,244	\$ 263,409	\$ 268,677	\$ 274,050	\$ 279,531	\$ 285,122	\$ 290,824
Entertainment	\$ 7,803	\$ 95,509	\$ 97,419	\$ 99,367	\$ 101,355	\$ 103,382	\$ 105,449	\$ 107,558	\$ 109,709	\$ 111,904
EVS	\$ 304,223	\$ 436,842	\$ 445,579	\$ 454,491	\$ 463,581	\$ 472,852	\$ 482,309	\$ 491,955	\$ 501,794	\$ 511,830
Executive	\$ 162,615	\$ 282,600	\$ 288,252	\$ 294,017	\$ 299,897	\$ 305,895	\$ 312,013	\$ 318,253	\$ 324,618	\$ 331,111
Facilities	\$ 474,510	\$ 774,048	\$ 789,529	\$ 805,320	\$ 821,426	\$ 837,855	\$ 854,612	\$ 871,704	\$ 889,138	\$ 906,921
Finance & Accounting	\$ 289,868	\$ 532,994	\$ 543,654	\$ 554,527	\$ 565,618	\$ 576,930	\$ 588,469	\$ 600,238	\$ 612,243	\$ 624,487
Food & Beverage	\$ 2,139,732	\$ 3,780,284	\$ 3,855,890	\$ 3,933,008	\$ 4,011,668	\$ 4,091,901	\$ 4,173,739	\$ 4,257,214	\$ 4,342,358	\$ 4,429,206
Golf	\$ 50,122	\$ 613,489	\$ 625,758	\$ 638,274	\$ 651,039	\$ 664,060	\$ 677,341	\$ 690,888	\$ 704,706	\$ 718,800
Hotel	\$ 212,942	\$ 1,301,561	\$ 1,327,592	\$ 1,354,144	\$ 1,381,227	\$ 1,408,851	\$ 1,437,028	\$ 1,465,769	\$ 1,495,084	\$ 1,524,986
Human Resources	\$ 231,228	\$ 279,335	\$ 284,922	\$ 290,620	\$ 296,433	\$ 302,361	\$ 308,409	\$ 314,577	\$ 320,868	\$ 327,286
Information Technology	\$ 126,611	\$ 238,581	\$ 243,352	\$ 248,219	\$ 253,184	\$ 258,248	\$ 263,412	\$ 268,681	\$ 274,054	\$ 279,535
Marketing	\$ 196,797	\$ 426,416	\$ 434,944	\$ 443,643	\$ 452,516	\$ 461,566	\$ 470,798	\$ 480,214	\$ 489,818	\$ 499,614
Mutuel	\$ 189,084	\$ 192,866	\$ 196,723	\$ 200,658	\$ 204,671	\$ 208,764	\$ 212,940	\$ 217,198	\$ 221,542	\$ 225,973
Player Development	\$ 393,225	\$ 495,278	\$ 505,184	\$ 515,287	\$ 525,593	\$ 536,105	\$ 546,827	\$ 557,763	\$ 568,919	\$ 580,297
Purchasing	\$ 82,785	\$ 84,441	\$ 86,129	\$ 87,852	\$ 89,609	\$ 91,401	\$ 93,229	\$ 95,094	\$ 96,996	\$ 98,936
Racing	\$ 258,098	\$ 263,260	\$ 268,525	\$ 273,896	\$ 279,374	\$ 284,961	\$ 290,660	\$ 296,473	\$ 302,403	\$ 308,451
Retail	\$ 8,498	\$ 47,118	\$ 48,060	\$ 49,021	\$ 50,002	\$ 51,002	\$ 52,022	\$ 53,062	\$ 54,123	\$ 55,206
Sales	\$ 153,004	\$ 208,594	\$ 212,766	\$ 217,021	\$ 221,361	\$ 225,789	\$ 230,304	\$ 234,910	\$ 239,609	\$ 244,401
Security	\$ 904,243	\$ 986,923	\$ 1,006,662	\$ 1,026,795	\$ 1,047,331	\$ 1,068,278	\$ 1,089,643	\$ 1,111,436	\$ 1,133,665	\$ 1,156,338
Slots	\$ 538,150	\$ 591,677	\$ 603,511	\$ 615,581	\$ 627,892	\$ 640,450	\$ 653,259	\$ 666,325	\$ 679,651	\$ 693,244
Special Events	\$ 14,306	\$ 175,099	\$ 178,601	\$ 182,173	\$ 185,817	\$ 189,533	\$ 193,324	\$ 197,190	\$ 201,134	\$ 205,157
Surveillance	\$ 526,746	\$ 578,642	\$ 590,215	\$ 602,019	\$ 614,060	\$ 626,341	\$ 638,868	\$ 651,645	\$ 664,678	\$ 677,972
Table Games	\$ 2,347,376	\$ 3,879,238	\$ 3,956,823	\$ 4,035,959	\$ 4,116,678	\$ 4,199,012	\$ 4,282,992	\$ 4,368,652	\$ 4,456,025	\$ 4,545,146
Wardrobe	\$ 5,280	\$ 64,628	\$ 65,920	\$ 67,239	\$ 68,583	\$ 69,955	\$ 71,354	\$ 72,781	\$ 74,237	\$ 75,721
<b>Totals</b>	<b>\$ 12,183,706</b>	<b>\$ 19,007,067</b>	<b>\$ 19,387,208</b>	<b>\$ 19,774,952</b>	<b>\$ 20,170,451</b>	<b>\$ 20,573,860</b>	<b>\$ 20,985,338</b>	<b>\$ 21,405,044</b>	<b>\$ 21,833,145</b>	<b>\$ 22,269,808</b>

**Benefits & Taxes**

Benefits and taxes are based upon Tioga Downs’ historical average of approximately 32%. The ratio of full-time to part-time employees is estimated at 51:49 based on historical relationships at the property.

**Benefits & Taxes – Mid Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Tioga Downs Salaries & Wages	\$ 10,147,769	\$ 16,624,436	\$ 16,956,925	\$ 17,296,064	\$ 17,641,985	\$ 17,994,825	\$ 18,354,721	\$ 18,721,816	\$ 19,096,252	\$ 19,478,177
Corporate Salaries & Wages	1,777,429	1,812,978	1,849,237	1,886,222	1,923,946	1,962,425	2,001,674	2,041,707	2,082,541	2,124,192
<b>Total Salaries &amp; Wages</b>	<b>11,602,967</b>	<b>18,437,414</b>	<b>18,806,162</b>	<b>19,182,286</b>	<b>19,565,931</b>	<b>19,957,250</b>	<b>20,356,395</b>	<b>20,763,523</b>	<b>21,178,793</b>	<b>21,602,369</b>
% of Gross Revenue	12.9%	14.8%	14.5%	14.4%	14.4%	14.5%	14.6%	14.8%	15.1%	15.3%
Part-Time Employees	261	450	450	450	450	450	450	450	450	450
Full-Time Employees	321	494	494	494	494	494	494	494	494	494
Total Employees	582	944	944	944	944	944	944	944	944	944
TOTAL FTEs	428.3	686	686	686	686	686	686	686	686	686
Average Wage per FTE	27,091.2	\$ 26,895	\$ 27,433	\$ 27,982	\$ 28,542	\$ 29,112	\$ 29,695	\$ 30,288	\$ 30,894	\$ 31,512
<b>Total Benefits &amp; Taxes</b>	<b>3,708,207</b>	<b>\$ 5,892,437</b>	<b>\$ 6,010,286</b>	<b>\$ 6,130,492</b>	<b>\$ 6,253,102</b>	<b>\$ 6,378,164</b>	<b>\$ 6,505,727</b>	<b>\$ 6,635,842</b>	<b>\$ 6,768,558</b>	<b>\$ 6,903,930</b>
% of Salaries & Wages	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
<b>TOTAL PAYROLL &amp; RELATED</b>	<b>14,988,942</b>	<b>24,329,851</b>	<b>24,816,449</b>	<b>25,312,777</b>	<b>25,819,033</b>	<b>26,335,414</b>	<b>26,862,122</b>	<b>27,399,364</b>	<b>27,947,352</b>	<b>28,506,299</b>
% of Gross Revenue	16.7%	19.6%	19.1%	19.0%	19.1%	19.1%	19.3%	19.5%	19.9%	20.2%

In both the low and high cases, the basic assumptions for benefits & taxes remain the same and fluctuate with the number of FTE’s.

**Benefits & Taxes – Low Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Tioga Downs Salaries & Wages	\$ 9,670,427	\$ 16,029,892	\$ 16,350,490	\$ 16,677,500	\$ 17,011,050	\$ 17,351,271	\$ 17,698,296	\$ 18,052,262	\$ 18,413,307	\$ 18,781,573
Corporate Salaries & Wages	1,777,429	1,812,978	1,849,237	1,886,222	1,923,946	1,962,425	2,001,674	2,041,707	2,082,541	2,124,192
<b>Total Salaries &amp; Wages</b>	<b>11,125,624</b>	<b>17,842,870</b>	<b>18,199,727</b>	<b>18,563,722</b>	<b>18,934,996</b>	<b>19,313,696</b>	<b>19,699,970</b>	<b>20,093,969</b>	<b>20,495,849</b>	<b>20,905,766</b>
% of Gross Revenue	13.9%	16.4%	16.1%	16.0%	16.0%	16.1%	16.3%	16.4%	16.7%	17.0%
Part-Time Employees	238	428	428	428	428	428	428	428	428	428
Full-Time Employees	301	475	475	475	475	475	475	475	475	475
<b>Total Employees</b>	<b>539</b>	<b>904</b>								
TOTAL FTEs	398.6	657	657	657	657	657	657	657	657	657
Average Wage per FTE	27,909.3	\$ 27,139	\$ 27,682	\$ 28,235	\$ 28,800	\$ 29,376	\$ 29,963	\$ 30,563	\$ 31,174	\$ 31,797
<b>Total Benefits &amp; Taxes</b>	<b>3,555,653</b>	<b>\$ 5,702,426</b>	<b>\$ 5,816,475</b>	<b>\$ 5,932,804</b>	<b>\$ 6,051,460</b>	<b>\$ 6,172,489</b>	<b>\$ 6,295,939</b>	<b>\$ 6,421,858</b>	<b>\$ 6,550,295</b>	<b>\$ 6,681,301</b>
% of Salaries & Wages	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
<b>TOTAL PAYROLL &amp; RELATED</b>	<b>14,359,045</b>	<b>23,545,296</b>	<b>24,016,202</b>	<b>24,496,526</b>	<b>24,986,456</b>	<b>25,486,185</b>	<b>25,995,909</b>	<b>26,515,827</b>	<b>27,046,144</b>	<b>27,587,067</b>
% of Gross Revenue	17.9%	21.7%	21.2%	21.1%	21.2%	21.3%	21.5%	21.7%	22.1%	22.5%

**Benefits & Taxes – High Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Tioga Downs Salaries & Wages	\$ 10,406,277	\$ 17,194,089	\$ 17,537,971	\$ 17,888,730	\$ 18,246,505	\$ 18,611,435	\$ 18,983,664	\$ 19,363,337	\$ 19,750,604	\$ 20,145,616
Corporate Salaries & Wages	1,777,429	1,812,978	1,849,237	1,886,222	1,923,946	1,962,425	2,001,674	2,041,707	2,082,541	2,124,192
<b>Total Salaries &amp; Wages</b>	<b>11,861,475</b>	<b>19,007,067</b>	<b>19,387,208</b>	<b>19,774,952</b>	<b>20,170,451</b>	<b>20,573,860</b>	<b>20,985,338</b>	<b>21,405,044</b>	<b>21,833,145</b>	<b>22,269,808</b>
% of Gross Revenue	12.0%	13.6%	13.3%	13.3%	13.3%	13.4%	13.5%	13.6%	13.9%	14.1%
Part-Time Employees	273	476	476	476	476	476	476	476	476	476
Full-Time Employees	332	514	514	514	514	514	514	514	514	514
<b>Total Employees</b>	<b>605</b>	<b>990</b>								
TOTAL FTEs	444.0	716	716	716	716	716	716	716	716	716
Average Wage per FTE	26,713.0	\$ 26,531	\$ 27,062	\$ 27,603	\$ 28,155	\$ 28,719	\$ 29,293	\$ 29,879	\$ 30,476	\$ 31,086
<b>Total Benefits &amp; Taxes</b>	<b>3,790,824</b>	<b>\$ 6,074,493</b>	<b>\$ 6,195,983</b>	<b>\$ 6,319,903</b>	<b>\$ 6,446,301</b>	<b>\$ 6,575,227</b>	<b>\$ 6,706,732</b>	<b>\$ 6,840,866</b>	<b>\$ 6,977,684</b>	<b>\$ 7,117,237</b>
% of Salaries & Wages	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
<b>TOTAL PAYROLL &amp; RELATED</b>	<b>15,330,067</b>	<b>25,081,560</b>	<b>25,583,191</b>	<b>26,094,855</b>	<b>26,616,752</b>	<b>27,149,087</b>	<b>27,692,069</b>	<b>28,245,911</b>	<b>28,810,829</b>	<b>29,387,045</b>
% of Gross Revenue	15.5%	18.0%	17.6%	17.5%	17.6%	17.7%	17.8%	18.0%	18.3%	18.7%

**Gaming Taxes**

Based upon the latest NY gaming legislation gaming taxes are estimated as follows: 37% of slot revenue, 10% of table revenue, and \$500 annual device fee payment for both slots and tables. In the mid-case gaming taxes are estimated at \$30.7 million in 2017 and \$32.9 million in 2021, or a blended rate of 29.8%.

**Gaming Taxes – Mid Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Class III License - Gaming Taxes</b>										
Slot Gaming Revenue	\$53,576,555	\$73,739,775	\$75,276,020	\$76,812,266	\$77,964,450	\$79,133,916	\$79,925,256	\$80,724,508	\$80,724,508	\$80,724,508
Slot Tax Rate	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%
Slot Tax	19,823,325	27,283,717	27,852,128	28,420,538	28,846,846	29,279,549	29,572,345	29,868,068	29,868,068	29,868,068
Table Gaming Revenue	12,782,646	29,217,476	29,826,173	30,434,871	30,891,394	31,354,765	31,668,312	31,984,995	31,984,995	31,984,995
Table Games Tax Rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Table Games Tax	1,278,265	2,921,748	2,982,617	3,043,487	3,089,139	3,135,476	3,166,831	3,198,500	3,198,500	3,198,500
Gaming License fee	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Total Gaming Licenses	487,750	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000
<b>Total Gaming Tax &amp; Licen</b>	<b>21,589,340</b>	<b>30,730,464</b>	<b>31,359,745</b>	<b>31,989,025</b>	<b>32,460,986</b>	<b>32,940,026</b>	<b>33,264,176</b>	<b>33,591,568</b>	<b>33,591,568</b>	<b>33,591,568</b>
% of Gaming Revenue	26.9%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%

In the low case gaming taxes are estimated at \$26.9 million in 2017 and \$28.8 million in 2021.

**Gaming Taxes – Low Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Class III License - Gaming Taxes</b>										
Slot Gaming Revenue	\$46,667,240	\$64,230,180	\$65,568,308	\$66,906,437	\$67,910,034	\$68,928,684	\$69,617,971	\$70,314,151	\$70,314,151	\$70,314,151
Slot Tax Rate	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%
Slot Tax	17,266,879	23,765,166	24,260,274	24,755,382	25,126,712	25,503,613	25,758,649	26,016,236	26,016,236	26,016,236
Table Gaming Revenue	11,368,071	25,984,162	26,525,499	27,066,835	27,472,838	27,884,930	28,163,780	28,445,418	28,445,418	28,445,418
Table Games Tax Rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Table Games Tax	1,136,807	2,598,416	2,652,550	2,706,684	2,747,284	2,788,493	2,816,378	2,844,542	2,844,542	2,844,542
Gaming License fee	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Total Gaming Licenses	487,750	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000
<b>Total Gaming Tax &amp; Licen:</b>	<b>18,891,436</b>	<b>26,888,583</b>	<b>27,437,824</b>	<b>27,987,065</b>	<b>28,398,996</b>	<b>28,817,106</b>	<b>29,100,027</b>	<b>29,385,778</b>	<b>29,385,778</b>	<b>29,385,778</b>
<i>% of Gaming Revenue</i>	26.3%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%

In the mid case gaming taxes are estimated at \$34.2 million in 2017 and \$36.7 million in 2021.

**Gaming Taxes – High Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Class III License - Gaming Taxes</b>										
Slot Gaming Revenue	\$59,771,177	\$82,265,706	\$83,979,575	\$85,693,443	\$86,978,845	\$88,283,528	\$89,166,363	\$90,058,027	\$90,058,027	\$90,058,027
Slot Tax Rate	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%
Slot Tax	22,115,335	30,438,311	31,072,443	31,706,574	32,182,173	32,664,905	32,991,554	33,321,470	33,321,470	33,321,470
Table Gaming Revenue	14,114,352	32,261,376	32,933,488	33,605,600	34,109,684	34,621,329	34,967,542	35,317,218	35,317,218	35,317,218
Table Games Tax Rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Table Games Tax	1,411,435	3,226,138	3,293,349	3,360,560	3,410,968	3,462,133	3,496,754	3,531,722	3,531,722	3,531,722
Gaming License fee	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Total Gaming Licenses	487,750	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000
<b>Total Gaming Tax &amp; Licen:</b>	<b>24,014,521</b>	<b>34,189,449</b>	<b>34,890,791</b>	<b>35,592,134</b>	<b>36,118,141</b>	<b>36,652,038</b>	<b>37,013,309</b>	<b>37,378,192</b>	<b>37,378,192</b>	<b>37,378,192</b>
<i>% of Gaming Revenue</i>	27.4%	29.9%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%

**Racing Expense**

Racing expenses are based upon the historical average of racing expenses as a percent of racing revenue. Racing expenses include payments to the Horseman's Purse and Breeders which is estimated at \$7.1 million in 2017 and is based on a statutorily-mandated payment at 2013 levels or above.

**Racing Expenses – Mid Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Total Racing Expense</b>	<b>\$ 6,654,604</b>	<b>\$ 8,535,673</b>	<b>\$ 8,713,500</b>	<b>\$ 8,891,326</b>	<b>\$ 9,024,696</b>	<b>\$ 9,160,067</b>	<b>\$ 9,251,667</b>	<b>\$ 9,344,184</b>	<b>\$ 9,344,184</b>	<b>\$ 9,344,184</b>

Racing Expenses in both the low and high cases are estimated to fluctuate with racing revenue. All assumptions of individual racing expenses relationships remain the same.

**Racing Expenses – Low Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Total Racing Expense</b>	<b>\$ 5,964,512</b>	<b>\$ 7,479,222</b>	<b>\$ 7,635,039</b>	<b>\$ 7,790,856</b>	<b>\$ 7,907,719</b>	<b>\$ 8,026,335</b>	<b>\$ 8,106,598</b>	<b>\$ 8,187,664</b>	<b>\$ 8,187,664</b>	<b>\$ 8,187,664</b>

**Racing Expenses – High Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Total Racing Expense</b>	<b>\$ 7,278,575</b>	<b>\$ 9,494,870</b>	<b>\$ 9,692,680</b>	<b>\$ 9,890,490</b>	<b>\$ 10,038,847</b>	<b>\$ 10,189,430</b>	<b>\$ 10,291,324</b>	<b>\$ 10,394,238</b>	<b>\$ 10,394,238</b>	<b>\$ 10,394,238</b>

### Cost of Goods Sold

Costs of Goods Sold ("COGS") are based upon historical averages and assume greater purchasing power, leading to lower food cost. COGS are estimated at 46% of food revenue, 24% of beverage revenue, 50% of retail revenue, and 75% of entertainment revenue.

#### Cost of Goods Sold – Mid Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Food	\$ 2,521,378	\$ 3,958,726	\$ 4,388,613	\$ 4,546,236	\$ 4,609,291	\$ 4,673,240	\$ 4,719,972	\$ 4,767,172	\$ 4,777,867	\$ 4,788,668
Beverage	267,354	311,350	320,951	330,711	338,995	347,487	354,436	361,525	365,105	368,720
Retail	107,231	113,750	116,025	118,346	120,712	123,127	124,358	125,602	126,858	128,126
Entertainment	285,000	1,155,150	1,178,253	1,201,818	1,225,854	1,250,372	1,275,379	1,300,887	1,326,904	1,353,442
<b>TOTAL COGS</b>	<b>3,180,963</b>	<b>5,538,976</b>	<b>6,003,842</b>	<b>6,197,110</b>	<b>6,294,853</b>	<b>6,394,225</b>	<b>6,474,146</b>	<b>6,555,185</b>	<b>6,596,733</b>	<b>6,638,956</b>
% of Net Revenue	3.7%	4.8%	5.0%	5.0%	5.0%	5.0%	5.1%	5.1%	5.1%	5.1%
% of F&B Rev	51.3%	55.9%	55.2%	55.0%	55.1%	55.1%	55.2%	55.2%	55.4%	55.6%

In both the low and high cases, the basic assumptions for cost of goods sold remain the same and fluctuate with food, beverage, retail, and entertainment revenue.

#### Cost of Goods Sold – Low Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Food	\$ 2,046,089	\$ 3,258,851	\$ 3,606,394	\$ 3,728,730	\$ 3,779,458	\$ 3,830,896	\$ 3,869,205	\$ 3,907,897	\$ 3,918,724	\$ 3,929,660
Beverage	241,063	281,516	290,197	299,022	306,512	314,190	320,474	326,883	330,120	333,388
Retail	107,231	109,206	111,390	113,618	115,891	118,208	119,390	120,584	121,790	123,008
Entertainment	224,688	1,013,286	1,033,552	1,054,223	1,075,307	1,096,813	1,118,750	1,141,125	1,163,947	1,187,226
<b>TOTAL COGS</b>	<b>2,619,071</b>	<b>4,662,859</b>	<b>5,041,534</b>	<b>5,195,592</b>	<b>5,277,168</b>	<b>5,360,108</b>	<b>5,427,819</b>	<b>5,496,489</b>	<b>5,534,581</b>	<b>5,573,282</b>
% of Net Revenue	3.4%	4.6%	4.8%	4.8%	4.8%	4.8%	4.8%	4.9%	4.9%	4.9%
% of F&B Rev	51.1%	57.2%	56.4%	56.2%	56.3%	56.3%	56.4%	56.4%	56.6%	56.8%

#### Cost of Goods Sold – High Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Food	\$ 3,115,626	\$ 4,780,148	\$ 5,263,108	\$ 5,423,376	\$ 5,499,808	\$ 5,577,337	\$ 5,633,111	\$ 5,689,442	\$ 5,699,679	\$ 5,710,018
Beverage	291,499	337,197	347,595	358,165	367,137	376,333	383,860	391,537	395,414	399,329
Retail	107,231	118,181	120,545	122,956	125,415	127,923	129,202	130,494	131,799	133,117
Entertainment	350,448	1,321,216	1,347,641	1,374,594	1,402,085	1,430,127	1,458,730	1,487,904	1,517,662	1,548,016
<b>TOTAL COGS</b>	<b>3,864,804</b>	<b>6,556,743</b>	<b>7,078,888</b>	<b>7,279,091</b>	<b>7,394,445</b>	<b>7,511,721</b>	<b>7,604,903</b>	<b>7,699,378</b>	<b>7,744,554</b>	<b>7,790,480</b>
% of Net Revenue	4.1%	5.1%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.4%	5.4%
% of F&B Rev	51.6%	54.9%	54.3%	54.1%	54.2%	54.2%	54.3%	54.3%	54.5%	54.7%

### Supplies

Includes supplies for food and beverages, linen, laundry, computer, printing, and etc. These costs are based upon historical percentages and are estimated at approximately 0.8% of gross revenues.

#### Supplies – Mid Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>TOTAL SUPPLIES</b>	<b>\$ 653,366</b>	<b>\$ 948,437</b>	<b>\$ 1,008,629</b>	<b>\$ 1,040,663</b>	<b>\$ 1,057,123</b>	<b>\$ 1,073,851</b>	<b>\$ 1,085,027</b>	<b>\$ 1,096,328</b>	<b>\$ 1,098,574</b>	<b>\$ 1,100,855</b>
% of Gross Revenue	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%

In both the low and high cases, the basic assumptions for supplies remain the same and fluctuate with gross revenue.

#### Supplies – Low Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>TOTAL SUPPLIES</b>	<b>\$ 581,918</b>	<b>\$ 829,298</b>	<b>\$ 883,204</b>	<b>\$ 909,046</b>	<b>\$ 923,417</b>	<b>\$ 938,023</b>	<b>\$ 947,761</b>	<b>\$ 957,607</b>	<b>\$ 959,597</b>	<b>\$ 961,616</b>
% of Gross Revenue	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%

## Supplies – High Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
TOTAL SUPPLIES	\$ 720,867	\$ 1,059,639	\$ 1,125,853	\$ 1,158,916	\$ 1,177,241	\$ 1,195,866	\$ 1,208,351	\$ 1,220,976	\$ 1,223,423	\$ 1,225,908
% of Gross Revenue	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%

## Repairs &amp; Maintenance

Repairs and maintenance includes those costs not allocated to specific departments for the maintenance and upkeep of the casino complex. These costs include building maintenance costs, contract services, electrical and mechanical maintenance, signs maintenance and replacement, equipment maintenance, grounds and landscaping, and etc. These costs are based upon historical percentages of gross revenue and estimated at \$1.2 million in 2017 or approximately 1.0% of gross revenue, increasing to \$1.3 million or 1.0% of gross revenue by 2021.

## Repairs &amp; Maintenance – Mid Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
TOTAL R&M	\$ 916,092	\$ 1,189,985	\$ 1,227,389	\$ 1,255,948	\$ 1,290,870	\$ 1,320,537	\$ 1,347,719	\$ 1,402,303	\$ 1,440,294	\$ 1,480,153
% of Gross Revenue	1.0%	1.0%	0.9%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.1%
% of Net Revenue	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.1%	1.1%	1.1%	1.1%

In both the low and high cases, the basic assumptions for repairs & maintenance remain the same and fluctuate with gross revenue.

## Repairs &amp; Maintenance – Low Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
TOTAL R&M	\$ 871,314	\$ 1,117,310	\$ 1,151,759	\$ 1,177,601	\$ 1,210,515	\$ 1,238,922	\$ 1,265,234	\$ 1,317,318	\$ 1,355,181	\$ 1,394,910
% of Gross Revenue	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.1%	1.1%	1.1%
% of Net Revenue	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.2%	1.2%	1.2%

## Repairs &amp; Maintenance – High Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
TOTAL R&M	\$ 958,178	\$ 1,258,220	\$ 1,298,332	\$ 1,327,925	\$ 1,364,693	\$ 1,395,519	\$ 1,423,512	\$ 1,480,404	\$ 1,518,512	\$ 1,558,491
% of Gross Revenue	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	1.0%	1.0%
% of Net Revenue	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.1%	1.1%

## Utilities

Includes the cost of electricity, gas, waste removal, water, sewer, and extermination charges. These costs are estimated to be \$1.3 million or 1.1% of gross revenues in 2017, increasing to \$1.4 million or 1.0% of gross revenue in 2021.

## Utilities – Mid Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Electricity	\$ 500,566	\$ 800,000	\$ 816,000	\$ 832,320	\$ 848,966	\$ 865,946	\$ 883,265	\$ 900,930	\$ 918,949	\$ 937,328
Gas	197,874	375,000	382,500	390,150	397,953	405,912	414,030	422,311	430,757	439,372
Waste Removal	38,513	50,000	51,000	52,020	53,060	54,122	55,204	56,308	57,434	58,583
Water/Sewer	36,565	45,000	45,900	46,818	47,754	48,709	49,684	50,677	51,691	52,725
Extermination	31,901	40,000	40,800	41,616	42,448	43,297	44,163	45,046	45,947	46,866
<b>TOTAL UTILITIES</b>	<b>805,420</b>	<b>1,310,000</b>	<b>1,336,200</b>	<b>1,362,924</b>	<b>1,390,182</b>	<b>1,417,986</b>	<b>1,446,346</b>	<b>1,475,273</b>	<b>1,504,778</b>	<b>1,534,874</b>
% of Gross Revenue	0.9%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.1%	1.1%	1.1%
% of Net Revenue	0.9%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.2%	1.2%

In the low case utility costs are estimated at \$1.3 million or 1.2% of gross revenues in 2017, increasing to \$1.4 million or 1.2% of gross revenue in 2021.

## Utilities – Low Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Electricity	\$ 500,566	\$ 784,000	\$ 799,680	\$ 815,674	\$ 831,987	\$ 848,627	\$ 865,599	\$ 882,911	\$ 900,570	\$ 918,581
Gas	197,874	367,500	374,850	382,347	389,994	397,794	405,750	413,865	422,142	430,585
Waste Removal	38,513	49,000	49,980	50,980	51,999	53,039	54,100	55,182	56,286	57,411
Water/Sewer	36,565	44,100	44,982	45,882	46,799	47,735	48,690	49,664	50,657	51,670
Extermination	31,901	39,200	39,984	40,784	41,599	42,431	43,280	44,146	45,028	45,929
<b>TOTAL UTILITIES</b>	<b>805,420</b>	<b>1,283,800</b>	<b>1,309,476</b>	<b>1,335,666</b>	<b>1,362,379</b>	<b>1,389,626</b>	<b>1,417,419</b>	<b>1,445,767</b>	<b>1,474,683</b>	<b>1,504,176</b>
% of Gross Revenue	0.9%	1.2%	1.2%	1.1%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
% of Net Revenue	0.9%	1.3%	1.2%	1.2%	1.2%	1.3%	1.3%	1.3%	1.3%	1.3%

In the high case utility costs are estimated at \$1.3 million or 0.9% of gross revenues in 2017, increasing to \$1.4 million or 0.9% of gross revenue in 2021.

## Utilities – High Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Electricity	\$ 500,566	\$ 816,000	\$ 832,320	\$ 848,966	\$ 865,946	\$ 883,265	\$ 900,930	\$ 918,949	\$ 937,328	\$ 956,074
Gas	197,874	382,500	390,150	397,953	405,912	414,030	422,311	430,757	439,372	448,160
Waste Removal	38,513	51,000	52,020	53,060	54,122	55,204	56,308	57,434	58,583	59,755
Water/Sewer	36,565	45,900	46,818	47,754	48,709	49,684	50,677	51,691	52,725	53,779
Extermination	31,901	40,800	41,616	42,448	43,297	44,163	45,046	45,947	46,866	47,804
<b>TOTAL UTILITIES</b>	<b>805,420</b>	<b>1,336,200</b>	<b>1,362,924</b>	<b>1,390,182</b>	<b>1,417,986</b>	<b>1,446,346</b>	<b>1,475,273</b>	<b>1,504,778</b>	<b>1,534,874</b>	<b>1,565,571</b>
% of Gross Revenue	0.9%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%
% of Net Revenue	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.1%	1.1%

## Marketing

Includes direct marketing postage, commissions, print, television, radio, internet, related production costs, donations, photos/video production, entertainment production, and etc. These are estimated at 5.9% to 6.0% of gross revenue and approximately 7.4% of gaming revenues.

## Marketing – Mid Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Total Marketing</b>	<b>\$ 7,701,924</b>	<b>\$ 7,592,124</b>	<b>\$ 7,750,293</b>	<b>\$ 7,908,463</b>	<b>\$ 8,027,090</b>	<b>\$ 8,147,496</b>	<b>\$ 8,228,971</b>	<b>\$ 8,311,261</b>	<b>\$ 8,311,261</b>	<b>\$ 8,311,261</b>
% of Gross Revenue	8.5%	6.1%	6.0%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
% of Gaming Revenue	9.6%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%

In both the low and high cases, the basic assumptions for marketing are the same and fluctuate with gaming revenue.

## Marketing – Low Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Total Marketing</b>	<b>\$ 6,757,603</b>	<b>\$ 6,652,455</b>	<b>\$ 6,791,048</b>	<b>\$ 6,929,641</b>	<b>\$ 7,033,585</b>	<b>\$ 7,139,089</b>	<b>\$ 7,210,480</b>	<b>\$ 7,282,585</b>	<b>\$ 7,282,585</b>	<b>\$ 7,282,585</b>
% of Gross Revenue	8.5%	6.1%	6.0%	6.0%	6.0%	6.0%	6.0%	5.9%	5.9%	5.9%
% of Gaming Revenue	9.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%

## Marketing – High Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Total Marketing</b>	<b>\$ 8,555,763</b>	<b>\$ 8,445,290</b>	<b>\$ 8,621,233</b>	<b>\$ 8,797,177</b>	<b>\$ 8,929,135</b>	<b>\$ 9,063,072</b>	<b>\$ 9,153,702</b>	<b>\$ 9,245,239</b>	<b>\$ 9,245,239</b>	<b>\$ 9,245,239</b>
% of Gross Revenue	8.5%	6.1%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
% of Gaming Revenue	9.7%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%

## Leases

Leases include contract services, equipment rental and premium games and are estimated at approximately 1.2% of gross revenue or \$1.6 million by 2021.

## Leases – Mid Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Contract Services	750,213	\$ 662,227	\$ 691,278	\$ 709,764	\$ 720,788	\$ 731,988	\$ 739,642	\$ 747,383	\$ 748,495	\$ 749,627
Equipment Rental	126,497	174,933	182,607	187,490	190,402	193,361	195,383	197,428	197,722	198,021
Royalty Fee - Premium Games	510,192	654,409	668,042	681,676	691,901	702,279	709,302	716,395	716,395	716,395
<b>TOTAL LEASES</b>	<b>1,386,901</b>	<b>1,491,569</b>	<b>1,541,927</b>	<b>1,578,930</b>	<b>1,603,091</b>	<b>1,627,629</b>	<b>1,644,327</b>	<b>1,661,206</b>	<b>1,662,612</b>	<b>1,664,043</b>
% of Gross Revenue	1.5%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%

In both the low and high cases, the basic assumptions for leases are the same and fluctuate with gross revenue.

## Leases – Low Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Contract Services	668,710	\$ 577,792	\$ 603,409	\$ 618,738	\$ 628,335	\$ 638,085	\$ 644,738	\$ 651,465	\$ 652,434	\$ 653,419
Equipment Rental	112,754	152,629	159,396	163,445	165,980	168,556	170,313	172,090	172,346	172,606
Royalty Fee - Premium Games	457,284	573,413	585,359	597,305	606,265	615,359	621,513	627,728	627,728	627,728
<b>TOTAL LEASES</b>	<b>1,238,748</b>	<b>1,303,834</b>	<b>1,348,164</b>	<b>1,379,489</b>	<b>1,400,580</b>	<b>1,422,000</b>	<b>1,436,564</b>	<b>1,451,283</b>	<b>1,452,507</b>	<b>1,453,753</b>
% of Gross Revenue	1.5%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%

## Leases – High Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Contract Services	826,817	\$ 741,505	\$ 773,701	\$ 793,389	\$ 805,725	\$ 818,259	\$ 826,846	\$ 835,531	\$ 836,775	\$ 838,043
Equipment Rental	139,414	195,875	204,380	209,581	212,839	216,151	218,419	220,713	221,041	221,376
Royalty Fee - Premium Games	558,030	727,948	743,113	758,279	769,653	781,198	789,010	796,900	796,900	796,900
<b>TOTAL LEASES</b>	<b>1,524,261</b>	<b>1,665,328</b>	<b>1,721,195</b>	<b>1,761,249</b>	<b>1,788,218</b>	<b>1,815,608</b>	<b>1,834,275</b>	<b>1,853,144</b>	<b>1,854,716</b>	<b>1,856,319</b>
% of Gross Revenue	1.5%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%

## General &amp; Administrative

General and Administrative costs include bank charges, cash variances, donations, dues and publications, employee relations, employee meals, postage, legal, miscellaneous expenses, training, travel, recruiting, professional services, and etc. These costs are based upon historical percentages and are estimated at \$2.1 million in 2017 (1.7% of gross revenue) and growing to \$2.3 million (1.7% of gross revenue) by 2021.

## General &amp; Administrative – Mid Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>TOTAL G&amp;A</b>	<b>\$ 1,527,399</b>	<b>\$ 2,060,385</b>	<b>\$ 2,153,727</b>	<b>\$ 2,212,029</b>	<b>\$ 2,250,077</b>	<b>\$ 2,288,805</b>	<b>\$ 2,312,810</b>	<b>\$ 2,337,089</b>	<b>\$ 2,348,460</b>	<b>\$ 2,359,976</b>
% of Gross Revenue	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%

In both the low and high cases, the basic assumptions for general & administrative costs are the same and fluctuate with gross revenue.

## General &amp; Administrative – Low Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>TOTAL G&amp;A</b>	<b>\$ 1,422,569</b>	<b>\$ 1,882,897</b>	<b>\$ 1,966,944</b>	<b>\$ 2,016,875</b>	<b>\$ 2,051,790</b>	<b>\$ 2,087,333</b>	<b>\$ 2,109,115</b>	<b>\$ 2,131,141</b>	<b>\$ 2,142,032</b>	<b>\$ 2,153,055</b>
% of Gross Revenue	1.8%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.8%

## General &amp; Administrative – High Case

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>TOTAL G&amp;A</b>	<b>\$ 1,628,372</b>	<b>\$ 2,230,277</b>	<b>\$ 2,332,154</b>	<b>\$ 2,392,491</b>	<b>\$ 2,433,438</b>	<b>\$ 2,475,117</b>	<b>\$ 2,501,218</b>	<b>\$ 2,527,622</b>	<b>\$ 2,539,434</b>	<b>\$ 2,551,403</b>
% of Gross Revenue	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%

## Property Charges

Property charges Includes all insurance costs (liability, building, crime, auto, director & officers, and drivers & trainers) and non-gaming taxes (school and property taxes). Property charges are estimated at \$1.7 million in 2017 and growing to \$1.8 million by 2021.

**Property Charges – Mid Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Non-Gaming Taxes	\$ 644,311	\$ 1,288,621	\$ 1,314,394	\$ 1,340,681	\$ 1,367,495	\$ 1,394,845	\$ 1,422,742	\$ 1,451,197	\$ 1,480,221	\$ 1,509,825
Risk Management	317,907	415,000	423,300	431,766	440,401	449,209	458,194	467,357	476,705	486,239
<b>TOTAL PROPERTY CHARGES</b>	<b>962,218</b>	<b>1,703,621</b>	<b>1,737,694</b>	<b>1,772,447</b>	<b>1,807,896</b>	<b>1,844,054</b>	<b>1,880,935</b>	<b>1,918,554</b>	<b>1,956,925</b>	<b>1,996,064</b>
% of Gross Revenue	1.1%	1.4%	1.3%	1.3%	1.3%	1.3%	1.4%	1.4%	1.4%	1.4%

In both the low and high cases, the basic assumptions are estimated to remain fixed.

**Property Charges – Low Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Non-Gaming Taxes	\$ 644,311	\$ 1,288,621	\$ 1,314,394	\$ 1,340,681	\$ 1,367,495	\$ 1,394,845	\$ 1,422,742	\$ 1,451,197	\$ 1,480,221	\$ 1,509,825
Risk Management	317,907	415,000	423,300	431,766	440,401	449,209	458,194	467,357	476,705	486,239
<b>TOTAL PROPERTY CHARGES</b>	<b>962,218</b>	<b>1,703,621</b>	<b>1,737,694</b>	<b>1,772,447</b>	<b>1,807,896</b>	<b>1,844,054</b>	<b>1,880,935</b>	<b>1,918,554</b>	<b>1,956,925</b>	<b>1,996,064</b>
% of Gross Revenue	1.2%	1.6%	1.5%	1.5%	1.5%	1.5%	1.6%	1.6%	1.6%	1.6%

**Property Charges – High Case**

	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Non-Gaming Taxes	\$ 644,311	\$ 1,288,621	\$ 1,314,394	\$ 1,340,681	\$ 1,367,495	\$ 1,394,845	\$ 1,422,742	\$ 1,451,197	\$ 1,480,221	\$ 1,509,825
Risk Management	317,907	415,000	423,300	431,766	440,401	449,209	458,194	467,357	476,705	486,239
<b>TOTAL PROPERTY CHARGES</b>	<b>962,218</b>	<b>1,703,621</b>	<b>1,737,694</b>	<b>1,772,447</b>	<b>1,807,896</b>	<b>1,844,054</b>	<b>1,880,935</b>	<b>1,918,554</b>	<b>1,956,925</b>	<b>1,996,064</b>
% of Gross Revenue	1.0%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.3%

## XVI. TIOGA DOWNS PRO FORMA STATEMENT TO EBITDA

EBITDA is estimated at \$30.7 million (26.4% margin) in 2017, growing to \$32.5 million in 2018 (27.0% margin) after the complete expansion has been implemented for a full year and then to \$34.3 million (27.1% margin) by 2021.

### Pro Forma EBITDA – Mid Case

Tioga Downs - Mid Case - Pro Forma EBITDA										
FYE 12/31										
	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Revenue										
Gaming, net	\$ 80,267,804	\$ 102,957,251	\$ 105,102,194	\$ 107,247,136	\$ 108,855,843	\$ 110,488,681	\$ 111,593,568	\$ 112,709,503	\$ 112,709,503	\$ 112,709,503
Hotel	-	4,776,758	6,902,415	7,620,266	7,772,672	7,928,125	8,007,406	8,087,480	8,168,355	8,250,039
Racing	1,123,156	1,440,641	1,470,654	1,500,668	1,523,178	1,546,025	1,561,486	1,577,101	1,577,101	1,577,101
Food & Beverage	6,196,570	9,903,219	10,877,760	11,261,083	11,432,676	11,607,079	11,737,628	11,869,773	11,907,936	11,946,479
Retail	183,648	227,500	232,050	236,691	241,425	246,253	248,716	251,203	253,715	256,252
Entertainment	380,000	1,540,200	1,571,004	1,602,424	1,634,473	1,667,162	1,700,505	1,734,515	1,769,206	1,804,590
Golf	-	888,160	924,042	961,373	1,000,212	1,040,621	1,082,662	1,126,402	1,171,908	1,219,253
Other	1,838,098	2,712,829	2,825,655	2,950,035	2,990,810	3,032,162	3,062,484	3,093,109	3,100,342	3,107,647
<b>Gross Revenue</b>	<b>89,989,276</b>	<b>124,446,557</b>	<b>129,905,774</b>	<b>133,379,677</b>	<b>135,451,289</b>	<b>137,556,109</b>	<b>138,994,455</b>	<b>140,449,086</b>	<b>140,658,066</b>	<b>140,870,865</b>
Promotional Allowances	3,669,601	8,355,587	9,777,697	10,314,858	10,491,673	10,671,780	10,797,284	10,924,549	11,000,940	11,078,509
<b>Net Revenue</b>	<b>86,319,675</b>	<b>116,090,970</b>	<b>120,128,077</b>	<b>123,064,819</b>	<b>124,959,616</b>	<b>126,884,329</b>	<b>128,197,170</b>	<b>129,524,536</b>	<b>129,657,126</b>	<b>129,792,355</b>
Operating Expenses										
Salaries & Wages	11,602,967	18,437,414	18,806,162	19,182,286	19,565,931	19,957,250	20,356,395	20,763,523	21,178,793	21,602,369
Taxes & Benefits	3,708,207	5,892,437	6,010,286	6,130,492	6,253,102	6,378,164	6,505,727	6,635,842	6,768,558	6,903,930
Gaming Tax & Licenses	30,073,588	30,730,464	31,359,745	31,989,025	32,460,986	32,940,026	33,264,176	33,591,568	33,591,568	33,591,568
Racing	6,654,604	8,535,673	8,713,500	8,891,326	9,024,696	9,160,067	9,251,667	9,344,184	9,344,184	9,344,184
Cost of Goods Sold	3,180,963	5,538,976	6,003,842	6,197,110	6,294,853	6,394,225	6,474,146	6,555,185	6,596,733	6,638,956
Supplies	653,366	948,437	1,008,629	1,040,663	1,057,123	1,073,851	1,085,027	1,096,328	1,098,574	1,100,855
Repairs & Maintenance	916,092	1,189,985	1,227,389	1,255,948	1,290,870	1,320,537	1,347,719	1,402,303	1,440,294	1,480,153
Utilities	805,420	1,310,000	1,336,200	1,362,924	1,390,182	1,417,986	1,446,346	1,475,273	1,504,778	1,534,874
Marketing	7,701,924	7,592,124	7,750,293	7,908,463	8,027,090	8,147,496	8,228,971	8,311,261	8,311,261	8,311,261
Leases	1,386,901	1,491,569	1,541,927	1,578,930	1,603,091	1,627,629	1,644,327	1,661,206	1,662,612	1,664,043
General & Administrative	1,527,399	2,060,385	2,153,727	2,212,029	2,250,077	2,288,805	2,312,810	2,337,089	2,348,460	2,359,976
Property Charges	962,218	1,703,621	1,737,694	1,772,447	1,807,896	1,844,054	1,880,935	1,918,554	1,956,925	1,996,064
Total Operating Expenses	69,173,648	85,431,087	87,649,395	89,521,644	91,025,897	92,550,090	93,798,248	95,092,315	95,802,741	96,528,231
<b>EBITDA</b>	<b>\$ 17,146,028</b>	<b>\$ 30,659,883</b>	<b>\$ 32,478,682</b>	<b>\$ 33,543,175</b>	<b>\$ 33,933,720</b>	<b>\$ 34,334,239</b>	<b>\$ 34,398,923</b>	<b>\$ 34,432,221</b>	<b>\$ 33,854,385</b>	<b>\$ 33,264,124</b>
<b>% of Net Revenue</b>	<b>19.9%</b>	<b>26.4%</b>	<b>27.0%</b>	<b>27.3%</b>	<b>27.2%</b>	<b>27.1%</b>	<b>26.8%</b>	<b>26.6%</b>	<b>26.1%</b>	<b>25.6%</b>

In the low case, EBITDA is estimated at \$24.1 million (23.8% margin) in 2017 and growing to \$27.1 million (24.5% margin) by 2021.

**Pro Forma EBITDA – Low Case**

Tioga Downs - Low Case - Pro Forma EBITDA										
FYE 12/31										
	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Revenue										
Gaming, net	\$ 71,943,914	\$ 90,214,342	\$ 92,093,807	\$ 93,973,273	\$ 95,382,872	\$ 96,813,615	\$ 97,781,751	\$ 98,759,568	\$ 98,759,568	\$ 98,759,568
Hotel	-	4,410,359	6,382,581	6,902,415	7,040,463	7,181,273	7,253,085	7,325,616	7,398,873	7,472,861
Racing	1,006,683	1,262,334	1,288,633	1,314,932	1,334,656	1,354,676	1,368,222	1,381,905	1,381,905	1,381,905
Food & Beverage	5,128,731	8,157,326	8,940,165	9,239,270	9,378,937	9,520,894	9,628,927	9,738,296	9,774,791	9,811,648
Retail	183,648	216,250	220,575	224,987	229,486	234,076	236,417	238,781	241,169	243,580
Entertainment	297,600	1,342,101	1,368,943	1,396,322	1,424,248	1,452,733	1,481,788	1,511,423	1,541,652	1,572,485
Golf	-	666,120	693,031	721,030	750,159	780,466	811,997	844,801	878,931	914,440
Other	1,652,277	2,310,480	2,405,587	2,501,764	2,536,661	2,572,055	2,597,775	2,623,753	2,629,226	2,634,753
<b>Gross Revenue</b>	<b>80,212,853</b>	<b>108,579,312</b>	<b>113,393,322</b>	<b>116,273,991</b>	<b>118,077,482</b>	<b>119,909,786</b>	<b>121,159,961</b>	<b>122,424,144</b>	<b>122,606,113</b>	<b>122,791,241</b>
Promotional Allowances	3,035,815	7,084,728	8,333,696	8,736,285	8,885,910	9,038,319	9,144,388	9,251,928	9,320,084	9,389,249
<b>Net Revenue</b>	<b>77,177,038</b>	<b>101,494,584</b>	<b>105,059,625</b>	<b>107,537,706</b>	<b>109,191,571</b>	<b>110,871,467</b>	<b>112,015,573</b>	<b>113,172,216</b>	<b>113,286,029</b>	<b>113,401,991</b>
Operating Expenses										
Salaries & Wages	11,125,624	17,842,870	18,199,727	18,563,722	18,934,996	19,313,696	19,699,970	20,093,969	20,495,849	20,905,766
Taxes & Benefits	3,555,653	5,702,426	5,816,475	5,932,804	6,051,460	6,172,489	6,295,939	6,421,858	6,550,295	6,681,301
Gaming Tax & Licenses	27,375,684	26,888,583	27,437,824	27,987,065	28,398,996	28,817,106	29,100,027	29,385,778	29,385,778	29,385,778
Racing	5,964,512	7,479,222	7,635,039	7,790,856	7,907,719	8,026,335	8,106,598	8,187,664	8,187,664	8,187,664
Cost of Goods Sold	2,619,071	4,662,859	5,041,534	5,195,592	5,277,168	5,360,108	5,427,819	5,496,489	5,534,581	5,573,282
Supplies	581,918	829,298	883,204	909,046	923,417	938,023	947,761	957,607	959,597	961,616
Repairs & Maintenance	871,314	1,117,310	1,151,759	1,177,601	1,210,515	1,238,922	1,265,234	1,317,318	1,355,181	1,394,910
Utilities	805,420	1,283,800	1,309,476	1,335,666	1,362,379	1,389,626	1,417,419	1,445,767	1,474,683	1,504,176
Marketing	6,757,603	6,652,455	6,791,048	6,929,641	7,033,585	7,139,089	7,210,480	7,282,585	7,282,585	7,282,585
Leases	1,238,748	1,303,834	1,348,164	1,379,489	1,400,580	1,422,000	1,436,564	1,451,283	1,452,507	1,453,753
General & Administrative	1,422,569	1,882,897	1,966,944	2,016,875	2,051,790	2,087,333	2,109,115	2,131,141	2,142,032	2,153,055
Property Charges	962,218	1,703,621	1,737,694	1,772,447	1,807,896	1,844,054	1,880,935	1,918,554	1,956,925	1,996,064
Total Operating Expenses	63,280,334	77,349,175	79,318,888	80,990,805	82,360,504	83,748,782	84,897,861	86,090,014	86,777,677	87,479,949
<b>EBITDA</b>	<b>\$ 13,896,704</b>	<b>\$ 24,145,409</b>	<b>\$ 25,740,738</b>	<b>\$ 26,546,901</b>	<b>\$ 26,831,068</b>	<b>\$ 27,122,685</b>	<b>\$ 27,117,712</b>	<b>\$ 27,082,202</b>	<b>\$ 26,508,352</b>	<b>\$ 25,922,042</b>
<b>% of Net Revenue</b>	<b>18.0%</b>	<b>23.8%</b>	<b>24.5%</b>	<b>24.7%</b>	<b>24.6%</b>	<b>24.5%</b>	<b>24.2%</b>	<b>23.9%</b>	<b>23.4%</b>	<b>22.9%</b>

In the high case, EBITDA is estimated at \$36.6 million (28.2% margin) initially in 2017 and growing to \$40.8 million (28.8% margin) by 2021.

**Pro Forma EBITDA – High Case**

Tioga Downs - High Case - Pro Forma EBITDA										
FYE 12/31										
	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
<b>Revenue</b>										
Gaming, net	\$ 87,794,132	\$ 114,527,081	\$ 116,913,062	\$ 119,299,043	\$ 121,088,529	\$ 122,904,857	\$ 124,133,905	\$ 125,375,244	\$ 125,375,244	\$ 125,375,244
Hotel	-	5,007,454	7,308,440	7,962,877	8,122,135	8,284,577	8,367,423	8,451,097	8,535,608	8,620,964
Racing	1,228,469	1,602,533	1,635,919	1,669,305	1,694,345	1,719,760	1,736,958	1,754,327	1,754,327	1,754,327
Food & Beverage	7,495,388	11,940,700	13,046,398	13,443,615	13,649,775	13,859,303	14,013,910	14,170,384	14,209,379	14,248,762
Retail	183,648	238,750	243,525	248,396	253,363	258,431	261,015	263,625	266,261	268,924
Entertainment	470,400	1,773,445	1,808,914	1,845,092	1,881,994	1,919,634	1,958,026	1,997,187	2,037,131	2,077,873
Golf	-	1,141,920	1,188,054	1,236,051	1,285,987	1,337,941	1,391,994	1,448,231	1,506,739	1,567,611
Other	2,006,115	3,112,628	3,250,597	3,390,251	3,436,696	3,483,792	3,518,630	3,553,817	3,562,994	3,572,263
<b>Gross Revenue</b>	<b>99,178,152</b>	<b>139,344,511</b>	<b>145,394,908</b>	<b>149,094,630</b>	<b>151,412,823</b>	<b>153,768,295</b>	<b>155,381,862</b>	<b>157,013,912</b>	<b>157,247,684</b>	<b>157,485,970</b>
Promotional Allowances	4,434,269	9,757,602	11,330,830	11,856,761	12,059,834	12,266,687	12,411,573	12,558,518	12,641,796	12,726,422
<b>Net Revenue</b>	<b>94,743,882</b>	<b>129,586,909</b>	<b>134,064,079</b>	<b>137,237,869</b>	<b>139,352,990</b>	<b>141,501,608</b>	<b>142,970,289</b>	<b>144,455,394</b>	<b>144,605,888</b>	<b>144,759,548</b>
<b>Operating Expenses</b>										
Salaries & Wages	11,861,475	19,007,067	19,387,208	19,774,952	20,170,451	20,573,860	20,985,338	21,405,044	21,833,145	22,269,808
Taxes & Benefits	3,790,824	6,074,493	6,195,983	6,319,903	6,446,301	6,575,227	6,706,732	6,840,866	6,977,684	7,117,237
Gaming Tax & Licenses	32,498,769	34,189,449	34,890,791	35,592,134	36,118,141	36,652,038	37,013,309	37,378,192	37,378,192	37,378,192
Racing	7,278,575	9,494,870	9,692,680	9,890,490	10,038,847	10,189,430	10,291,324	10,394,238	10,394,238	10,394,238
Cost of Goods Sold	3,864,804	6,556,743	7,078,888	7,279,091	7,394,445	7,511,721	7,604,903	7,699,378	7,744,554	7,790,480
Supplies	720,867	1,059,639	1,125,853	1,158,916	1,177,241	1,195,866	1,208,351	1,220,976	1,223,423	1,225,908
Repairs & Maintenance	958,178	1,258,220	1,298,332	1,327,925	1,364,693	1,395,519	1,423,512	1,480,404	1,518,512	1,558,491
Utilities	805,420	1,336,200	1,362,924	1,390,182	1,417,986	1,446,346	1,475,273	1,504,778	1,534,874	1,565,571
Marketing	8,555,763	8,445,290	8,621,233	8,797,177	8,929,135	9,063,072	9,153,702	9,245,239	9,245,239	9,245,239
Leases	1,524,261	1,665,328	1,721,195	1,761,249	1,788,218	1,815,608	1,834,275	1,853,144	1,854,716	1,856,319
General & Administrative	1,628,372	2,230,277	2,332,154	2,392,491	2,433,438	2,475,117	2,501,218	2,527,622	2,539,434	2,551,403
Property Charges	962,218	1,703,621	1,737,694	1,772,447	1,807,896	1,844,054	1,880,935	1,918,554	1,956,925	1,996,064
Total Operating Expenses	74,449,525	93,021,196	95,444,936	97,456,957	99,086,794	100,737,859	102,078,871	103,468,435	104,200,936	104,948,950
<b>EBITDA</b>	<b>\$ 20,294,358</b>	<b>\$ 36,565,713</b>	<b>\$ 38,619,143</b>	<b>\$ 39,780,912</b>	<b>\$ 40,266,196</b>	<b>\$ 40,763,749</b>	<b>\$ 40,891,418</b>	<b>\$ 40,986,959</b>	<b>\$ 40,404,952</b>	<b>\$ 39,810,598</b>
<b>% of Net Revenue</b>	<b>21.4%</b>	<b>28.2%</b>	<b>28.8%</b>	<b>29.0%</b>	<b>28.9%</b>	<b>28.8%</b>	<b>28.6%</b>	<b>28.4%</b>	<b>27.9%</b>	<b>27.5%</b>

## XVII. PROJECT RISKS

There are several risks associated with this project, any one or a combination of which could cause the Project to fall short of expectations. These risks include but are not limited to the following:

- If patrons in the region do not behave according to the 2014 calibrated model and the 2019 gravity model, revenues could be considerably lower.
- A new recession could constrain consumer demand and cause revenues to be lower than anticipated in this report. A continued downturn in consumer spending could curtail gaming revenues.
- A resurgence of problems in the financial markets – this could lead to constraints on capital and an inability to finance the Project or higher capital costs than anticipated by management.
- New entrants – Additional casinos in feeder markets of Tioga Downs could cause revenue to be substantially lower than projected in this Report.
- Regulation and taxes – The gaming sector is a highly regulated industry at the federal and state levels. Over the last few years, states with gaming have increased tax rates in order to close growing budget deficits. Should the federal government or State of New York choose to change or increase gaming regulation or taxes, there could be a negative impact on this project.
- Other risks – Other risks that could impact the Project in the future include work or labor stoppages, shortages of labor, weather, environmental problems, natural disasters, geo-political events and/or construction problems.

## XVIII. LIMITING CONDITIONS

Global Gaming & Hospitality LLC and Morowitz Gaming Advisors, LLC (collectively the “Advisors”) has been engaged by American Racing & Entertainment, LLC to conduct a gaming market assessment of a proposed Class III casino expansion and re-development by the Company of its existing Tioga Downs gaming facility in Nichols, NY and to prepare a ten year pro forma financial model.

Certain information included in this report contains forward-looking estimates, projections, and/or statements. The Advisors have 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, and future performance. 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 have no duty to update such statements after the date of this report.

Supply and demand projections are, by their very nature, only estimates and “best guesses” of what may occur in the future. Any number of variables may change over time and methodologies that work under certain conditions may not work in other or changing conditions. Additionally, some of the assumptions used in our study will inevitably not materialize and unanticipated events and circumstances may occur; therefore, actual results achieved during the period of our analysis will vary from our projections and the variations may be material. Accordingly, the Advisors accept no liability in relation to the estimates or projections provided herein.

The Advisors have no duty to update the conclusions in this report for events and circumstances occurring after the date of this report.