

*Kansas Lottery  
Gaming Facility Review Board  
South Central Gaming Zone  
July 24, 2008*



**P R O B E**  
STRATEGIC SOLUTIONS

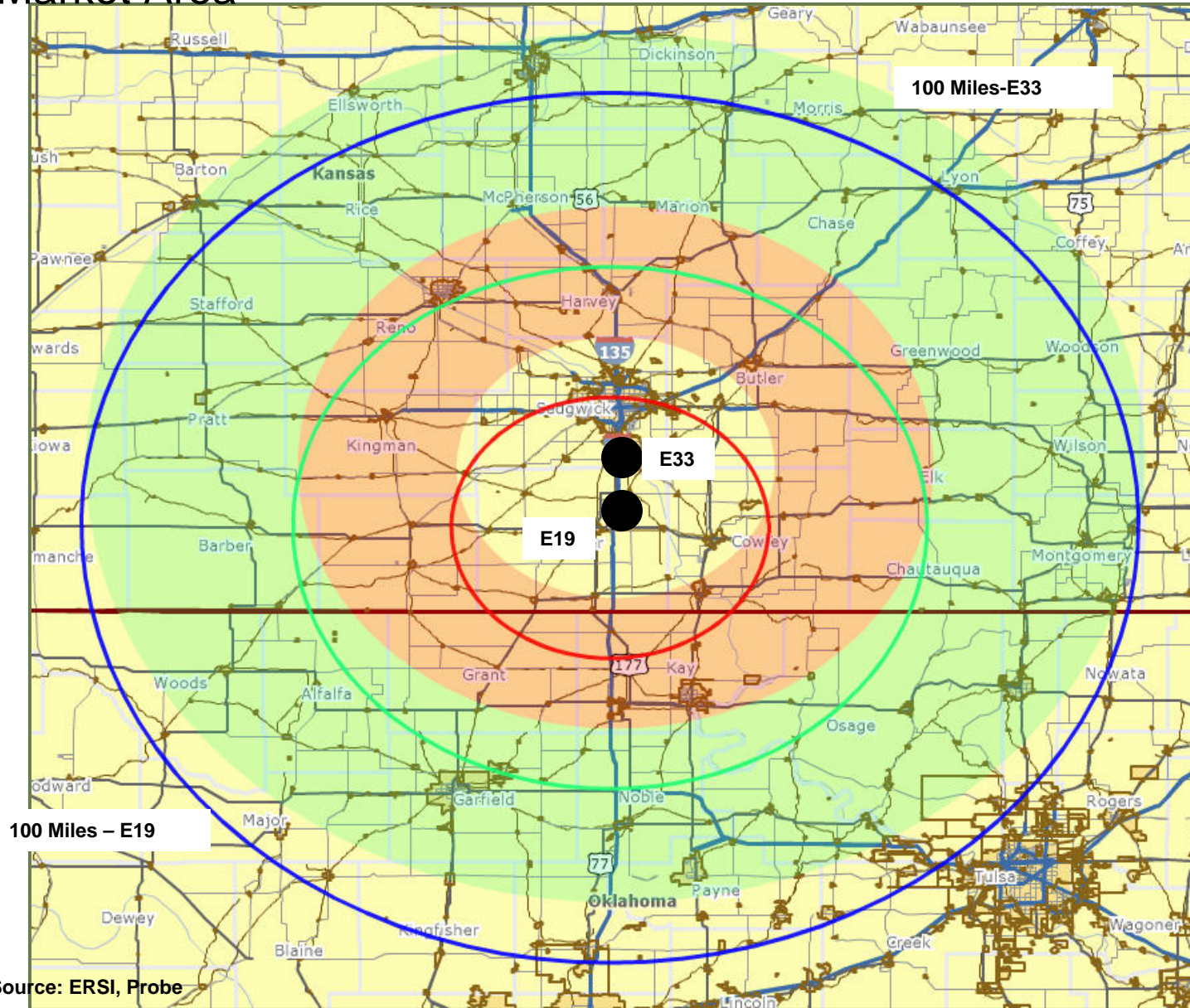
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# Overview

- Assessment of the ancillary development and amenities.
- Process
  - Examine the characteristics of the market
    - Data in 30/60/100 mile rings and radius from both locations
  - Based on Gaming Market Potential, hypothesize potential products
  - Asses proposal components to meet demand of market characteristics in the overall context of their ability to fulfill the goals set out in Senate Bill 66:
    - Maximize revenues for the state of Kansas
    - Promote tourism
    - Serve the best interests of the state of Kansas

# Market Assessment

## Market Area



# Market Assessment

## Demographic Composition – Population / Age

Population by Age	2008 Demographic Data Population Within						2008 Demographic Data Population Within			
	0-30 Miles		0-60 Miles		0-100 Miles		31-60 Miles		61-100 Miles	
	Exit 19	Exit 33	Exit 19	Exit 33	Exit 19	Exit 33	Exit 19	Exit 33	Exit 19	Exit 33
Total Population	383,685	561,342	720,678	780,854	1,234,457	1,255,419	336,993	219,512	513,779	474,565
Average Age	35.1	35.2	36.1	36.4	37.1	36.9	37.4	39.9	38.6	38
Adult Population Over 21	267,428	388,112	504,186	548,628	879,427	892,854	236,367	159,190	376,292	345,768
Population 45 Years +	139,661	204,328	273,858	299,848	490,079	495,891	134,123	95,049	216,301	196,470
Population 45 Years + %	52%	53%	54%	55%	56%	56%	57%	60%	57%	57%

# Market Assessment

## Demographic Composition - Race

Percent of Total Population by Race/Ethnicity	2008 Demographic Data Population Within						2008 Demographic Data Population Within			
	0-30 Miles		0-60 Miles		0-100 Miles		31-60 Miles		61-100 Miles	
	Exit 19	Exit 33	Exit 19	Exit 33	Exit 19	Exit 33	Exit 19	Exit 33	Exit 19	Exit 33
White	79%	79%	81%	81%	82%	83%	82%	89%	85%	85%
Black	7%	8%	7%	7%	5%	5%	6%	2%	3%	3%
American Indian	1%	1%	2%	2%	3%	2%	2%	2%	4%	4%
Asian or Pacific Islander	4%	4%	3%	3%	3%	3%	2%	1%	1%	2%
Some Other Race	0%	5%	5%	4%	5%	4%	5%	3%	4%	3%
Two or More Races	3%	3%	3%	3%	4%	3%	3%	3%	4%	4%
Hispanic Origin	10%	10%	9%	9%	7%	8%	8%	6%	4%	6%

# Market Assessment

## Demographic Composition – Educational Attainment

Percent of Total Population by Educational Attainment	2008 Demographic Data Population Within						2008 Demographic Data Population Within			
	0-30 Miles		31-60 Miles		61-100 Miles		60 Miles		100 Miles	
	Exit 19	Exit 33	Exit 19	Exit 33	Exit 19	Exit 33	Exit 19	Exit 33	Exit 19	Exit 33
No High School Diploma	13%	12%	12%	14%	15%	14%	12%	12%	13%	13%
High School Graduate	33%	31%	30%	34%	35%	34%	32%	32%	33%	33%
Some College	32%	31%	31%	33%	29%	29%	31%	32%	30%	31%
Bachelor Degree	23%	27%	28%	19%	21%	23%	25%	25%	24%	24%

# Market Assessment

## Demographic Composition – Financial

Per Capita	2008 Demographic Data Population Within						2008 Demographic Data Population Within			
	0-30 Miles		0-60 Miles		0-100 Miles		31-60 Miles		61-100 Miles	
	Exit 19	Exit 33	Exit 19	Exit 33	Exit 19	Exit 33	Exit 19	Exit 33	Exit 19	Exit 33
Median Disposable Income	\$ 16,368	\$ 17,187	\$ 16,392	\$ 16,286	\$ 15,361	\$ 15,471	\$ 16,531	\$ 14,684	\$ 14,188	\$ 14,299
Indexed to US	0.98	1.03	0.98	0.97	0.92	0.92	0.99	0.88	0.85	0.85
Mean Disposable Income	\$ 19,791	\$ 20,877	\$ 20,168	\$ 20,096	\$ 19,252	\$ 19,360	\$ 20,672	\$ 18,081	\$ 17,929	\$ 18,036
Indexed to US	0.88	0.93	0.90	0.89	0.86	0.86	0.92	0.80	0.80	0.80
Median Net Worth	\$ 33,597	\$ 41,626	\$ 39,160	\$ 38,952	\$ 35,264	\$ 34,984	\$ 46,162	\$ 33,319	\$ 31,005	\$ 29,185
Indexed to US	0.82	1.02	0.96	0.95	0.86	0.86	1.13	0.82	0.76	0.71
Mean Net Worth	\$ 136,704	\$ 160,734	\$ 154,899	\$ 155,933	\$ 149,414	\$ 150,418	\$ 176,225	\$ 143,604	\$ 141,500	\$ 140,474
Indexed to US	0.70	0.82	0.79	0.79	0.76	0.77	0.90	0.73	0.72	0.72

# Market Assessment

## Data Note on Index Construction and Sources

The following slides detail the resident population's **Market Potential Index** (MPI).

This measures the relative likelihood of the adults in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the U.S. average.

An MPI of 100 represents the U.S. average.

# Market Assessment

## Entertainment and Leisure Activities

Based Upon Propensity of US Population with Demographics similar to Market Area

Activity - Gaming	2008 Index of Participation in Activities						2008 Index of Participation in Activities			
	30 Miles		60 Miles		100 Miles		Index of Area Participation			
	Exit 19	Exit 33	Exit 19	Exit 33	Exit 19	Exit 33	31-60 Miles		61-100 Miles	
Gambled at casino in last Year	90	95	92	91	89	89	94	83	85	86
Gambled at casino 6+ times in last Year	105	104	103	103	101	102	100	98	98	101
Played bingo in last 12 months	105	103	105	105	105	105	104	108	105	105
Bought lottery ticket in last 12 months	101	102	101	100	98	98	100	97	94	94
Played lottery: <2 times in last 30 days	96	98	96	95	92	92	96	87	86	88
Played lottery: 2-6 times in last 30 days	101	103	101	101	98	98	101	96	94	94
Played lottery: 7+ times in last 30 days	106	104	106	107	106	106	107	112	106	106

# Market Assessment

## Entertainment and Leisure Activities

Based Upon Propensity of US Population with Demographics similar to Market Area

Activity - Dining and Eating Out	2008 Index of Participation in Activities						2008 Index of Participation in Activities			
	30 Miles		60 Miles		100 Miles		Index of Area Participation			
	Exit 19	Exit 33	Exit 19	Exit 33	Exit 19	Exit 33	31-60 Miles		61-100 Miles	
Went to bar/night club in last Year	102	103	101	101	101	102	101	96	101	105
Dined out in last 12 months	96	100	98	98	96	96	100	93	94	94
Dine out < once a month	97	99	101	100	102	102	105	103	104	106
Dine out once a month	101	103	101	101	98	99	101	94	94	96
Dine out 2-3 times a month	95	97	97	97	97	98	101	97	97	98

# Market Assessment

## Entertainment and Leisure Activities

Based Upon Propensity of US Population with Demographics similar to Market Area

Activity - Outdoor Sports	2008 Index of Participation in Activities						2008 Index of Participation in Activities			
	30 Miles		60 Miles		100 Miles		Index of Area Participation			
	Exit 19	Exit 33	Exit 19	Exit 33	Exit 19	Exit 33	31-60 Miles		61-100 Miles	
Participated in golf	93	102	97	96	92	92	100	82	85	87
Play golf < once a month	93	103	97	96	90	90	101	79	80	82
Play golf 1+ times a month	91	98	96	96	95	95	102	89	93	95
Participated in boating (power)	100	102	104	104	106	107	108	108	110	111
Participated in fishing (fresh water)	113	109	116	117	126	125	121	136	138	137
Participated in motorcycling	104	107	108	108	110	110	113	110	113	113
Participated in horseback riding	100	100	104	104	109	109	109	114	116	116
Participated in hunting with rifle	109	101	117	118	140	138	125	158	170	169
Participated in hunting with shotgun	108	106	112	112	122	119	116	128	134	129
Participated in target shooting	104	104	108	108	112	112	113	120	118	118

# Market Assessment

## Entertainment and Leisure Activities

Based Upon Propensity of US Population with Demographics similar to Market Area

Activity - Event Attendance	2008 Index of Participation in Activities						2008 Index of Participation in Activities			
	30 Miles		60 Miles		100 Miles		Index of Area Participation			
	Exit 19	Exit 33	Exit 19	Exit 33	Exit 19	Exit 33	31-60 Miles		61-100 Miles	
Attended auto show in last 12 months	106	108	105	105	100	101	104	97	93	94
Attend auto racing (NASCAR)	108	109	109	108	108	107	110	104	108	106
Attend auto racing (not NASCAR)	110	109	109	109	110	109	109	108	110	111
Attend football game (college)	100	105	101	101	100	101	102	89	97	101
Attended movies in last 6 months	96	100	96	96	92	93	96	86	86	88
Attended movies in last 90 days:<1/month	99	102	100	99	96	97	101	92	92	93
Attended country music last year	112	113	116	116	117	117	120	124	119	120
Attended rock music Las Year	94	100	94	93	87	89	93	75	78	82

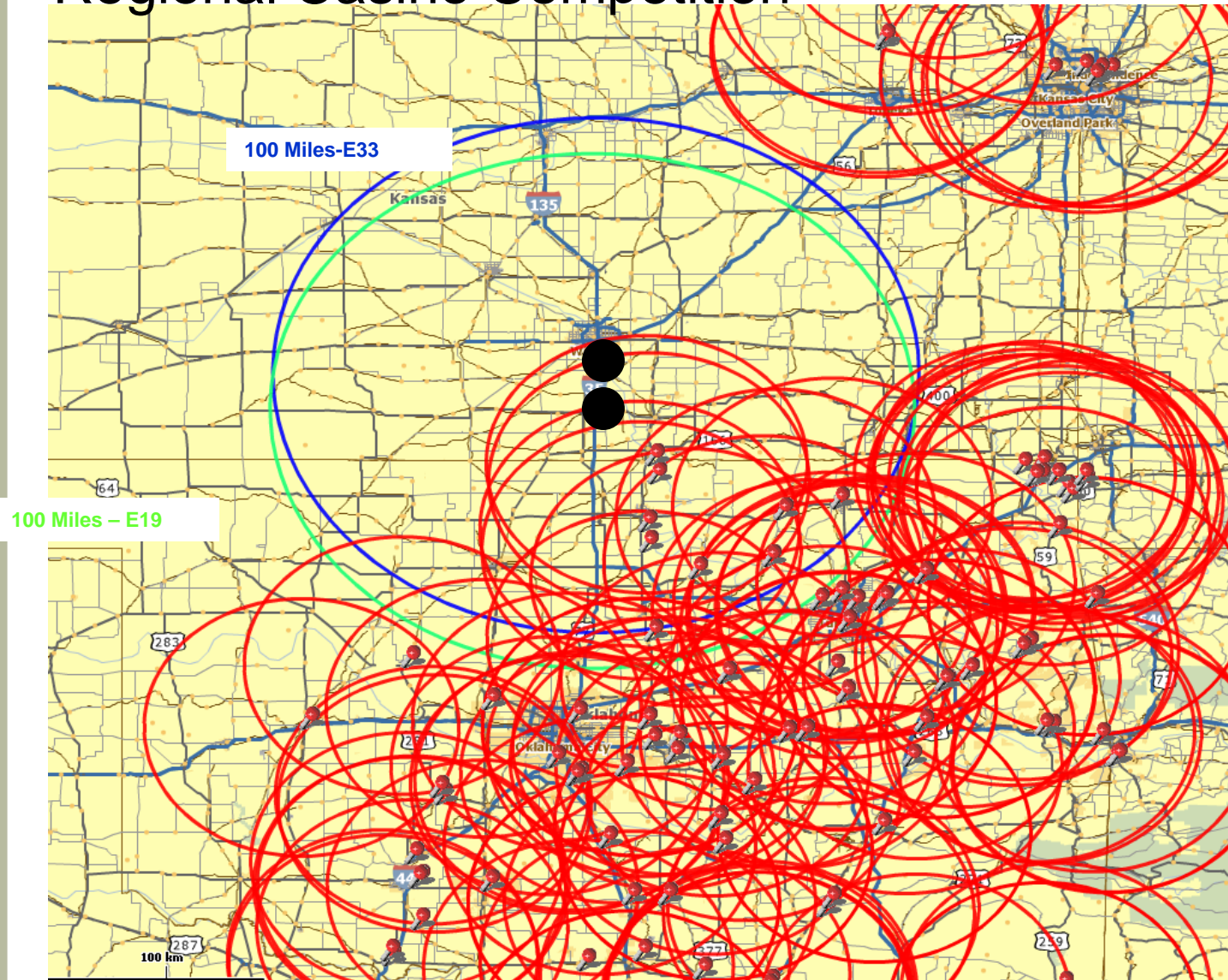
# Market Assessment

## Entertainment and Leisure Activities

Based Upon Propensity of US Population with Demographics similar to Market Area

Activity - Exercise	2008 Index of Participation in Activities						2008 Index of Participation in Activities			
	30 Miles		60 Miles		100 Miles		Index of Area Participation			
	Exit 19	Exit 33	Exit 19	Exit 33	Exit 19	Exit 33	31-60 Miles		61-100 Miles	
Participated in yoga	84	91	85	84	80	81	85	67	74	77
Participated in aerobics	90	99	91	90	81	82	92	67	68	71
Participated in jogging	91	97	92	91	88	89	93	76	82	86
Participated in basketball	102	105	101	101	101	103	101	92	102	107
Participated in bowling	109	112	108	107	104	105	106	95	98	101
Participated in football	102	103	101	100	102	104	99	93	103	109
Participated in volleyball	106	108	104	104	103	105	103	96	102	105
Participated in tennis	81	89	83	82	81	82	86	66	77	81
Participated in swimming	99	103	101	100	99	99	103	94	96	96

# Market Assessment Regional Casino Competition



# Market Assessment

## Market Area Offerings – Hotel and Convention

### Hotel Supply

Total Hotels in MSA	108
Total Rooms in MSA	8,118
Upper Level Hotels in MSA	19
Upper Level Rooms in MSA	2,449

Hotel Supply serving the 3.4 million visits to the area each year, including overnights in hotels and in residences.

### Hotels with Convention Supply

Hotels with Convention (any)	41
Total Hotel Convention Space (sq ft)	192,444
Hotels with 10,000 sq ft or greater	8
Hotels with 30,000 sq ft or more	2

# Market Assessment

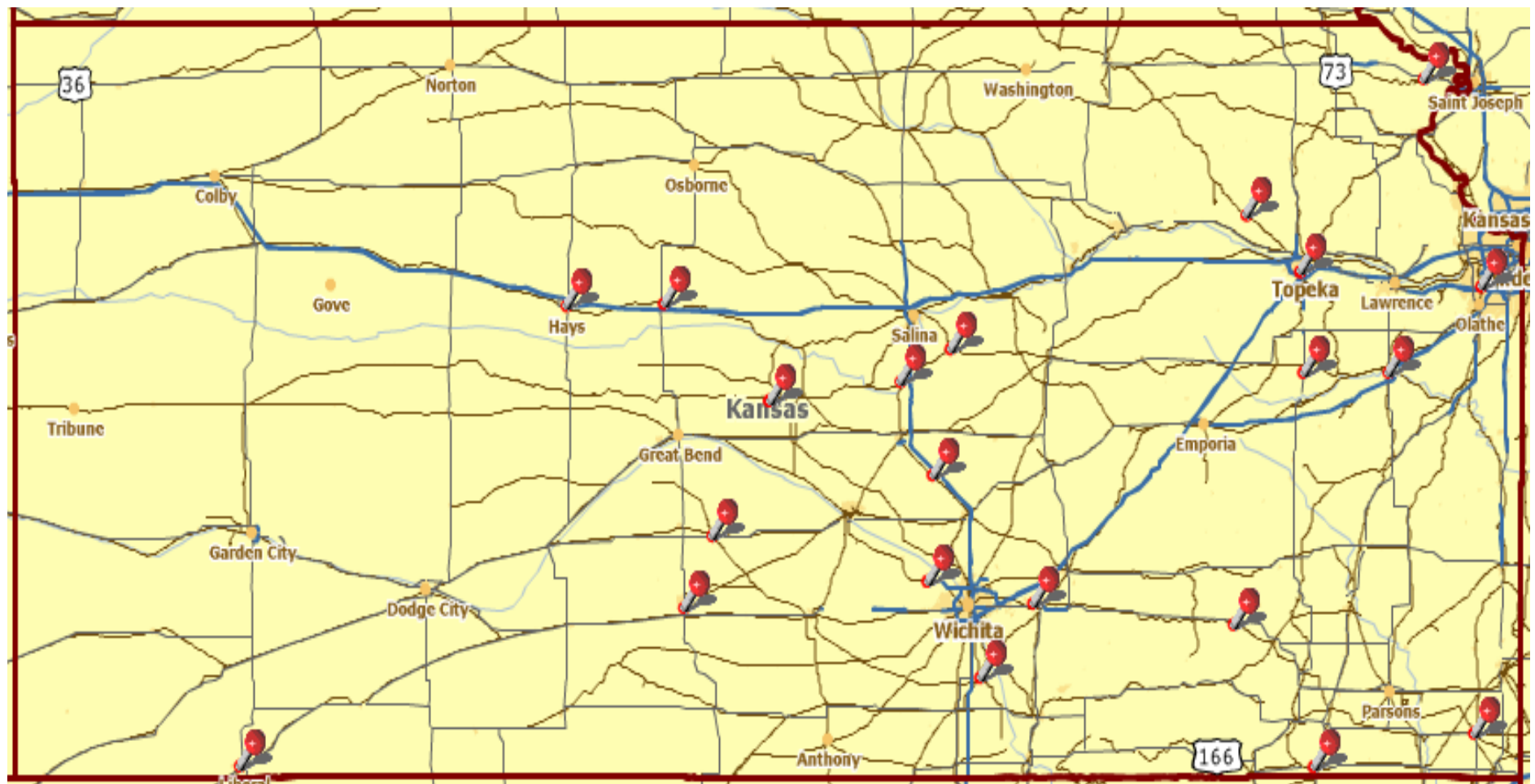
## Market Area Offerings - Entertainment

- Old Town entertainment district composed of restaurants, retail shops, nightclubs, galleries, and museums
- The open air Bradley Fair and Shops at Tallgrass with dining, lodging, and retail shops
- Waterfront area with fine dining, shopping, spas, a stocked lake, and nature trails
- Numerous family-centered attractions, the Wellington based Challenger Learning Center of Kansas, Exploration Place, the Sedgwick County Zoo, the Tanganyika Wildlife Park, and Rock River Rapids water park
- 36 Museums, including the Kansas Sports Hall of Fame and the Wichita Art Museum
- The Music Theatre of Wichita and the Grand Opera
- Tours, such as the Western Heritage Drive Tour and the Historic Trolley Tour
- Dinner theatre options, including the Cabaret Old Town dinner theatre and two “Chuckwagon Supper” dinner theatres
- Wichita Thunder Hockey and Wingnuts Baseball
- The 1300 seat Historic Orpheum Theatre which hosts a film series, plays and concerts
- The 28,500 sqft Cotillion which hosts concerts and events in the area.

# Market Assessment

## Market Area Offerings – Skeet and Sporting Clay

Kansas Skeet Shooting and Sporting Clay Locations



Data Source: ERSI, Kansas Sporting Clays Association, National Skeet Shooting Association, Probe

# Market Assessment

## Market Area Offerings - Golf

### Regional Golf Demand

NGF Golf Demand Report	30 Miles	60 Miles	100 Miles
Index: Golfing Households	113	111	102
Index: Played by Residents	93	92	85
Index: Played Locally (less than 50 mi)	86	88	81
Index: Played Regionally (50-200 mi)	91	87	78
Index: Played on Vacation (more than 200 mi)	144	144	132
Index: Played at Seasonal Home	127	127	128
Index: Golfing Fees	78	78	73

### Regional Golf Supply

NGF Golf Supply Report	30 Miles	60 Miles	100 Miles
Total	29	56	109
Public	20	38	71
Private	9	18	38
Resort	1	2	2

### Regional Golf Supply Index

NGF Golf Supply Report	30 Miles	60 Miles	100 Miles
HH Supply Index: Total	109	85	77
HH Supply Index: Public	122	95	87
HH Supply Index: Private	87	70	61
HH Supply Index: Premium (>\$70)	0	0	0
HH Supply Index: Standard (\$40-\$70)	170	145	156
HH Supply Index: Value (<\$40)	81	61	54

# Product Assessment

## Potential Products

### 2012 Task 1 Estimates

Measure	Wells	Cummings	Average
Visitors	2,495,045	2,784,796	2,639,921
Revenues	\$175,687,880	\$213,457,000	\$194,572,440

- Estimate potential amenities for property with 2000 slot machines with 50 table games.
- Average average daily attendance would be 7233
  - 55% to 60% of the visits to the property would occur over weekends and holidays.
  - Visitation will peak on Saturday at about 1.6 times the daily average, or an
  - Expected 11,572 patrons on a typical Saturday.
- The number, level, and type of amenities proposed by any prospective manager will be dependent on company strengths, their interpretation of the market, and their operating strategy.

# Product Assessment

## Potential Products

### ➤ F&B:

- Buffet: (300-400 Seats). A live action exciting food product on par with a Las Vegas property to provide a resort, something out of the ordinary feel.
- Café: (125-175 Seats) Local influenced dining establishment.
- Specialty Restaurant: (100-150 seats) Steakhouse or other specialty restaurant
- Food Court/Quick Serve: (50-75 Seats) Appeal to the budget/convenience gambler looking for an inexpensive and fast alternative.
- Three to Four Casino bars: A center or main bar attraction, a bar with ability for live entertainment, a sports bar or other bar and a bar away from the casino perhaps co-located in a restaurant.

# Product Assessment

## Potential Products

### ➤ Hotel:

- Rooms: 300-400 Upscale (Hilton/Hyatt/Marriott) with modern amenities. Would be used for casino guests, marketed regionally as a destination, utilized for local corporate business and regional association meetings and conventions. It would be positioned for intercept traffic on I-35, especially for north bound traffic.
- Dual Use Convention/Entertainment space: Would be sized for use in entertainment as well as convention space.
- Other Hotel Amenities: Pool with function space and cabanas; Spa; Executive meeting space

# Product Assessment

## Potential Products

### ➤ Retail:

- Sundry and Gift Shop: Convenience items and logo gift items.

### ➤ Additional Features:

- Truck, and Bus Parking – Traffic intercept of I35 and marketed bus trips to outer regional markets.
- RV park with full hook-ups.

### ➤ Local Market:

- Non-gaming activities that could be utilized throughout the year such as Bowling or Movie Theaters\

# Proposal Assessment

## Potential Hotel Rate

- Utilizing Smith Travel Research data for the Wichita market, we believe that a 300 room casino property with the amenities described could achieve an ADR of \$127 in the third year of operations, or 2013.
- Casinos will offer complimentary and discounted rooms to its casino segment of customers. Internally, the hotel department will charge the casino department a transfer price for the complimentary goods and services provided in the hotel for casino customers. Depending on the corporate strategy, the hotel may charge the casino a rate that yields up or down with the market, or a standard below market rate to the casino.
- Consequently, differences in average daily rates contained in the different proposals may not reflect actual prices paid in the market.

# Proposal Assessment

## Marvel Gaming

### Ancillary Products

- Marvel Gaming has proposed a property operating as Trailhead Casino and Resort.
- The property will be located at a half mile off I-35, Exit 19 at the intersection of US 160 and Seneca Road.
- The casino will be 87,850 sq ft with 2000 slot machines and 65 table games.

# Proposal Assessment Marvel Gaming - Hotel

<b>Hotel Rate and Occupancy Data</b>	
Number of hotel rooms	304
Occupancy rate	90%
Y3 Average Daily Rate (ADR)	\$ 95
Leisure Percent of Occupied	80%
Business Percent of Occupied	20%
Percentage residents (< 100 miles)	80%
Percentage tourists (>100 miles)	20%
<b>Year 3 Consolidated Pro Forma</b>	
Rooms Sales	\$ 2,810
Complimentary rooms	<u>6,557</u>
<b>TOTAL REVENUE</b>	<u>9,367</u>
<b>TOTAL HOTEL EXPENSES</b>	<u>4,772</u>
<b>TOTAL HOTEL INCOME</b>	<u>\$ 4,595</u>
<b>Hotel Revenue Ratios</b>	
Comp sales as percent of Revenue	70%
Expenses as percent of Revenue	51%
Income as percent of Revenue	49%

Located on the property will be a 304 room hotel including 132 standard rooms, and 172 premium rooms with differentiated sizes utilizing up to 6 bays.

# Proposal Assessment Marvel Gaming - Food

Outlet	SEATING CAPACITY	Mean Spend/cover	THEME
Harvest Bounty Buffet	500	\$ 15.00	Iconic Kansas Buffet, Seven action kitchens, various food themes and origins
KC Prime Steakhouse	125	\$ 30.00	High end prime steakhouse and seafood, fine dining experience
Bistro	150	\$ 12.00	specialty restaurant, great quality at medium price point, theme not yet determined
Snack Bar	35	\$ 5.00	quick "pick and go" light snack bar fare, sandwiches, salads, burgers, takeout capabilities
Coffee Grab and Go	20	\$ 4.00	Starbucks execution
Pool Cabana Snack Bar	na	\$ 8.00	no theme, poolside cabana food and beverage
Room Service	na	\$ 15.00	no theme, in room dining service offered
<b>Total</b>	<b>830</b>	<b>\$ 12.15</b>	<b>Aveage weighted by expected covers/day</b>

Year 3 Consolidated Pro Forma	
Food Sales	\$ 7,205
Complimentary Food Sales	<u>9,606</u>
<b>TOTAL REVENUE</b>	<b>16,810</b>
Cost of sales	<u>8,827</u>
<b>GROSS MARGIN</b>	<b><u>7,983</u></b>
<b>TOTAL FOOD EXPENSES</b>	<b><u>8,188</u></b>
<b>TOTAL FOOD INCOME</b>	<b><u>\$ (205)</u></b>
<b>Food Revenue Ratios</b>	
Comp sales as percent of Revenue	57%
Cost of sales as percent of Revenue	53%
Expenses as percent of Revenue	49%
Income as percent of Revenue	-1%

# Proposal Assessment

## Marvel Gaming – Beverage

Outlet	SEATING CAPACITY	THEME
Casino Center Bar	125	Elegant prairie style architecture bar, elegantly appointed, unique glass and light appointments, centerpiece attraction for the casino floor
Steakhouse and Bistro Bar	125	Elegant bar, centered between steakhouse and bistro, providing before and after dinner entertainment for restaurant patrons
Sidewinders Casino Bar & Lounge	40	Casino bar complete with video poker, and a stage featuring live entertainment
Poolside Cabana Bar	135	Poolside bar with seating and poolside cabana service (seasonal)
Events Center Bar	20	Bar in events pre-function area to service events, concerts, etc.

Year 3 Consolidated Pro Forma	
Beverage Sales	\$ 5,346
Complimentary Beverage Sales	7,129
<b>TOTAL REVENUE</b>	<b>12,475</b>
Cost of sales	3,573
<b>GROSS MARGIN</b>	<b>8,902</b>
<b>TOTAL BEVERAGE EXPENSES</b>	<b>4,931</b>
<b>TOTAL BEVERAGE INCOME</b>	<b>\$ 3,971</b>
<b>Beverage Revenue Ratios</b>	
Comp sales as percent of Revenue	57%
Cost of sales as percent of Revenue	29%
Expenses as percent of Revenue	40%
Income as percent of Revenue	32%

# Proposal Assessment

## Marvel Gaming – Convention

<b>Year 3 Consolidated Pro Forma</b>	
Convention Sales	\$ 4,183
Complimentary Convention Sales	-
<b>TOTAL REVENUE</b>	<u>4,183</u>
Cost of sales	<u>1,771</u>
<b>GROSS MARGIN</b>	<u>2,412</u>
<b>TOTAL CONVENTION EXPENSES</b>	<u>2,134</u>
<b>TOTAL CONVENTION INCOME</b>	<u><u>\$ 278</u></u>
<b>Convention Revenue Ratios</b>	
Comp sales as percent of Revenue	0%
Cost of sales as percent of Revenue	42%
Expenses as percent of Revenue	51%
Income as percent of Revenue	7%

- 40,000 sq ft dual use facility
  - Can be divided in to a total of 5 rooms.
- Additional meeting space of 5 rooms totaling 2,500 sq ft in the hotel.

# Proposal Assessment

## Marvel Gaming -Entertainment

<b>Year 3 Consolidated Pro Forma</b>	
Entertainment Sales	\$ 1,069
Complimentary Entertainment Sales	-
<b>TOTAL REVENUE</b>	<b>1,069</b>
Cost of sales	-
<b>GROSS MARGIN</b>	<b>1,069</b>
<b>TOTAL ENTERTAINMENT EXPENSES</b>	<b>1,742</b>
<b>TOTAL ENTERTAINMENT INCOME</b>	<b>\$ (673)</b>
<b>Entertainment Revenue Ratios</b>	
Comp sales as percent of Revenue	0%
Expenses as percent of Revenue	163%
Income as percent of Revenue	-63%

- The mixed use facility will have a seating capacity of 2,000 for entertainment and 2,500 for sporting events
- Additional entertainment in the Sidewinders Casino Bar & Lounge

# Proposal Assessment Marvel Gaming – Retail

<b>Outlet</b>	<b>Square Feet</b>
Outlet use and theme not yet determined	1,175
Outlet use and theme not yet determined	1,860
Events center retail, supports various events and	1,500
RV Park Sundries and Convenience Store	1,500

<b>Year 3 Consolidated Pro Forma</b>	
Retail Sales	\$ 446
Complimentary Retail Sales	1,598
<b>TOTAL REVENUE</b>	<b>2,044</b>
Cost of sales	878
<b>GROSS MARGIN</b>	<b>1,166</b>
<b>TOTAL RETAIL EXPENSES</b>	<b>412</b>
<b>TOTAL RETAIL INCOME</b>	<b>\$ 754</b>
<b>Retail Revenue Ratios</b>	
Comp sales as percent of Revenue	78%
Comp sales as percent of Revenue	43%
Expenses as percent of Revenue	20%
Income as percent of Revenue	37%

# Proposal Assessment

## Marvel Gaming

### Additional Ancillary Products

- 1,860 square foot spa in the hotel
- Two pools, one outdoor and one indoor.
- A championship sporting clay facility.
- Marvel gaming will operate a 400 acre guided hunting facility, which will also provide seasonal fishing opportunities

# Proposal Assessment

## Marvel Gaming

### Additional Ancillary Products

- Partner with the Wellington Golf course to offer it as an amenity
- The Marvel Gaming is proposing a 100 space RV park with full hookups including a dedicated convenience store and recreation and activities area
- There is parking for 50 trucks available to capture traffic on I-35

# Proposal Assessment

## Penn Sumner

### Ancillary Products

- Penn Sumner has proposed a property operating as Hollywood Casino.
- The property will be located at the South West corner of I-35, Exit 33 with a dedicated southbound toll booth exit.
- The casino will be 70,000 sq ft with 1500 slot machines and 40 table games.

# Proposal Assessment

## Penn Sumner - Hotel

<b>Hotel Rate and Occupancy Data</b>	
Number of hotel rooms	350
Occupancy rate	88%
Y3 Average Daily Rate (ADR)	\$ 150
Leisure Percent of Occupied	77%
Business Percent of Occupied	23%
Percentage residents (< 100 miles)	47%
Percentage tourists (>100 miles)	53%
<b>Year 3 Consolidated Pro Forma</b>	
Rooms Sales	\$ 8,384
Complimentary rooms	<u>8,384</u>
TOTAL REVENUE	<u>16,767</u>
TOTAL HOTEL EXPENSES	<u>4,106</u>
TOTAL HOTEL INCOME	<u>\$ 12,661</u>
<b>Hotel Revenue Ratios</b>	
Comp sales as percent of Revenue	50%
Expenses as percent of Revenue	24%
Income as percent of Revenue	76%

Located on the property will be a 350 room hotel including 333 standard rooms, 17 luxury suites.

# Proposal Assessment

## Penn Sumner - Food

Outlet	SEATING CAPACITY	Mean Spend/cover	THEME
Epic Buffet	400	\$ 15.00	Featuring a broad range of menu items, salad bar, dessert bar, carving station
KC Prime Steakhouse	175	\$ 50.00	Signature Specialty Restaurant (steak/seafood)
Bistro	200	\$ 20.00	High energy Sports Bar and Entertainment Lounge - multi-use space
Hollywood Diner	125	\$ 12.00	Themed three meal restaurant
Creamery	40	\$ 8.00	Coffee and Pastry Shop
<b>Total</b>	<b>940</b>	<b>\$ 16.72</b>	<b>Aveage weighted by expected covers/day</b>

Year 3 Consolidated Pro Forma	
Food Sales	\$ 5,223
Complimentary Food Sales	5,223
<b>TOTAL REVENUE</b>	<b>10,447</b>
Cost of sales	3,769
<b>GROSS MARGIN</b>	<b>6,678</b>
<b>TOTAL FOOD EXPENSES</b>	<b>6,520</b>
<b>TOTAL FOOD INCOME</b>	<b>\$ 158</b>
Food Revenue Ratios	
Comp sales as percent of Revenue	50%
Cost of sales as percent of Revenue	36%
Expenses as percent of Revenue	62%
Income as percent of Revenue	1.5%

# Proposal Assessment

## Penn Sumner - Beverage

Outlet	SEATING CAPACITY	THEME
Sports Bar & Entertainment Lounge	200	Sports Bar and Entertainment Lounge - Restaurant

<b>Year 3 Consolidated Pro Forma</b>	
Beverage Sales	\$ 1,306
Complimentary Beverage Sales	1,306
<b>TOTAL REVENUE</b>	<b>2,612</b>
Cost of sales	784
<b>GROSS MARGIN</b>	<b>1,828</b>
<b>TOTAL BEVERAGE EXPENSES</b>	<b>1,630</b>
<b>TOTAL BEVERAGE INCOME</b>	<b>\$ 198</b>
<b>Beverage Revenue Ratios</b>	
Comp sales as percent of	50%
Cost of sales as percent of	30%
Expenses as percent of Revenue	62%
Income as percent of Revenue	8%

# Proposal Assessment

## Penn Sumner – Convention

<b>Year 3 Consolidated Pro Forma</b>	
Convention Sales	\$ 924
Complimentary Convention Sales	924
<b>TOTAL REVENUE</b>	<b>1,849</b>
Cost of sales	924
<b>GROSS MARGIN</b>	<b>924</b>
<b>TOTAL CONVENTION EXPENSES</b>	<b>438</b>
<b>TOTAL CONVENTION INCOME</b>	<b>\$ 486</b>
<b>Convention Revenue Ratios</b>	
Comp sales as percent of Revenue	50%
Cost of sales as percent of Revenue	50%
Expenses as percent of Revenue	24%
Income as percent of Revenue	26%

➤ 30,000 sq ft dual use facility

➤ Additional meeting space in the hotel.

# Proposal Assessment

## Penn Sumner – Entertainment

<b>Year 3 Consolidated Pro Forma</b>	
Entertainment Sales	\$ 1,929
Complimentary Entertainment Sales	1,929
<b>TOTAL REVENUE</b>	<b>3,857</b>
Cost of sales	1,929
<b>GROSS MARGIN</b>	<b>1,929</b>
<b>TOTAL ENTERTAINMENT EXPENSES</b>	<b>1,424</b>
<b>TOTAL ENTERTAINMENT INCOME</b>	<b>\$ 505</b>
<b>Entertainment Revenue Ratios</b>	
Comp sales as percent of Revenue	50%
Cost of sales as percent of Revenue	50%
Expenses as percent of Revenue	37%
Income as percent of Revenue	13%

- The mixed use facility will have a seating capacity of 1,750 for entertainment
- Additional entertainment in the Sports Bar & Lounge

# Proposal Assessment

## Penn Sumner – Retail

Outlet	Square Feet
Retail Center / Hollywood Memorabilia Museum	1500

<b>Year 3 Consolidated Pro Forma</b>	
Retail Sales	\$ 919
Complimentary Retail Sales	919
<b>TOTAL REVENUE</b>	<u>1,837</u>
Cost of sales	<u>919</u>
<b>GROSS MARGIN</b>	<u>919</u>
<b>TOTAL RETAIL EXPENSES</b>	<u>201</u>
<b>TOTAL RETAIL INCOME</b>	<u><u>\$ 717</u></u>
<b>Retail Revenue Ratios</b>	
Comp sales as percent of Revenue	50%
Cost of sales as percent of Revenue	50%
Expenses as percent of Revenue	11%
Income as percent of Revenue	39%

# Proposal Assessment

## Penn Sumner

### Additional Ancillary Products

- 2,000 square foot spa in the hotel
- Penn Sumner will have one outdoor pool.
- Penn Sumner will utilize a collection of Hollywood memorabilia in a dual use retail/museum space.

# Proposal Assessment

## Penn Sumner

### Additional Ancillary Products

- 50 unit RV park
- Parking for 50 trucks available to capture traffic on I-35.
- There will be a dedicated southbound exit from I-35 with direct access to the property.

# Proposal Assessment

## Sumner Gaming Joint Venture

### Ancillary Products

- Sumner Gaming Joint Venture (SGJV) has proposed a property operating as Harrah's Kansas.
- The property will be located at the South West corner of I-35, Exit 19.
- The casino will be 69,000 sq ft with 2000 slot machines and 50 table games.

# Proposal Assessment SGJV - Hotel

<b>Hotel Rate and Occupancy Data</b>	Harrahs	Additional
Number of hotel rooms	175	190
Occupancy rate	90%	Not Provided
Y3 Average Daily Rate (ADR)	\$ 147	
Leisure Percent of Occupied	67%	
Business Percent of Occupied	33%	
Percentage residents (< 100 miles)	20%	
Percentage tourists (>100 miles)	80%	
<b>Year 3 Consolidated Pro Forma</b>		
Rooms Sales	\$ 4,122	Not Provided
Complimentary rooms	<u>4,303</u>	
TOTAL REVENUE	<u>8,425</u>	
TOTAL HOTEL EXPENSES	<u>2,949</u>	
TOTAL HOTEL INCOME	<u>\$ 5,476</u>	
<b>Hotel Revenue Ratios</b>		
Comp sales as percent of Revenue	51%	Not Provided
Expenses as percent of Revenue	35%	
Income as percent of Revenue	65%	

Located on the property will be a 350 room hotel including 333 standard rooms, 17 luxury suites.

Additional development on the East side of I-35 will include a 100 room brand name limited service hotel and a 90 room brand name mid-service hotel.

# Proposal Assessment

## SGJV - Food

Outlet	SEATING CAPACITY	Mean Spend/cover	THEME
Buffet	350	\$ 15.00	Letter of interest signed with Paula Deen to develop signature concept
Steakhouse	200	\$ 35.00	Steakhouse
Café	86	\$ 13.00	Café
Specialty Restaurant	225	\$ 21.00	Letter of interest signed with Toby Keith to develop signature concept
Food Court	100	\$ 9.00	4 outlets
<b>Total</b>	<b>961</b>	<b>\$ 17.73</b>	<b>Aveage weighted by expected covers/day</b>

# Proposal Assessment

## SGJV - Beverage

Outlet	SEATING CAPACITY	THEME
Sports Bar	135	Letter of interest signed with Anheuser Busch to collaborate on concept
Center Bar	32	Center Bar
Cabaret	225	Cabaret

### Year 3 Consolidated Pro Forma

F&B Sales	\$ 19,741
Complimentary F&B Sales	20,447
<b>TOTAL REVENUE</b>	<b>40,188</b>
Cost of sales	13,360
<b>GROSS MARGIN</b>	<b>26,828</b>
<b>TOTAL F&amp;B EXPENSES</b>	<b>17,871</b>
<b>TOTAL F&amp;B INCOME</b>	<b>\$ 8,957</b>

### F&B Revenue Ratios

Comp sales as percent of Revenue	51%
Cost of sales as percent of Revenue	33%
Expenses as percent of Revenue	44%
Income as percent of Revenue	22%

# Proposal Assessment SGJV – Convention

- 30,338 sq ft dual use facility.
  - Can be divided into 12 rooms

# Proposal Assessment SGJV –Entertainment

- The mixed use facility will have a seating capacity of 1,500 for entertainment
- Outdoor amphitheater proposed with fixed seating for 778 and additional space for 5,000 in standing room.
  - CMT partnership proposed.
- Additional entertainment in 225 seat cabaret.

# Proposal Assessment

## SGJV – Retail

Outlet	Square Feet	
	Harrah's	Additional
Boutique fashion / jewelery	1,702	
Sundries / Gift shop	895	
Full Service Fuel		N/A
Assorted Retail		10,000

# Proposal Assessment

## Penn Sumner

### Additional Ancillary Products

- 4,275 square foot spa in the hotel.
- One outdoor pool.
- A sporting clay facility.
- A Booby Weed/Butch Harmon designed golf course on property.
- A Butch Harmon branded golf school. As with the golf course,

# Proposal Assessment

## Penn Sumner

### Additional Ancillary Products

- Additional amenities beyond the SGJV property will be developed by Harrah's development partner across I-35.
- Parking for 44 RV units.
- Housing has been proposed as part of the additional development. This will not have a measurable impact on the property.

# Cross Proposal Assessment Ancillary Revenue as Percent of Gaming Revenue

Department	Marvel Gaming	Penn Sumner	SGJV
Casino	100%	100%	100%
Hotel	3.6%	7.7%	3.1%
Food & Beverage	11.3%	6.0%	14.7%
Other	3.3%	3.5%	1.4%
<b>Ancillary Total</b>	<b>18.3%</b>	<b>17.2%</b>	<b>19.2%</b>