



**THE
INNOVATION
GROUP**

Entertainment Resorts Feasibility Study Colorado/Wyoming State Line

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Resort Market Assessment

Table of Contents

| | |
|--|-----------|
| INTRODUCTION..... | 8 |
| MAJOR ASSUMPTIONS | 8 |
| SITE ANALYSIS | 8 |
| ECONOMIC AND DEMOGRAPHIC ANALYSIS..... | 10 |
| POPULATION | 10 |
| <i>Total Population.....</i> | <i>10</i> |
| <i>Adult Population</i> | <i>11</i> |
| <i>2024 Population by Race and Ethnicity</i> | <i>11</i> |
| INCOME | 12 |
| <i>National and Regional Trends</i> | <i>12</i> |
| <i>Local Ring Income.....</i> | <i>14</i> |
| EMPLOYMENT | 15 |
| <i>National Trends.....</i> | <i>15</i> |
| <i>State Labor Force.....</i> | <i>16</i> |
| <i>Local Employment Trends</i> | <i>17</i> |
| UNEMPLOYMENT | 18 |
| <i>Major Employers.....</i> | <i>21</i> |
| TOURISM | 21 |
| <i>Cheyenne Frontier Days.....</i> | <i>21</i> |
| <i>Tourism Impact – Laramie County</i> | <i>21</i> |
| <i>Tourism Impact – Cities of the Rockies Region</i> | <i>23</i> |
| <i>Tourism Impact – Denver Region</i> | <i>25</i> |
| <i>Weather.....</i> | <i>26</i> |
| TRAFFIC..... | 27 |
| AIR SERVICE..... | 28 |
| COMPETITIVE ENVIRONMENT | 29 |
| COMPETITION SET..... | 29 |
| <i>Black Hawk, CO.....</i> | <i>29</i> |
| <i>Central City, CO</i> | <i>30</i> |
| <i>Deadwood, SD</i> | <i>31</i> |
| <i>Skill-Based Amusement Games.....</i> | <i>31</i> |
| <i>Historic Horse Racing.....</i> | <i>32</i> |
| GAMING MARKET ASSESSMENT | 34 |
| METHODOLOGY | 34 |
| <i>Local Market.....</i> | <i>34</i> |
| MARKET CARVE-OUT..... | 37 |
| TOTAL LOCAL MARKET CALIBRATION – 2024 | 39 |

Draft

| | |
|--|-----------|
| TOTAL LOCAL MARKET BASELINE – 2028 | 40 |
| STATE LINE FORECAST – 2028..... | 41 |
| <i>Total Local Market Forecast</i> | 41 |
| <i>State Line Local Market Capture</i> | 42 |
| <i>Out of Market</i> | 43 |
| SUMMARY AND FIVE-YEAR FORECAST | 43 |
| CONCLUSION | 43 |
| HOTEL MARKET ASSESSMENT | 45 |
| METHODOLOGY | 45 |
| IMPORTANCE OF HOTELS TO CASINO GUESTS..... | 46 |
| LOCAL AREA LODGING ENVIRONMENT..... | 49 |
| <i>Local Area Lodging Supply</i> | 49 |
| <i>Target Market Statistical Analysis</i> | 50 |
| <i>Occupancy Rate</i> | 51 |
| SUBJECT HOTEL DEMAND ANALYSIS..... | 52 |
| <i>Gaming Generated Lodging Demand</i> | 52 |
| <i>Non-Casino Demand (Traditional Hotel Demand)</i> | 53 |
| ADDITIONS TO THE LOCAL SUPPLY | 54 |
| GROWTH IN EXISTING DEMAND..... | 54 |
| ESTIMATED HOTEL PERFORMANCE..... | 57 |
| <i>Estimated Hotel Occupancies</i> | 57 |
| <i>Total Demand</i> | 57 |
| <i>Revenues</i> | 58 |
| HOTEL ROOM REVENUE | 59 |
| <i>Partnering with a Traditional Hotel Brand in a Casino Environment</i> | 61 |
| <i>Casino Hotel Approach</i> | 62 |
| RV PARK MARKET ASSESSMENT | 64 |
| RV INDUSTRY | 64 |
| <i>Wyoming RV Parks and Attractiveness of Luxury RV Parks</i> | 68 |
| RV COMPETITIVE ENVIRONMENT | 69 |
| METHODOLOGY | 70 |
| SITE NIGHT DEMAND FORECAST | 71 |
| <i>RV Park Rental Revenue</i> | 72 |
| NON-GAMING ENTERTAINMENT..... | 74 |
| RAMP UP IMPLICATIONS..... | 74 |
| RODEO, ROPING, AND EQUESTRIAN-RELATED EVENTS ASSESSMENT | 75 |
| <i>Rodeo Industry</i> | 75 |
| <i>Major Events and Economic Impact</i> | 76 |
| <i>Cheyenne’s Position as a Rodeo Destination</i> | 77 |
| <i>Revenue Forecast</i> | 78 |
| EQUINE AND LIVESTOCK SHOWS | 81 |
| <i>Historical Background and Evolution</i> | 81 |
| <i>Major Events and Economic Impact</i> | 81 |
| <i>Industry Structure and Key Players</i> | 82 |

Draft

Revenue Forecast83

PARI-MUTUEL WAGERING ON RODEO: MARKET OVERVIEW AND UNIQUE OPPORTUNITY87

 PARI-MUTUEL WAGERING ON RODEO IN THE U.S.87

 PARI-MUTUEL WAGERING ON RODEO IN INTERNATIONAL MARKETS88

 HISTORY OF PARI-MUTUEL WAGERING ON RODEO EVENTS88

Revenue Estimates.....89

 ENTERTAINMENT VENUE.....91

Competitive Environment92

Revenue Forecast93

 TRADESHOWS AND CONVENTIONS95

Meeting Types95

Meeting Space Characteristics97

Trends and Economic Activity97

Revenue Forecast104

CONVENIENCE STORE ASSESSMENT108

 INDUSTRY BACKGROUND108

Types of Stores108

Total Sales.....110

C-Store Sales and Margin Contribution.....111

Gasoline Sales.....112

In-Store Sales113

Gas Prices.....114

Tobacco.....114

Traffic Counts114

 REVENUE FORECAST115

Assumptions115

Fuel Demand.....115

FOOD & BEVERAGE ASSESSMENT120

 FOOD & BEVERAGE AT CASINOS120

 F&B OUTLETS122

 F&B SEATING FORECAST124

Modeling.....124

Required Supply124

 BARS AND LOUNGES125

OPERATING PRO FORMA STATEMENT126

 REVENUES126

 DEPARTMENTAL EXPENSES126

DISCLAIMER129

Draft

List of Tables

Table 1: Total Population 10

Table 2: Population Over 21 Yrs. 11

Table 3: 2024 Single Population by Single Race Classification or Ethnicity 12

Table 4: Average Household Income..... 14

Table 5: Average Annual Unemployment Statistics..... 20

Table 6: Laramie County, WY Top 10 Employers, 2018 21

Table 7: Laramie County Total Direct Travel Spending (MM) 22

Table 8: Laramie County Visitor Spending by Type of Traveler Accommodation (MM)..... 22

Table 9: Laramie County Travel Spending by Commodity Purchased (MM) 23

Table 10: Laramie County Tax Revenues Generated by Travel (MM) 23

Table 11: Cities of the Rockies Region Total Direct Travel Spending (MM) 23

Table 12: Cities of the Rockies Region Visitor Spending by Type of Traveler Accommodation (MM) 24

Table 13: Cities of the Rockies Region Travel Spending by Commodity Purchased (MM) 24

Table 14: Cities of the Rockies Region Tax Revenues Generated by Travel (MM) 25

Table 15: Denver Region Total Direct Travel Spending (MM) 25

Table 16: Denver Region Visitor Spending by Type of Traveler Accommodation (MM)..... 25

Table 17: Denver Region Travel Spending by Commodity Purchased (MM)..... 26

Table 18: Denver Region Tax Revenues Generated by Travel (MM)..... 26

Table 19: Wyoming – Colorado State Line Daily AADT..... 27

Table 20: Denver International Airport Total Yearly Passengers 28

Table 21: Competition Set..... 29

Table 22: Casino Count by Market..... 29

Table 23: Black Hawk, CO Market Performance 30

Table 24: Central City, CO Market Performance 30

Table 25: Deadwood, SD Market Performance..... 31

Table 26: 2024 Wyoming HHR Revenue by Location (MM)..... 32

Table 27: Wyoming HHR Adjusted Gross Revenue by Operator (MM) 33

Table 28: Market Area Demographics..... 39

Table 29: Gravity Model Calibration..... 40

Table 30: Local Market Baseline..... 41

Table 31: Local Market Forecast 42

Table 32: Local Market Capture..... 42

Table 33: Gaming Patronage and Revenue Summary 43

Table 34: Five Year Revenue Projections 43

Table 35: Types of Casinos Visited in the Last 12 Months 46

Table 36: Most Motivational Casino Promotions..... 48

Table 37: Local and Regional Hotel Supply for STR Trend Report 50

Table 38: Target Market Statistics 51

Table 39: Total Projected Casino Room Night Demand..... 53

Table 40: Non-Casino Business Mix 54

Table 41: Demand Growth Rates..... 55

Table 42: Projected Local Ambient Demand 55

Table 43: Local Ambient Demand - Adjustments to Fair Share 56

Draft

| | |
|--|-----|
| Table 44: Hotel RND by Segment..... | 57 |
| Table 45: Hotel RND by Segment..... | 58 |
| Table 46: ADR Assumptions..... | 59 |
| Table 47: Hotel Performance Summary..... | 59 |
| Table 48: Overall Casino Hotel Incremental Gaming Revenue Summary | 60 |
| Table 49: RV Industry Historical Data & Forecast | 67 |
| Table 50: Local RV Park Competition..... | 70 |
| Table 51: Total Market RV Park Demand – Calibration (2024)..... | 71 |
| Table 52: Total Market RV Park Demand – Forecast..... | 72 |
| Table 53: Proposed Casino RV Park Capture and Forecast | 72 |
| Table 54: Proposed Full-Service RV Park Summary | 73 |
| Table 55: Ticket Sales | 79 |
| Table 56: Merchandise and Souvenir Sales..... | 79 |
| Table 57: F&B Sales | 80 |
| Table 58: GGR..... | 80 |
| Table 59: Ticket Sales | 84 |
| Table 60: Stall and Entry Fee Revenue..... | 85 |
| Table 61: Merchandise and Souvenir Sales..... | 85 |
| Table 62: F&B Sales | 86 |
| Table 63: GGR..... | 86 |
| Table 64: Colonial Down – Live Statistics..... | 89 |
| Table 65: New Mexico Racetrack – Live Statistics..... | 90 |
| Table 66: Rodeo Pari-mutuel Wagering..... | 90 |
| Table 67: Competing Venues | 92 |
| Table 68: Competing Venue Statistics | 92 |
| Table 69: Ticket Sales | 93 |
| Table 70: Merchandise and Souvenir Sales..... | 94 |
| Table 71: F&B Sales | 94 |
| Table 72: GGR..... | 95 |
| Table 73: Level of the Metrics, Overall Exhibition Industry | 98 |
| Table 74: Percent Change (YoY) of the Metrics and CEIR Index | 98 |
| Table 75: Meetings Volume by Meeting Type and Host Type (2016)..... | 99 |
| Table 76: Meetings Industry Activity Over Time | 99 |
| Table 77: Meetings Direct Spending by Commodity: Summary | 100 |
| Table 78: Meetings Direct Spending by Expenditure Category | 100 |
| Table 79: Meeting Production Expenditures by Category (2016)..... | 101 |
| Table 80: Direct Impact of Business Events | 102 |
| Table 81: Business Events Global Economic Impact | 102 |
| Table 82: Casino Venues with Meeting Space | 104 |
| Table 83: Ticket Sales..... | 105 |
| Table 84: Exhibitor Booth Fees..... | 106 |
| Table 85: F&B Sales | 106 |
| Table 86: GGR..... | 107 |
| Table 87: Convenience Store Industry Performance | 111 |
| Table 88: Industry Gasoline Sales | 113 |
| Table 89: 2008 vs. 2018 vs. 2022 Top Five Instore Products Contributions | 113 |

Draft

Table 90: Daily Traffic Counts 114
Table 91: Fuel Revenue – Local Segment..... 117
Table 92: Fuel Revenue – Gamer Segment..... 117
Table 93: Fuel Revenue – Traffic Intercept 118
Table 94: Fuel Demand Forecast 118
Table 95: Convenience Store In-Store F&B Revenue 119
Table 96: Convenience Store Tobacco Revenue 119
Table 97: F&B Characteristics Rankings 122
Table 98: Average Seat Covers 124
Table 99: Total Seats Recommended..... 125
Table 100: Potential Colorado/Wyoming State Line Entertainment Facility Five-Year Pro Forma
(000’s) 128

Draft

List of Figures

Figure 1: Colorado/Wyoming Stateline Location.....9
Figure 2: Real Growth in GDP and HH Income (Indexed to 1989)13
Figure 3: Real Median Income Comparison (1990-2023, 2023 Dollars)14
Figure 4: Total National Nonfarm Employment, Seasonally Adjusted (In thousands); Jan 2020 – December 202416
Figure 5: Wyoming Total Employment; in Thousands; January 2020 – December 2024.....16
Figure 6: Colorado Total Employment; in Thousands; January 2020 – December 2024.....17
Figure 7: Cheyenne, WY MSA Employment, Annualized, 2010-202318
Figure 8: Fort Collins, CO MSA Employment, Annualized, 2010-202318
Figure 9: Cheyenne, Wyoming Annual Weather Patterns27
Figure 10: State Line Site Market Carve-Out.....38
Figure 11: Type of Casino Visited by Income Segment47
Figure 12: Average Monthly Occupancy51
Figure 13: 3 Year Average Daily Occupancy52
Figure 14: Factors Influencing RV Park Choice66
Figure 15: Income Level Segmentation67
Figure 16: Convenience Store Sales111
Figure 17: Revenue Distribution.....112
Figure 18: Activity Participation at Casinos121
Figure 19: Casino Attributes When Determining Casino Visitation122

INTRODUCTION

The Innovation Group is pleased to present this feasibility study for a large-scale entertainment resort development on the state line of Colorado and Wyoming. Commissioned by Frontier Rodeo & Racing LLC, this study evaluates the market potential and economic viability of a premier destination that integrates casino gaming, multiple hotels, a large concert venue, meeting and trade show facilities, and rodeo-related attractions.

Leveraging our expertise in gaming and hospitality market analysis, this report provides a comprehensive assessment of key factors influencing the success of the proposed development. This includes a detailed evaluation of regional demographics, economic indicators, tourism trends, competitive dynamics, and projected financial performance. Through advanced market modeling and industry benchmarking, we present an informed outlook on the potential for revenue generation, visitor engagement, and long-term sustainability.

The resort's strategic location at the intersection of major interstate corridors, its access to a growing regional population base, and Wyoming's evolving gaming landscape create a compelling opportunity for an entertainment-focused resort. This study aims to provide actionable insights for stakeholders, guiding decision-making on investment, design, and operational strategies.

Major Assumptions

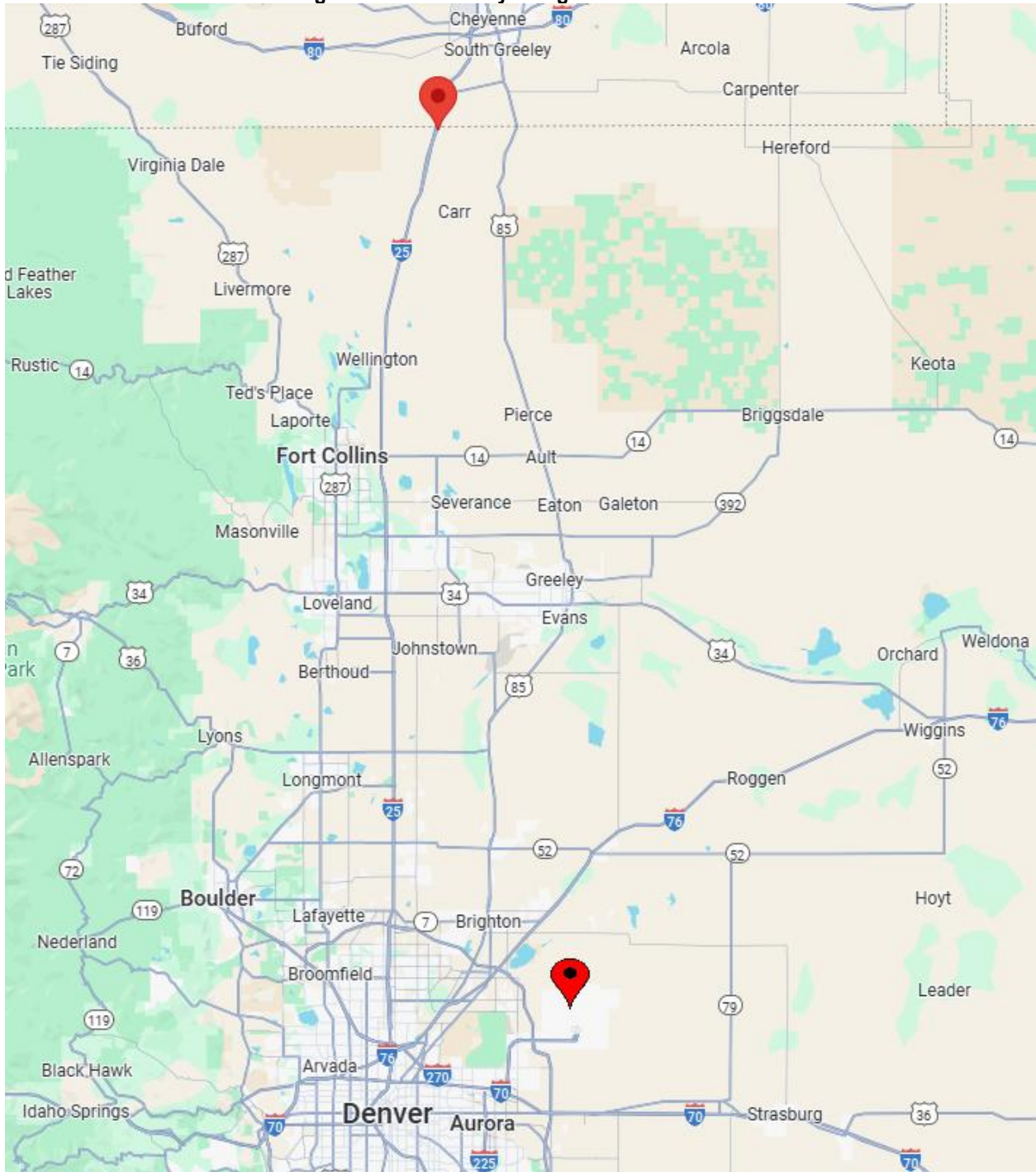
In developing this report, the following major assumptions were utilized:

- The first full year of operations for the potential state line developments will be 2028;
- No major economic downturn will be experienced in the region during the timeframe of this report;
- The gaming environment in southeastern Wyoming and northern Colorado will not vary substantially from what is described in this report;
- The competitive environment for the non-gaming amenities will not change significantly with the exception of what is discussed in the competitive sections of this report.
- The facilities and amenities for the potential projects will result in an attractive facility of high quality.
- The facilities are run by experienced, competent management and staff.

Site Analysis

The proposed site is located on the state line of Colorado and Wyoming, off of Interstate 25. Two major interstates intersect in Cheyenne: Interstate 80 and Interstate 25. Interstate 80 runs east-west and connects Cheyenne to Omaha, Nebraska towards the east and Salt Lake City, UT towards the west. Interstate 25 links Cheyenne to Casper, WY to the north and Ft. Collins, CO and Denver, CO to the south. The map below shows the proposed location as well as the area, including the Denver airport.

Figure 1: Colorado/Wyoming Stateline Location



Source: Google Maps

ECONOMIC AND DEMOGRAPHIC ANALYSIS

This section assesses specific economic and demographic characteristics within the Colorado /Wyoming state line market area that have the ability to affect future demand for gaming and hospitality. The analysis will evaluate the area’s potential to draw new sources of leisure demand as well as continuing its support of existing facilities in the area.

Some of the factors we analyzed, including population, income, and employment trends, have implications for the participation rates and growth forecasts utilized in the gaming market analysis. Wyoming and National statistics were used as benchmarks to provide context for local trends.

Population

For the purpose of the demographic analysis, the population within a two-hour drive of the proposed site was assessed by looking at the population 0-30 minutes, 30-60 minutes, 60-90 minutes, and 90-120 minutes from the potential location. In addition, an aggregate of 0-120 minutes was used to display an over-arching capture of the local market. Wyoming, Colorado, and National statistics were used as benchmarks to provide context for local trends.

Total Population

The 0-30 minute ring, comprised of Cheyenne and smaller municipalities such as Gleason, WY and Carr, CO, contains about 110,000 people, or roughly 2.6% of the total population within two hours. The 30-60 minute ring, which includes Laramie, WY, Fort Collins, CO, Loveland, CO, and Greeley, CO, has almost 617,000 people, or about 14.3% of the population within two hours. The 60-90 minute ring extends to the south, including cities such as Boulder, Brighton, and the northern Denver suburbs of Thornton and Westminster, as well as Kimball, NE to the east, Wheatland, WY to the north, and Bosler, WY to the west. This ring makes up approximately 40.9% of the total market population and includes the majority of the Denver area to the north. The outermost ring, includes the majority of the Greater Denver area to the south such as Littleton and Parker, Sidney and Scottsbluff, NE to the east, and stretches west to Medicine Bow, WY. This ring has a total population of about 1.8 million, representing about 42.3% of the population within two hours.

Table 1: Total Population

| Ring | 2010 | 2024 | 2029 | CAGR 2010-2024 | CAGR 2024-2029 |
|-------------------|------------------|------------------|------------------|-------------------|-------------------|
| 0-30 min | 94,005 | 110,210 | 111,996 | 1.1% | 0.3% |
| 30-60 min | 462,983 | 616,911 | 660,794 | 2.1% | 1.4% |
| 60-90 min | 1,438,422 | 1,771,264 | 1,852,254 | 1.5% | 0.9% |
| 90-120 min | 1,569,533 | 1,831,060 | 1,883,757 | 1.1% | 0.6% |
| Area Total | 3,564,943 | 4,329,445 | 4,508,801 | 1.4% | 0.8% |
| Wyoming | 563,629 | 581,971 | 584,113 | 0.2% | 0.1% |
| Colorado | 5,029,200 | 6,009,761 | 6,257,066 | 1.3% | 0.8% |
| National | 308,745,538 | 338,440,954 | 344,873,411 | 0.7% | 0.4% |

Source: ESRI, The Innovation Group

Adult Population

The United States gamer population (for the purposes of this study, gamers were considered 21 years and older as gaming eligible) within a two-hour drive of the proposed site accounts for roughly 73.1% of the total population in 2024, higher than the entire state of Wyoming, slightly lower than the state of Colorado, and lower than the national average. The projected annual growth rate for the 120-minute market area through 2029 is approximately 1.1%, greater than the annual growth rates Wyoming and nation as a whole, and in line with the state of Colorado. Growth in the 0-30 minute ring is about 0.6% annually. The 60-90 minute ring has the greatest projected annual growth rate at approximately 1.7%. Note that with the population growth, the percentage of the population that will be 21 or older will rise as well, to 76.1% of the population in 2029.

Table 2: Population Over 21 Yrs.

| Ring | % of Total | | % of Total | | CAGR 2024-2029 |
|-------------------|------------------|--------------|------------------|--------------|-------------------|
| | 2024 | Population | 2029 | Population | |
| 0-30 min | 80,567 | 73.1% | 83,082 | 74.2% | 0.6% |
| 30-60 min | 454,104 | 73.6% | 493,200 | 74.6% | 1.7% |
| 60-90 min | 1,333,707 | 75.3% | 1,416,239 | 76.5% | 1.2% |
| 90-120 min | 1,377,140 | 75.2% | 1,438,080 | 76.3% | 0.9% |
| Area Total | 3,245,518 | 75.0% | 3,430,601 | 76.1% | 1.1% |
| Wyoming | 425,495 | 73.1% | 435,094 | 74.5% | 0.4% |
| Colorado | 4,515,148 | 75.1% | 4,772,917 | 76.3% | 1.1% |
| National | 252,909,013 | 74.7% | 261,852,483 | 75.9% | 0.7% |

Source: ESRI; The Innovation Group

2024 Population by Race and Ethnicity

Race and/or ethnicity play a role in the gaming environment. Some, such as Asians, have a high propensity to gamble, while others may fall into the other end of the spectrum. The Census Bureau defines race as a person's self-identification with one or more social groups. An individual can report as White, Black or African American, Asian, American Indian and Alaska Native, Native Hawaiian and Other Pacific Islander, or some other race. Ethnicity is a population group whose members identify with each other on the basis of common nationality or shared cultural traditions. Meaning a person that is Hispanic or Latino can also identify as a race.

White Alone makes up 68.1% of the population within the 120-minute market area of the proposed site, which falls between the national average of 60.3%, Colorado's average of 69.2%, and the Wyoming's average of 83.9%. The Hispanic or Latino population is higher than Wyoming and national averages, but in line with Colorado's at 23.2% of the population while the African American population makes up 4.5%, significantly lower than the national average but in line with Colorado's average. Some Other Race Alone makes up 8.7% of the market population, greater than Wyoming and in line with Colorado and national averages.

Table 3: 2024 Single Population by Single Race Classification or Ethnicity

| Ring | Total Pop | White Alone | Black or African American Alone | American Indian and Alaska Native Alone | Asian Alone | Native Hawaiian & Other Pacific Islander Alone | Some Other Race Alone | Two or More Races | Hispanic or Latino |
|-------------------|--------------------|--------------|---------------------------------|---|-------------|--|-----------------------|-------------------|--------------------|
| 0-30 min | 110,210 | 79.1% | 2.3% | 1.1% | 1.3% | 0.2% | 4.8% | 11.3% | 16.5% |
| 30-60 min | 616,911 | 77.3% | 1.3% | 1.0% | 2.4% | 0.1% | 6.4% | 11.4% | 19.1% |
| 60-90 min | 1,771,264 | 69.0% | 4.3% | 1.5% | 4.4% | 0.2% | 11.8% | 15.0% | 30.3% |
| 90-120 min | 1,831,060 | 68.2% | 6.0% | 1.0% | 5.5% | 0.2% | 7.0% | 12.1% | 19.2% |
| Area Total | 4,329,445 | 68.1% | 4.5% | 1.2% | 4.4% | 0.2% | 8.7% | 12.9% | 23.2% |
| Wyoming | 581,971 | 83.9% | 0.9% | 2.4% | 1.0% | 0.1% | 3.7% | 8.0% | 10.9% |
| Colorado | 6,009,761 | 69.2% | 4.2% | 1.3% | 3.8% | 0.2% | 8.5% | 12.9% | 23.0% |
| <i>National</i> | <i>338,440,954</i> | <i>60.3%</i> | <i>12.5%</i> | <i>1.1%</i> | <i>6.4%</i> | <i>0.2%</i> | <i>8.8%</i> | <i>10.7%</i> | <i>19.6%</i> |

Source: ESRI; The Innovation Group

Income

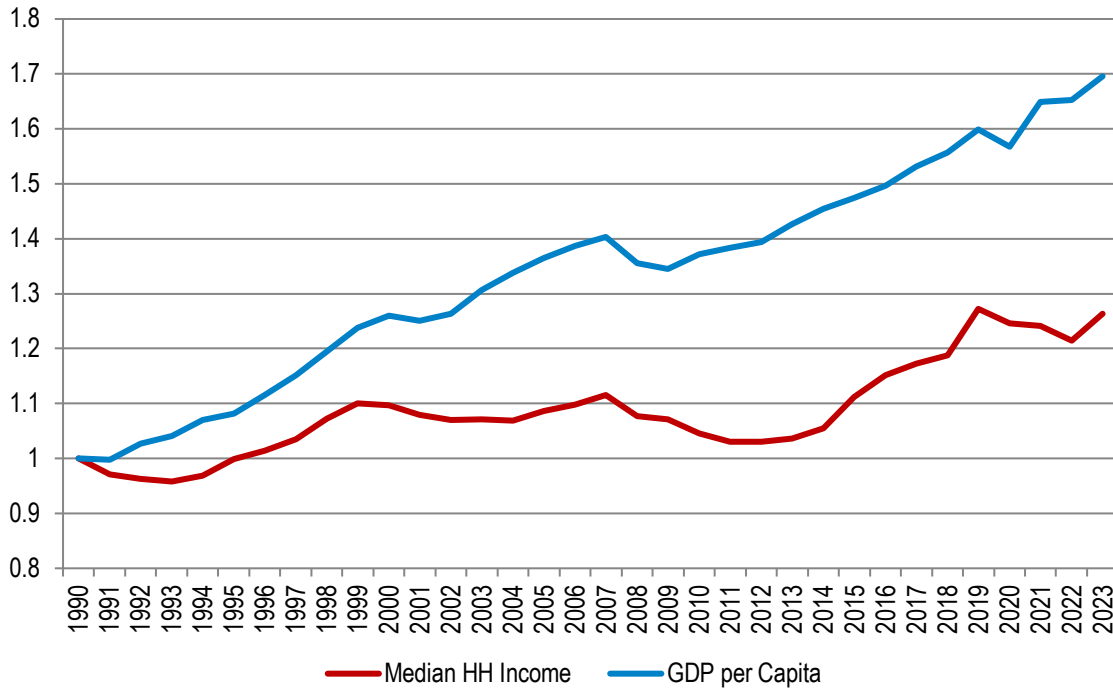
Income is an important indicator of a region’s economic well-being and the discretionary spending power of its residents. The following section analyzes national, regional, and local trends in income and discusses their potential impact on the casino development options.

National and Regional Trends

The following chart illustrates the overall widening gap between real growth in household income and gains in productivity, affecting the ability of American households to purchase the goods and services being produced. Even before the recession hit in 2008, real median income was lower than it had been in 1999 and 2000, as incomes declined in 2001 through 2004. Consumer expenditures on gaming and other leisure activities remained strong into 2007 largely on the basis of rising home values; however, gaming revenues started a steady and pronounced decline once the housing bubble burst and the financial sector collapsed.

Following the Great Recession, not until 2013 did the country see a slight uptick in real income, the first since 2007, and not until 2016 did income reach pre-recession peaks. The pandemic caused real median income to fall in 2020 for the first time since 2011, and it continued to decrease in 2021 while GDP per capita increased. Since 2022, both median household income and GDP per capita are trending upward.

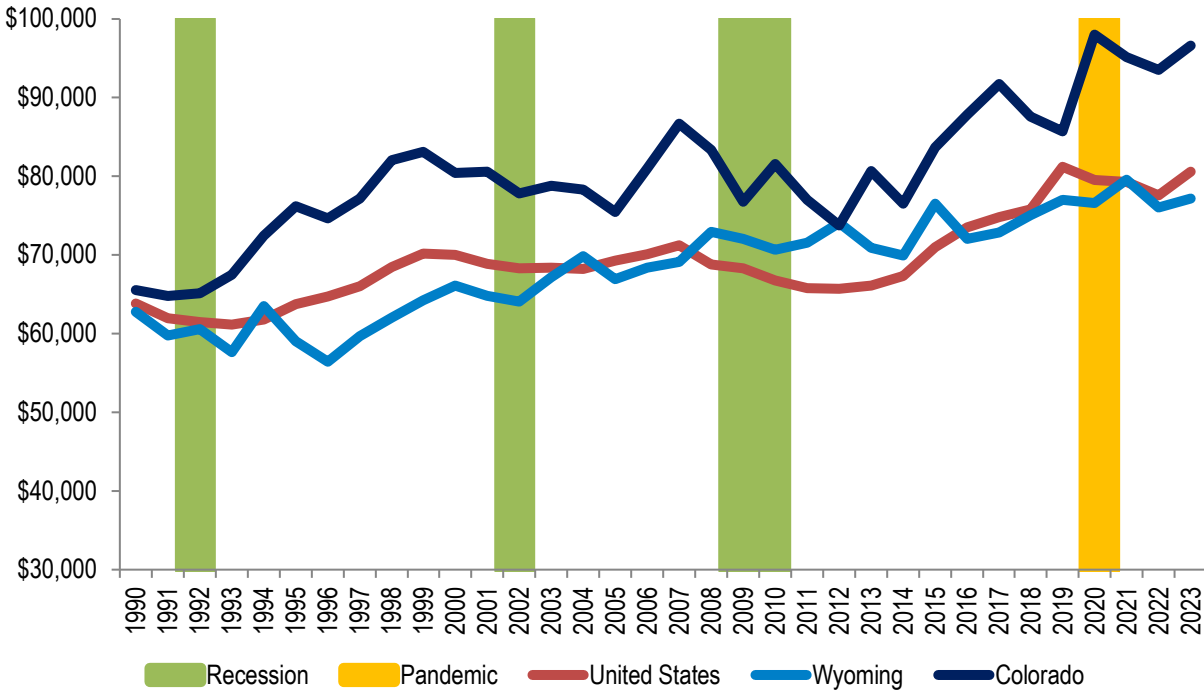
Figure 2: Real Growth in GDP and HH Income (Indexed to 1989)



Source: Bureau of Labor Statistics

Median income in Colorado has surpassed both Wyoming and national levels consistently over the last few decades. As of 2023, Colorado’s median income was over \$15,000 above the national level. Median income in Wyoming has remained fairly in-line with the national median income over the previous few decades with its lowest income year in 1996 and peak income year in 2019. As of 2023, Wyoming’s median income was just almost \$3,400 less than the national level.

Figure 3: Real Median Income Comparison (1990-2023, 2023 Dollars)



Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements.

Local Ring Income

Average Household Income

The Average Annual Household Income (AAHI) for the target market area (within 120 minutes) approximated \$139,000 in 2024. Those figures are higher than Wyoming’s average of about \$95,000, Colorado’s average of about \$132,000, and the national average of roughly \$113,000. The AAHI for the market is expected to grow by 3.2% per year over the next five years, reaching approximately \$162,000 by 2029, a growth rate greater than Wyoming, on par with Colorado, and 0.3% higher than the national projected growth rate.

Table 4: Average Household Income

| Ring | 2024 | 2029 | CAGR 2024-2029 |
|-------------------|------------------|------------------|-------------------|
| 0-30 min | \$93,507 | \$109,692 | 3.2% |
| 30-60 min | \$119,930 | \$141,183 | 3.3% |
| 60-90 min | \$138,032 | \$162,452 | 3.3% |
| 90-120 min | \$147,809 | \$172,147 | 3.1% |
| Area Total | \$138,454 | \$162,075 | 3.2% |
| Wyoming | \$94,866 | \$108,600 | 2.7% |
| Colorado | \$131,640 | \$153,998 | 3.2% |
| National | \$113,185 | \$130,581 | 2.9% |

Source: IXPRESS/Nielsen Claritas; The Innovation Group

Employment

In a white paper assessment of the impact that the Pandemic has had on the gaming industry nationwide, the Innovation Group concluded that employment decline is the single greatest factor impacting gaming revenues. Therefore, it is critical to evaluate the employment and income trends in the regional market to assess the prospects for gaming spending in the market area.

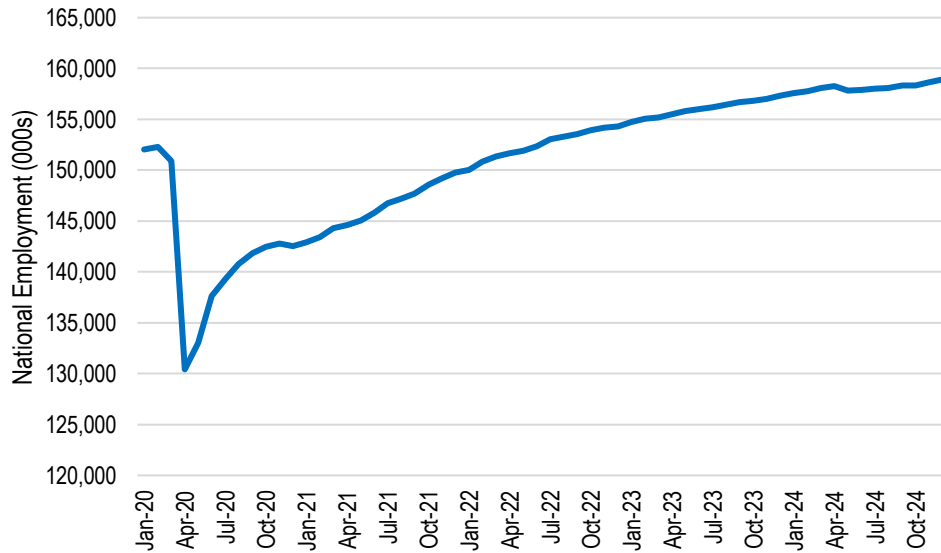
National Trends

Employment is a significant factor in assessing the prospects for gaming spending in the market area. The unemployment rate is useful in comparing a state with the national average. However, a declining unemployment rate can result from workers dropping out of the labor force altogether, so it does not necessarily equal economic strength.

Two major events have affected employment: the Great Recession and the COVID pandemic. In terms of employment, the Great Recession began at the national level in February 2008, with employment peaking in January 2008. The U.S. then suffered 24 months of declining employment; during the five-month period of November 2008-March 2009, the average monthly decline was 604,000. Employment bottomed out in February 2010 at a low of 129.3 million.

Employment then grew steadily, reaching 152.5 million in February 2020. The pandemic caused mass lay-offs and the economy shed about 14.7% or 22.4 million jobs in March and April 2020. Recovery has been steady, with 22.4 million jobs added as of July 2022 the first month to surpass the pre-pandemic peak in February 2020. As of December 2024, preliminary numbers show that employment sits at approximately 158.9 million.

Figure 4: Total National Nonfarm Employment, Seasonally Adjusted (In thousands); Jan 2020 – December 2024

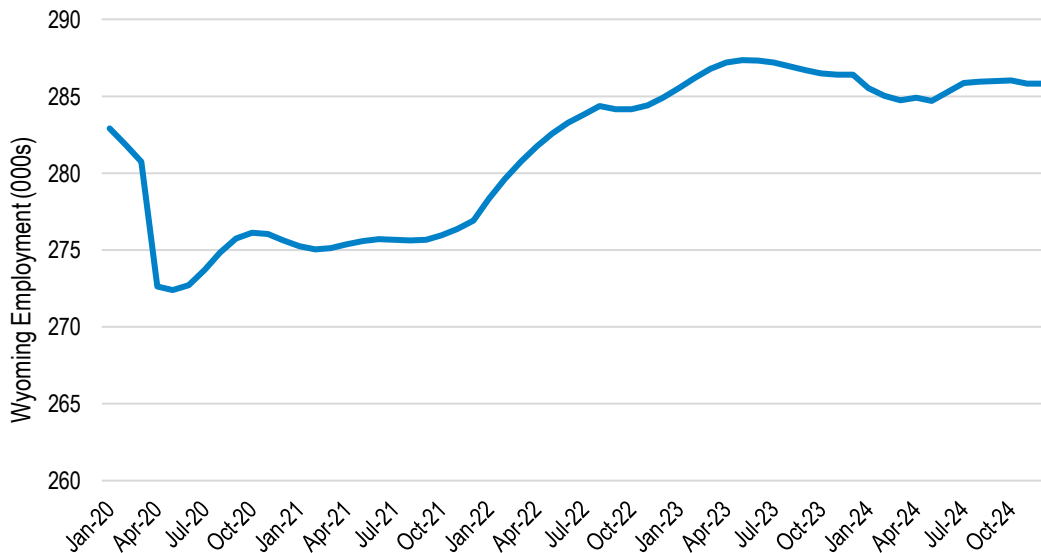


Source: Bureau of Labor Statistics, CES series

State Labor Force

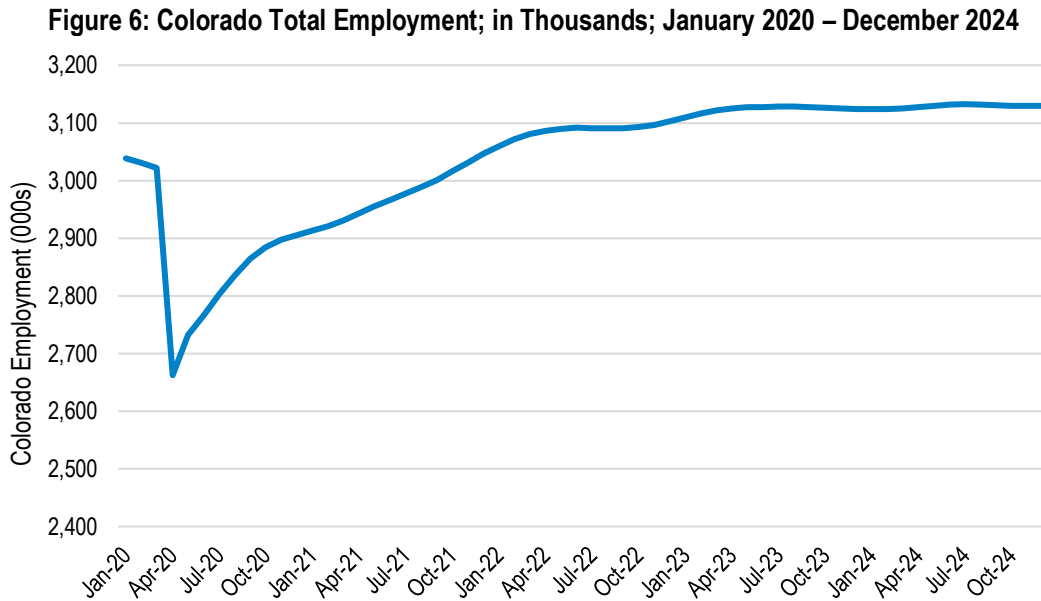
Over the last decade, employment in Wyoming has fluctuated, peaking in October 2014 with just over 300,000 employed, and hitting its lowest trough in May 2020 with about 273,000 employed. The COVID-19 pandemic impacted Wyoming’s employment in April 2020, when employment fell by roughly 8,000 jobs. However, employment has recovered, and levels are above pre-pandemic levels.

Figure 5: Wyoming Total Employment; in Thousands; January 2020 – December 2024



Source: Bureau of Labor Statistics, CES series

Over the last decade, employment in Colorado was steadily increasing until 2020. The COVID-19 pandemic impacted the state’s employment in April 2020, when employment fell by roughly 360,000 jobs. However, employment has recovered since then, and levels are at all-time highs.



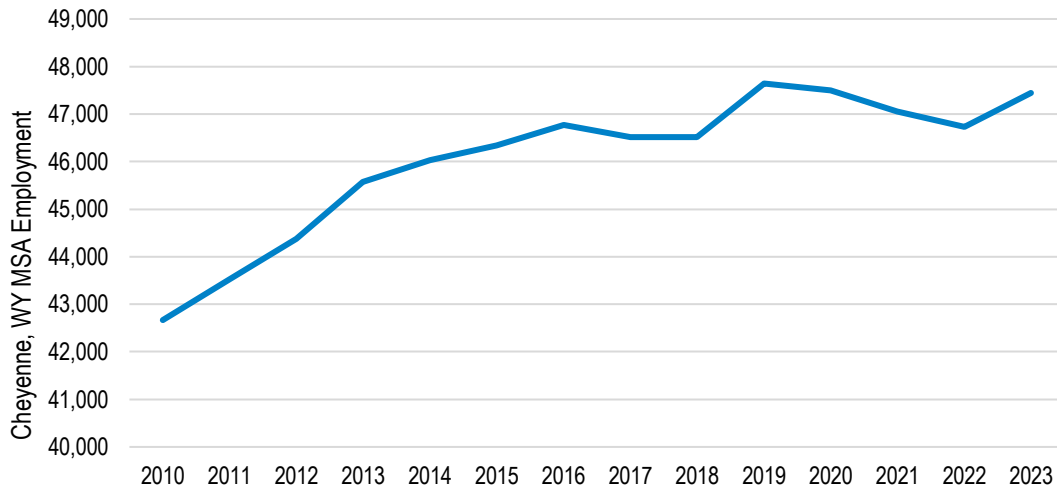
Source: Bureau of Labor Statistics, CES Series

Local Employment Trends

The Innovation Group collected employment data for Cheyenne, WY MSA and Fort Collins, CO MSA. Seasonally adjusted data is not available; therefore, annual data through 2023 (the most recent year of data available) is examined. A metropolitan statistical area (MSA), used by the Bureau of Labor Statistics, is a region that consists of one or more counties centering around a large city and surrounding areas.

The Cheyenne, WY MSA experienced steady employment growth in the last decade. Employment fell briefly in 2018 and in 2020 during the COVID-19 pandemic but has since recovered to levels above pre-pandemic levels.

Figure 7: Cheyenne, WY MSA Employment, Annualized, 2010-2023

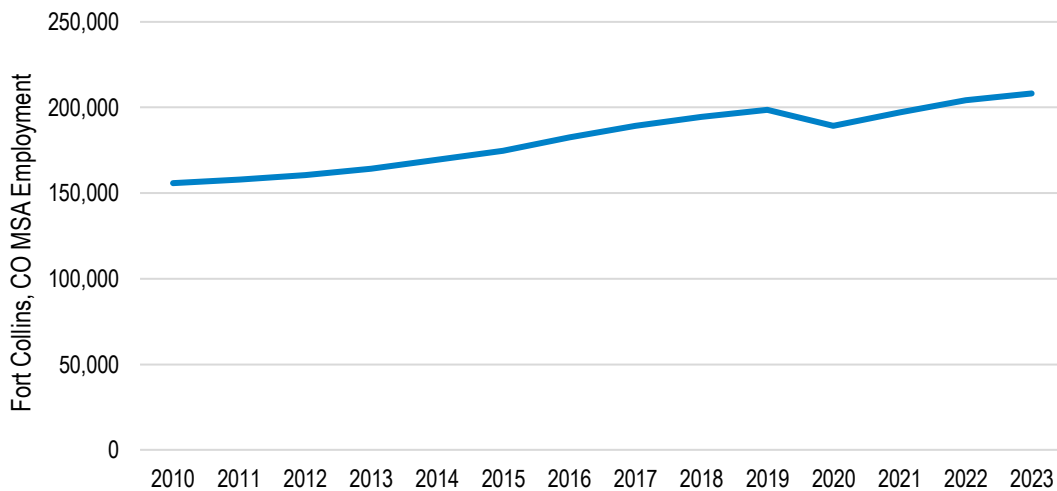


Source: Bureau of Labor Statistics, LAUMT Series

We understand the main target market is northern Colorado. Due to the large number of counties in the northern Colorado area, we instead collected employment data for Fort Collins, CO MSA. Given that Fort Collins will be one of the main feeder areas for the proposed development, we believe this is appropriate.

The Fort Collins, CO MSA employment has been steadily increasing. Employment dipped briefly in 2020 due to the COVID-19 pandemic but has recovered to above pre-pandemic levels.

Figure 8: Fort Collins, CO MSA Employment, Annualized, 2010-2023



Source: Bureau of Labor Statistics, LAUMT Series

Unemployment

The table that follows addresses the average unemployment statistics for Wyoming, Colorado, and Cheyenne MSA. In 2019, the MSA had a slightly lower unemployment rate than Wyoming at 3.5% and 3.7%, respectively. Colorado’s unemployment rate remained low in 2019 at 2.7%. In

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addition, all markets had unemployment rates that were on average trending down leading into 2020. Due to the effects of COVID-19, however, Cheyenne MSA, Wyoming, and Colorado experienced increased unemployment rates which reached 5.2% for Cheyenne MSA, 5.9% for Wyoming, and 6.8% for Colorado. Since then, unemployment rates have been decreasing and were at around 3.0% for the MSA and Wyoming in 2023, and slightly higher at 3.3% for Colorado in 2023.

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Table 5: Average Annual Unemployment Statistics

| Year | Civilian Labor Force | Employment | Unemployment | Unemployment Rate |
|---------------------|-----------------------------|-------------------|---------------------|--------------------------|
| Wyoming | | | | |
| 2013 | 302,201 | 287,792 | 14,409 | 4.8% |
| 2014 | 302,865 | 289,694 | 13,171 | 4.3% |
| 2015 | 301,608 | 288,894 | 12,714 | 4.2% |
| 2016 | 300,546 | 284,439 | 16,107 | 5.4% |
| 2017 | 293,802 | 281,164 | 12,638 | 4.3% |
| 2018 | 292,629 | 280,754 | 11,875 | 4.1% |
| 2019 | 293,997 | 283,071 | 10,926 | 3.7% |
| 2020 | 293,606 | 276,367 | 17,239 | 5.9% |
| 2021 | 288,769 | 275,633 | 13,136 | 4.5% |
| 2022 | 292,664 | 282,615 | 10,049 | 3.4% |
| 2023 | 295,207 | 286,669 | 8,538 | 2.9% |
| 5-year CAGR | 0.1% | 0.3% | -6.0% | |
| Colorado | | | | |
| 2013 | 2,764,459 | 2,578,371 | 186,088 | 6.7% |
| 2014 | 2,797,061 | 2,658,151 | 138,910 | 5.0% |
| 2015 | 2,819,079 | 2,714,405 | 104,674 | 3.7% |
| 2016 | 2,884,887 | 2,794,813 | 90,074 | 3.1% |
| 2017 | 2,968,570 | 2,890,711 | 77,859 | 2.6% |
| 2018 | 3,053,168 | 2,960,405 | 92,763 | 3.0% |
| 2019 | 3,102,912 | 3,020,213 | 82,699 | 2.7% |
| 2020 | 3,079,767 | 2,870,858 | 208,909 | 6.8% |
| 2021 | 3,146,263 | 2,973,388 | 172,875 | 5.5% |
| 2022 | 3,184,962 | 3,086,225 | 98,737 | 3.1% |
| 2023 | 3,231,187 | 3,124,049 | 107,138 | 3.3% |
| 5-year CAGR | 1.0% | 0.8% | 6.7% | |
| Cheyenne MSA | | | | |
| 2013 | 47,889 | 45,571 | 2,318 | 4.8% |
| 2014 | 48,216 | 46,027 | 2,189 | 4.5% |
| 2015 | 48,225 | 46,341 | 1,884 | 3.9% |
| 2016 | 48,803 | 46,765 | 2,038 | 4.2% |
| 2017 | 48,342 | 46,519 | 1,823 | 3.8% |
| 2018 | 48,384 | 46,509 | 1,875 | 3.9% |
| 2019 | 49,387 | 47,643 | 1,744 | 3.5% |
| 2020 | 50,083 | 47,501 | 2,582 | 5.2% |
| 2021 | 49,060 | 47,054 | 2,006 | 4.1% |
| 2022 | 48,401 | 46,734 | 1,667 | 3.4% |
| 2023 | 48,889 | 47,438 | 1,451 | 3.0% |
| 5-year CAGR | -0.3% | -0.1% | -4.5% | |

Source: Bureau of Labor Statistics; The Innovation Group

Major Employers

The following table enumerates Laramie County’s top 10 employers as of 2018, the latest year available. The county’s top employer is F.E. Warren AFB with almost 4,200 employees. Employers in the healthcare industry and for the county school districts are also among the top employers in the county.

Table 6: Laramie County, WY Top 10 Employers, 2018

| Name | Product/Service | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------------------------|-----------------------|--------|-------|--------|----------|----------|
| F.E. Warren AFB | Military | 3,361 | 3,361 | 3,644 | 4,020 | 4,177 |
| State of Wyoming | Government Services | 3,377 | 3,317 | 4,054 | 1,403 | 3,755 |
| Laramie County School District #1 | Education K-12 | 2,109 | 2,204 | 2,271 | 2,271 | 2,289 |
| Cheyenne Regional Medical Center | Health Care | 1,750 | 1,812 | 1,900 | 1,900 | 1,900(a) |
| Federal Government | Government Services | 1,773 | 1,703 | 1,728 | 1,728 | 1,728 |
| Companies requesting anonymity | N/A | 1,177 | 1,281 | 1,268 | 1,268(a) | 1,268(a) |
| Wyoming National Guard | Military | 1,031 | 1,059 | 1,130 | 1,130 | 1,130(a) |
| Veterans' Affairs Medical Center | Health Care | 650(a) | 702 | 720 | 980 | 980(a) |
| Sierra Trading Post | Outlet Catalog/Retail | 735 | 877 | 878 | 878 | 878(a) |
| Union Pacific Railroad | Transportation, Rail | 615 | 660 | 660(a) | 660 | 660(a) |

Source: The Cheyenne-Laramie County Corporation for Economic Development; (a) Current count not provided, used previous year

Tourism

Cheyenne Frontier Days

The top attraction in Cheyenne is the annual Cheyenne Frontier Days. The annual event, started in 1897 and billed as the world’s largest outdoor rodeo and Western Celebration, draws thousands of people from across the country to the region. Frontier Days features rodeos, night shows (concerts), parades, food, carnival attractions, Wild West re-enactments, and a performance by the USAF Thunderbirds. The rodeos and night shows drive the most interest and draws attendance of over 100,000 each year.

Tourism Impact – Laramie County

The Innovation Group collected tourism data from Dean Runyan and the Wyoming office of Tourism study published March 2024. The study breaks down Wyoming’s tourism statistics and revenues by county for 2023.

According to Dean Runyan and Associates, visitor spending in Laramie County reached \$388.2 million in 2023 accounting for 84.1% of direct travel spending. From 2019 to 2023 direct travel spending increased by a CAGR of 5.0%.

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Table 7: Laramie County Total Direct Travel Spending (MM)

| | 2019 | 2020 | 2021 | 2022 | 2023 | CAGR | % of 2023 Total |
|------------------|----------------|----------------|----------------|----------------|----------------|-------------|--------------------|
| Visitor Spending | \$317.5 | \$246.2 | \$349.6 | \$372.1 | \$388.2 | 5.2% | 84.1% |
| Other Travel | \$62.7 | \$44.4 | \$71.3 | \$80.1 | \$73.5 | 4.1% | 15.9% |
| Total | \$380.2 | \$290.5 | \$421.0 | \$452.2 | \$461.7 | 5.0% | |

Source: Dean Runyan and Associates, *Details may not add to total due to rounding

Below is a table showing visitor spending by accommodation from 2019 to 2023. Hotel, motels, and short-term vacation rentals (STVRs) account for the greatest percentage of visitor spending at 42.3%, followed by day travel spending accounting for 25.2% in 2023.

Table 8: Laramie County Visitor Spending by Type of Traveler Accommodation (MM)

| | 2019 | 2020 | 2021 | 2022 | 2023 | CAGR | % of 2023 Total |
|-----------------------|----------------|----------------|----------------|----------------|----------------|-------------|--------------------|
| Hotel, Motel, STVR | \$133.8 | \$99.7 | \$146.3 | \$153.6 | \$164.4 | 5.3% | 42.3% |
| Campground | \$43.5 | \$37.6 | \$49.9 | \$54.2 | \$55.4 | 6.2% | 14.3% |
| Private Home | \$60.0 | \$42.1 | \$61.9 | \$68.1 | \$68.5 | 3.4% | 17.6% |
| Vacation Home | \$1.6 | \$1.8 | \$2.6 | \$2.1 | \$2.0 | 5.7% | 0.5% |
| Day Travel | \$78.6 | \$64.9 | \$89.0 | \$94.0 | \$98.0 | 5.7% | 25.2% |
| Total | \$317.5 | \$246.2 | \$349.6 | \$372.1 | \$388.2 | 5.2% | |

Source: Dean Runyan and Associates, *Details may not add to total due to rounding

The following table shows a wide range of commodities purchased. Like many other counties, food service is the leading commodity purchased in Laramie County, followed by accommodations.

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Table 9: Laramie County Travel Spending by Commodity Purchased (MM)

| | 2019 | 2020 | 2021 | 2022 | 2023 | CAGR | % of 2023 Total |
|-------------------|----------------|----------------|----------------|----------------|----------------|-------------|--------------------|
| Accommodations | \$57.6 | \$38.7 | \$65.5 | \$69.3 | \$74.7 | 6.7% | 19.2% |
| Food Service | \$84.2 | \$68.0 | \$88.9 | \$93.2 | \$102.2 | 5.0% | 26.3% |
| Food Stores | \$21.1 | \$17.9 | \$23.4 | \$25.5 | \$27.2 | 6.6% | 7.0% |
| Arts, Ent & Rec. | \$42.0 | \$34.7 | \$44.2 | \$45.0 | \$48.5 | 3.7% | 12.5% |
| Retail Sales | \$57.6 | \$47.1 | \$62.9 | \$66.7 | \$68.5 | 4.4% | 17.6% |
| Local Tran. & Gas | \$53.2 | \$38.6 | \$64.4 | \$70.3 | \$66.5 | 5.7% | 17.1% |
| Visitor Air | \$1.7 | \$1.1 | \$0.4 | \$2.1 | \$0.6 | -22.9% | 0.2% |
| Total | \$317.5 | \$246.2 | \$349.6 | \$372.1 | \$388.2 | 5.2% | |

Source: Dean Runyan and Associates, *Details may not add to total due to rounding

Another means by which to assess tourism in the area is by analyzing tax revenues generated as a result of travel spending, as shown in the table below. Tax receipts based on travel were \$26.4 million in 2023, growing by a CAGR of 4.5% from 2019 to 2023.

Table 10: Laramie County Tax Revenues Generated by Travel (MM)

| | 2019 | 2020 | 2021 | 2022 | 2023 | CAGR | % of 2023 Total |
|--------------------|---------------|---------------|---------------|---------------|---------------|-------------|--------------------|
| Local Tax Receipts | \$8.7 | \$6.4 | \$9.5 | \$9.9 | \$10.6 | 5.1% | 40.2% |
| State Tax Receipts | \$13.4 | \$10.4 | \$15.5 | \$15.6 | \$15.8 | 4.2% | 59.8% |
| Total | \$22.1 | \$16.8 | \$25.0 | \$25.5 | \$26.4 | 4.5% | |

Source: Dean Runyan and Associates, *Details may not add to total due to rounding

Tourism Impact – Cities of the Rockies Region

The Innovation Group collected tourism data from Dean Runyan and the Colorado Tourism Office Research study published March 2024. The study breaks down Colorado’s tourism statistics and revenues by county for 2023. The Cities of the Rockies region includes Boulder, Larimer, and Weld counties.

According to Dean Runyan and Associates, visitor spending in the Cities of the Rockies region reached about \$2.5 billion in 2023 accounting for 99.3% of direct travel spending. From 2019 to 2023 direct travel spending increased by a CAGR of 5.9%.

Table 11: Cities of the Rockies Region Total Direct Travel Spending (MM)

| | 2019 | 2020 | 2021 | 2022 | 2023 | CAGR | % of 2023 Total |
|------------------|------------------|------------------|------------------|------------------|------------------|-------------|--------------------|
| Visitor Spending | \$1,999.0 | \$1,332.0 | \$1,930.0 | \$2,411.0 | \$2,517.0 | 5.9% | 99.3% |
| Other Travel | \$19.0 | \$11.0 | \$11.0 | \$16.0 | \$18.0 | -1.3% | 0.7% |
| Total | \$2,019.0 | \$1,343.0 | \$1,941.0 | \$2,426.0 | \$2,535.0 | 5.9% | |

Source: Dean Runyan and Associates, *Details may not add to total due to rounding

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Below is a table showing visitor spending by accommodation from 2019 to 2023. Hotel, motels, and short-term vacation rentals (STVRs) account for the greatest percentage of visitor spending at 56.3%, followed by private home spending accounting for 21.0% in 2023.

Table 12: Cities of the Rockies Region Visitor Spending by Type of Traveler Accommodation (MM)

| | 2019 | 2020 | 2021 | 2022 | 2023 | CAGR | % of 2023 Total |
|--------------------|------------------|------------------|------------------|------------------|------------------|-------------|--------------------|
| Hotel, Motel, STVR | \$1,073.0 | \$559.0 | \$997.0 | \$1,340.0 | \$1,416.0 | 7.2% | 56.3% |
| Campground | \$45.0 | \$41.0 | \$52.0 | \$51.0 | \$50.0 | 2.7% | 2.0% |
| Private Home | \$418.0 | \$439.0 | \$463.0 | \$502.0 | \$529.0 | 6.1% | 21.0% |
| Vacation Home | \$75.0 | \$80.0 | \$86.0 | \$91.0 | \$94.0 | 5.8% | 3.7% |
| Day Travel | \$388.0 | \$213.0 | \$331.0 | \$426.0 | \$427.0 | 2.4% | 17.0% |
| Total | \$1,999.0 | \$1,332.0 | \$1,930.0 | \$2,411.0 | \$2,517.0 | 5.9% | |

Source: Dean Runyan and Associates, *Details may not add to total due to rounding

The following table shows a wide range of commodities purchased. Like many other regions, food service is the leading commodity purchased in the Cities of the Rockies region, followed by accommodations.

Table 13: Cities of the Rockies Region Travel Spending by Commodity Purchased (MM)

| | 2019 | 2020 | 2021 | 2022 | 2023 | CAGR | % of 2023 Total |
|-------------------|------------------|------------------|------------------|------------------|------------------|-------------|--------------------|
| Accommodations | \$448.0 | \$214.0 | \$388.0 | \$528.0 | \$565.0 | 6.0% | 22.4% |
| Food Service | \$555.0 | \$396.0 | \$543.0 | \$676.0 | \$730.0 | 7.1% | 29.0% |
| Food Stores | \$122.0 | \$97.0 | \$127.0 | \$158.0 | \$168.0 | 8.3% | 6.7% |
| Arts, Ent & Rec. | \$280.0 | \$204.0 | \$263.0 | \$311.0 | \$330.0 | 4.2% | 13.1% |
| Retail Sales | \$346.0 | \$247.0 | \$331.0 | \$406.0 | \$411.0 | 4.4% | 16.3% |
| Local Tran. & Gas | \$249.0 | \$175.0 | \$278.0 | \$331.0 | \$312.0 | 5.8% | 12.4% |
| Visitor Air | \$0.0 | \$0.0 | \$0.2 | \$0.3 | \$1.0 | NA | 0.0% |
| Total | \$1,999.0 | \$1,332.0 | \$1,930.0 | \$2,411.0 | \$2,517.0 | 5.9% | |

Source: Dean Runyan and Associates, *Details may not add to total due to rounding

Another means by which to assess tourism in the area is by analyzing tax revenues generated as a result of travel spending, as shown in the table below. Tax receipts based on travel were \$165.0 million in 2023, growing by a CAGR of 5.5% from 2019 to 2023.

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Table 14: Cities of the Rockies Region Tax Revenues Generated by Travel (MM)

| | 2019 | 2020 | 2021 | 2022 | 2023 | CAGR | % of 2023 Total |
|--------------------|----------------|---------------|----------------|----------------|----------------|-------------|-----------------|
| Local Tax Receipts | \$73.0 | \$43.0 | \$68.0 | \$89.0 | \$93.0 | 6.2% | 56.4% |
| State Tax Receipts | \$60.0 | \$42.0 | \$56.0 | \$69.0 | \$72.0 | 4.7% | 43.6% |
| Total | \$133.0 | \$85.0 | \$125.0 | \$158.0 | \$165.0 | 5.5% | |

Source: Dean Runyan and Associates, *Details may not add to total due to rounding

Tourism Impact – Denver Region

The Innovation Group collected tourism data from Dean Runyan and the Colorado Tourism Office Research study published March 2024. The study breaks down Colorado’s tourism statistics and revenues by county for 2023. The Denver Rockies region includes Adams, Arapahoe, Broomfield, Denver, Douglas, and Jefferson counties.

According to Dean Runyan and Associates, visitor spending in the Denver region reached about \$11.5 billion in 2023 accounting for 82.7% of direct travel spending. From 2019 to 2023 direct travel spending increased by a CAGR of 3.7%.

Table 15: Denver Region Total Direct Travel Spending (MM)

| | 2019 | 2020 | 2021 | 2022 | 2023 | CAGR | % of 2023 Total |
|------------------|-------------------|------------------|------------------|-------------------|-------------------|-------------|-----------------|
| Visitor Spending | \$9,841.0 | \$5,321.0 | \$8,301.0 | \$10,978.0 | \$11,531.0 | 4.0% | 82.7% |
| Other Travel | \$2,198.0 | \$735.0 | \$1,334.0 | \$2,317.0 | \$2,405.0 | 2.3% | 17.3% |
| Total | \$12,039.0 | \$6,056.0 | \$9,635.0 | \$13,295.0 | \$13,935.0 | 3.7% | |

Source: Dean Runyan and Associates, *Details may not add to total due to rounding

Below is a table showing visitor spending by accommodation from 2019 to 2023. Hotel, motels, and short-term vacation rentals (STVRs) account for the greatest percentage of visitor spending at 70.1%, followed by private home spending accounting for 20.7% in 2023.

Table 16: Denver Region Visitor Spending by Type of Traveler Accommodation (MM)

| | 2019 | 2020 | 2021 | 2022 | 2023 | CAGR | % of 2023 Total |
|--------------------|------------------|------------------|------------------|-------------------|-------------------|-------------|-----------------|
| Hotel, Motel, STVR | \$6,856.0 | \$3,385.0 | \$5,625.0 | \$7,620.0 | \$8,079.0 | 4.2% | 70.1% |
| Campground | \$24.0 | \$23.0 | \$28.0 | \$28.0 | \$28.0 | 3.9% | 0.2% |
| Private Home | \$1,989.0 | \$1,429.0 | \$1,876.0 | \$2,319.0 | \$2,388.0 | 4.7% | 20.7% |
| Vacation Home | \$47.0 | \$50.0 | \$59.0 | \$61.0 | \$64.0 | 8.0% | 0.6% |
| Day Travel | \$925.0 | \$434.0 | \$713.0 | \$951.0 | \$973.0 | 1.3% | 8.4% |
| Total | \$9,841.0 | \$5,321.0 | \$8,301.0 | \$10,978.0 | \$11,531.0 | 4.0% | |

Source: Dean Runyan and Associates, *Details may not add to total due to rounding

The following table shows a wide range of commodities purchased. Like many other regions, food service is the leading commodity purchased in the Denver region, followed by visitor air.

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Table 17: Denver Region Travel Spending by Commodity Purchased (MM)

| | 2019 | 2020 | 2021 | 2022 | 2023 | CAGR | % of 2023 Total |
|-------------------|------------------|------------------|------------------|-------------------|-------------------|-------------|--------------------|
| Accommodations | \$1,968.0 | \$769.0 | \$1,354.0 | \$2,001.0 | \$2,171.0 | 2.5% | 18.8% |
| Food Service | \$1,978.0 | \$1,233.0 | \$1,689.0 | \$2,190.0 | \$2,387.0 | 4.8% | 20.7% |
| Food Stores | \$252.0 | \$188.0 | \$240.0 | \$304.0 | \$325.0 | 6.6% | 2.8% |
| Arts, Ent & Rec. | \$898.0 | \$567.0 | \$745.0 | \$912.0 | \$975.0 | 2.1% | 8.5% |
| Retail Sales | \$1,174.0 | \$713.0 | \$979.0 | \$1,261.0 | \$1,287.0 | 2.3% | 11.2% |
| Local Tran. & Gas | \$1,388.0 | \$1,089.0 | \$1,937.0 | \$2,056.0 | \$2,067.0 | 10.5% | 17.9% |
| Visitor Air | \$2,183.3 | \$761.2 | \$1,356.5 | \$2,255.5 | \$2,319.8 | NA | 20.1% |
| Total | \$9,841.0 | \$5,321.0 | \$8,301.0 | \$10,978.0 | \$11,531.0 | 4.0% | |

Source: Dean Runyan and Associates, *Details may not add to total due to rounding

Another means by which to assess tourism in the area is by analyzing tax revenues generated as a result of travel spending, as shown in the table below. Tax receipts based on travel were \$871.0 million in 2023, growing by a CAGR of 4.9% from 2019 to 2023.

Table 18: Denver Region Tax Revenues Generated by Travel (MM)

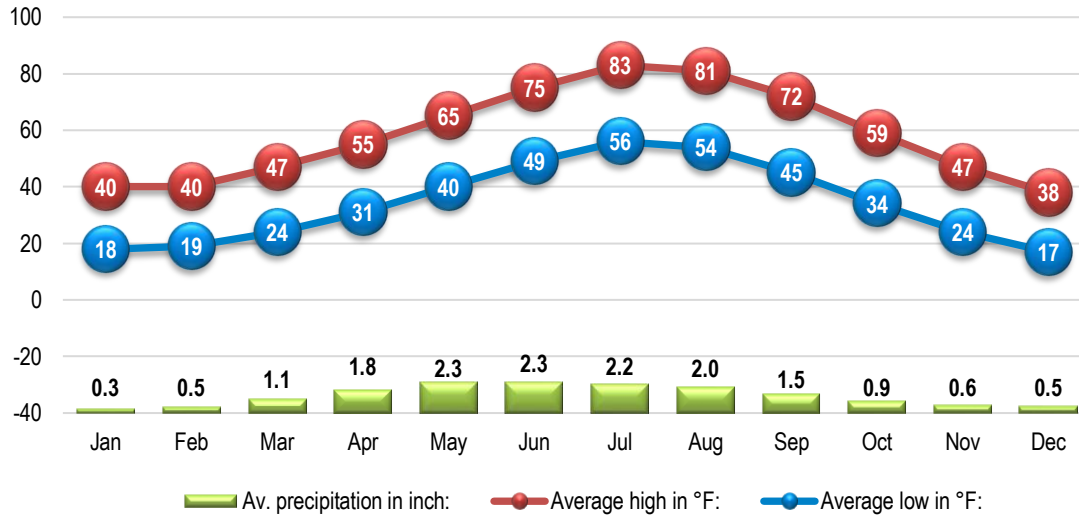
| | 2019 | 2020 | 2021 | 2022 | 2023 | CAGR | % of 2023 Total |
|--------------------|----------------|----------------|----------------|----------------|----------------|-------------|--------------------|
| Local Tax Receipts | \$455.0 | \$230.0 | \$390.0 | \$519.0 | \$556.0 | 5.1% | 63.8% |
| State Tax Receipts | \$264.0 | \$176.0 | \$235.0 | \$289.0 | \$315.0 | 4.5% | 36.2% |
| Total | \$719.0 | \$407.0 | \$625.0 | \$809.0 | \$871.0 | 4.9% | |

Source: Dean Runyan and Associates, *Details may not add to total due to rounding

Weather

Cheyenne reaches its highest average temperature in the months of July and August at 83 degrees and 81 degrees, respectively, and is at its coldest in December, January, and February, when temperatures dip into the upper-30s and low 40s. The spring and summer months receive the most precipitation. The following figure shows the average high, low and precipitation for each month in Cheyenne.

Figure 9: Cheyenne, Wyoming Annual Weather Patterns



Source: U.S. Climate Data

Traffic

The potential site is located in southeast Wyoming, north of Fort Collins, Colorado on the state line of Colorado and Wyoming. Major interstate 25 runs through Cheyenne, ranging from New Mexico to Wyoming. Interstate 80 also runs through Cheyenne, ranging from New Jersey to San Francisco. Below shows traffic counts for the potential site on the Colorado/Wyoming state line. It is important to note that the highway from Colorado to the state line is straight and flat. We believe this will be an advantage for the potential site due to the difficult terrain and mountain roads getting to competitors, such as Black Hawk.

Table 19: Wyoming – Colorado State Line Daily AADT

| Wyoming - Colorado State Line | | |
|-------------------------------|--------------|--------|
| Year | All Vehicles | Trucks |
| 2019 | 22,504 | 4,083 |
| 2020 | 19,319 | 2,897 |
| 2021 | 21,955 | 3,985 |
| 2022 | 20,663 | 3,326 |
| 2023 | 19,504 | 3,578 |

Source: Wyoming Department of Transportation

Air Service

Cheyenne has a regional airport, Cheyenne Regional Airport that offers daily flights to Denver. However, Denver International Airport (DIA) is the closest major airport, which offers daily flights to many destinations domestically and internationally. We expect most guests visiting the development to fly into DIA. DIA is approximately 90 miles and a 90-minute drive from the state line location. DIA is one of the busiest airports in the world and served over 82 million passengers in 2024. The below table shows the total number of passengers served at DIA in the last ten years.

Table 20: Denver International Airport Total Yearly Passengers

| Year | Total Passengers | % Change |
|-------------|-------------------------|-----------------|
| 2015 | 54,014,502 | |
| 2016 | 58,266,515 | 7.9% |
| 2017 | 61,379,396 | 5.3% |
| 2018 | 64,494,613 | 5.1% |
| 2019 | 69,015,703 | 7.0% |
| 2020 | 33,737,000 | -51.1% |
| 2021 | 58,828,552 | 74.4% |
| 2022 | 69,286,461 | 17.8% |
| 2023 | 77,837,917 | 12.3% |
| 2024 | 82,358,744 | 5.8% |
| CAGR | 4.8% | |

Source: Denver International Airport

COMPETITIVE ENVIRONMENT

The potential entertainment facility would have almost a pure monopoly over the southeastern Wyoming and northern Colorado markets. However, the greater Denver area will likely be the largest source of competition due to its proximity to the Black Hawk and Central City markets to its west and are the markets that will fight for visits from the Denver region. To a lesser extent, the potential facility would compete with the Deadwood, South Dakota market, located about four and a half hours northeast of Cheyenne. The potential development and Deadwood would compete for visits from central and eastern Wyoming and western Nebraska.

Additionally, though Wyoming does not have commercial slot machines they do operate Historic Horse Racing Machines, or HHR Machines. The state has over 1,000 machines at nine off track betting locations including in the Cheyenne area. There will be more discussion on HHR machines later in this section of the report.

Competition Set

The table below highlights the details for Black Hawk, CO, Central City, CO, and Deadwood, SD, the three casino markets that would compete with the potential facilities.

Table 21: Competition Set

| Name | Location | Slots | Tables | Positions | Hotel Rooms | F&B Outlets | Drivetime (Min.) |
|--------------|------------------|-------|--------|-----------|-------------|-------------|------------------|
| Black Hawk | Black Hawk, CO | 5,984 | 210 | 7,244 | 1,504 | 36 | 150 |
| Central City | Central City, CO | 1,686 | 21 | 1,821 | 144 | 21 | 150 |
| Deadwood | Deadwood, SD | 2,803 | 87 | 3,325 | 1,553 | 35 | 257 |

Source: Casino Websites, Casinocity.com, Colorado Department of Revenue

Black Hawk, Central City, and Deadwood are all small historical mining towns that today, rely on casinos for their main economic driver. Combined, Black Hawk and Central City, which are only one mile apart from each other, have 21 casinos. Deadwood has 25 casinos, although they are mostly smaller facilities.

Table 22: Casino Count by Market

| City | Casino Count |
|--------------|--------------|
| Central City | 6 |
| Black Hawk | 15 |
| Deadwood | 25 |

Source: Casinocity.com

Black Hawk, CO

Black Hawk is located roughly 55 miles and 70 minutes west of Denver International Airport (DIA). The drive to Black Hawk from DIA can be difficult due to windy roads and slow driving

Draft

due to snow in the winter, making the potential facility even more attractive. Black Hawk is home to 15 casinos, 36 restaurants, and over 1,500 hotel rooms, including the Monarch Casino hotel tower, adding over 500 rooms to the market. Black Hawk has a mixture of smaller locally-owned casinos, such as The Wild Card Saloon, and larger operators like Penn National Gaming and Caesars Entertainment.

Between 2019 and 2023, gaming revenue increased significantly, with a CAGR of 8.2%. Win per Position has increased since 2019 by a CAGR of 11.9% to \$319 in 2023. Positions is the only thing that has decreased since 2019, by a CAGR of 3.3%.

Table 23: Black Hawk, CO Market Performance

| | Gaming Revenue (MM) | Positions | Win per Position |
|-------|---------------------|-----------|------------------|
| 2019 | \$613.4 | 8,272 | \$203 |
| 2020* | \$432.3 | 6,618 | \$179 |
| 2021 | \$728.4 | 6,914 | \$289 |
| 2022 | \$813.1 | 7,472 | \$298 |
| 2023 | \$841.3 | 7,225 | \$319 |
| CAGR | 8.2% | -3.3% | 11.9% |

Source: Colorado Division of Gaming; The Innovation Group

*Black Hawk casinos were open for 336 days in 2020

Central City, CO

Central City is just over a mile west of Black Hawk and has six casinos, most of which are smaller venues when compared to Black Hawk. Grand Z Casino has the largest hotel in the city with 119 rooms. Operators include Maverick Gaming, Century Casinos, and a few locally-owned casinos.

From 2019 to 2023, Central City has experienced annual gaming revenue growth of about 0.7% while the amount of positions to the market has decreased by a CAGR of 4.3%. Revenue in 2023 was higher than the pre-pandemic amount in 2019, but lower than 2021 and 2022.

Table 24: Central City, CO Market Performance

| | Gaming Revenue (MM) | Positions | Win per Position |
|------|---------------------|-----------|------------------|
| 2019 | \$79.7 | 2,216 | \$99 |
| 2020 | \$55.8 | 1,726 | \$89 |
| 2021 | \$82.7 | 1,721 | \$132 |
| 2022 | \$82.1 | 1,837 | \$122 |
| 2023 | \$81.9 | 1,857 | \$121 |
| CAGR | 0.7% | -4.3% | 5.2% |

Source: Colorado Division of Gaming; The Innovation Group

*Central City casinos were open for 336 days in 2020

Deadwood, SD

Deadwood is located on the west side of South Dakota, about 45 minutes northwest of Rapid City. The city has 25 casinos, totaling over 3,100 positions. While gaming revenue is much greater than Central City’s revenue, win per position is about equal to Central City’s.

Deadwood’s gaming revenue has increased by a CAGR of 7.9% from 2019 to 2023, while win per position has increased by a CAGR of 10.4%. Positions have decreased by a CAGR of 2.2%.

Table 25: Deadwood, SD Market Performance

| | Gaming Revenue (MM) | Positions | Win per Position |
|------|---------------------|-----------|------------------|
| 2019 | \$103.1 | 3,444 | \$82 |
| 2020 | \$98.6 | 3,069 | \$96 |
| 2021 | \$137.7 | 3,083 | \$122 |
| 2022 | \$134.6 | 3,089 | \$119 |
| 2023 | \$139.6 | 3,144 | \$122 |
| CAGR | 7.9% | -2.2% | 10.4% |

Source: South Dakota Commission on Gaming; The Innovation Group

*Deadwood casinos were open for 336 days in 2020

Skill-Based Amusement Games

Besides traditional casinos and HHR facilities, the potential facility will compete with skill-based amusement games. On March 17, 2020, House Enrolled Act 95 was signed into law, renaming the Wyoming Pari-Mutuel Commission as the Wyoming Gaming Commission. The same Act legalized skill-based amusement games to be regulated by the Commission. These skill-based amusement games are defined by the state legislature, are games “played in exchange for consideration of cash, credit, or other thing of value on a fixed, commercial electrical gaming device in which the bona fide skill of the player, determined by an individual’s level of strategy and skill, rather than any inherent element of chance, is the primary factor in determining the outcome and for which the player may be awarded a prize or other thing of value for a successful outcome.”

Skill-based amusement games are located in various establishments across the state, including truck stops, bars and restaurants, laundromats, and more. According to the legislation, each facility is allowed up to four skill-based amusement games in an area where only people 21 years and older can access, the minimum age allowed for these types of games. The games are restricted to a maximum bet of \$3 per play and a maximum payout of \$3,000. The net proceeds from these games are taxed at a rate of 20%.

To play a skill-based game, a person must visit a state-approved establishment that hosts the machines. To start, the person inserts cash into the bill reader, similar to a standard slot machine. The player picks one of a variety of games offered, places a wager, and hits the button to start the game. The first stage of the game is visually similar to a slot machine, and depending on the outcome of the “spin”, the “bonus” skill game will start. An example of the “bonus” skill game is

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one with several sets of colored dots, and the player has to memorize the order in which the dots are selected. Payouts from these games are generally made at the venue’s POS location.

The Innovation Group visited several locations across the Cheyenne region that offer skill-based amusement games. We found that due to the design of the game, they are not a strong source of competition to Historic Horse Racing terminals or slot machines. The games require more skill and attention, and due to less game frequency, reduce the potential loss for players, and therefore, are not major revenue generators for any establishment. In essence, skill-based amusement games are targeted to those who want to kill time but not lose the amount of money that would be lost on Historic Horse Racing or slot machines.

Historic Horse Racing

As with skill-based amusement games, the potential development would compete with Historic Horse Racing (HHR) terminals located in Cheyenne and across the state. Legalized in 2013, HHR terminals give players a similar look and feel as a Class II or Class III slot machine, but allow for players to utilize skill when playing if they choose. HHR terminals are approved for use at OTB locations across the state. Each “spin” is based on one of the roughly 21,000 horse races stored in the machine. The bettor does not know where or when the race occurred, or the names of the horses, but does provide each horse’s records. Here is where the bettor can exercise some skill and judgement, or the bettor can play without this step.

Like a slot machine, the game starts after cash is inserted into the bill reader and a wager is made. The bettor can either view the records of the horses in the race or the machine will autoselect the best odds. The game will begin with the familiar feel of a slot machine. Based on the outcome of the game, the bettor will either win or lose.

There are nine OTB locations hosting approximately 1,100 HHR terminals in the Cheyenne area. There are three authorized operators for OTB HHR terminals: Wyoming Horse Racing, LLC, Wyoming Downs, LLC, and 307 Horse Racing, LLC. The Innovation Group was able to gather revenue by location for the OTB HHR terminals in the Cheyenne area. The most notable of these are the new Swan Ranch, which opened in June 2024, and the Derby Club Cheyenne owned by 307 Horse Racing.

Table 26: 2024 Wyoming HHR Revenue by Location (MM)

| Location | Operator | 2024 Revenue (MM) |
|----------------------|----------------------|-------------------|
| Laramie | Wyoming Downs | \$3.7 |
| Cheyenne Terry Bison | Wyoming Downs | \$1.9 |
| Swan Ranch | Wyoming Horse Racing | \$11.1 |
| Cheyenne Outlaw | Wyoming Downs | \$3.4 |
| Downtown Cheyenne | Wyoming Horse Racing | \$2.8 |
| Cheyenne Plaza | Wyoming Downs | \$6.5 |
| Derby Club Cheyenne | 307 Horse Racing | \$15.0 |
| Cheyenne Dell Range | Wyoming Downs | \$8.1 |
| Cheyenne | Wyoming Horse Racing | \$2.8 |
| Area Total | | \$55.3 |

Source: Wyoming Gaming Commission

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The below table shows revenue by operator for Wyoming from 2019-2023. The growth for Wyoming Downs is mainly due to the opening of new locations, whereas Wyoming Horse Racing’s revenue remained relatively flat between 2019 and 2023. 307 Horse Racing locations opened in 2021.

Table 27: Wyoming HHR Adjusted Gross Revenue by Operator (MM)

| | 2019 | 2020 | 2021 | 2022 | 2023 | CAGR |
|---------------------------|---------------|---------------|---------------|----------------|----------------|--------------|
| Wyoming Horse Racing, LLC | \$28.6 | \$21.2 | \$24.4 | \$24.6 | \$29.3 | 0.7% |
| Wyoming Downs, LLC | \$31.3 | \$35.2 | \$52.3 | \$71.8 | \$78.0 | 25.6% |
| 307 Horse Racing, LLC | \$0.0 | \$0.0 | \$1.7 | \$15.3 | \$43.0 | NA |
| State Total | \$59.9 | \$56.5 | \$78.4 | \$111.6 | \$150.3 | 25.9% |

Source: Wyoming Gaming Commission

The Innovation Group visited the HHR facilities around Cheyenne to understand their position in the local market. For the most part, the venues were small and limited on food and beverage offerings. The venues were also largely unimpressive; they did not have an apparent theme and there was a lack of amenities that casinos typically offer. The machines have the look and feel of a standard slot machine, with the added option to view the odds for the upcoming “race.” However, there was not a large selection in games in any of the HHR facilities.

Since then, the new Swan Ranch facility opened in June 2024. This facility currently hosts about 400 HHR machines and have been approved to increase their terminals to 1,000 machines. They are also planning to complete a \$200 million hotel project with a convention center after purchasing 36 acres of additional land.

There are also two additional proposed HHR locations opening soon in Cheyenne area. These are Derby Club Gaming Parlor by 307 Horse Racing in Cheyenne and Derby Club Gaming Parlor by 307 Horse Racing in Laramie. There are also three new proposed locations in Cheyenne area by Cowboy Racing, according to an article released by the Wyoming News.

GAMING MARKET ASSESSMENT

The Innovation Group conducted a Gaming Market Assessment for the Colorado/Wyoming state line market areas using a complex drive-time gravity model. The assessment estimates gamer visits and resulting gaming revenue, as well as “win per visit” and “win per position” per day for the facility over a 5-year timeframe.

Methodology

The Innovation Group identified several primary sources of gaming revenue for the subject development including the **local market, out of market capture (overnight tourists and traffic intercept), and induced incremental hotel.**

Local Market

In developing this analysis a gravity model was employed. Gravity models are commonly used in location studies for commercial developments, public facilities and residential developments. First formulated in 1929 and later refined in the 1940s, the gravity model is an analytical tool that defines the behavior of a population based on travel distance and the availability of goods or services at various locations. The general form of the equation is that attraction is directly related to a measure of availability such as square feet and inversely related to the square of the travel distance. Thus the gravity model quantifies the effect of distance on the behavior of a potential patron, and considers the impact of competing venues.

The basic formulation is that the interaction between two or more gaming venues is based on Newton's Law of Universal Gravitation: two bodies in the universe attract each other in proportion to the product of their masses and inversely as the square distance between them. Thus, expected interaction between gaming venue *i* and market area *j* is shown as:

$$k \times \frac{P_i \times P_j}{d_{ij}^2}$$

where P_i = the gaming positions in gaming venue *i*, P_j = the population in market area *j*, d_{ij} = the distance between them, and k = an attraction factor relating to the quality and amenities to be found at each gaming venue in comparison to the competing set of venues. When this formulation is applied to each gaming venue gaming trips generated from any given zip code are then distributed among all the competing venues.

The gravity model included the identification of nine discrete market areas based on drive times and other geographic features and the competitive environment. Using our GIS software and ESRI

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database¹, the adult population (21 and over), latitude and longitude, and average household income is collected for each zip code.

Each of these market areas is assigned a unique set of propensity and frequency factors. Gamer visits are then generated from zip codes within each of the areas based on these factors. The gamer visits thus generated are then distributed among the competitors based upon the size of each facility, its attractiveness and the relative distance from the zip code in question. The gravity model then calculates the probabilistic distribution of gamer visits from each market area to each of the gaming locations in the market.

Each travel distance/time is evaluated to determine the likely alternative gaming choices for residents of the region. The model is constructed to include only those alternative venues that are considered to be within a reasonable travel time. These include competing casinos that have the potential to attract patrons, or siphon off visits from the market. Travel distances and time have been developed through use of our GIS system.

The following section provides a description and definition of the various components of the model.

Gamer Visits

This measure is used to specify the number of patron trips to a gaming market, where an individual can make any number of separate visits in the course of a year. In order to estimate the gamer visits, market penetration rates, made up of the separate measures of propensity and frequency, are applied to the adult population in each zip code. A gamer visit can include more than one visit to a casino.

Propensity

Propensity measures the percentage of adults who will participate in casino gaming within the zip code. This varies based upon a number of factors, which includes the number of gaming venues, their type (i.e. land based versus cruising riverboat versus dockside riverboat), games permitted, availability of other entertainment and leisure options, and most importantly distance from a gaming venue. Propensity in the inner market areas from 0-50 miles can vary between the high thirty percent range in a single cruising riverboat market to the fifty percent range, or more, for multiple land based casinos with a well-developed array of amenities.

¹The GIS software used was ESRI. This software allows for custom data generally in a tabular format with a geographic identification code (census tract, zip code, latitude and longitude, or similar identifier) to be mapped or displayed and integrated with other geographic census based information such as location of specific population or roadways. ESRI is one of the most widely used programs in the geographic information systems industry. ESRI is a vendor of demographic information located in the United States. ESRI provides census demographic and psychographic data on a variety of geographic levels of detail ranging from census block groups and counties to postal zip codes. Their information is updated every six months and includes a current year estimate and provides a five year forecast for the future. The Innovation Group has utilized this data for inputs to its models for the last six years and has purchased full access to their demographic database for the entire United States.

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Frequency

This measures the average number of visits that an adult will make annually to casinos in the subject market. Frequency is a function of annual gaming budget as indicated by income variations, the number of venues in the market, the type of gaming facility and most importantly distance from a gaming venue.

MPI (Market Potential Index)

Propensity also varies as a function of each market's average market potential index (MPI) score. MPI scores are generated by Simmons Survey, a respected consumer research firm that conducts a nationwide survey of consumer behavior, including propensity to gamble at a casino. This score is an indication of the degree of likelihood that a person will participate in gaming based upon their lifestyle type. The MPI score inflates or discounts the participation rate of each zip code. For example, if a market area has an overall participation rate of 4.0 (propensity of 40% times frequency of 10), an MPI score of 120 for a particular zip code would effectively inflate the participation rate of that zip code to 4.8 (4.0 times 120%). The overall MPI score for the market area is a weighted average of all the zip codes within the area.

Win per Visit

Win per visit varies not only by gaming jurisdiction, but also in some cases by individual facilities. Normatively, win per visit is a function of distance and income. Gamers traveling greater distances tend to spend more per visit, typically making fewer gamer visits on average.

Attraction Factors

Attraction factors measure the relative attraction of one gaming venue in relation to others in the market. Attraction factors are applied to the size of the gaming venue as measured by the number of positions it has in the market. Positions are defined as the number of gaming machines plus the number of seats at gaming tables. A normative attraction factor would be one. When this is applied to the number of positions in a gaming venue there is no change in the size of the gaming venue as calculated by the model and hence its attraction to potential patrons. A value of less than one adjusts the size of the gaming venue downwards and conversely a value greater than one indicates that the gaming venue has characteristics that make it more attractive. Attraction factors can be based on a number of components including branding, the level and effectiveness of marketing efforts, and the level of quality and amenities of a facility. Attraction factors are also adjusted to model the presence of natural and man-made boundaries which impact ease of access and convenience of travel in the market area.

The sensitivity of the model to changes in these factors is not in the nature of a direct multiplication. For example, a doubling of the attraction factor will not lead to a doubling of the gamer visits attracted to the site. It will however cause a doubling of the attractive power of the gaming venue, which is then translated via non-linear equations into an increase in the number of gamer visits attracted to the gaming venue. This is based upon the location, size, and number of competing gaming venues and their relationship to the market area to which the equation is applied. The variation of these factors is based upon The Innovation Group's experience in developing and applying these models, and consideration of the existing visitation and revenues. The latter represents the calibration of the model and has been accomplished by adjusting attraction factors to force the model to recreate the existing revenues and patron counts. In this case attraction factors

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have been adjusted for each casino for each market area. This is based upon known visitation patterns.

Market Carve-out

The greater Colorado and Wyoming market has been carved into 15 distinct market areas, from which different participation rates may be expected depending on the level and location of competition that is present in the market currently and in the future. The following map and table show the market areas and their respective adult population and average household income.

Figure 10: State Line Site Market Carve-Out

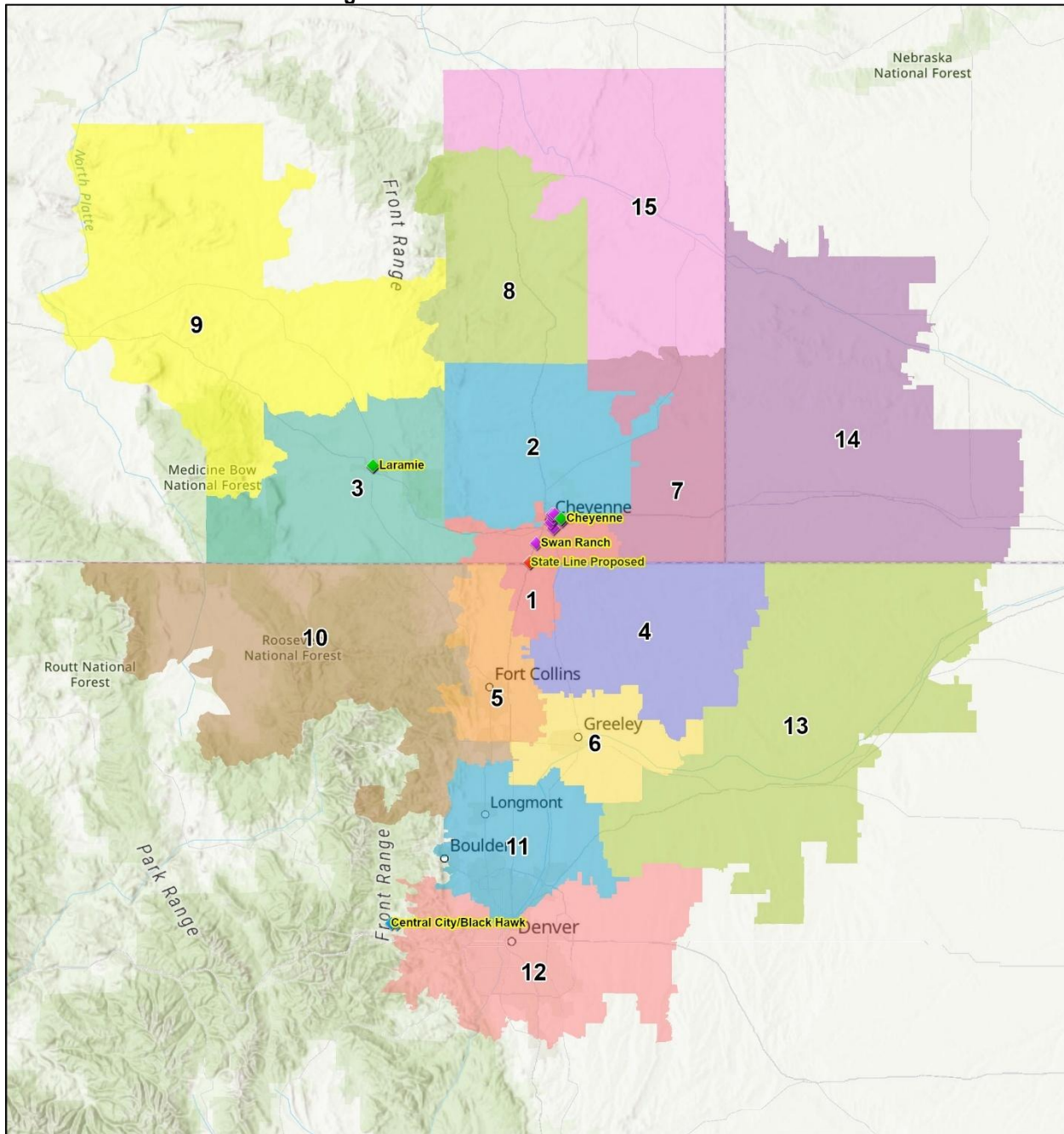


Table 28: Market Area Demographics

| | Adult (21+) Population | | | Average Annual Household Incomes | | |
|----------------------|------------------------|------------------|-----------------------|----------------------------------|------------------|-----------------------|
| | 2024 | 2029 | C.A.G.R. 2024-2029 | 2024 | 2029 | C.A.G.R. 2024-2029 |
| 1. Primary | 44,698 | 46,082 | 0.6% | \$78,835 | \$93,124 | 3.4% |
| 2. North Cheyenne | 27,821 | 28,426 | 0.4% | \$110,513 | \$127,692 | 2.9% |
| 3. Laramie | 26,875 | 27,316 | 0.3% | \$81,974 | \$94,975 | 3.0% |
| 4. Northern Colorado | 6,968 | 7,619 | 1.8% | \$105,009 | \$128,589 | 4.1% |
| 5. Fort Collins | 250,293 | 268,568 | 1.4% | \$127,611 | \$150,185 | 3.3% |
| 6. Greeley | 138,866 | 153,783 | 2.1% | \$107,027 | \$126,685 | 3.4% |
| 7. East Wyoming | 3,844 | 3,896 | 0.3% | \$96,014 | \$114,576 | 3.6% |
| 8. Secondary North | 5,199 | 5,221 | 0.1% | \$94,179 | \$107,058 | 2.6% |
| 9. Tertiary West | 1,596 | 1,576 | -0.3% | \$80,709 | \$94,860 | 3.3% |
| 10. Rocky Mountain | 44,041 | 44,639 | 0.3% | \$116,206 | \$137,751 | 3.5% |
| 11. North Denver | 738,419 | 777,285 | 1.0% | \$141,795 | \$165,661 | 3.2% |
| 12. Denver | 1,795,775 | 1,899,069 | 1.1% | \$147,513 | \$172,597 | 3.2% |
| 13. Tertiary East | 39,797 | 40,439 | 0.3% | \$83,802 | \$97,556 | 3.1% |
| 14. Nebraska | 37,108 | 37,155 | 0.0% | \$77,052 | \$88,361 | 2.8% |
| 15. Tertiary North | 10,658 | 10,750 | 0.2% | \$77,119 | \$87,031 | 2.4% |
| Average/Total | 3,171,958 | 3,351,824 | 1.1% | \$138,419 | \$162,097 | 3.2% |

Source: ArcGIS/ESRI, The Innovation Group; CAGR=Compound Annual Growth Rate

Total Local Market Calibration – 2024

The first step in forecasting the revenue capture was to calibrate the local market gravity model to the most recent estimated gaming revenue for area casinos. Though they may be far away this is an important starting point that will help pinpoint the future capture of the proposed resort. This calibration represents the starting point for forecasting future revenue based on market growth, potential impact from the opening of new casinos, and possible relocations and/or expansions. The Innovation Group estimated the gaming factors for the different market segments based in part on our knowledge of gaming performance and propriety data in the market. In addition, numerous gaming studies conducted by The Innovation Group as well as independent third parties have provided valuable insight into expected propensity, frequency, and win per visit. Again, propensity and frequency factors show a strong correlation to drive time. Win per visit is generally based on AAHI, adjusted for drive time, as gamers tend to spend more per trip for longer drives.

The Innovation Group estimated that the entire local market, as defined, generated roughly 7.8 million gamer visits, resulting in gaming revenue of about \$911 million. Relative to the 3.1 million adults living in the area, gaming revenue per capita calculated to about \$287. The propensity and frequency factors varied widely by market, again mainly due to differences in drive time. The weighted average win per visit calculated to \$117, ranging from a low of \$105 for the Laramie market to a high of \$119 for the Denver market.

Table 29: Gravity Model Calibration

| | Gamer Pop. | Propensity | Frequency | MPI | Gaming Visits | WPV | GGR (MM) |
|----------------------|-------------------|-------------------|------------------|------------|----------------------|--------------|-----------------|
| 1. Primary | 44,698 | 30.9% | 11.5 | 99 | 157,306 | \$103 | \$16.1 |
| 2. North Cheyenne | 27,821 | 26.6% | 9.4 | 102 | 70,706 | \$112 | \$7.9 |
| 3. Laramie | 26,875 | 28.0% | 10.0 | 97 | 72,851 | \$105 | \$7.7 |
| 4. Northern Colorado | 6,968 | 25.0% | 8.6 | 112 | 16,766 | \$111 | \$1.9 |
| 5. Fort Collins | 250,293 | 25.3% | 8.7 | 99 | 547,192 | \$116 | \$63.3 |
| 6. Greeley | 138,866 | 29.5% | 10.0 | 101 | 413,724 | \$110 | \$45.4 |
| 7. East Wyoming | 3,844 | 32.4% | 11.3 | 100 | 14,088 | \$106 | \$1.5 |
| 8. Secondary North | 5,199 | 28.8% | 9.6 | 98 | 14,071 | \$108 | \$1.5 |
| 9. Tertiary West | 1,596 | 27.4% | 9.0 | 92 | 3,618 | \$106 | \$0.4 |
| 10. Rocky Mountain | 44,041 | 27.8% | 9.2 | 101 | 113,394 | \$112 | \$12.8 |
| 11. North Denver | 738,419 | 26.0% | 8.7 | 103 | 1,720,946 | \$118 | \$203.8 |
| 12. Denver | 1,795,775 | 26.9% | 9.1 | 102 | 4,494,776 | \$119 | \$534.7 |
| 13. Tertiary East | 39,797 | 21.3% | 6.4 | 99 | 54,090 | \$109 | \$5.9 |
| 14. Nebraska | 37,108 | 23.9% | 7.5 | 95 | 63,192 | \$107 | \$6.7 |
| 15. Tertiary North | 10,658 | 24.0% | 7.5 | 92 | 17,745 | \$107 | \$1.9 |
| Total | 3,171,958 | | | | 7,774,467 | \$117 | \$911.4 |

Total Local Market Baseline – 2028

The next step in the analysis is to create a base model. Under this model the economic and demographic data such as population and income were grown (or declined) based on the industry gathered market data. The following table shows projected baseline gaming revenues for the market. The Innovation Group assumes the first full year of operation would be 2028.

Table 30: Local Market Baseline

| | Gamer Pop. | Propensity | Frequency | MPI | Gaming Visits | WPV | GGR (MM) |
|----------------------|-------------------|-------------------|------------------|------------|----------------------|--------------|-----------------|
| 1. Primary | 45,801 | 30.9% | 11.5 | 99 | 161,170 | \$104 | \$16.8 |
| 2. North Cheyenne | 28,304 | 26.6% | 9.4 | 102 | 71,933 | \$113 | \$8.1 |
| 3. Laramie | 27,227 | 28.0% | 10.0 | 97 | 73,806 | \$106 | \$7.9 |
| 4. Northern Colorado | 7,483 | 25.0% | 8.6 | 112 | 18,030 | \$113 | \$2.0 |
| 5. Fort Collins | 264,724 | 25.3% | 8.7 | 99 | 579,168 | \$117 | \$67.8 |
| 6. Greeley | 150,581 | 29.5% | 10.0 | 102 | 449,191 | \$111 | \$49.9 |
| 7. East Wyoming | 3,886 | 32.4% | 11.3 | 100 | 14,238 | \$107 | \$1.5 |
| 8. Secondary North | 5,217 | 28.8% | 9.6 | 98 | 14,119 | \$109 | \$1.5 |
| 9. Tertiary West | 1,580 | 27.4% | 9.0 | 92 | 3,584 | \$107 | \$0.4 |
| 10. Rocky Mountain | 44,518 | 27.8% | 9.2 | 101 | 114,633 | \$114 | \$13.1 |
| 11. North Denver | 769,135 | 26.0% | 8.7 | 103 | 1,792,981 | \$120 | \$214.8 |
| 12. Denver | 1,876,727 | 26.9% | 9.1 | 102 | 4,699,930 | \$120 | \$565.7 |
| 13. Tertiary East | 40,308 | 21.3% | 6.4 | 99 | 54,841 | \$111 | \$6.1 |
| 14. Nebraska | 37,145 | 23.9% | 7.5 | 95 | 63,260 | \$108 | \$6.8 |
| 15. Tertiary North | 10,732 | 24.0% | 7.5 | 92 | 17,870 | \$108 | \$1.9 |
| Total | 3,313,367 | | | | 8,128,755 | \$119 | \$964.3 |

State Line Forecast – 2028

This stage of the study incorporates the addition of the proposed resort facility to the local market. The gravity model accounts for the increased supply the new property will bring to the market and assesses the impacts to the local market accordingly. This exercise estimated the general revenue potential for the proposed development. Based on the specific location, the revenue generation can vary but generally would still fall within the margin of error.

The gravity model accounts for the attractiveness the new facilities will bring to the market and assesses the impacts to the local market accordingly. Although this was modeled as one property, the Innovation Group accounted for the increased attractiveness and revenue potential that comes with multiple properties within one area.

Total Local Market Forecast

With the addition of multiple casinos and complementary amenities to the market area that is currently underpenetrated, the total local gaming market is expected to grow, especially in the immediate market areas. Given the location of the facility, it will decrease the drive time for many of the markets and thus increasing the propensity and frequency of those markets. As a result, the local market will not only be cannibalized by the proposed casinos but also grow the local market significantly. The Innovation Group feels that the local market revenue will grow by roughly \$58 million, while the remaining would be cannibalized. The following table shows projected gaming revenues for the total local market.

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Table 31: Local Market Forecast

| | Gamer Pop. | Propensity | Frequency | MPI | Gaming Visits | WPV | GGR (MM) |
|----------------------|------------------|------------|-----------|-----|------------------|--------------|------------------|
| 1. Primary | 45,801 | 38.6% | 14.3 | 99 | 251,828 | \$99 | \$24.9 |
| 2. North Cheyenne | 28,304 | 33.3% | 11.7 | 102 | 112,395 | \$109 | \$12.3 |
| 3. Laramie | 27,227 | 35.0% | 12.5 | 97 | 115,321 | \$102 | \$11.8 |
| 4. Northern Colorado | 7,483 | 31.3% | 10.8 | 112 | 28,172 | \$110 | \$3.1 |
| 5. Fort Collins | 264,724 | 32.1% | 11.2 | 99 | 939,257 | \$113 | \$106.4 |
| 6. Greeley | 150,581 | 29.9% | 10.2 | 102 | 465,295 | \$111 | \$51.5 |
| 7. East Wyoming | 3,886 | 32.4% | 11.3 | 100 | 14,238 | \$107 | \$1.5 |
| 8. Secondary North | 5,217 | 28.8% | 9.6 | 98 | 14,119 | \$109 | \$1.5 |
| 9. Tertiary West | 1,580 | 27.4% | 9.0 | 92 | 3,584 | \$107 | \$0.4 |
| 10. Rocky Mountain | 44,518 | 28.1% | 9.3 | 101 | 117,847 | \$114 | \$13.4 |
| 11. North Denver | 769,135 | 26.0% | 8.7 | 103 | 1,792,981 | \$120 | \$214.8 |
| 12. Denver | 1,876,727 | 26.9% | 9.1 | 102 | 4,699,930 | \$120 | \$565.7 |
| 13. Tertiary East | 40,308 | 21.3% | 6.4 | 99 | 54,841 | \$111 | \$6.1 |
| 14. Nebraska | 37,145 | 23.9% | 7.5 | 95 | 63,260 | \$108 | \$6.8 |
| 15. Tertiary North | 10,732 | 24.0% | 7.5 | 92 | 17,870 | \$108 | \$1.9 |
| Total | 3,313,367 | | | | 8,690,940 | \$118 | \$1,022.2 |

State Line Local Market Capture

The Innovation Group estimates the proposed resort facility could generate approximately \$222 million in local market gaming revenue, a mixture of market growth and cannibalization. Building a true destination resort will result in normalized rates, particularly on the northern Colorado markets.

Table 32: Local Market Capture

| | Total Market Gaming Visits | Capture Rate | Gaming Visits | WPV | GGR (\$M) |
|----------------------|----------------------------|--------------|------------------|--------------|----------------|
| 1. Primary | 251,828 | 39.5% | 99,459 | \$99 | \$9.8 |
| 2. North Cheyenne | 112,395 | 55.1% | 61,931 | \$109 | \$6.8 |
| 3. Laramie | 115,321 | 52.6% | 60,620 | \$102 | \$6.2 |
| 4. Northern Colorado | 28,172 | 40.5% | 11,404 | \$110 | \$1.2 |
| 5. Fort Collins | 939,257 | 64.1% | 601,906 | \$113 | \$68.2 |
| 6. Greeley | 465,295 | 55.3% | 257,094 | \$111 | \$28.5 |
| 7. East Wyoming | 14,238 | 30.0% | 4,276 | \$107 | \$0.5 |
| 8. Secondary North | 14,119 | 35.9% | 5,071 | \$109 | \$0.6 |
| 9. Tertiary West | 3,584 | 90.4% | 3,239 | \$107 | \$0.3 |
| 10. Rocky Mountain | 117,847 | 41.7% | 49,129 | \$114 | \$5.6 |
| 11. North Denver | 1,792,981 | 16.8% | 301,459 | \$120 | \$36.1 |
| 12. Denver | 4,699,930 | 8.1% | 379,419 | \$120 | \$45.7 |
| 13. Tertiary East | 54,841 | 79.6% | 43,668 | \$111 | \$4.8 |
| 14. Nebraska | 63,260 | 91.2% | 57,689 | \$108 | \$6.2 |
| 15. Tertiary North | 17,870 | 91.4% | 16,336 | \$108 | \$1.8 |
| Total | 8,690,940 | 22.5% | 1,952,702 | \$114 | \$222.3 |

Out of Market

In addition to the local market revenue generated through the gravity model, the subject property is anticipated to generate out-of-market revenue. This out-of-market gaming demand represents visits driven by reasons other than proximity of permanent residence, such as tourism, traffic intercept, and variety of gaming experience. Based on research conducted by The Innovation Group, we estimate that the out-of-market capture can range anywhere between 5% and 10% of local market gaming revenue. The Innovation Group estimates a capture rate of roughly 6.5% of local market revenue. The out-of-market area includes all patrons coming from outside of the market carve-out, which is approximately all patrons coming from 120 minutes or more to the proposed facility.

Summary and Five-Year Forecast

Total gaming revenue is a combination of each different revenue stream as discussed above. In total, the resort is projected to generate about \$287.5 million in gaming revenue during the first year of operation.

Table 33: Gaming Patronage and Revenue Summary

| | Gamer Visits | Win per Visit | GGR (MM) |
|-------------------|------------------|---------------|----------------|
| Local Market | 1,952,702 | \$114 | \$222.3 |
| Out of Market | 139,618 | \$103 | \$14.4 |
| Entertainment | 204,689 | \$148 | \$30.4 |
| Hotel Induced Win | 118,080 | \$146 | \$17.2 |
| RV Park | 30,457 | \$105 | \$3.2 |
| Total | 2,445,546 | \$118 | \$287.5 |

The Innovation Group forecasted gaming revenue for the five-year timeframe from the opening of the new casino. It is estimated that the facility will generate a win per position of approximately \$263 in Year 1 growing to \$299 by Year 5.

Table 34: Five Year Revenue Projections

| | 2028 | 2029 | 2030 | 2031 | 2032 |
|---------------------|---------|---------|---------|---------|---------|
| Gaming Revenue (MM) | \$287.5 | \$301.4 | \$313.3 | \$320.2 | \$327.2 |
| Visitation (MM) | 2.45 | 2.50 | 2.53 | 2.56 | 2.58 |
| Win per Visit | \$118 | \$121 | \$124 | \$125 | \$127 |
| Number of Units | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Win/Unit/Day | \$263 | \$275 | \$286 | \$292 | \$299 |

Conclusion

Designing a major destination resort with multiple distinct gaming facilities instead of a single large gaming floor offers significant strategic advantages, enhancing guest experience, market reach, and overall revenue potential. By segmenting gaming spaces into different themed or specialized “casinos”, the resort can cater to a broader audience, appealing to high-limit players,

Draft

casual gamblers, entertainment-driven visitors, and non-traditional gaming customers alike. This approach allows for a more curated experience, where each “casino” offers a unique atmosphere, gaming mix, and service level, creating an environment that encourages extended play, repeat visits, and diversified revenue streams.

From an operational perspective, multiple casinos provide greater flexibility in managing player preferences and gaming trends. A high-limit or VIP casino can be tailored with exclusive amenities, private gaming salons, and premium service for top-tier guests, while a high-energy casino floor may focus on modern slot products, interactive experiences, and social gaming to attract a younger, entertainment-driven demographic. Additionally, the resort can introduce distinct themes or cultural influences in different casinos, leveraging design, music, lighting, and amenities to create immersive and differentiated gaming environments. This not only enhances the overall resort appeal but also allows the property to experiment with new gaming formats, loyalty programs, and promotions targeted at specific customer segments.

Financially, a diversified gaming strategy mitigates risk and enhances revenue opportunities. If one gaming segment experiences a downturn, another may remain strong, helping maintain overall financial stability. The ability to offer multiple gaming environments also supports tailored marketing and player development efforts, allowing for customized incentives and experiences based on guest preferences. Furthermore, separating gaming spaces can help optimize traffic flow, reducing congestion and improving player comfort, which ultimately leads to longer gaming sessions and higher spend per visit.

From a competitive standpoint, offering multiple casinos within a single resort creates a sense of variety and exclusivity that differentiates the property from traditional integrated resorts with a single expansive gaming floor. Guests are given the ability to explore different gaming environments without leaving the resort, increasing on-site engagement and overall time spent in the destination. This structure also enhances non-gaming revenue opportunities, as different casinos can be strategically positioned near complementary amenities such as luxury dining, nightlife, or entertainment venues, encouraging cross-spending across the resort.

Ultimately, the decision to develop multiple casino environments rather than a single, unified gaming space aligns with evolving consumer preferences and industry trends. By providing a diverse and segmented gaming experience, the resort can create a more engaging, personalized, and dynamic atmosphere that appeals to a wider audience while maximizing revenue potential. This model ensures long-term competitiveness, adaptability to market changes, and a compelling reason for guests to choose the resort over traditional gaming destinations.

HOTEL MARKET ASSESSMENT

According to research conducted by The Innovation Group, the gaming environment in the United States is becoming increasingly stagnant and years of consistent 5%+ annual revenue growth rates may be a thing of the past. In fact, historical growth around markets with unchanging supply have believed to follow along with relative inflation; however, that number is actually less than that. With that being said, in order to compete in a highly competitive markets, casinos are continuing to add/ expand the amenity offerings, such as the offerings of that of the proposed Colorado/Wyoming state line resort.

The Hotel Market Assessment that follows will address the potential increased capture rate of local and out of market share from the creation of hotel offerings in the Cheyenne market. Understandably the market will target the northern Colorado market as well, but the local non-gaming market will be capitalized from the greater Cheyenne area.

Methodology

The first step in the assessment process was to gain a thorough understanding of the existing regional hotel market, including the casino and non-casino hotel segments. The Innovation Group relied upon a previous site visit to the area that has taken place multiple times over the last several years. During the site visit, we toured the relevant market areas, casino hotels and traditional hotels. Based on the information gathered, The Innovation Group believes that in addition to growing the overnight gamer segment, the proposed gaming hotel would further penetrate several target markets, including both Northern Colorado and Wyoming.

Thus, the incremental room night demand forecast was segregated into five major components, including the overnight gamer (casino demand), group demand (segmented into group tour and group meeting), commercial and leisure tourists demand; the latter four representing more traditional hotel demand. Based on the high occupancy rate of the existing surrounding hotels, we believe significant latent demand exists. Additionally, The Innovation Group also took into account the recent growth in casino demand. We not only analyzed the historical performance of the subject and casino hotels with similar market characteristics, such as hotel quality, but obtained a Smith Travel Research segmentation report in order to help estimate each segments level of demand.

Next, we estimated the proposed hotel's penetration into the five potential hotel markets. The room night demand estimate for these components of demand was based on the current supply and demand profile, combined with assumptions regarding future growth. In order to gauge potential capture, The Innovation Group analyzed the proposed hotel's location, quality and scope, including amenity package, in relation to the target market. In order to forecast future growth, we analyzed data on the regional population and tourism growth trends, as well as the historical performance of the relevant hotels (please see local and regional hotels table later in this section of the report).

Draft

Lastly, estimated room rates are applied to the room night demand for the proposed hotel in order to forecast room revenue. The appropriate ADR was established in conjunction with estimating penetration with the goal of maximizing overall revenue. We analyzed the competitive environment and prevailing room rates for the purpose of finding the price point that maximizes the benefits of the potential hotels.

Importance of Hotels to Casino Guests

The Innovation Group has conducted primary research as to the importance of hotels to casinos and for casino guests. This research includes statistics from a survey, as well as articles published on the importance and success of casino hotels. The survey is from prior to COVID and therefore does not take into account any changes in consumer behavior that could have happened due to the pandemic. However, based on anecdotal information and conversations with industry executives we feel that a similar sentiment is still valid, even all these years later.

Below are results from a survey the Innovation Group conducted previously on *Consumer Behavior in the Gaming Industry*, which has a comprehensive listing of casino gamers' characteristics in the U.S. The observations and conclusions compiled in this publication were developed from a nationally representative sample of 1,260 active casino gamblers. This survey was conducted pre-pandemic, and The Innovation Group is in the process of updating this survey. However, we felt that it is worth noting the results.

As can be seen in the table that follows, approximately six in ten active casino gamblers have visited a land-based casino that is part of a hotel or resort while respondents who visited a land-based casino that is not part of a hotel or resort was only 34%.

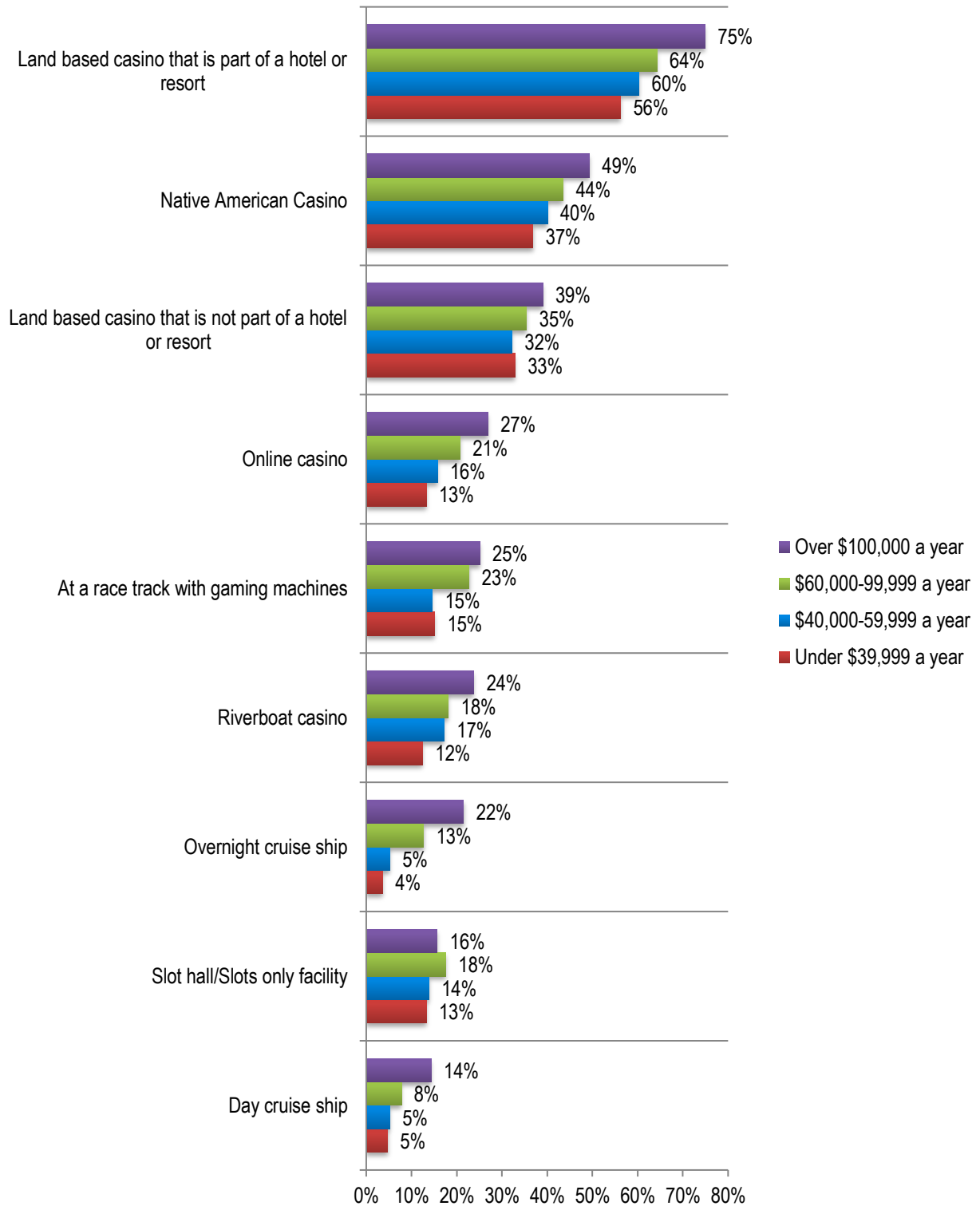
Table 35: Types of Casinos Visited in the Last 12 Months

| Type of Casino Visited to Gamble | Casino Gamblers % |
|---|-------------------|
| Land based casino that is part of a hotel or resort | 63% |
| Native American Casino | 42% |
| Land based casino that is not part of a hotel or resort | 34% |
| At a race track with gaming machines | 19% |
| Online casino | 18% |
| Riverboat casino | 17% |
| Slot hall/Slots only facility | 15% |
| Overnight cruise ship | 10% |
| Day cruise ship | 7% |
| Other | 1% |

Source: Consumer Behavior in the Gaming Industry Survey

Additionally, land-based casinos that are part of a hotel or resort typically do a better job of attracting gamers with higher income levels. 75% of people making \$100,000 or more per year report staying and gaming at land-based casinos with attached hotels, while only 39% of those same participants say they game at a land-based casino that is not part of a resort or hotel.

Figure 11: Type of Casino Visited by Income Segment



Draft

The hotel opportunity is also a key element to enhancing the effectiveness of the casino’s player’s club program. Survey respondents were asked the reasons that they considered a specific players club to be the best. Offering free rooms and room discounts were noted as two top reasons that a players club was rated most effective. In fact, over eight in ten gamers said that they would be motivated to visit a casino more often if they were offered a free hotel room.

Similarly, nearly seven in ten would be motivated by a discounted hotel room. The following table provides a list of the most motivational casino promotions according to survey respondents in a player’s reward club.

Table 36: Most Motivational Casino Promotions

| Offer | Very Likely or Likely to Induce a Visit to a Casino More Often |
|---|---|
| Discounted hotel room offer | 69% |
| Free hotel room offer | 87% |
| Free tickets to concerts or special events | 77% |
| Food & Beverage Offers | 87% |
| Entertainment Offers such as discounted concert tickets | 64% |
| Spa Offers | 51% |
| Golf Offers | 30% |
| Gaming Offers such as Free Play or Match Play | 84% |

Source: Consumer Behavior in the Gaming Industry Survey

Note: Only survey respondents that have a player’s reward club card answered this question.

On top of the primary research completed by The Innovation Group, we conducted market research to identify current market trends and anecdotal information from industry publications, especially as it pertains to post COVID gaming environment. Below are summaries of articles and analysis that highlight the strength of the casino hotel industry and its role within casinos.

In an analysis released by Future Market Insights (FMI), an organization that provides market research and consulting services, the global casino hotel industry has a market worth of US \$191 billion in 2022 and is predicted to reach a market value of US \$321.4 billion by 2033, which represents a Compound Annual Growth Rate (CAGR) of 4.8%. According to the analysis,

“The casino hotel market has experienced remarkable growth in the past few years. This has led the industry’s sector investors to invest and establish several luxurious casino hotels in many prime regions. The casino hotel industry generates revenues from numerous services and amenities such as entertainment, food, beverages, dining, rooms, lodging, casino, and gaming, etc. Many casino hotels across the world are taking over the lodging and hotel industry in terms of tourist preference at a rapid rate.”

This speaks to the importance of hotels to casinos and the strength of the industry.

In an article entitled “Why Casino Hotels Work,” James Klas, industry consultant, mentions how hotels within casinos operate mainly to attract gaming patrons. He mentions, “Because casino hotels are designed to attract gaming patrons, their primary competitors are other casino hotels,

Draft

and their success is inextricably tied to the success of the gaming operation. Rooms may be offered at discounted rates, or, for the most lucrative patrons, "comped" entirely. Consequently, the available demand base can be expanded to improve competitive occupancy levels until the point that the incremental gaming revenue generated by the hotel patrons is no longer sufficient to justify greater discounts." Furthermore, he notes,

"Casino hotels typically generate between \$150 and \$500 per occupied room per night in incremental gaming revenue for the casino, with most falling in the \$200 to \$400 range. Thus, if a casino hotel rents a room for \$100 night and gets an occupancy level of 75 percent, instead of a REVPAR of \$75, it generates the equivalent of between \$150 to \$375 per night in REVPAR with the incremental gaming win taken into account. While the incremental gaming revenue goes on the casino's portion of the income statement rather than the hotel's, the complex as a whole benefits as if the hotel was charging three or four times its actual room rate. That is why it makes sense to discount, or even "comp" entirely the room to a higher value gambler. Even if you deduct the \$100 that would have been paid to rent the room, the complex is still anywhere from \$100 to \$300 ahead of where they would be if they simply sold the room at full fare to someone who did not gamble."

Obviously, this is a common theme across the industry and has not changed over the last several decades, and something we feel will continue to grow and be more and more prevalent as market saturation continues to grow.

Local Area Lodging Environment

Local Area Lodging Supply

We first began with the total hotel room inventory in Cheyenne and then analyzed properties that are within a similar class as the proposed Cheyenne facilities. The regional competitive lodging supply includes 22 hotels in Cheyenne with a total of 2,108 rooms. The majority of the rooms in the market are mid to upper-midscale properties. The chart below gives more detailed information about these hotels offered. The local hotel supply is in direct competition with both the proposed Cheyenne facilities, and its current offerings as the hotels share the same general size and cater to similar income demographics. The regional and local hotel supply includes midscale to upper-upscale offerings in the Cheyenne area in order to provide occupancy and revenue data from Smith Travel Research (STR). The following table lists the 22 hotels for which historical average daily room rates and occupancy rates were available for the region. These 22 properties account for a combined over 2,100 hotel rooms and should be considered as a representative sample of how the market is performing for properties attracting a mix of regional highway travelers, business travelers, and vacationers.

Table 37: Local and Regional Hotel Supply for STR Trend Report

| Name of Establishment | City & State | Class | Rooms |
|---|-------------------------|----------------------|--------------|
| My Place Hotel Cheyenne WY | Cheyenne, WY | Midscale Class | 64 |
| The Nagel Warren Mansion Bed & Breakfast | Cheyenne, WY | Upscale Class | 13 |
| Hampton Inn Suites by Hilton Cheyenne WY | Cheyenne, WY | Upper Midscale Class | 95 |
| Fairfield Inn & Suites Cheyenne Southwest Downtown Area | Cheyenne, WY | Upper Midscale Class | 84 |
| TownePlace Suites Cheyenne Southwest Downtown Area | Cheyenne, WY | Upper Midscale Class | 88 |
| Atwell Suites Cheyenne | Cheyenne, WY | Upper Midscale Class | 90 |
| Candlewood Suites Cheyenne | Cheyenne, WY | Midscale Class | 86 |
| Everhome Suites Cheyenne | Cheyenne, WY | Midscale Class | 114 |
| Holiday Inn Express & Suites Cheyenne | Cheyenne, WY | Upper Midscale Class | 76 |
| Park Inn by Radisson, Cheyenne | Cheyenne, WY | Upper Midscale Class | 109 |
| La Quinta Inn by Wyndham Cheyenne | Cheyenne, WY | Upper Midscale Class | 105 |
| Little America Cheyenne | Cheyenne, WY | Upscale Class | 188 |
| SpringHill Suites Cheyenne | Cheyenne, WY | Upscale Class | 92 |
| Comfort Inn & Suites Cheyenne | Cheyenne, WY | Upper Midscale Class | 72 |
| Quality Inn Cheyenne I-25 South | Cheyenne, WY | Midscale Class | 77 |
| Tru by Hilton Cheyenne | Cheyenne, WY | Midscale Class | 90 |
| Home2 Suites by Hilton Cheyenne | Cheyenne, WY | Upper Midscale Class | 89 |
| Best Western Plus Frontier Inn | Cheyenne, WY | Upper Midscale Class | 74 |
| Red Lion Hotel & Conference Center Cheyenne | Cheyenne, WY | Upper Midscale Class | 245 |
| Fairfield Inn & Suites Cheyenne | Cheyenne, WY | Upper Midscale Class | 60 |
| Staybridge Suites Cheyenne | Cheyenne, WY | Upscale Class | 95 |
| Comfort Suites Cheyenne | Cheyenne, WY | Upper Midscale Class | 102 |
| Total | | | 2,108 |

Source: Smith Travel Research

Target Market Statistical Analysis

The declining economy caused by the Great Recession resulted in high unemployment rates and drastically reduced home values, which resulted in waning discretionary income. This decline in the population’s discretionary income resulted in individuals and families tightening their budgets, which in most cases resulted in a reduction, or even elimination, of spend on gaming and/or leisure activities. The recession didn’t just affect the gaming industry, as a wide array of industries felt the economic pinch. However, more recently, the COVID-19 pandemic had a different impact on the gaming industry. Many markets were shut down for a period of time resulting in complete loss of revenue; however, upon reopening gaming markets reported all-time highs in gaming revenue, even surpassing the previous 2019 high, but the hotel market was slower to recover, even at casino hotels. The following discusses the recovery following the shut downs in 2020.

Between 2017 and 2019 occupancies continued to climb year over year peaking near 74%. However, as expected during the pandemic, occupancy rates decreased to below 60%, similar trend that followed for ADR and RevPAR. Interestingly enough the impact on this market was not a

Draft

significant as it was in other markets. 2021 realized a significant recovery period where occupancy metrics neared the pre-COVID high, but ADR and RevPAR both surpassed 2019 highs. 2022, 2023, and 2024 saw lower occupancies than 2021, but all had higher ADR and RevPAR than 2021.

Table 38: Target Market Statistics

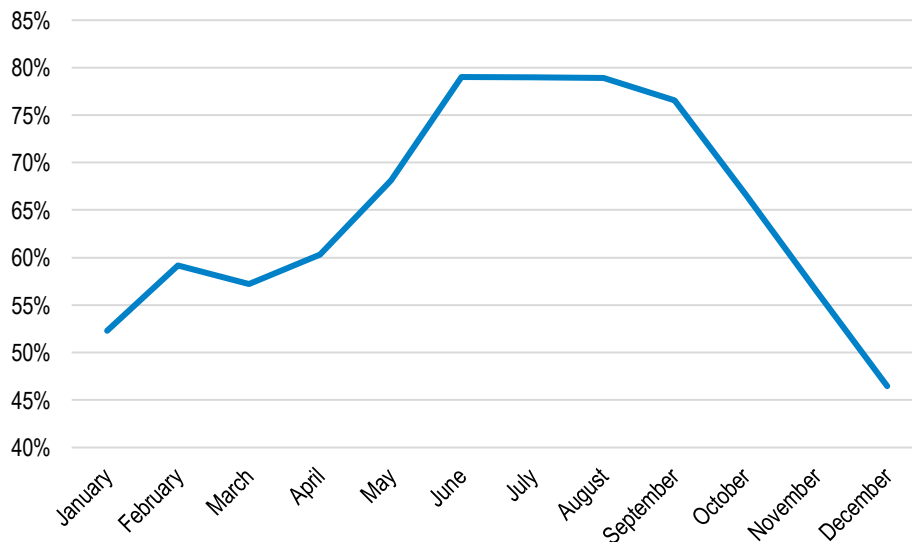
| Year | Occupancy | % Change | ADR | % Change | RevPAR | % Change | Supply | % Change | Demand | % Change |
|------|-----------|----------|----------|----------|---------|----------|---------|----------|---------|----------|
| 2017 | 61.2% | | \$102.07 | | \$62.42 | | 573,581 | | 350,747 | |
| 2018 | 66.1% | 8.0% | \$101.28 | -0.8% | \$66.90 | 7.2% | 590,419 | 2.9% | 390,021 | 11.2% |
| 2019 | 73.6% | 11.4% | \$104.80 | 3.5% | \$77.14 | 15.3% | 590,570 | 0.0% | 434,689 | 11.5% |
| 2020 | 58.5% | -20.5% | \$90.96 | -13.2% | \$53.21 | -31.0% | 590,570 | 0.0% | 345,429 | -20.5% |
| 2021 | 68.6% | 17.3% | \$115.31 | 26.8% | \$79.10 | 48.7% | 590,570 | 0.0% | 405,090 | 17.3% |
| 2022 | 67.1% | -2.2% | \$122.25 | 6.0% | \$82.02 | 3.7% | 590,570 | 0.0% | 396,255 | -2.2% |
| 2023 | 66.8% | -0.4% | \$127.84 | 4.6% | \$85.44 | 4.2% | 644,176 | 9.1% | 430,533 | 8.7% |
| 2024 | 63.0% | -5.7% | \$128.72 | 0.7% | \$81.12 | -5.1% | 667,239 | 3.6% | 420,501 | -2.3% |

Source: Smith Travel Research

Occupancy Rate

Seasonality is a factor for hotels in the Cheyenne area, as occupancy increases during the summer months of June, July, and August, and then sees a steady decrease through December. Average occupancies during peak months reach into the high 70%'s. Shoulder season appears to be in October and November with average occupancies in the 50-60% range. The weakest demand occurs in the winter months of November through April which is in the 40-60% range. These averages take into account occupancies from January 2022-December 2024. Please note this identifies the existing seasonality of the market as it stands prior to any additions to the market.

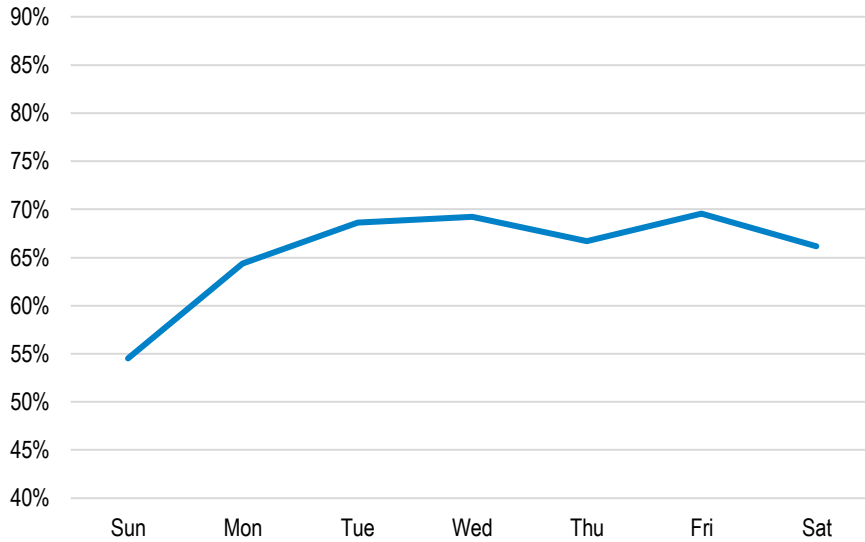
Figure 12: Average Monthly Occupancy



Source: Smith Travel Research; The Innovation Group

Hotel room demand is highest on Tuesday, Wednesday, and Friday evenings, followed by Thursday and Saturday evenings. Monday also has relatively high occupancies, with Sunday as the lowest occupancy by far.

Figure 13: 3 Year Average Daily Occupancy



Source: Smith Travel Research; The Innovation Group

Subject Hotel Demand Analysis

There are two main sources of demand for a gaming hotel. The first being the gaming generated lodging, and the second is the traditional hotel segment. Gaming generated lodging is the first source of demand explored as it is the most valuable. Given the quality of the facility it will compete with all other hotels in the market; however, the real value is with gamers. Previously, the proposed building program size was provided. Thus, the Innovation Group began with the most important segment of demand (gaming), then backfilled with traditional hotel rooms as needed.

Gaming Generated Lodging Demand

Hotel demand generated by the Cheyenne facilities will be driven by the convenience factor as some of the existing gaming visitors will be traveling a great enough distance to warrant an overnight stay. Furthermore, some gamers may desire to have a weekend trip away and will choose the proposed hotel as their destination if the facility can offer attractions and/or recreational amenities in addition to the existing and proposed facilities.

Elsewhere throughout the United States, gaming facilities have had great success with hotel developments. These successes stem from a variety of attractions, such as the attraction of retail, entertainment, and food and beverage at a hotel as well as a particular hotel being a well-known branded facility. The proposed hotel will need to capitalize on potential gamers and leisure visitors as the primary patron base. The following table estimated the casino generated demand based on a capture of total market gamer visits.

Draft

We believe that the casino operation would be a significant generator of hotel demand. This segment of demand relates to patrons whose primary purpose for the stay is gaming. These patrons either utilize the hotel out of convenience or for a short gaming vacation. The percentage of the gamers that decide to stay overnight is generally relative to the distance traveled to the casino. The percentage is also dependent on the type of hotel, amenity package and marketing efforts. Proprietary information collected by The Innovation Group in gaming markets throughout the U.S. indicates that casino hotels generally capture from 2% to 7% of visitors coming from the drive-in markets. We segregated casino demand into baseline demand and induced demand. The baseline component relates to hotel patrons that seek out the casino hotel on their own, in contrast to the induced component which relates to hotel patronage encouraged by significant marketing efforts.

Total room night demand expected from the casino segment at the proposed hotel is estimated at about 53,000.

Table 39: Total Projected Casino Room Night Demand

| | Gamer Visits | Capture Rate | Overnight Gamers | Double Occupancy Factor | Length of Stay | Annual RND |
|---------------------------|------------------|--------------|------------------|-------------------------|----------------|---------------|
| 1. Primary | 99,459 | 1.0% | 1,415 | 1.5 | 1 | 943 |
| 2. North Cheyenne | 61,931 | 2.4% | 1,490 | 1.5 | 1 | 993 |
| 3. Laramie | 60,620 | 4.0% | 2,440 | 1.5 | 1.2 | 1,952 |
| 4. Northern Colorado | 11,404 | 2.2% | 252 | 1.5 | 1 | 168 |
| 5. Fort Collins | 601,906 | 2.0% | 11,786 | 1.5 | 1.1 | 8,643 |
| 6. Greeley | 257,094 | 2.4% | 6,224 | 1.5 | 1.2 | 4,979 |
| 7. East Wyoming | 4,276 | 2.6% | 113 | 1.5 | 1.2 | 91 |
| 8. Secondary North | 5,071 | 3.8% | 191 | 1.5 | 1.3 | 165 |
| 9. Tertiary West | 3,239 | 8.5% | 277 | 1.5 | 1.3 | 240 |
| 10. Rocky Mountain | 49,129 | 2.9% | 1,439 | 1.5 | 1.3 | 1,247 |
| 11. North Denver | 301,459 | 3.2% | 9,610 | 1.5 | 1.3 | 8,329 |
| 12. Denver | 379,419 | 4.6% | 17,600 | 1.5 | 1.3 | 15,254 |
| 13. Tertiary East | 43,668 | 7.0% | 3,051 | 1.5 | 1.3 | 2,644 |
| 14. Nebraska | 57,689 | 6.5% | 3,746 | 1.5 | 1.3 | 3,246 |
| 15. Tertiary North | 16,336 | 6.5% | 1,070 | 1.5 | 1.3 | 927 |
| Total Local Market | 1,952,702 | | 60,704 | | | 49,822 |
| Out of Market | 139,618 | 2.00% | 2,792 | 1.5 | 1.8 | 3,351 |
| Total | 2,092,320 | | 63,076 | | | 52,893 |

Source: The Innovation Group

Non-Casino Demand (Traditional Hotel Demand)

A lodging market's demand is generated by several different segments of travelers. Each of the segments use lodging accommodations for different reasons, travel for different durations, and are rate sensitive to varying degrees. The four traditional segments of business mix are as follows:

- **Group Meeting Demand:** group meeting demand is comprised of conventions and association meetings, trade shows, and leisure oriented SMERF groups. This segment generally works well with leisure hotels since it helps fill mid-week demand.

Draft

- **Group Tour Demand:** Group-tour demand is generated by tourists who travel in groups by bus or other group transportation methods. This is much more popular in larger cities.
- **Tourist Demand:** The tourist or leisure demand segment consists of individuals and families either spending time in the area or passing through en route to other destinations. Leisure demand is strongest on the weekends. These peak periods of demand are negatively correlated with commercial and group meeting visitation and, therefore, have a stabilizing effect in markets where both types of demand may be captured.
- **Commercial Demand:** The commercial demand is characterized as business travelers. Typically, high in major urban areas and/or near airports.

Based on our fieldwork, area analysis, and knowledge of comparable markets, we have identified the following non-casino demand segments in our analysis.

Table 40: Non-Casino Business Mix

| Current Business Mix | % |
|-----------------------------|-------------|
| Group Tour | 5% |
| Group Meetings | 15% |
| Tourist | 65% |
| Commercial | 15% |
| Total | 100% |

Source: The Innovation Group

Additions to the Local Supply

The Innovation Group found one proposed hotel for the Cheyenne market. This is the proposed \$76 million dollar investment at the Swan Ranch HHR Casino. The expansion includes another 1,000 HHR machines and a 150-room hotel. It is assumed the hotel will be open prior to the proposed Wyoming/Colorado state line resort.

Growth in Existing Demand

We reviewed and evaluated the existing performance of the assumed competitive properties to establish the demand for the proposed hotel; however, future growth of the market also needs to be considered. Factors affecting growth in demand include:

- Accessibility to the area;
- Growth in per capita income;
- Historical growth in room nights of hotel demand;
- Growth in the supply of area hotels and their marketing efforts; and
- Development of other tourist attractions in the area.

The following table summarizes the expected growth of the Cheyenne hotel market. The new and improved Cheyenne hotels will add to the tourist market and expanded event and rodeo space will

Draft

be extremely beneficial to the market. After year one and two, The Innovation Group expects that growth to normalize in the years moving forward.

Table 41: Demand Growth Rates

| Year | 2028 | 2029 | 2030 | 2031 | 2032 |
|----------------|-------------|-------------|-------------|-------------|-------------|
| Group Tour | 5.00% | 3.50% | 1.50% | 1.50% | 1.50% |
| Group Meetings | 5.00% | 3.50% | 1.50% | 1.50% | 1.50% |
| Tourist | 12.00% | 3.50% | 3.50% | 2.50% | 2.50% |
| Commercial | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |

Source: The Innovation Group

The following table summarizes the projected RND for the local hotel market during the forecast period of this assessment.

Table 42: Projected Local Ambient Demand

| Segment | 2028 | 2029 | 2030 | 2031 | 2032 |
|---------------------|----------------|----------------|----------------|----------------|----------------|
| Group Tour | 27,092 | 28,040 | 28,460 | 28,887 | 29,321 |
| Group Meetings | 81,275 | 84,120 | 85,381 | 86,662 | 87,962 |
| Tourist | 383,110 | 396,519 | 410,397 | 420,657 | 431,173 |
| Commercial | 78,566 | 79,744 | 80,941 | 82,155 | 83,387 |
| Total Demand | 570,043 | 588,423 | 605,180 | 618,361 | 631,843 |

Source: The Innovation Group

Penetration Analysis of Local Demand

The degree of market penetration by a subject property is referred to as “Market Share”. If a hotel’s actual penetration in each market segment is equal to the hotels’ share of supply, it should achieve what is referred to as its “Fair Share”. At 500 rooms, the subject property’s fair share of the projected local ambient demand is calculated to be 19.2%. Any deviation from fair share, either positive or negative, usually is a result of three reasons:

- The hotel is likely to be more or less competitive than other hotels in any particular market segment;
- Peak demand for a particular segment conflicts with peak casino demand (especially tourism); and
- There is a period of time required after opening for a hotel to reach its full penetration.

The proposed build out program for the project includes 500 hotel rooms. Given this, it is expected that the new Cheyenne casinos will penetrate each segment at a different level and will vary based on that standard customer dynamic.

The following table summarizes our analysis and forecasts in terms of fair share calculations for the various market segments. A discussion of each will follow as will a summary of total demand

from the non-casino segment.

Table 43: Local Ambient Demand - Adjustments to Fair Share

| Penetration Rates | Year One |
|--------------------------|-----------------|
| Group Tour | 80.0% |
| Group Meetings | 80.0% |
| Tourist | 90.0% |
| Commercial | 5.0% |

Source: The Innovation Group

Group Tour Demand

Group-tour demand is generated by tourists who travel in groups by bus charter. The proposed casino, with the addition of the hotel, may be able to develop a bussing program to bring in out of market patrons to the casino on a regular basis. Group tour segments are expected receive 80% of its market fair share. A year-round shuttle system is recommended in Fort Collins and potentially other nearby communities.

Group Meeting Demand

Group meeting demand is comprised of conventions and association meetings, trade shows, and leisure-oriented groups. This segment generally works well with casino hotels since it helps fill mid-week demand. It is recommended that the proposed hotel include enough meeting space to accommodate the midweek occupancy that will be driven by the quality of the facility. A steep ramp-up is anticipated to account for group sales to take effect and allow for advanced bookings. It is expected for the facility to get 80% of its fair share for this segment. The resort will coordinate with Cheyenne’s Chamber of Commerce who cannot presently fulfill all current requests for meeting and convention space.

Tourist Demand

The tourist or leisure demand segment consists of individuals and families either spending time in the area or passing through to other destinations. Leisure demand is strongest on the weekends, during the cool spring and autumn months and during holiday periods throughout the year. These peak periods of demand are negatively correlated with commercial and group meeting visitation and, therefore, have a stabilizing effect in markets where both types of demand may be captured. However, the tourist segment conflicts directly with casino demand which is also strongest on the weekend therefore it is expected that the proposed hotels will experience 90% of its fair share of tourism demand.

Commercial Demand

The commercial demand is characterized as business travelers who typically utilize hotels during the mid-week periods. This proposed facility is not directly located next to an airport or city center so it will likely see less of its fair share of commercial demand. Given the distance from a city center and any major business-oriented hub, it is anticipated that the proposed hotel will get 5% fair share of the market.

Estimated Hotel Performance

Estimated Hotel Occupancies

As mentioned previously, sizing a hotel is more than just an equation. Operational and management styles both come into play when deciding the size of a hotel. It is important to get a proper mix of both weekday and weekend demand. The tourism and gaming segments will easily fill the weekend demand but oversizing to accommodate all weekend demand can cause problems for midweek performance. With that in mind, sizing is a factor of the market demand and not the other way around. Based on the proposed hotel’s penetration of ambient demand and casino-related demand, The Innovation Group agrees with the recommended hotel size of 500 rooms.

In calculating occupancy, consideration was given to weekend versus weekday demand for each demand category. It was estimated for this analysis that 95% of commercial demand, 80% of group meetings, 80% of group tour, and 80% of tourism demand would occur during midweek. Based on the CRND analysis, 65% of casino demand is calculated to occur during midweek.

Total Demand

The following table shows hotel RND by segment, based on the total number of rooms (500).

Table 44: Hotel RND by Segment

| Segment | 2028 | 2029 | 2030 | 2031 | 2032 |
|---------------------|----------------|----------------|----------------|----------------|----------------|
| Group Tour | 4,155 | 4,569 | 4,638 | 4,707 | 4,778 |
| Group Meetings | 12,465 | 13,708 | 13,914 | 14,122 | 14,334 |
| Tourist | 66,104 | 76,020 | 78,680 | 80,647 | 82,664 |
| Commercial | 753 | 1,529 | 1,552 | 1,575 | 1,599 |
| Casino | 52,751 | 54,334 | 55,964 | 57,643 | 59,372 |
| Total Demand | 136,229 | 150,160 | 154,748 | 158,695 | 162,747 |

Source: The Innovation Group

The following table shows hotel RND by segment, based on the total number of rooms.

Table 45: Hotel RND by Segment

| Segment | 2028 | 2029 | 2030 | 2031 | 2032 |
|----------------|---------------|---------------|---------------|---------------|---------------|
| Group Tour | 3.1% | 3.0% | 3.0% | 3.0% | 2.9% |
| Group Meetings | 9.2% | 9.1% | 9.0% | 8.9% | 8.8% |
| Tourist | 48.5% | 50.6% | 50.8% | 50.8% | 50.8% |
| Commercial | 0.6% | 1.0% | 1.0% | 1.0% | 1.0% |
| Casino | 38.7% | 36.2% | 36.2% | 36.3% | 36.5% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Source: Client Data, The Innovation Group

Revenues

This prospective revenue analysis is based on some basic assumptions regarding the environment in which the proposed hotel would operate. These assumptions include the following:

- The proposed hotel will be managed and staffed by competent personnel;
- The proposed hotel will be professionally and aggressively marketed to the public;
- The facilities and amenities of the branded hotel to be developed will be similar to those outlined in this report.

The expected market segmentation of the proposed hotel affects not only occupancy patterns, but also room rate patterns, and therefore room revenues. As noted earlier, RND was divided up in the hotel based on the room mix, whether it is the suites or the moderately priced rooms.

In estimating future average daily rates for the proposed hotel, the following factors were considered:

- Average room rates achieved by the hotels in the directly competitive market;
- 2022, 2023, & 2023 rack (published) rates of the hotels in the directly competitive market;
- Historical average annual growth of average rates in the regional hotel market;
- The expected future demand, primarily during peak periods;
- The hotel's facilities and amenities;
- The quality and condition of the hotels in the existing directly competitive markets;
- Estimated market segmentation and the degree of premium/discount from rack rates by market segment and by hotel type.

The following table shows projected blended room rate mix by segment.

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Table 46: ADR Assumptions

| | Midweek Rate | Weekend Rate |
|----------------|--------------|--------------|
| Group Tour | \$130 | \$225 |
| Group Meetings | \$130 | \$225 |
| Tourist | \$175 | \$300 |
| Commercial | \$175 | \$300 |
| Casino | \$125 | \$175 |

Source: Smith Travel Research, Casino Websites

Hotel Room Revenue

In summary, based on 500 rooms, we estimated room revenue in 2028 at about \$22.5 million. Our room revenue forecast increases to about \$29.1 million by 2032, reflecting a growth rate of about 2.5% per year as the hotel commences operations. The occupancy rate and ADR for 2028 came in at about 75% and \$171, respectively. The following table shows expected occupancy, room night demand and ADR for the proposed 500-room hotel from 2028 through 2032. Please note this summary represents room revenue only; additional incomes related to hotel revenue will be discussed in the pro forma.

Table 47: Hotel Performance Summary

| Summary | 2028 | 2029 | 2030 | 2031 | 2032 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| Number of Rooms | 500 | 500 | 500 | 500 | 500 |
| Annual Room Nights Available | 182,500 | 182,500 | 182,500 | 182,500 | 182,500 |
| Occupancy | 72.2% | 79.5% | 81.9% | 84.0% | 86.2% |
| RND | 131,831 | 145,094 | 149,525 | 153,354 | 157,284 |
| ADR | \$171 | \$174 | \$177 | \$181 | \$185 |
| Room Revenue (MM) | \$22.5 | \$25.2 | \$26.5 | \$27.8 | \$29.1 |

Source: Client Data, The Innovation Group

Incremental Gaming Revenues

Though the casino RND portion is estimated to account for nearly \$11.6 million it is estimated that the non-casino segment will account for about \$5.6 million in gaming revenue for a grand total of approximately \$17.2 million.

Table 48: Overall Casino Hotel Incremental Gaming Revenue Summary

| Market Segment | RND | Double Occ. | Guests | Prop | Visits | Win | Revenues (MM) |
|-----------------------|----------------|--------------------|----------------|-------------|----------------|--------------|----------------------|
| Group Tour | 3,929 | 1.1 | 4,322 | 50.0% | 2,161 | \$70 | \$0.2 |
| Group Meetings | 11,788 | 1.1 | 12,966 | 50.0% | 6,483 | \$70 | \$0.5 |
| Tourist | 62,509 | 2 | 93,763 | 60.0% | 56,258 | \$88 | \$5.0 |
| Commercial | 712 | 1 | 712 | 40.0% | 285 | \$75 | \$0.0 |
| Subtotal | 78,938 | | 111,764 | | 65,187 | | \$5.6 |
| Casino | 52,893 | | 52,893 | | 52,893 | \$220 | \$11.6 |
| Total | 131,831 | | 164,657 | | 118,080 | \$146 | \$17.2 |

Source: Client Data, The Innovation Group

Conclusion

Developing multiple distinct hotel buildings within a major destination resort—especially one centered around a casino—offers significant strategic advantages over constructing a single large hotel. This multi-hotel approach allows for targeted branding and market segmentation, enabling the resort to attract a diverse range of guests, from high-end VIPs and gaming enthusiasts to casual tourists, families, and business travelers. By offering hotels with varying themes, service levels, and price points, the resort can maximize occupancy and revenue while creating tailored experiences that enhance guest satisfaction and encourage repeat visits.

From a gaming perspective, multiple hotel properties provide an opportunity to differentiate casino offerings and cater to distinct player demographics. High-limit and VIP players may prefer an upscale, boutique-style hotel with exclusive gaming salons, while casual gamblers and entertainment seekers may gravitate toward a more energetic, mid-tier hotel with easy access to the main casino floor. This segmentation also extends to non-gaming amenities such as dining, nightlife, and entertainment, allowing each hotel to feature unique venues that appeal to different guest preferences. As a result, the resort can drive incremental gaming revenue while providing a more personalized and engaging experience for visitors.

Operationally, a multi-hotel resort enhances flexibility and risk management. If market conditions shift or demand fluctuates within a particular segment, the resort can maintain overall stability by diversifying its offerings. This approach also allows for more efficient management of group business and convention sales, as different hotels can be designated for various event sizes and guest types, ensuring an optimal mix of leisure and business travelers. Additionally, phased construction and future expansion become more viable, enabling the resort to scale strategically without requiring the full investment of a massive, single-hotel development upfront.

From a competitive standpoint, having multiple hotel options within the resort strengthens its positioning against other integrated casino resorts. Guests are given the freedom to select accommodations that best suit their needs while still enjoying access to the full range of resort amenities, including gaming, fine dining, live entertainment, retail, and recreation. This variety fosters a sense of exclusivity and excitement, encouraging extended stays and greater on-site spending.

Ultimately, designing the resort with multiple hotels rather than a single monolithic property aligns

with modern gaming and hospitality trends. It creates a more dynamic, resilient, and guest-centric environment, ensuring that the destination remains competitive and adaptable in an evolving market. By diversifying its accommodations while maintaining a unified resort experience, the development can maximize revenue potential, enhance guest satisfaction, and solidify its status as a premier casino and entertainment destination.

Partnering with a Traditional Hotel Brand in a Casino Environment

While integrating a hotel into a casino resort offers significant financial and operational benefits, forming a partnership with a traditional hotel brand presents unique challenges. Many well-established hospitality brands maintain strict brand standards, operational guidelines, and regulatory concerns that can complicate alignment with a casino's business model.

Brand Standards vs. Casino Operations

Major hotel brands such as Marriott, Hilton, Hyatt, and IHG have stringent brand standards that dictate everything from room design and guest experience to food and beverage operations. These standards are often developed with traditional business and leisure travelers in mind, not casino guests, whose behaviors and expectations differ significantly. For example:

- **Casino-centric Design Conflicts:** Many hotel brands emphasize a family-friendly or corporate-friendly atmosphere, whereas a casino environment often prioritizes entertainment, nightlife, and adult-oriented experiences. A brand like Marriott's Courtyard or Hyatt Place may not want to be associated with a gaming-focused property.
- **Loyalty Program Misalignment:** Casino rewards programs, which offer comps for gaming play, often do not integrate smoothly with major hotel loyalty programs like Hilton Honors or Marriott Bonvoy, creating difficulties in tracking guest spending and rewarding frequent visitors in a unified manner.
- **Revenue Management Control:** Many casino resorts offer deeply discounted or complimentary rooms to their high-value players, which may conflict with a hotel brand's revenue management strategies that prioritize room rate optimization.

Regulatory and Compliance Issues

The gaming industry is one of the most heavily regulated sectors in hospitality, and many hotel brands are hesitant to engage in partnerships that require them to comply with casino-related oversight.

- **Licensing Requirements:** In many jurisdictions, any company associated with a casino—whether as an owner, operator, or even a branding partner—may be subject to gaming regulatory scrutiny. This could require executives and even shareholders of a hotel company to undergo licensing, a process that many traditional hotel brands try to avoid.

Operational and Service Model Differences

The operational models of traditional hotels and casinos differ in fundamental ways, creating friction in how services are structured and delivered.

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- **Check-In and VIP Treatment:** Casino resorts frequently operate on a tiered guest experience, where high-limit players receive priority check-in, personalized concierge service, and complimentary rooms. Many branded hotels follow a standardized check-in and service model that does not easily accommodate these distinctions.
- **Guest Expectations:** Casino guests often have a different mindset than traditional business or leisure travelers. They expect more personalized service, later check-out times, and flexible food and beverage options (such as 24/7 dining), which may not align with a brand's typical operations.
- **Revenue Sharing and Profit Allocation:** Casino hotels often structure their revenue differently than traditional hotels, with room rates sometimes being secondary to overall property spending. Many hotel brands prefer a RevPAR (Revenue per Available Room)-driven model, whereas a casino operator prioritizes Total Guest Worth, which includes gaming spend, dining, and entertainment.

Casino Hotel Approach

Despite the challenges of partnering with a traditional hotel brand, teaming up with an established casino hotel brand can be a highly effective strategy for maximizing guest appeal, optimizing operations, and driving overall resort revenue. Casino-branded hotels—such as those developed by MGM Resorts, Caesars Entertainment, and Hard Rock—offer a level of expertise in integrating hotel and gaming operations that traditional hospitality brands often lack. Additionally, structuring a casino resort with multiple hotel tiers allows properties to cater to a wide range of customer segments, from budget-conscious players to high-rolling VIPs.

Partnering with an established casino hotel brand offers significant strategic advantages, allowing for seamless integration of gaming and hospitality operations while enhancing marketability and guest retention. Unlike traditional hotel brands, casino-affiliated hotel brands understand the unique dynamics of gaming-driven resorts, where the priority is maximizing Total Guest Worth rather than focusing solely on Average Daily Rate (ADR). By aligning with a casino hotel brand, operators can leverage comprehensive loyalty programs, optimize revenue management strategies, and create a fully integrated resort experience that drives gaming and non-gaming spend.

A major benefit of working with a casino hotel brand is the seamless integration of hotel operations with gaming rewards programs. Casino-branded properties prioritize guest spending across multiple verticals—gaming, dining, entertainment, and retail—rather than viewing hotel stays as standalone revenue streams. This approach allows operators to tailor room offers to high-value players, using targeted comping strategies and tier-based perks that traditional hotel brands may struggle to accommodate. Additionally, casino-branded hotels provide stronger operational synergy, ensuring that guest services, VIP treatment, and promotional efforts align with the gaming business model. This results in a more cohesive and profitable operation, particularly in markets where player reinvestment and loyalty retention are critical.

Another advantage of partnering with a casino hotel brand is the strength of brand recognition and marketability. Many players already have strong affiliations with established casino brands,

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making it easier to drive visitation and cross-property loyalty. For example, brands such as MGM Resorts, Caesars Entertainment, and Hard Rock have built extensive networks of properties, allowing guests to earn and redeem rewards across multiple destinations. This ecosystem keeps players engaged within the brand and encourages repeat visits, an essential factor in maintaining long-term profitability. Additionally, casino-branded hotels benefit from marketing strategies specifically designed for gaming resorts, with tailored promotions, event-driven activations, and integrated digital marketing efforts that resonate with casino audiences.

One of the most effective strategies for maximizing the value of a casino hotel partnership is to offer multiple hotel tiers within the resort. By providing different levels of accommodations, operators can cater to a broad range of guest segments while ensuring that all visitors remain engaged within the property. A luxury-tier hotel appeals to high-limit players and VIP guests, offering premium suites, personalized concierge services, and exclusive gaming salons. This segment is crucial for attracting high-net-worth individuals and maximizing per-visit spend. An upscale hotel component can target business travelers, leisure guests, and mid-tier players, providing high-quality accommodations with access to fine dining, spas, and entertainment. Meanwhile, a mid-range hotel allows casinos to capture casual gamers and value-conscious guests who may not require luxury amenities but still want a full-service experience. Finally, a budget-friendly or limited-service hotel enables properties to attract cost-conscious travelers, including bus tour groups and day-trip gamblers, ensuring that even lower-tier players have the option to stay on-site and contribute to overall gaming revenue.

By offering a diversified range of hotel accommodations, a casino resort can effectively expand its target market while optimizing revenue from both gaming and non-gaming sources. This tiered approach ensures that all guests—whether high-limit players, mid-tier patrons, or budget-conscious visitors—remain within the resort ecosystem, increasing overall engagement and spend. When combined with the operational advantages of partnering with a casino hotel brand, this strategy provides a powerful framework for maximizing both guest satisfaction and long-term profitability.

RV PARK MARKET ASSESSMENT

The Innovation Group assessed the feasibility of adding a full-service RV Park to the new gaming resorts. We began the analysis by examining the potential for a 150 site RV Park but will make recommendations based on the market conditions. The RV Park assessment estimates top-line site rental revenue.

RV Industry

Industry Growth

This section will cover the RV Industry, new trends such as Green Initiatives, and competition in the surrounding area.

In 2010, the RV industry celebrated its 100th anniversary. Over the last three decades, the RV industry has grown at an astounding rate. To illustrate, from 1980 through 2001, RV ownership grew by nearly 40%. Since then, RV ownership has grown an additional 16%, which translates into approximately 8.3 million U.S. households that own RVs in 2011, or 64% more households than in 1980. In 2012, RV manufacturers shipped 285,749 units, an increase of 13.3% from 2011, and the highest total since 2007. And in 2013, the RV industry shipped 321,127 units, a gain of 12.4% over the previous year. This was nearly double the total in 2009, and a recent study found that among all U.S. households, one in six intends to purchase an RV.

The reasons for owning an RV are diverse. The top reasons to own RVs included the ability to take much more frequent weekend getaways or mini-vacations that accommodate busy family schedules, the ability to spend more quality time with their family and friends, explore the country, experience nature and outdoor activities, travel with their pets, sleep in their own bed, and have their own bathroom facilities. The expense is also much lower compared to traditional travel arrangements. In fact, CBRE Hotels Advisory prepared an updated cost comparison report for the Recreation Vehicle Industry Association in 2023 that found that RV travel is an average of 22% to 60% less expensive than other types of vacations for a 4-person group travelling by RV on a per-day basis. For a 2-person group travelling by RV, savings were an average of 9% to 47% on a per-day basis.² Even when factoring in the price of gas and costs of RV maintenance, the study maintained that RV vacations cost much less than other forms of vacation travel.

RVs also appeal to almost every budget level. RVs come in two basic categories, those that can be towed behind an automobile, such as a car, van, or truck, and motor homes which drive on their own. In either category, size varies greatly. Towable RV's can range from a small pop-up or folding trailer to a fifth-wheel travel trailer, varying in price from \$3,500, to in excess of \$100,000 depending on the size and amenities. Similarly, motor homes vary from the smallest Class B motor homes, such as van campers, to the largest Class A motor home, such as tour busses and the like.

² <http://www.rvia.org/?ESID=vcosts>

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Prices for motor homes can vary from approximately \$42,000 for a Class B motor home, to more than \$250,000 for a Class A motor home. Oddly, Class C motor homes fall in between Class A and B in terms of size. The following picture shows various styles of larger RVs.

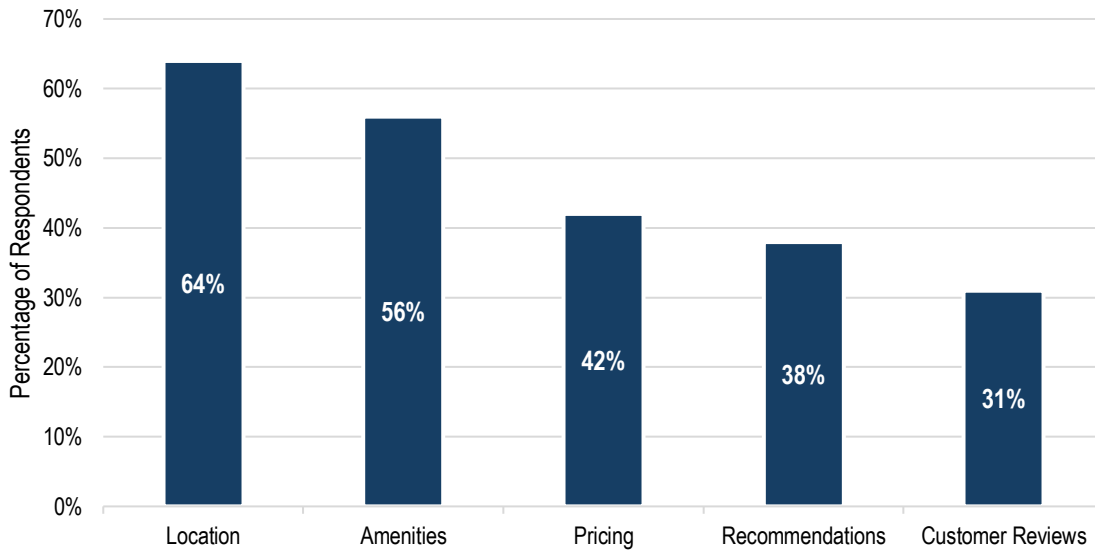


RV Owner Demographics

The demographic of an RV owner can vary just as much as the RVs themselves. According to a 2024 article by Contemporary Resorts and Residences (CRR) Hospitality, in recent years there has been an increase of millennial and family visitors to RV Parks, while retirees continue to be a substantial sector. The RV lifestyle is appealing to Millennials, roughly ages 24-39, due to its affordability, flexibility, and opportunity for an escape from city life. Families appreciate the ability to travel to new places and have quality family time in a way that is still budget friendly. They are more likely to travel during the summer months when children are out of school, and favor parks that include features like playgrounds and swimming pools that appeal to kids. Retirees have been a consistently made up a significant portion of RV owners because they tend to have more disposable income and free time. Older travelers generally prefer more substantial amenities, including full hookups, laundry facilities, and nearby medical services, for the sake of comfort and convenience.

RV Parks attract a wide range of demographics, and each has its own priorities and needs. Understanding the preferences of RV visitors is essential to RV Park owners developing a loyal customer base and ensuring stable business in the future. A national survey on RV Park consumer demographics reported that location, amenities, pricing, recommendations, and customer reviews to be the most significant factors influencing RV visitors' choice of RV Park. The most significant factor in RV Park choice for guests was location at 64%, while customer reviews were the least significant at just over 30% of respondents.

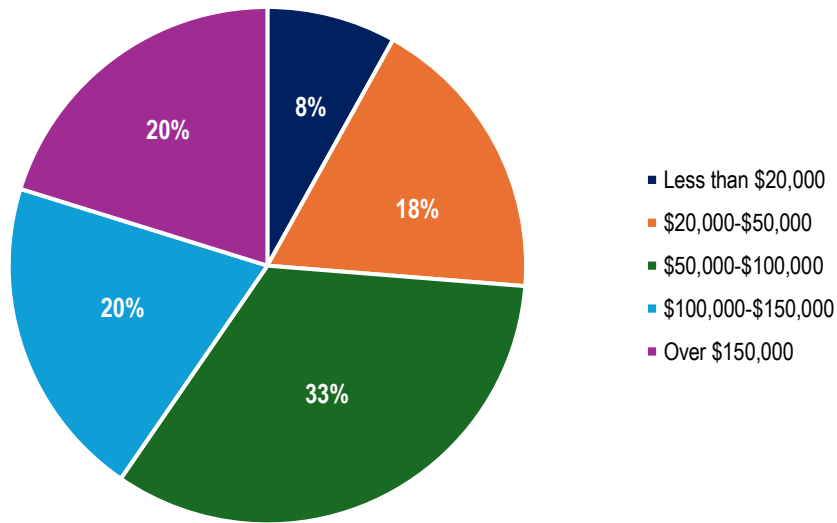
Figure 14: Factors Influencing RV Park Choice



Source: CRR Hospitality

Additionally, the CRR Hospitality article states that income levels between \$50,000-\$100,000 per year are most likely to use RV Parks, followed by the \$100,000-\$150,000 and the \$150,000+ segments. The \$20,000-\$50,000 group is also a significant portion of visitors, but the less than \$20,000 segment makes up less than 10% of visitors. This trend indicates that the RV lifestyle is more accessible to middle- and upper-class demographics. This is likely due to the fact that while using RVs as a vacation tool can significantly cut the costs of vacations and provide access to nature and outdoor activities, the investment of purchasing or renting an RV is often not affordable for lower income households. With the popularity of remote work and digital nomadism, RV living has become an increasingly attractive lifestyle for many people and RV Parks generally offer the needed amenities to support mobile workers.

Figure 15: Income Level Segmentation



Source: CRR Hospitality

Below is a chart from the IBIS World 2024 Campgrounds and RV Park industry in the United States. The data in the table is for NAICS code 72121 which reports RV Parks and Campgrounds under one data set. Between 2019 and 2023, revenue increased at an annual rate of about 3.6%, while employment decreased slightly at an annual rate of 0.9%. According to IBIS World, the forecasted revenue from 2024 to 2030 is expected to grow at an annualized rate of approximately 2% per year to reach over \$12 billion in revenue.

Table 49: RV Industry Historical Data & Forecast

| Year | Revenue (\$M) | YoY % Change | Establishments | Employment | Average Employee Wage | Revenue Per Employee |
|-----------------------|---------------|--------------|----------------|--------------|-----------------------|----------------------|
| 2019 | \$9,153 | | 14,819 | 55,452 | \$41,082 | \$165,065 |
| 2020 | \$7,102 | -22.4% | 14,557 | 55,078 | \$35,931 | \$128,952 |
| 2021 | \$9,743 | 37.2% | 15,138 | 50,531 | \$45,729 | \$192,807 |
| 2022 | \$9,926 | 1.9% | 15,327 | 51,262 | \$45,768 | \$193,623 |
| 2023 | \$10,525 | 6.0% | 15,792 | 53,469 | \$45,917 | \$196,843 |
| 2019-2023 CAGR | 3.6% | | 1.6% | -0.9% | 2.8% | 4.5% |
| 2024* | \$10,669 | -1.3% | 16,026 | 54,130 | \$45,928 | \$197,096 |
| 2025* | \$10,867 | -1.8% | 16,275 | 54,924 | \$45,964 | \$197,859 |
| 2026* | \$11,125 | -2.3% | 16,558 | 55,891 | \$46,020 | \$199,048 |
| 2027* | \$11,363 | -2.1% | 16,860 | 56,832 | \$46,060 | \$199,935 |
| 2028* | \$11,600 | -2.0% | 17,216 | 57,843 | \$46,089 | \$200,543 |
| 2029* | \$11,817 | -1.8% | 17,536 | 58,933 | \$46,086 | \$200,511 |
| 2030* | \$12,057 | -2.0% | 17,883 | 60,122 | \$46,088 | \$200,537 |

Source: IBIS World, 2024, Campgrounds & RV Parks in the US; *Forecasted

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Good Sam Club Rating System

Good Sam Club provides a rating system for each RV Park facility based on a scale of 1 to 10 with 10 being the best. There are three rating categories each rated separately: Completeness of facilities, Cleanliness and physical characteristics of restrooms, and Visual appeal and environmental quality.

Completeness of Facilities

The first rating is on the overall quality and completeness of the facilities on the property. This includes interior roads, sites, registration area, hookups, swimming pools, security, laundry, store, and building maintained. Having poor quality of the items listed above or lacking an item can result in a poor score.

Cleanliness and Physical Characteristics of Restrooms

The second rating is related to the cleanliness of the toilets, walls, showers, sinks, floors, etc. of each restroom. If a restroom receives full marks for each item, then they receive a star that designates exceptionally clean restrooms.

Visual Appeal and Environmental Quality

Finally, the last category rating concentrates on the sites layout, function, and identification of signage, exterior of the buildings, noise, trash disposal, litter and other debris around the grounds, as well as the sites entrance and exit.

Wyoming RV Parks and Attractiveness of Luxury RV Parks

The RV park industry in Wyoming plays a significant role in the state's economy, driven by the state's expansive outdoor recreation opportunities and the increasing national interest in RV travel. As the industry continues to evolve, it presents both economic benefits and operational challenges that require strategic investment and adaptation.

Economic Impact

Wyoming's RV parks and campgrounds are a vital component of the state's outdoor recreation economy. According to the Wyoming Outdoor Recreation Office, RV parks and campgrounds generated over \$85 million in 2021 from the over 300 registered RV Park and Campsites, accounting for approximately 3.6% of the state's total gross domestic product (GDP). Additionally, the sector supports employment and small business development, with the broader outdoor recreation industry sustaining 15,798 jobs in Wyoming as of 2023, representing 5.3% of total state employment. This growth aligns with a national surge in outdoor recreation participation, particularly following the COVID-19 pandemic, which prompted many travelers to seek domestic travel alternatives, including RV camping.

Challenges and Opportunities

Wyoming's harsh winters pose a challenge to RV park operators, with peak usage occurring during the spring and summer months. Many operators employ dynamic pricing models and targeted seasonal marketing to address these fluctuations. However, the proposed development would offer a wide range of amenities that could accommodate year round use. The addition of year round activities would also play a role in attracting customers during the difficult winter months.

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The growing demand for high-quality RV accommodations requires continuous infrastructure improvements, including better utility connections, enhanced road access, and expanded recreational services. Investments in sustainable infrastructure will be crucial for long-term industry growth.

The Wyoming state government has recognized the importance of outdoor recreation and has introduced funding programs such as the Wyoming Outdoor Recreation Grant Program. These initiatives provide financial support for infrastructure development and business expansion, helping to strengthen the RV park sector.

Luxury RV parks are becoming increasingly popular as more travelers seek unique, high-end, and flexible vacation experiences. The demand for these resorts has been driven by a shift in travel preferences, particularly after the pandemic, as people prioritize safety, privacy, and the freedom to travel at their own pace. These parks cater to affluent travelers with top-tier amenities, including gourmet dining options, private pools, spas, fitness centers, concierge services, and a range of exclusive activities like guided tours and events. Luxury RV parks also offer a level of comfort and convenience that traditional camping cannot, providing fully equipped spaces with high-end features like full hookups, Wi-Fi, and even smart home technology, which blend the adventure of RV travel with the comforts of a resort.

These parks appeal to families and groups, especially multigenerational ones, who want a vacation that combines outdoor exploration with resort-like amenities. Unlike traditional hotels, RV parks offer a more flexible option that can cater to a variety of needs. Many luxury RV parks also focus on wellness, offering serene environments and activities like yoga, hiking, and meditation that promote relaxation and health. Furthermore, the rise in interest in luxury RV parks presents a profitable investment opportunity, with the growing demand fueling the development of new, exclusive parks in sought-after locations.

RV Competitive Environment

The Innovation Group identified seven RV Parks/Campgrounds within 50 miles of the proposed development that serve as competition to the new proposed RV park. This list does not include all RV parks in the area because some are not considered true competition based on attractiveness.

Many of the higher quality RV Parks in the area report to Good Sam which is universally considered the “go-to” spot for RV Park information. However, a vast majority of the RV Parks in the area do not report to Good Sam, making consistent data hard to come by.

The following chart illustrates each of the RV Parks found within 50 miles of the proposed site.

Table 50: Local RV Park Competition

| Name | Location | Rate (low) | Rate (high) | Facility Ratings | Restroom Ratings | Appearance Ratings | Total Spaces | Hook Up |
|-----------------------------------|-----------------|-------------------|--------------------|-------------------------|-------------------------|---------------------------|---------------------|----------------|
| AB Camping RV Park | Cheyenne, WY | \$48 | \$48 | 8 | 9 | 8.5 | 115 | 89 |
| Restway Travel Park | Cheyenne, WY | \$65 | \$65 | 9 | 9.5 | 8 | 75 | 39 |
| Cheyenne RV Resort by Rjourney | Cheyenne, WY | \$39 | \$39 | 9 | 10 | 8.5 | 45 | 45 |
| Terry Bison Ranch RV Park | Cheyenne, WY | \$58 | \$58 | 8 | 10 | 7 | 112 | 72 |
| WYO Campground | Cheyenne, WY | \$50 | \$50 | 8 | 9.5 | 7 | 25 | 25 |
| Pine Bluffs RV Resort by Rjourney | Pine Bluffs, WY | \$29 | \$29 | 4.5 | 9.5 | 8 | 91 | 91 |
| Laramie RV Resort by Rjourney | Laramie, WY | \$33 | \$33 | 8 | 10 | 7.5 | 156 | 76 |

Source: Good Sam; Company Websites; Google Maps

Methodology

The first step in the analysis was to gain a thorough understanding of the existing RV Park market in the Colorado/Wyoming state line market area. The Innovation Group conducted exhaustive research to gather property data on RV Parks within the competitive set.

The next step was to estimate the current demand associated with the existing properties and the potential growth in demand associated with a new property. In order to do this, we segregated demand by the winter and a summer season, as demand typically varies significantly between these seasons. Even though nearly all competing RV Parks are open year around, they do have a sense of seasonality based on the fact that the weather patterns of the market area, therefore the summer and shoulder months are busier than winter months for these southern Wyoming RV Parks.

There are two types of demand to this market; long term and short term. Long term demand is for those who stay at a RV Park for more than a month at a time and sometimes much longer than that. These types of RV users do not represent the target market and therefore the total available sites had to be adjusted to compensate for long term users. Based on our knowledge of the market, The Innovation Group adjusted down or eliminated some available sites for locations that have RV users staying extended lengths of time. The end result is the total available short-term sites used to calculate the site nights of demand. The short-term sites are also subdivided into sites with hook ups and those without. Given the quality of product that is expected to be developed on the relocated casino, The Innovation Group only considered sites with hookups as competition.

The Innovation Group estimated the potential penetration by the proposed RV Park into the existing market using a fair share model. The model estimates induced demand associated with a new facility. The model establishes fair share based on site count market share and then adjusts the fair share up or down considering the quality and scope of the subject in comparison to the competition. The Innovation Group took into account the proposed RV Park’s general location, quality, and scope, including the amenity package, in relation to the several quality RV Parks in the target market to arrive at a premium to their fair share.

Finally, estimated ADR was applied to demand for the proposed RV Park in order to forecast site rental revenue. We analyzed the competitive environment for the purpose of finding the average market price point, and one that maximizes revenues for the proposed RV Park.

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We assume that the proposed RV Park will be located on lands proximate to the casino. Therefore, potential incremental gaming was estimated based on comparable markets and the type of RV Park visitor. RV Park visitors to a casino RV Park will have a higher likelihood to use the casino as well as spend more money as an overnight guest. Often times sites are comped/discounted to the gaming RVer to encourage casino play. Other factors such as time of year and weather were taken into account. The Innovation Group also took into account a discount when analyzing the capture rate of RV patrons, the distance that they must travel from the RV Park site to the casino.

Site Night Demand Forecast

Utilizing the fair share model, we assumed the proposed RV Park would offer approximately 150 sites, that would garner a top rating from Good Sam’s Club for both the facility and recreational offerings, giving the subject notoriety in terms of quality and scope. We believe only a high-quality RV park would fit the overall scheme of the development given that it will be part of a larger development and will be necessary to draw RV users to the property.

Based on market research, The Innovation Group estimated current demand in the market area at about 67,000 site nights in 2024. Occupancy in the market was estimated at about 42%. Based on an estimated average stay of 2.0 nights, total RV households, or unique RV visits, in the market, was estimated at approximately 34,000 for 2024.

Table 51: Total Market RV Park Demand – Calibration (2024)

| | Total |
|--------------------------|---------------|
| Site Count | 437 |
| Available Site Nights | 159,505 |
| Occupancy Rate | 42.2% |
| Site Night Demand | 67,262 |
| Average Length of Stay | 2.0 |
| Household Count | 33,787 |

Source: The Innovation Group

We have assumed the first year of operation would be 2028 and we believe the introduction of the proposed RV Park would grow the RV Park market and also cannibalize from other facilities, as the subject park would provide high quality accommodations, many of which are not at some of the surrounding RV Parks. Furthermore, we anticipate that the gaming resort will create an added driving factor. This is an incredibly important factor when analyzing future demand and will be the reason that a much larger than average RV Park will work in the market.

The Innovation Group separated the entertainment options and visitation into each of their own segments – Rodeo related, concerts, conference/tradeshows, livestock shows – estimated visitation for each segment and applied a differing capture rate for those attending. We wanted to differentiate each segment and apply capture rates to visitation that is equivalent to the value of that particular activity. For example, multi day events would be more likely to attract RV patrons as it is a more cost effective way to have overnight accommodations. Initial capture rates begin around 6.3% as it is estimated that approximately 6% of all households own an RV. However,

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according to the RV Industry Association (RVIA) camping, fishing, and hiking are among the most popular activities participating in for RVers and do not necessarily fall in line with what will be offered at the proposed development site will lead to a decrease in capture rate. On the other hand, RVers note that being able to unwind/relax and saving money on travel costs are all important motivators in owning an RV. These aspects will be valuable when utilizing the site as an entertainment destination.

It is also assumed that there will be shuttles driving RV Park patrons to and from the casino, particularly when weather is a hindrance. We estimated that the site night demand would grow by approximately 56.2% to 108,000 due to the proposed 34.3% increase in supply.

Table 52: Total Market RV Park Demand – Forecast

| | Total |
|--------------------------|----------------|
| Site Count | 587 |
| Available Sites | 214,105 |
| Occupancy Rate | 50.5% |
| Site Night Demand | 108,221 |
| <i>% Change</i> | <i>56.2%</i> |

Source: The Innovation Group

The resulting site night demand calculated to roughly 37,500, yielding an average occupancy rate of 68.5%.

Table 53: Proposed Casino RV Park Capture and Forecast

| | Total |
|----------------------------|---------------|
| Site Count | 150 |
| Available Sites | 54,750 |
| Fair Share | 25.6% |
| Premium to FS | 124% |
| Site Night Demand | 37,480 |
| Occupancy | 68.5% |
| Average Length of Stay | 2.0 |
| Individual Vehicles | 18,827 |

Source: The Innovation Group

RV Park Rental Revenue

The Innovation Group estimated the potential site rental revenue, which is generally based on the current rate profile associated with the target market. When gathering the competitive environment data, we also analyzed the high and low rates that each site charges. Many have a flat rate year-round; some offer different rates on weekends compared to weekdays, and others even change the rates during slow seasons compared to peak seasons. Rates ranged anywhere from \$33 a day to

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almost \$65 for a higher end RV resort. Due to the attractiveness of this facility versus others in the area, we are suggesting a rate of approximately \$76 in 2028.

After applying rental rates to the site night demand forecast, site rental revenue in 2028 came in at an estimated \$2.9 million. Based on a conservative growth rate, 2032 revenue was estimated at approximately \$3.3 million. The occupancy rate was estimated at 68.5% in 2028, reaching about 72.7% by 2032. The site revenue calculation is outlined in the table below.

Table 54: Proposed Full-Service RV Park Summary

| Year | Occupancy | ADR | Site Night Demand | Site Revenue |
|-------------|------------------|------------|--------------------------|---------------------|
| 2028 | 68.5% | \$76 | 37,480 | \$2,864,767 |
| 2029 | 69.5% | \$78 | 38,042 | \$2,965,893 |
| 2030 | 70.5% | \$80 | 38,613 | \$3,070,589 |
| 2031 | 71.6% | \$81 | 39,192 | \$3,178,981 |
| 2032 | 72.7% | \$83 | 39,780 | \$3,291,199 |

Source: The Innovation Group

NON-GAMING ENTERTAINMENT

The Innovation Group assessed the feasibility of a variety of event centers and arenas to host not just rodeos but also other events such as concerts and livestock shows. We assessed the feasibility of this development using assumptions given from the client.

Ramp Up Implications

A new development, particularly a large-scale resort, requires a ramp-up period to reach full operational potential due to several critical factors. First, market awareness and customer adoption take time, as even with strong marketing efforts, potential visitors must become familiar with the property and integrate it into their travel, entertainment, and spending habits. Building brand recognition and customer trust is a gradual process. Additionally, operational optimization is necessary during the initial months, as management fine-tunes staffing levels, service quality, and guest experiences. Adjustments to amenities such as food and beverage offerings, gaming floor layouts, and hotel services are often required based on actual demand patterns.

Customer loyalty and database growth also contribute to the need for a ramp-up period. Casinos and resorts rely on a core group of repeat patrons, and developing a strong customer base, particularly among high-value players, takes time. Loyalty programs and customer databases must be established to support recurring revenue. Concurrently, staffing and training present another challenge, as hiring, onboarding, and acclimating employees to company culture requires significant effort. High turnover rates are common in the first year of operation, necessitating continuous recruitment and training efforts.

Additionally, seasonality and event scheduling play a role in ramp-up, as many hospitality and entertainment businesses depend on peak travel seasons, holidays, and large-scale events to drive revenue. A new property opening in a lower-demand period may require additional time to establish its market position before experiencing peak visitation.

Construction and finishing work can also extend the ramp-up period. While the core elements of a resort may be operational, some amenities such as restaurants, entertainment venues, retail shops, and spas may open in phases. This phased approach can delay the full realization of revenue potential. From a financial perspective, investors and lenders anticipate a period before the property achieves stable revenue and profit margins. Initial cash flow may be constrained due to startup costs, requiring time to stabilize.

Competitive dynamics must also be considered, as existing market players may respond with promotions or other strategic efforts to retain customers. New properties must adapt their marketing and pricing strategies accordingly. Additionally, the local and regional economy may require time to adjust to increased tourism, workforce demands, and supplier relationships.

For a large resort on the Colorado/Wyoming state line, the ramp-up period is particularly relevant given the need to establish itself as a regional entertainment destination. The development must attract local, regional, and out-of-state visitors while capitalizing on seasonal event scheduling and

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rodeo-related tourism. Based on industry standards, most large-scale developments anticipate a ramp-up period of 12 to 36 months, depending on market conditions and project scope.

Please note, most of these segments will require a ramp up period, some more than others, and The Innovation Group estimated revenue and GGR for the entertainment aspects for Year 3, the first stabilized year. In the pro forma, revenues and GGR were discounted back to Year 1 and Year 2 for these elements.

Rodeo, Roping, and Equestrian-Related Events Assessment

The inclusion of rodeo, roping, and equestrian-related events (simply referred to as Rodeo) in the proposed resort represents a significant opportunity to attract visitors, enhance cultural authenticity, and generate substantial economic benefits. Rodeo is deeply ingrained in the culture of Wyoming and the broader Western United States, and it continues to be a major tourism driver.

Rodeo is an enduring and culturally significant sport in the United States, deeply rooted in the traditions of cattle ranching and Western heritage. What began as informal competitions among cowboys in the 19th century has evolved into a professional, multi-billion-dollar industry that attracts millions of spectators annually. The sport encompasses multiple disciplines, including bull riding, saddle bronc riding, bareback riding, tie-down roping, steer wrestling, team roping, and barrel racing.

Equine competitions evolved similarly, with rodeo and ranch horse events serving as early showcases for horse breeding and training. By the mid-20th century, specialized equestrian events, such as cutting, reining, and dressage competitions, became prominent, leading to the creation of breed-specific shows and equestrian organizations. Today, leading associations such as the American Quarter Horse Association (AQHA), United States Equestrian Federation (USEF), and the National Reining Horse Association (NRHA) oversee major equine competitions that attract international participants.

Rodeo Industry

The rodeo industry in the United States is a multi-tiered ecosystem composed of governing bodies, professional circuits, regional associations, and media partners that regulate competitions, establish industry standards, and promote the sport. The Professional Rodeo Cowboys Association (PRCA) is the largest and most prestigious rodeo organization, sanctioning over 600 rodeos annually across North America. According to the Las Vegas Review-Journals, the National Finals Rodeo (NFR), PRCA's premier event, attracts about 170,000 attendees each year to Las Vegas, generating an estimated \$250 million in economic impact through tourism, lodging, and entertainment spending.

In parallel, Professional Bull Riders (PBR) has emerged as a dominant force in the industry, transforming bull riding into a stand-alone, globally recognized sport. Founded in 1992, PBR now hosts over 200 events annually across the United States, Brazil, Australia, Canada, and Mexico. The organization's PBR Team Series, introduced in 2022, has enhanced fan engagement through team-based competitions, mirroring the structure of mainstream sports leagues. PBR's global audience continues to grow year over year, and its prize pool surpasses \$10 million, making it one

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of the highest-paying rodeo circuits. As the organization has gained success, they have been able to enter the market of corporate sponsorships as well as broadcast partnerships with include CBS Sports, The Cowboy Channel, and other digital streaming platforms.

The Women's Professional Rodeo Association (WPRA) plays a crucial role in promoting women's rodeo disciplines, particularly barrel racing and breakaway roping, which have gained increasing visibility in professional rodeo circuits. WPRA-sanctioned events are now featured alongside PRCA rodeos and at the NFR and the WPRA plays a crucial role in expanding opportunities for women in professional rodeo. In recent years, breakaway roping has gained prominence and is now featured at major rodeos, helping expand opportunities for female competitors. Additionally, the National Intercollegiate Rodeo Association (NIRA) oversees college rodeo competitions, fostering talent development and providing a pipeline for young athletes aspiring to turn professional.

At the regional and grassroots level, state and local rodeo associations support amateur and semi-professional rodeo competitions, allowing communities to maintain the cultural heritage of the sport. Organizations such as the Indian National Finals Rodeo (INFR) highlight the contributions of Native American cowboys and cowgirls to the industry, further diversifying the sport's competitive landscape.

Beyond live events, rodeo's media presence and digital engagement have significantly expanded. CBS Sports, RFD-TV, and The Cowboy Channel regularly broadcast PRCA and PBR events, while streaming services have increased access for global audiences. Social media has also played a critical role in fan engagement, with PBR and PRCA leveraging a wide array of social media platforms to reach younger demographics. Rodeo's continued growth is evidenced by increasing corporate investment, rising event attendance, and expanding sponsorship revenue, positioning the industry as a multi-billion-dollar sector with a strong following.

Major Events and Economic Impact

Rodeo shows represent a significant economic driver in the U.S., generating revenue from ticket sales, exhibitor fees, trade shows, sponsorships, and tourism spending. Some of the largest and most influential events include:

1. National Western Stock Show (Denver, CO)

- Founded: 1906
- Annual Attendance: 700,000+
- Livestock Exhibited: 12,000+ head of cattle, horses, and other animals
- Economic Impact: \$120 million annually
- Key Features: Livestock competitions, rodeo performances, horse shows, trade expos, and breed sales (National Western Stock Show)

2. Fort Worth Stock Show & Rodeo (Fort Worth, TX)

- Founded: 1896
- Annual Attendance: 1.2 million+
- Economic Impact: \$200 million+
- Key Features: Ranch rodeos, livestock auctions, equine competitions, Western trade shows, and youth agriculture programs

3. American Quarter Horse Congress (Columbus, OH)

- Founded: 1967
- Annual Attendance: 650,000+
- Economic Impact: \$409 million
- Key Features: World’s largest single-breed horse show, featuring over 25,000 equine entries, AQHA-sanctioned competitions, and equine industry trade expos (AQHA)

4. Houston Livestock Show and Rodeo (Houston, TX)

- Founded: 1932
- Annual Attendance: 2.5 million+
- Economic Impact: \$227 million
- Key Features: Livestock exhibitions, PRCA-sanctioned rodeo, agribusiness scholarships, and a Western-themed festival

5. World Equestrian Center (Ocala, FL & Wilmington, OH)

- Founded: 2016 (Ocala location)
- Specialization: High-end equestrian competitions, hunter-jumper and dressage shows, luxury equestrian events

Cheyenne’s Position as a Rodeo Destination

The rodeo industry has experienced substantial growth over the last several decades, driven by the increasing popularity of Professional Rodeo Cowboys Association (PRCA) events, the rise of Professional Bull Riders (PBR), expanding media coverage, and a growing base of participants and spectators. With Cheyenne already hosting one of the nation’s largest and most prestigious rodeo events—Cheyenne Frontier Days—the city is well-positioned to support additional rodeo and equestrian-related entertainment. Expanding these offerings to a year-round facility within the proposed resort will allow Cheyenne to capitalize on the growing popularity of professional rodeo and equestrian sports, strengthening its position as a premier destination for Western heritage tourism.

While CFD remains the flagship event, there could be strong demand for additional rodeo and equestrian events throughout the year, especially given the growing popularity and exposure of the rodeo. Currently, Cheyenne lacks a dedicated indoor rodeo arena, limiting the ability to host high-profile events outside of the summer season. The proposed resort development presents an opportunity to fill this market gap by establishing a multi-use rodeo and equestrian event center that can host year-round competitions, exhibitions, and training camps.

Development and Facility Considerations

For the proposed resort to maximize the potential of rodeo and equestrian events, a dedicated, multi-use event space is essential. The Innovation Group conducted due diligence research and spoke with individuals involved in the rodeo and equestrian space in order to get an understanding of what would be valuable for a development such as the proposed resort. The following recommendations outline key elements of the proposed facility:

1. State-of-the-Art Indoor Arena

- Capacity: 5,000-10,000 seats
- Retractable seating for adaptable configurations
- Climate-controlled for year-round events

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- High-definition broadcasting and live-streaming capabilities
- 2. **Outdoor Rodeo Grounds**
 - Grandstands with 10,000+ seat capacity for major events
 - Roping and barrel racing arenas
 - Large-scale livestock holding and care facilities
 - Customizable event infrastructure for PRCA and PBR competitions
- 3. **Equestrian Training & Exhibition Center**
 - Horse stalls and boarding facilities
 - Dedicated areas for team roping, cutting horse competitions, and barrel racing
 - Youth and amateur rodeo programs to support local engagement
 - Event space for equestrian trade shows and Western lifestyle expos
- 4. **Year-Round Programming**
 - PRCA and PBR sanctioned events to attract national competitors
 - Regional and local rodeo circuits for steady facility utilization
 - Winter series rodeos to complement CFD's summer schedule
 - Corporate sponsorship opportunities to enhance revenue streams

Revenue Forecast

The revenue forecast for rodeo and equestrian events at the proposed resort is based on a market-driven approach, incorporating both client-provided estimates for event utilization and daily visitation, as well as external benchmarks from comparable rodeo venues and professional circuits. While the client supplied expected event days per year and anticipated daily attendance, our methodology expands upon these figures by analyzing regional pricing structures, industry-standard revenue per capita metrics, and historical performance trends. This approach ensures a realistic and data-backed revenue projection, accounting for primary income sources such as ticket sales, merchandise, and food and beverage revenue streams. Please note there was a wide range for both utilization and visitation, and in order to remain conservative from a modeling perspective, The Innovation Group utilized average visitation, and the least amount of days utilized.

Revenue Components and Forecasting Approach

Rodeo and equestrian events generate revenue through multiple channels, each influenced by pricing models, audience spending behavior, and facility offerings. The primary revenue components include:

1. **Ticket Sales Revenue** – General admission, multi-day passes, and VIP packages
2. **Merchandise and Souvenir Sales** – Branded event apparel, equestrian gear, and Western lifestyle products
3. **Food and Beverage Sales** – Concessions, specialty dining experiences, and alcohol sales

By evaluating per capita spending rates, capture rates, and market demand, the revenue forecast provides a comprehensive financial outlook for these events at the resort.

It is important to note that there will be a significant ramp up period for the rodeo and other related events. Not only will it take time to book a full schedule and get the facility into the market but it will take time for patrons to get an understanding of what is being offered and the popularity to

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grow. We forecasted these revenue figures to Year 3 of operations as the first stabilized year. In our financial proforma projection we will discount revenue and GGR estimates back to Year 1 to account for the ramp up period.

Ticket Sales Revenue

Ticket sales typically represent the largest direct revenue source for rodeo and equestrian events at the proposed resort. Using client-supplied attendance estimates and market comparisons from events such as Cheyenne Frontier Days, the National Western Stock Show, and Professional Bull Riders (PBR) events, we developed a pricing and attendance model reflective of regional demand. Market comparables indicate that general admission tickets typically range from \$15 to \$35, while reserved seating averages \$40 to \$65 per ticket. VIP and premium seating at high-profile rodeos command prices between \$75 and \$150 per ticket. Based on anticipated attendance and a weighted average ticket price of \$70, total annual ticket revenue is projected at approximately \$18.9 million.

Table 55: Ticket Sales

| Event | Rodeo Related Events |
|---|-----------------------------|
| Number of Days/Year | 180 |
| Estimated Attendance/Day (average based on assumptions) | 1,500 |
| Estimated Ticket Price | \$70 |
| Total Ticket Sales | 270,000 |
| Total Ticket Revenue (MM) | \$18.9 |

Merchandise and Souvenir Sales

Merchandise and souvenir sales are a key secondary revenue stream, driven by fan engagement, event prestige, and brand loyalty. Rodeo attendees typically spend on branded apparel (hats, shirts, jackets), cowboy boots, rodeo programs, and collectible memorabilia. Market research indicates that 19% to 25% of event attendees purchase general merchandise, and this number can increase during major anchor events, especially as available vendors increase for the larger events. with an average spend per capita ranging from \$18 to \$40 conservatively. However, merchandise and souvenirs are often sold from the artist or performer with the venue tasking a cut of sales, that range between 15% and 30%.

Applying an average merchandise penetration rate of 21% and an estimated average spend of \$29 per attendee, total merchandise revenue is projected to generate approximately \$1.6 million annually with a venue capture of roughly \$400,000.

Table 56: Merchandise and Souvenir Sales

| | |
|----------------------------|-------------|
| Total Attendance | 270,000 |
| Capture Rate | 21% |
| Avg. Expenditure for Merch | \$29 |
| Total Sales | \$1,644,300 |
| Venue takeout | 22.5% |
| Venue Merch Revenue | \$369,968 |

Food and Beverage Sales

Food and beverage sales, including concessions and alcohol, are a high-margin revenue source at rodeo and equestrian events. Industry benchmarks indicate that 60% to 75% of attendees purchase food and beverages, in fact, a 2023 study by Datassential (a F&B marker research firm) indicated that 78% of consumer who visit a sport/concert stadium ordered food with an average spend of roughly \$32.

Given the expected attendance figures, a conservative capture rate (due to other casino F&B options), and a per capita spend of \$32, total food and beverage revenue is projected to contribute \$5.2 million annually. Please note this does not include F&B spending in the casino but casino patrons or those who are attending rodeo related events that also spend money in the casino restaurants.

Table 57: F&B Sales

| | |
|--------------------------|---------|
| Total Attendance | 270,000 |
| Capture Rate | 60% |
| Avg. Expenditure for F&B | \$32.00 |
| Total F&B (MM) | \$5.2 |

Incremental Gaming Revenue

Given this is part of an overall gaming development, it is important to understand the capture rate of those visiting not other the rodeo events but also the casino. These are high value patrons as they are not only spending their entertainment wallet at the rodeo but also on a higher margin gaming floor. First, we had to separate attendees across different entertainment sectors (non-gaming sectors), and then apply a cross over fact in order to not double count potential gamers. For example, there is a likely hood that a person attending the rodeo will also attend a concert or livestock show on the same day. If we counted each individual ticket sold, we would overestimate the amount of individual bodies present to capture for gaming revenue and as result overestimate potential GGR. We estimated the crossover factor to be around 29%. This is due to the large number of activities planned at the facility and the easy cross over nuances of several of the different entertainment sectors. For consistency reasons, this cross over factor was applied across each entertainment sector evenly. The following chart estimating GGR generated from the rodeo related events.

Table 58: GGR

| | Percentage of Total | Total Attendance | Capture Rate | Average Win | Incremental Gaming (MM) |
|----------------|---------------------|------------------|--------------|--------------|-------------------------|
| Non-Gamer | 40% | 77,143 | 15% | \$60 | \$0.7 |
| Standard Gamer | 50% | 96,429 | 40% | \$107 | \$4.1 |
| Top-Tier Gamer | 10% | 19,286 | 85% | \$295 | \$4.8 |
| Total | 100% | 192,857 | | \$145 | \$9.7 |

Equine and Livestock Shows

The livestock and equine show industry in the United States is a multi-billion-dollar sector that plays a vital role in agriculture, rural economies, and Western heritage. These events serve a variety of purposes, including competitive exhibitions, breeding showcases, trade expos, livestock auctions, and educational programming. Participants range from farmers, ranchers, and breeders to equestrian competitors, corporate sponsors, and general spectators, making livestock and equine shows a tourism and economic driver in many regions. The industry's significance extends beyond entertainment, directly influencing cattle and horse breeding, feed and equipment sales, and agribusiness investments.

The largest and most prestigious livestock and equine shows attract hundreds of thousands of attendees annually and generate millions in economic impact for host cities. Events such as the National Western Stock Show (Denver, CO), Fort Worth Stock Show & Rodeo (Fort Worth, TX), and the American Quarter Horse Congress (Columbus, OH) highlight the industry's influence, drawing visitors, exhibitors, and corporate sponsors from across the country. These shows not only feature livestock competitions and horse shows but also educational seminars, agribusiness expos, and major breed sales, creating a comprehensive industry ecosystem.

It is important to understand the significance of livestock and equine shows as they are related to other rodeo and western style sporting events. These events are often held on the same day as each other and are staggered throughout the day/evening to allow participants to attend multiple different events taking place during the day. Sometimes these events are sold as packaged tickets while others are more often sold individually.

Historical Background and Evolution

Research indicates livestock exhibitions and equine competitions date back to the 19th century, when farmers and ranchers gathered to showcase breeding stock, trade livestock, and share agricultural advancements. One of the first large-scale stock shows emerged around 1900 as formalized competitions where animals were judged based on conformation, breed characteristics, and performance. Events such as the Chicago International Livestock Exposition (founded in 1900) helped establish industry-wide breeding standards and best practices, fostering the development of modern livestock competitions. These events contribute to rural economies, agribusiness sectors, and tourism revenues, supporting hotels, restaurants, transportation services, and local businesses.

Major Events and Economic Impact

Please note the major events for livestock and equine shows align similarly with the rodeo events from the Rodeo section of this report. The Innovation Group has left them in here for ease of viewing.

Some of the largest and most influential events include:

1. National Western Stock Show (Denver, CO)

- Founded: 1906
- Annual Attendance: 700,000+

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- Livestock Exhibited: 12,000+ head of cattle, horses, and other animals
- Economic Impact: \$120 million annually
- Key Features: Livestock competitions, rodeo performances, horse shows, trade expos, and breed sales

2. Fort Worth Stock Show & Rodeo (Fort Worth, TX)

- Founded: 1896
- Annual Attendance: 1.2 million+
- Economic Impact: \$200 million+
- Key Features: Ranch rodeos, livestock auctions, equine competitions, Western trade shows, and youth agriculture programs

3. American Quarter Horse Congress (Columbus, OH)

- Founded: 1967
- Annual Attendance: 650,000+
- Economic Impact: \$409 million
- Key Features: World's largest single-breed horse show, featuring over 25,000 equine entries, AQHA-sanctioned competitions, and equine industry trade expos

4. Houston Livestock Show and Rodeo (Houston, TX)

- Founded: 1932
- Annual Attendance: 2.5 million+
- Economic Impact: \$227 million
- Key Features: Livestock exhibitions, PRCA-sanctioned rodeo, agribusiness scholarships, and a Western-themed festival

5. World Equestrian Center (Ocala, FL & Wilmington, OH)

- Founded: 2016 (Ocala location)
- Specialization: High-end equestrian competitions, hunter-jumper and dressage shows, luxury equestrian events

Industry Structure and Key Players

The livestock and equine show industry is structured around national associations, breed organizations, and event management bodies that regulate competitions, set industry standards, and coordinate major events.

1. National and Regional Livestock Associations

- National Cattlemen's Beef Association (NCBA) – Governs beef cattle exhibitions and livestock trade shows
- American Hereford Association, Angus Association, and Other Breed-Specific Organizations – Set breeding and competition standards
- State and Regional Agricultural Extension Services – Support youth and professional livestock programs

2. Major Equine Governing Bodies

- American Quarter Horse Association (AQHA) – Manages quarter horse competitions and breed registries
- United States Equestrian Federation (USEF) – Oversees national equestrian sports and Olympic-level disciplines
- National Reining Horse Association (NRHA), National Cutting Horse Association (NCHA) – Specialize in Western equine sports

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The livestock and equine show industry is a dynamic and expanding market, with significant economic impact, rising participation rates, and strong corporate investment. The industry's influence extends beyond traditional competition circuits, encompassing agriculture, trade expos, and lifestyle branding. With major national events drawing hundreds of thousands of attendees, the demand for state-of-the-art exhibition facilities, breeding showcases, and professional equestrian venues continues to grow.

For the proposed resort, investing in livestock and equine events presents a lucrative opportunity to attract breeders, competitors, corporate sponsors, and Western lifestyle enthusiasts, solidifying the venue's status as a reliable location for livestock exhibitions, equestrian competitions, and agribusiness networking.

Revenue Forecast

Revenue forecasting for livestock and equine show events at the proposed resort is similar to that of the rodeo and is based on a market-driven approach, incorporating both client-provided utilization estimates and industry benchmarks to develop financial estimates. While the client supplied expected days of use and projected daily visitation figures, a broader market analysis was conducted to refine revenue expectations. This analysis included evaluating pricing structures, stall fees, entry fees, and per capita spending on merchandise and concessions. By integrating data from comparable livestock and equine exhibitions, the forecast provides a comprehensive assessment of potential earnings while accounting for regional demand, competitive positioning, and consumer spending behavior.

Revenue Components and Forecasting Approach

Revenue generation for livestock and equine show events at the proposed resort will be derived from multiple sources, each influenced by market-driven pricing models and industry participation trends. The primary revenue components include:

4. **Ticket Sales Revenue** – General admission, multi-day passes, and VIP packages
5. **Exhibitor and Stall Rental Fees** – Livestock and equine entry fees, booth rentals, and premium stall rates
6. **Merchandise and Souvenir Sales** – Branded event apparel, equestrian gear, and Western lifestyle products
7. **Food and Beverage Sales** – Concessions, specialty dining experiences, and alcohol sales

It is important to note that there will be a significant ramp up period for the livestock and equine show events. Not only will it take time to book a full schedule and get the facility into the market but it will take time for patrons to get an understanding of what is being offered and the popularity to grow. We forecasted these revenue figures to Year 3 of operations as the first stabilized year. In our financial proforma projection we will discount revenue and GGR estimates back to Year 1 to account for the ramp up period.

Ticket Sales Revenue

Ticket sales represent a significant revenue stream, driven by attendance levels and tiered pricing models. Comparable livestock exhibitions indicate that general admission ticket prices range from \$15 to \$30 per attendee, while multi-day passes typically cost \$40 to \$60. VIP and premium seating

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options, which may include exclusive hospitality access, networking lounges, or private viewing areas, are priced between \$75 and \$150 per ticket. However, as mentioned before a vast majority of these events take place while other western type events take place such as the rodeo and tickets are often offered at a bundle package. Using client-supplied attendance estimates and market comparisons from events such as the National Western Stock Show and Ft. Worth Stock Show and Rodeo events, we developed a pricing and attendance model reflective of regional demand.

The Innovation Group created a weighted number of individual tickets sold relative to the group tickets that are purchased as part of the larger show. Based on anticipated attendance and a weighted average ticket price of \$55, total annual ticket revenue is projected at approximately \$1.4 million.

Table 59: Ticket Sales

| Event | Horse and Livestock Shows |
|---|----------------------------------|
| Number of Days/Year | 50 |
| Estimated Attendance/Day (Individual tickets) | 500 |
| Estimated Ticket Price | \$55 |
| Total Ticket Sales | 25,000 |
| Total Ticket Revenue (MM) | \$1.4 |

Stall Rental and Entry Fees

Livestock and equine exhibitors pay entry fees and stall rentals to showcase their animals, participate in breed competitions. Livestock stall fees range between \$150 and \$400 per stall, per event while equine stalls range from \$200 to \$500 per stall, per event, and entry fees range between \$20 and \$50 per animal.

Large shows can have thousands of animals shown per day while the smaller ones can show a few hundred. The Innovation Group estimated approximately 350 animals shown per day with a mix of 70% smaller animals such as cattle, sheep, pigs, and goats and the remaining 30% being horses.

Table 60: Stall and Entry Fee Revenue

| Event | Horse and Livestock Shows |
|------------------------|----------------------------------|
| Number of Days/Year | 50 |
| Number of Animals | 350 |
| Number of Livestock | 245 |
| Number of Equine | 105 |
| Livestock Stall Fee | \$175 |
| Equine Stall Fee | \$300 |
| Entry Fee | \$35 |
| Stall Revenue (MM) | \$3.7 |
| Entry Fee Revenue (MM) | \$0.6 |
| Total (MM) | \$4.3 |

Merchandise and Souvenir Sales

Merchandise and souvenir sales are a small secondary revenue stream, driven by fan engagement, event prestige, and brand loyalty, though to a significantly lesser extent than the rodeo activities. Adjustments were made based on the anchor point of rodeo merchandise sales.

Applying a average merchandise penetration rate of 10% and an estimated average spend of \$29 per attendee, total merchandise revenue is projected to generate approximately \$145,000 annually with a venue capture of roughly \$33,000

Table 61: Merchandise and Souvenir Sales

| | |
|----------------------------|-----------|
| Total Attendance | 50,000 |
| Capture Rate | 10% |
| Avg. Expenditure for Merch | \$29 |
| Total | \$145,000 |
| Venue takeout | 22.5% |
| Venue Merch Revenue | \$32,625 |

Food and Beverage Sales

Food and beverage sales, including concessions and alcohol, are a high-margin revenue source at these events even if they only account for a small portion of revenue. Considering the type of event and industry the attraction to food and beverage is less than its rodeo counter parts. The Innovation Group adjusted the potential food and beverage revenue using the rodeo as an anchor point.

Given the expected attendance figures, a conservative capture rate adjusted based on the rodeo revenue, and a per capita spend of \$20, total food and beverage revenue is projected to contribute \$250,000 annually. Please note this does not include F&B spending in the casino but casino patrons or those who are attending rodeo related events that also spend money in the casino restaurants.

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Table 62: F&B Sales

| | |
|--------------------------|-----------|
| Total Attendance | 50,000 |
| Capture Rate | 25% |
| Avg. Expenditure for F&B | \$20.00 |
| Total F&B | \$250,000 |

Incremental Gaming Revenue

Given this is part of an overall gaming development, it is important to understand the capture rate of those visiting not only the rodeo events but also the casino. These are high value patrons as they are not only spending their entertainment wallet at the rodeo but also on a higher margin gaming floor. First, we had to separate attendees across different entertainment sectors (non-gaming sectors), and then apply a cross over factor in order to not double count potential gamers. For example, there is a likely hood that a person attending the rodeo will also attend a concert or livestock show on the same day. If we counted each individual ticket sold, we would overestimate the amount of individual bodies present to capture for gaming revenue and as result overestimate potential GGR. We estimated the crossover factor to be around 50%. This is due to the large number of activities planned at the facility and the easy cross over nuances of several of the different entertainment sectors. The following chart estimating GGR generated from the livestock and equine related events.

Table 63: GGR

| | Percentage of Total | Total Attendance | Capture Rate | Average Win | Incremental Gaming (MM) |
|----------------|------------------------|------------------|-----------------|----------------|----------------------------|
| Non-Gamer | 25% | 6,250 | 10% | \$60 | \$37,500 |
| Standard Gamer | 60% | 15,000 | 10% | \$107 | \$160,500 |
| Top-Tier Gamer | 15% | 3,750 | 10% | \$295 | \$110,625 |
| Total | 100% | 25,000 | | \$123 | \$308,625 |

PARI-MUTUEL WAGERING ON RODEO: MARKET OVERVIEW AND UNIQUE OPPORTUNITY

Pari-Mutuel Wagering on Rodeo in the U.S.

Pari-mutuel wagering on rodeo events in the United States remains highly uncommon, largely due to the structure of rodeo competitions and the absence of an established betting framework. Unlike horse or greyhound racing, where the outcome is determined by the first competitor to cross the finish line, rodeo events rely on scoring criteria set by judges, introducing subjectivity that complicates the development of a traditional pari-mutuel betting system. Events such as bull riding, bronc riding, and barrel racing involve a mix of performance-based scores and elapsed time, making it difficult to standardize odds and establish betting pools.

Additionally, the existing regulatory environment poses significant hurdles. Most pari-mutuel wagering regulations in the U.S. were established for horse racing and, in some cases, greyhound racing and jai alai, with little precedent for expanding the model to other sports. While discussions have occurred in states such as Wyoming and Texas regarding the potential for pari-mutuel wagering on rodeo, no significant policy changes have been implemented. This lack of regulatory groundwork means that the introduction of rodeo into pari-mutuel wagering would require either amending existing laws or drafting entirely new legislation, both of which are complex and time-intensive processes.

Despite this, interest in rodeo betting has been growing, particularly in Las Vegas, where the National Finals Rodeo (NFR) draws significant audiences. However, current wagering on rodeo is limited to fixed-odds sportsbook betting, which allows individual bettors to place wagers at predetermined odds rather than through pooled pari-mutuel systems. Similarly, Professional Bull Riders (PBR) has made inroads into the sports betting market by offering fixed-odds betting on select competitions, but these bets do not function under a pari-mutuel framework. If a viable pari-mutuel wagering system were to be developed for rodeo, potential bet types could include:

- **Win, Place, and Show Bets:** Based on a competitor's final standing after scoring.
- **Head-to-Head Matchups:** Wagers on one competitor performing better than another in a given event.
- **Aggregate Score Betting:** Similar to horse racing's multi-race parlays, bets could be placed on a competitor's cumulative performance across multiple events.

However, even if regulatory barriers were addressed, the lack of an established bettor base for pari-mutuel rodeo wagering remains a significant challenge. The horse racing industry has spent decades cultivating a culture of wagering, with a robust infrastructure of tracks, OTB (off-track betting) facilities, and online wagering platforms. In contrast, rodeo currently lacks the same embedded betting culture, meaning that not only would regulatory approval be required, but a consumer education and marketing effort would be necessary to introduce pari-mutuel wagering as a new betting category.

Pari-Mutuel Wagering on Rodeo in International Markets

Internationally, pari-mutuel wagering on rodeo is just as uncommon, despite strong rodeo traditions in several countries. Canada, home to major rodeo events such as the Calgary Stampede, has an established pari-mutuel betting industry for horse racing, but rodeo has not been incorporated into this system. While Canadian sportsbooks offer some fixed-odds betting on select rodeo events, there is no pari-mutuel wagering structure in place. The same applies to Australia, where rodeo is popular in Queensland and New South Wales, but pari-mutuel betting is restricted to horse and greyhound racing.

In South America, rodeo-style competitions such as Brazil's "Festa do Peão de Barretos" and Mexico's charreada attract large audiences, but pari-mutuel wagering has not been introduced. Gambling regulations in these regions tend to focus on horse racing and casino gaming, with limited legal frameworks for expanding pari-mutuel wagering into non-traditional markets.

In Europe, where rodeo is not a widely practiced sport, there is no significant betting market for the sport. Established pari-mutuel systems, such as the French PMU (Pari Mutuel Urbain), remain focused on horse racing, and rodeo lacks the cultural presence needed to justify inclusion in these betting pools. This further illustrates the difficulty in introducing rodeo wagering as a pari-mutuel market, as even in regions where betting is deeply ingrained, non-traditional sports have struggled to gain a foothold.

History of Pari-Mutuel Wagering on Rodeo Events

Wyoming is currently the only state in the United States where Pari-mutuel wagering on rodeo events is legal.

In 2022, the Wyoming legislature voted to allow wagering on all rodeo events subject to rules being drafted by the Wyoming Gaming Commission and passed in legislation. Rules for roping are finalized and passed.

Eric Nelson, Wyoming Downs owner, hosted in 2005 with approval from the Wyoming Gaming Commission, a rodeo event with wagering and simulcasting with a tote system by United Tote. The event was successful and was conducted at a satellite facility in Laramie.

For the past three years, the company has been in extensive discussions and actively working with the Wyoming Gaming Commission, 1ST Bet, rodeo consultants and industry leaders to draft rodeo event rules specific to wagering and simulcasting.

Wyoming Legislative Bill SF0164 amends regulations related to pari-mutuel rodeo events under the Wyoming Gaming Commission. The bill introduces two new definitions: a "rodeo contestant", which refers to a person participating in a pari-mutuel rodeo event, and a "rodeo stock contractor", a person who provides livestock for such events. Additionally, the bill revises the definition of "groom" to specifically describe someone who cares for racehorses or animals involved in pari-mutuel rodeos. The bill requires all individuals involved in pari-mutuel activities—such as employees, volunteers, and contractors—to be licensed and comply with the rules and regulations set by the Gaming Commission. It also mandates a criminal background check through the

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Wyoming Division of Criminal Investigation for these individuals.. In summary, SF0164 establishes legal guidelines for the regulation and oversight of pari-mutuel rodeos in Wyoming. The bill passed the Senate and successfully came out of the House Committee, but the House Floor ran out of time to vote on the bill in this legislation session. Since the bill was approved two years ago, the client does not believe that the definition change they requested required legislative approval and will resubmit the bill in 2025 if necessary.

Revenue Estimates

Given there is no existing market for pari-mutuel wagering using a true comparable analysis to forecast revenue; however, the horse racing industry is well established from a wagering perspective. The Innovation Group gathered data from different racetracks across the country, either from the racetrack directly or from the states racing commissions, on wagering and attendance. Wyoming Downs in Wyoming has tracked race attendance regularly for the last five years between 1,600 and 2,000. Virginia, Idaho, and New Mexico are also states that do report attendance.

Virginia has a history of racing with three racetracks – Colonial Downs, Shenandoah Downs, and Great Meadow Racecourse – with each facility offering a different racing event such as thoroughbred racing, harness racing, and steeplechase racing, respectively, with Colonial Down generating a vast majority of the total state handle (approximately 97%). The following chart illustrates the handle per attendee for the live racing at Colonial Downs.

Table 64: Colonial Down – Live Statistics

| Year | Total Handle | Attendance | Handle per Attendee |
|------|--------------|------------|---------------------|
| 2019 | \$18,101,453 | 351,485 | \$52 |
| 2020 | \$7,774,939 | 95,692 | \$81 |
| 2021 | \$47,087,640 | 947,628 | \$50 |
| 2022 | \$75,157,080 | 1,732,129 | \$43 |
| 2023 | \$72,160,424 | 2,098,297 | \$34 |

Source: Virginia Racing Commission

New Mexico is also a state that collects statistics on visitation. The state has six racetracks that offer live racing for both thoroughbred and quarter horse racing. The handle per attendee is roughly \$30 with 2020 representing an anomaly because of COVID. Additionally, Ruidoso Down hosts the All American Futurity as the World Richest Quarter Horse Race and skews the handle per attendee on the high side. Please note the table below comes from the most recent racing commission report in 2020.

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Table 65: New Mexico Racetrack – Live Statistics

| Year | Total Handle | Attendance | Handle per Attendee |
|-------------|---------------------|-------------------|----------------------------|
| 2016 | \$22,123,106 | 759,789 | \$29 |
| 2017 | \$23,153,106 | 767,678 | \$30 |
| 2018 | \$22,821,616 | 727,539 | \$31 |
| 2019 | \$22,679,742 | 725,643 | \$31 |
| 2020 | \$7,149,832 | 112,860 | \$63 |

Source: Virginia Racing Commission

Idaho is another state that reports attendance; however, in recent years the attendance has plummeted. In fact, in 2023 attendance just surpassed 18,000 people with a handle of \$277,200 for a handle per attendee for around \$15. Racing in Idaho has been trending down for many years and really took a hit in 2016 when the major racetrack in Boise closed.

The Innovation Group utilized the data from the comparable analysis to estimate the potential revenue for offering pari-mutuel wagering at the proposed development. Attendance for the rodeo and rodeo related events is estimated at around 270,000 people based on assumption provided by the client. Based on market comps it is estimated that the average attendee spends \$33 dollars per visit. This is based on the comparable from Colonial Downs and the New Mexico racetracks which were paired down to remove Ruidoso Downs that hosts the worlds richest quarter horse event to skew the data.

The market comparable of \$33 was then discounted to account for a number of market factors including but not limited to lack of betting culture and market demand uncertainty resulting in a market handle of roughly \$1.3 million. Wyoming racetracks have an average takeout rate of roughly 21% which is also applied to the rodeo pari-mutual handle figure generating approximately \$280,000.

Table 66: Rodeo Pari-mutuel Wagering

| | |
|-----------------------------------|------------------|
| Attendance | 270,000 |
| Market Average Wager per Attendee | \$33 |
| Rodeo Discount | 15% |
| Rodeo win per Attendee | \$4.91 |
| Handle | \$1,326,620 |
| Takeout | 21% |
| Revenue | \$278,590 |

Understandably the recent law passed would allow for simulcasting to other facilities to draw attention to the sport and allow for additional wagering. However, the regulatory barriers and infrastructure/technology is not in place to allow this to flourish. As previously mentioned, states and international gambling regulations primarily recognize pari-mutuel wagering for horse racing, with little precedent for applying the model to rodeo. Each state or country would need to amend its laws to accommodate rodeo betting, a slow and politically uncertain process. At this point in time, The Innovation Group does not feel comfortable forecasting simulcast revenue.

Entertainment Venue

Entertainment venues are often found in destination resorts since nightlife and entertainment are very popular with gaming patrons. As reported in the *Portrait of American Gamblers*, nightlife and live entertainment scored highly when gamers were asked which casino amenities were important.

Entertainment venues typically have between 1,200 and 3,700 seats, but can range from small, multi-use spaces seating 500 or 700, to large, dedicated venues, such as Mohegan Sun's 10,000-seat arena, which hosts a WNBA team as well as large concerts. There are three basic types of permanent indoor facilities (besides large-scale arenas): multi-use space, such as a bingo hall or convention room, that is periodically used for shows with simple floor-level seating; multi-use space with retractable tiered seating; and dedicated theaters. For purposes of this report, the proposed development is expected to have an enclosed entertainment venue offering between 5,000-10,000 seats. A venue of this size can accommodate major talent pool and host bigger concerts, as expected.

Entertainment venues at casinos are often loss-leaders, with the primary revenue benefit found on the casino floor, not on the balance sheet of the venue itself. Especially in the first few years of operation, it is expected that an entertainment venue will be unprofitable or barely profitable on a stand-alone basis. Most facilities make a profit from their entertainment venues due to the incremental gaming revenue that comes from visitors drawn by the entertainment. An entertainment center can be a valuable marketing tool for rewarding valued players and attracting a younger demographic to the property.

Some casino entertainment venues have events on Friday or Saturday nights, while others schedule mid-week shows in order to draw patrons to the casino on off-peak nights. An added advantage to mid-week performances is that many headlining performers can be persuaded to reduce their fees when they are scheduled to perform in a nearby city on a surrounding weekend.

Ticket prices and types of performers must be carefully selected to induce incremental gaming revenue. Some facilities offer low ticket prices in order to bring in as many patrons to the property as possible. However, this strategy can be self-defeating if audiences buy below-market-value tickets and do not visit the gaming floor. In fact, filling up the parking lot with such patrons can actually decrease revenues with regular gaming customers avoiding the property on busy concert nights. Other facilities will charge a higher premium compared to standalone entertainment venues, gaining additional revenue from customers who do not intend to visit the gaming floor.

Comped tickets to premier concerts are a great tool for Player Development to use in order to encourage increased trips by its VIP players. By leveraging the high demand for tickets to popular concerts or shows, Player Development can encourage players to play up, or increase their level of play, by offering comped tickets to promote increased play. These comped tickets for VIPs become an added benefit, and encourages lower level players to try to achieve VIP status.

Competitive Environment

The concert industry's leading trade clearinghouse, Pollstar, maintains a database of tour schedules and ticket sales results for music venues of all types and sizes, including various casino venues around the country.

The client has identified a list of venues that are considered competitive venues based on criteria determined by the client. Note that capacity counts and annual events were provided by client, if they were not provided, Pollstar was utilized. Every show's data does not always get uploaded to Pollstar, therefore, The Innovation Group utilized Pollstar for the competition that did report to Pollstar.

Table 67: Competing Venues

| Property | Location | Capacity | Annual Events |
|-------------------------------|----------------|----------|---------------|
| Red Rocks Amphitheater | Morrison, CO | 9,500 | 100-150 |
| Blue FCU Arena | Loveland, CO | 7,200 | 150-200 |
| Wickenburg Roping Events | Wickenburg, AZ | NA* | 200 |
| South Point Resort and Casino | Las Vegas, NV | 4,600 | 90-100 |
| Cheyenne Frontier Days | Cheyenne, WY | 22,500 | 10 |
| NRG Stadium | Houston, TX | 70,000 | 200-400 |

Source: Pollstar; Client Data; The Innovation Group, *Takes place at different arenas

Below we have included statistics on the competing venues that report to Pollstar. It is important to note that this includes statistics from the last five years and does not include data from 2020 due to the pandemic. This data comes specifically from Pollstar and may not include all events, but rather mainly concerts and large events.

Table 68: Competing Venue Statistics

| | Avg. Capacity | Avg. Tickets Sold | Occupancy | Avg. Annual Events | Annual Attendance | Avg. Ticket Price |
|------------------------|---------------|-------------------|-----------|--------------------|-------------------|-------------------|
| Cheyenne Frontier Days | 22,051 | 19,675 | 89% | 7 | 144,283 | \$77 |
| Blue FCU Arena | 4,687 | 3,947 | 84% | 13 | 52,104 | \$69 |
| Red Rocks Amphitheatre | 9,090 | 8,284 | 91% | 194 | 1,610,315 | \$84 |
| NRG Stadium | 51,200 | 51,049 | 100% | 30 | 1,531,459 | \$201 |

Source: Pollstar; Various Company Websites

The main competition will be Cheyenne Frontier Days. However, due to the popularity of this event, we expect it to bring raised occupancy and visitation at the casinos and resorts in Cheyenne. With an average ticket price of approximately \$80 for Cheyenne Frontier Days, there is a high occupancy at almost 90%. All competing venues provided have high occupancy rates, ranging from about 85% to nearly 100% at the NRG Stadium. Average ticket prices range between about \$80 to over \$200. While NRG Stadium is somewhat of an outlier due to its extremely large size and offerings, it is still included for visibility purposes.

There are also other venues in the market area that should be considered as competition. Many of these venues are not in the immediate vicinity of the proposed development, but rather in the

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Denver Metropolitan area. These venues include, but are not limited to, Ball Arena, Denver Coliseum, as well as larger stadiums such as Coors Field, Dick’s Sporting Goods Park, and Empower Field. These arenas and stadiums have capacities ranging from about 10,500 to 76,000.

Revenue Forecast

The revenue forecast for concerts and events at the proposed resort is based on a market-driven approach, incorporating both client-provided estimates for event utilization and daily visitation, as well as external benchmarks from comparable event venues and professional circuits. As mentioned previously, the event center will offer both indoor and outdoor concerts, offering year-round entertainment. We are expecting a mix of large concerts, smaller concerts, as well as other events. Similar to the Rodeo events, concerts and other events generate revenue through multiple channels, each influenced by pricing models, audience spending behavior, and facility offerings.

Ticket Sales Revenue

Given the sizing of the venue and the client-provided estimates, of the events proposed for the venues, 50 are proposed to be larger indoor concerts and 45 are proposed to be larger outdoor concerts, such as well-known musicians. 50 are proposed to be smaller indoor and 45 are proposed to be smaller outdoor events including cover bands or comedy acts. Revenue forecasts are based attendance ranging from 1,000 for smaller indoor concerts to 4,000 for larger outdoor concerts. Larger concerts are expected to include popular artists, such as those at Red Rocks Amphitheater. Outdoor events will also include multi-day concert festivals, with approximately 15 3-day events occurring. Based on market rates, assumed an average ticket price of \$78 for full sized concerts and about \$60 for smaller events.

Table 69: Ticket Sales

| Event | Total Indoor | Total Outdoor | Total |
|---|---------------------|----------------------|---------------|
| Number of Days/Year | 100 | 90 | 190 |
| Estimated Attendance/Day (average based on assumptions) | 1,750 | 3,500 | 2,625 |
| Estimated Ticket Price | \$78 | \$60 | \$66 |
| Total Ticket Sales | 175,000 | 315,000 | 490,000 |
| Total Ticket Revenue (MM) | \$13.6 | \$18.9 | \$32.5 |

Merchandise and Souvenir Sales

Merchandise and souvenir sales are a small secondary revenue stream, driven by fan engagement, event prestige, and brand loyalty. Market research indicates that 20% to 30% of concert attendees purchase general merchandise, and this number can increase for big-name artists, reaching 40-50% in some cases. With an average spend per capita ranging from \$18 to \$40 conservatively. However, merchandise and souvenirs are often sold from the artist or performer with the venue tasking a cut of sales, that range between 15% and 30%.

Applying an average merchandise penetration rate of 25% and an estimated average spend of \$29 per attendee, total merchandise revenue is projected to generate approximately \$3.6 million annually with a venue capture of roughly \$800,000.

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Table 70: Merchandise and Souvenir Sales

| | |
|----------------------------|-------------|
| Attendance | 490,000 |
| Capture Rate | 25% |
| Avg. Expenditure for Merch | \$29 |
| Total | \$3,552,500 |
| Venue takeout | 22.5% |
| Venue Merch Revenue | \$799,313 |

Food and Beverage Sales (Concessions and Alcohol)

Food and beverage sales, including concessions and alcohol, are a high-margin revenue source at concerts. Industry benchmarks indicate that 80% to 85% of attendees purchase food and beverages, in fact, data provided by atVenue, a live event payment solution company estimated that 90% of all concert goers purchase at least one food or drink item. The report also indicated that an average spend per customer is about \$34.

Given the expected attendance figures, a conservative capture rate (due to other casino F&B options), and a per capita spend of \$34, total food and beverage revenue is projected to contribute \$12.5 million annually. Please note this does not include F&B spending in the casino but casino patrons or those who are attending concerts that also spend money in the casino restaurants.

Table 71: F&B Sales

| | |
|--------------------------|--------------|
| Total Attendance | 490,000 |
| Capture Rate | 75% |
| Avg. Expenditure for F&B | \$34 |
| Total F&B | \$12,495,000 |

Incremental Gaming Revenue

Given this is part of an overall gaming development, it is important to understand the capture rate of those visiting not only the concerts but also the casino. These are high value patrons as they are not only spending their entertainment wallet at the concerts but also on a higher margin gaming floor. First, we had to separate attendees across different entertainment sectors (non-gaming sectors), and then apply a cross over factor in order to not double count potential gamers. For example, there is a likely hood that a person attending a concert will also attend the rodeo or livestock show on the same day. If we counted each individual ticket sold, we would overestimate the amount of individual bodies present to capture for gaming revenue and as result overestimate potential GGR. We estimated the crossover factor to be around 29%. This is due to the large number of activities planned at the facility and the easy cross over nuances of several of the different entertainment sectors. For consistency reasons, this cross over factor was applied across each entertainment sector evenly. The following chart estimating GGR generated from concerts.

Table 72: GGR

| | Percentage of Total | Indoor Attendance | Outdoor Attendance | Capture Rate | Average Win | GGR (MM) |
|----------------|----------------------------|--------------------------|---------------------------|---------------------|--------------------|-----------------|
| Non-Gamer | 25% | 29,464 | 51,429 | 12.5% | \$60 | \$0.6 |
| Standard Gamer | 60% | 75,000 | 135,000 | 55% | \$107 | \$12.4 |
| Top-Tier Gamer | 15% | 20,536 | 38,571 | 80% | \$295 | \$13.9 |
| Total | 100% | 125,000 | 225,000 | | | \$26.9 |

Tradeshows and Conventions

In order to carry out our assessment, we first provide an overview of the meeting and convention center market as it relates to general business trends and relevance in the gaming industry. We expect the new developments to bring significant demand for these events and go into detail below about different events that can be held at these types of properties.

Meeting Types

The primary purposes for holding meetings and conventions include education, training, decision-making, information exchange, research, sales, strategic planning, team building, new product introduction, problem solving and reorganization. It is these factors that, in conjunction with economic and business cycles, drive growth, decline, and promote change throughout the meetings market. The following section provides basic industry terms and recent national trends in the meetings industry.

The various types of events held at meetings facilities is defined below to better evaluate the potential market. These events may be hosted by an association, corporation, or other public or private organization seeking meeting space for a particular function. In many instances, a third-party meeting planner is hired on an organization's behalf. With the exception of SMERF business, these events are largely held midweek. Depending on the type of facility and business mix, this can be beneficial in offsetting strong weekend business from more leisure-oriented business. Where some may overlap in characteristics, each tends to vary in terms of size and venue requirements.

Conventions

These types of events typically include associations, professional groups and other membership organizations with attendance ranging from 300 to 30,000 or more attendees. The larger meetings usually take place in convention centers with exhibit halls in excess of 100,000 square feet. Smaller events are held in hotels, conference centers and small regional convention centers. Conventions usually consist of a number of simultaneous meetings and one or more general sessions as well as exhibitors. Facility needs typically include assembly or banquet space for general sessions and meals, exhibition space for displays and exhibits, and several meeting rooms for breakout sessions. Most large corporations hold recurring events for training, incentive, product demonstration and other purposes and many rotate among various destinations within a particular region when planning their annual event.

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Tradeshows

Tradeshows, which provide a platform for retailers and wholesalers to transact business with industry buyers, require exhibit halls and are generally restricted to convention centers, as opposed to smaller hotel or conference center spaces. Because these events are exhibit-intensive, exhibitors favor column-free, single-story, open-space facilities. Tradeshows tend to be more product and sales-oriented than convention. Some of these groups tend to hold annual events that rotate among various destinations within a particular region, similar to conventions, while others are fixed in specific cities each year.

Public/Consumer Shows

Exhibit-based shows are typically open to the general public and generally draw from the local area. These events tend to charge a nominal fee for entry and typically include events such as home & garden shows, boat shows, auto shows, gun shows, antique shows, career fairs, etc.

Corporate Events

Corporate events include professional conferences, sales meetings, training seminars, merchandise introductions and management summits. Attendance ranges widely, with an average of 85 people based on a PWC study. These meetings are typically held in hotels with meeting space, conference centers, with larger functions sometimes being held at convention centers. Corporate meetings usually require meeting rooms and sometimes banquet space, but typically not exhibition space. Corporate meeting planners and attendees tend to desire facilities with business amenities and a first-rate, professional ambience.

Conferences

Conferences are events used by any organization to meet and exchange views, convey a message, open a debate or give publicity to some area of opinion on a specific issue. While it is not commonly limited in time, a conference is typically short and has very specific objectives. Conferences are usually held by associations, professional groups, and other membership organizations. These events do not typically require exhibition space, but are otherwise similar to conventions. They require banquet rooms for meals and/or general sessions and meeting rooms for seminars and breakout sessions. Hotels and conference centers host the majority of conferences. Like conventions, conferences can generate a significant amount of new spending providing a boost to the local economy if a large percentage of attendees originate from outside the area. Conference visitors typically stay multiple nights in the host city and spend money on accommodations, food, retail goods, transportation and entertainment.

SMERF

Also referred to as Banquets, SMERF business (social, military, educational, religious and fraternal) generates substantial demand for meals, receptions, galas, fund raisers, family reunions, wedding receptions and other banquet events. Business tends to be primarily local with a majority of events occurring during the weekend. These events often call for a ballroom or multipurpose space where food and beverage services, as well as, entertainment, can be provided. Banquet events are more commonly held in hotels, civic centers and other banquet facilities as opposed to a convention center. For a given facility, these events can be a considerable source of food and beverage revenue.

Meeting Space Characteristics

Convention and meetings facilities are typically evaluated according to their space functions. Typical spaces that are required in a convention and/or meeting facility are; exhibit space, ballroom space, meeting rooms ,as well as, pre-function space. All are briefly described below.

Exhibit Space

Exhibit space is generally used for large conventions, trade shows and consumers' shows. This space is typically characterized by high ceilings and little to no column support. It is the largest single space area in the center and typically very bland and/or neutral which allows for easy decoration for various types of events. These halls are usually seen with minimal finishing's and concrete floors to facilitate heavy loads when necessary. It is estimated that in a combined facility, this area makes up approximately 58% of total available space.

Ballroom Space

Ballroom space is well suited for entertainment and food and beverage functions. The space typically accommodates large corporate meetings, conferences, smaller conventions, assemblies and other community and social events. The space is normally the most finished in a convention center and features dividable walls to allow for an easy manipulation into smaller segments.

Meeting Rooms

Meeting room space is made up of smaller rooms that are separate from the banquet space. This area is often used in connection with a larger conference as breakout space and is typically utilized for smaller corporate and association meetings. Meeting space typically comes in various dimensions catering to a myriad of group sizes and, depending on the facility, can have dividable walls as well. The meeting room segment usually demands a high-quality facility and therefore typically targets city-center hotels, specially designed conference centers and resort hotels.

Pre-function space

Pre-function space supports the circulation of pedestrian traffic through the facility and is vital in controlling access to and from event spaces. Like a hallway, this area is commonly situated around the exhibit hall and/or meeting space. Pre-function space typically has a consistent quality of finish and is often used as a registration area for major conferences, events and trade shows.

Trends and Economic Activity

There is no single sector for the convention, trade show, or meetings industry in the North American Industry Classification System (NAICS) since the industry involves several business sectors. Registration fees and exhibitor fees and sponsorships are revenue sources for meeting planners, event organizers, caterers, facility operators, audio-visual and staging contractors, tour operators, and other vendors. Attendees and exhibitors travel to convention destinations, where they spend money on hotel rooms, meals, ground transportation, and entertainment.

Trade Show Trends

Trade show trends are tracked by the Center for Exhibition Industry Research (CEIR), a nonprofit organization based in Dallas, Texas. A comprehensive census is periodically conducted (most recently in 2014), with updates conducted in interim years through surveys of industry participants.

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The latest available report is from 2019 which covers data through 2018 and has forecasts for 2019 through 2021.

The following tables are provided by the CEIR Index 2018 report. In 2018, there were nearly 1,400 thousand exhibitors and 35,000 thousand attendees within the overall exhibition industry. By 2021, over 36,000 attendees had been predicted to attend exhibitions. All metrics had been anticipated to increase from 2019 to 2021 prior to the global Coronavirus pandemic.

Table 73: Level of the Metrics, Overall Exhibition Industry

| Metric | 2014 | 2015 | 2016 | 2017 | 2018 | 2019* | 2020* | 2021* |
|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Net Square Feet, Mill. Sq. Ft. | 285 | 294 | 298 | 303 | 308 | 311 | 313 | 315 |
| Exhibitors (thousands) | 1,307 | 1,335 | 1,353 | 1,364 | 1,371 | 1,367 | 1,378 | 1,378 |
| Attendees (thousands) | 32,391 | 33,311 | 33,232 | 34,191 | 34,768 | 35,339 | 35,832 | 36,307 |
| Real Revenues** (mill. of 2014\$) | 9,283 | 9,857 | 10,104 | 10,365 | 10,738 | 11,018 | 11,238 | 11,402 |

Source: CEIR Index Report 2019, *Forecast, **Inflation Adjusted Revenues, adjusted by CPI for all urban consumers (CPI-U)

All metrics have increased in recent years except a slight decline in attendees in 2016; slowing growth had been forecasted for 2019 through 2021 prior to the global Coronavirus pandemic.

Table 74: Percent Change (YoY) of the Metrics and CEIR Index

| Metric | 2014 | 2015 | 2016 | 2017 | 2018 | 2019* | 2020* | 2021* |
|-----------------|------|------|-------|------|------|-------|-------|-------|
| Net Square Feet | 2.2% | 3.3% | 1.4% | 1.5% | 1.7% | 1.1% | 0.8% | 0.6% |
| Exhibitors | 1.5% | 2.2% | 1.3% | 0.9% | 0.5% | 0.3% | 0.1% | 0.0% |
| Attendees | 1.5% | 2.8% | -0.2% | 2.9% | 1.7% | 1.6% | 1.4% | 1.3% |
| Real Revenues** | 2.9% | 6.2% | 2.5% | 2.6% | 3.6% | 2.6% | 2.0% | 1.5% |
| Total | 2.0% | 3.6% | 1.2% | 2.0% | 1.9% | 1.4% | 1.1% | 0.8% |

Source: CEIR Index Report 2019, *Forecast, **Inflation Adjusted Revenues, adjusted by CPI for all urban consumers (CPI-U)

Overall Meeting Trends

Oxford Economics conducted an economic impact study of the U.S. meetings industry in 2018 covering data for 2016. This was the last major national study of the industry and as such serves as a foundation for this Innovation Group report. The following tables are provided by the Oxford Economics study, Economic Significance of Meetings to the U.S. Economy, February 2018.

In 2016, nearly 1.9 million meetings were held with over 251 million attendees. The majority of these meetings were attributed to corporate and business meetings with participants accounting for 53.5%. Convention, conference, and congress (without exhibit floors) participants made up the second largest share of attendees at 17.8%. When looking at meeting hosts, corporate hosts accounted for 43.4% followed by association/membership hosts.

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Table 75: Meetings Volume by Meeting Type and Host Type (2016)

| | Meetings | Participants | Share of Participants |
|--|-----------------|---------------------|------------------------------|
| Total | 1,887,782 | 251,236,000 | 100.0% |
| By meeting type | | | |
| Corporate and business meetings | 1,354,651 | 134,110,000 | 53.4% |
| Conventions, conferences, and congresses (without exhibit floor) | 248,485 | 44,727,000 | 17.8% |
| Trade shows (including conventions, conferences, and congresses with exhibit floor) | 9,422 | 39,978,000 | 15.9% |
| Other meetings | 190,228 | 17,120,000 | 6.8% |
| Incentive meetings | 84,997 | 15,299,000 | 6.1% |
| By host type | | | |
| Corporate | 1,038,280 | 109,019,000 | 43.4% |
| Association /membership | 453,068 | 86,083,000 | 34.3% |
| Non-government, not-for-profit | 245,412 | 35,745,000 | 14.2% |
| Other | 75,511 | 10,572,000 | 4.2% |
| Government | 75,511 | 9,816,000 | 3.9% |

Source: Oxford Economics, Economic Significance of Meetings to the U.S. Economy February 2018

Direct meeting spending reached \$325 billion in 2016, representing a 23.4% increase from 2009.

Table 76: Meetings Industry Activity Over Time

| | 2009 | 2012 | 2016 | Growth (2009 to 2016) |
|--|-------------|-------------|-------------|----------------------------------|
| Meetings | 1,790,800 | 1,851,947 | 1,887,782 | 5.4% |
| Participants | 204,724,000 | 229,137,217 | 251,235,698 | 22.7% |
| Meetings direct spending (MM) | \$263,444 | \$273,076 | \$325,045 | 23.4% |
| Meetings direct spending per participant | \$1,287 | \$1,192 | \$1,294 | 0.5% |

Source: Oxford Economics, Economic Significance of Meetings to the U.S. Economy February 2018

Of total direct spending in the meetings industry, travel spending by participants accounted for 37% and all other meeting direct spending accounted for 63%. Meeting planning and production accounted for 51.3% of all spending.

Table 77: Meetings Direct Spending by Commodity: Summary

| | 2016 (MM) | Share | Average per participant |
|--|------------------|---------------|-------------------------|
| Meetings direct spending | \$325,045 | 100.0% | \$1,294 |
| Travel spending | \$120,425 | 37.0% | \$479 |
| Accommodations | \$48,910 | 15.0% | \$195 |
| Transportation | \$42,471 | 13.1% | \$169 |
| Transportation to destination | \$28,015 | 8.6% | \$112 |
| Transportation at destination | \$14,456 | 4.4% | \$58 |
| Food and beverage | \$16,410 | 5.0% | \$65 |
| Shopping | \$7,436 | 2.3% | \$30 |
| Recreation and entertainment | \$5,197 | 1.6% | \$21 |
| All other meeting direct spending | \$204,620 | 63.0% | \$814 |
| Meeting planning and production | \$166,874 | 51.3% | \$664 |
| Food and beverage | \$47,931 | 14.7% | \$191 |
| Audio-visual/staging services | \$23,161 | 7.1% | \$92 |
| Venue rental | \$16,990 | 5.2% | \$68 |
| Transportation and tour | \$12,132 | 3.7% | \$48 |
| Entertainment/production services | \$10,534 | 3.2% | \$42 |
| Other | \$56,126 | 17.3% | \$223 |
| Other direct spending (exhibitor spending, capital expenditures, DMO, other) | \$37,746 | 11.6% | \$150 |

Source: Oxford Economics, Economic Significance of Meetings to the U.S. Economy February 2018

Between 2012 and 2016, travel spending grew at a faster rate than production spending.

Table 78: Meetings Direct Spending by Expenditure Category

| | 2012 (MM) | 2016 (MM) | Growth | Share of total (2016) |
|--|------------------|------------------|--------------|-----------------------|
| Meetings direct spending | \$273,076 | \$325,045 | 19.0% | 100% |
| Participant spending and organizer-paid travel | \$138,041 | \$166,487 | 20.6% | 51.2% |
| Travel spending | \$98,489 | \$120,425 | 22.3% | 37.0% |
| Registration fees | \$39,552 | \$46,062 | 16.5% | 14.2% |
| Other direct spending | \$135,035 | \$158,559 | 17.4% | 48.8% |
| Other meeting revenue (e.g. exhibitor fees, sponsorships) | \$32,454 | \$38,038 | 17.2% | 11.7% |
| Net production expenditures | \$69,466 | \$82,775 | 19.2% | 25.5% |
| Other meetings-related spending (e.g. exhibitor spending independent of meeting, OMO spending) | \$33,115 | \$37,746 | 14.0% | 11.6% |

Source: Oxford Economics, Economic Significance of Meetings to the U.S. Economy February 2018

In 2016, food and beverage spending accounted for 29% of gross meeting production spending, followed by audio-visual/staging services at 14%. Gross meeting production expenditures per participant were \$664. Note that this expenditure represents the total cost of the meeting covered within the meeting budget, excluding other spending apart of the meeting paid for by exhibitors

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and others. One half of the gross cost of meetings on average was covered by registration fees and other meeting revenues.

Table 79: Meeting Production Expenditures by Category (2016)

| Category | Amount (MM) | Ratio to gross meeting production spending | Average amount per participant |
|---|--------------------|---|---------------------------------------|
| Food and beverage | \$47,931 | 29% | \$191 |
| Audio-visual/staging services | \$23,161 | 14% | \$92 |
| Meeting venue rental | \$16,990 | 10% | \$68 |
| Transportation and tour operator services (e.g., local group transportation) | \$12,132 | 7% | \$48 |
| Entertainment/production services (e.g., performers, speakers, trainers) | \$10,534 | 6% | \$42 |
| Administration (e.g., organizer staff time, insurance, credit card commissions) | \$8,512 | 5% | \$34 |
| Meeting organization fees (e.g., third-party meeting planning/management services) | \$7,316 | 4% | \$29 |
| Technology services (e.g., internet, mobile/wireless communications) | \$7,065 | 4% | \$28 |
| Meeting labor (e.g., temporary staff, union services) | \$5,769 | 3% | \$23 |
| Equipment rental (e.g., generators, computers, audio-visual, chairs) | \$5,388 | 3% | \$21 |
| Signage/printing | \$4,823 | 3% | \$19 |
| Advertising and promotions | \$4,579 | 3% | \$18 |
| Décor (e.g., floral, backdrops, centerpieces) | \$4,434 | 3% | \$18 |
| Shipping | \$3,041 | 2% | \$12 |
| Registration services | \$2,390 | 1% | \$10 |
| Other (e.g., sponsored attendees) | \$1,026 | 1% | \$4 |
| Security services | \$865 | 1% | \$3 |
| Corporate social responsibility (e.g., green/sustainability programs, community/charitable donations, volunteer events, etc.) | \$576 | 0% | \$2 |
| Reservation services (e.g., housing services excluding accommodations) | \$341 | 0% | \$1 |
| Sub-total: Gross meeting production expenditures | \$166,874 | 100% | \$664 |
| Less: Production costs funded by registrations | \$46,062 | 28% | \$183 |
| Less: Production costs funded by other revenue (e.g., exhibitor fees and sponsorships) | \$38,038 | 23% | \$151 |
| Total: Net meeting production expenditures | \$82,775 | 50% | \$329 |

Source: Oxford Economics, Economic Significance of Meetings to the U.S. Economy February 2018

The Oxford Economics and the Events Industry Council released a 2023 Global Economic Significance of Business Events report, which analyzed the impacts of business events in 2019. A business event is defined by the Events Industry Council as “a gathering of 10 or more participants for a minimum of four hours in a contracted venue, in a physical setting, in-person.” This includes events such conventions, trade shows, corporate/business meetings, but does not include social

Draft

events such as weddings, concerts, or political campaign rallies. The tables below come from this report.

In 2019, 1.6 billion participants attended business events in more than 180 countries. This resulted in more than \$1.1 trillion in direct spending. The table below shows the economic significance of business events.

Table 80: Direct Impact of Business Events

| | 2017 | 2019 | 2020 | 2021 | 2022 | 2022 % Relative to 2019 |
|----------------------|---------|---------|-------|-------|-------|-------------------------|
| Direct Spending (MM) | \$1,071 | \$1,152 | \$423 | \$525 | \$938 | 81.4% |
| Direct Jobs (000s) | 10,308 | 10,879 | 4,066 | 4,887 | 8,097 | 74.4% |

Source: Events Industry Council; Oxford Economics

According to the Events Industry Council, a recovery for business events to pre-pandemic levels is expected, in nominal spending. The table below shows the business events growth between 2017 and 2019 globally.

Table 81: Business Events Global Economic Impact

| | 2017 | 2019 | % Change | 2017-2019 CAGR |
|---|------------|------------|----------|----------------|
| Direct business events sector impact | | | | |
| Participants (MM) | 1,521 | 1,629 | 7.1% | 3.5% |
| Output (US\$ billions) | \$1,071 | \$1,152 | 7.5% | 3.7% |
| Employment | 10,307,794 | 10,878,559 | 5.5% | 2.7% |
| GDP (US\$ billions) | \$621.4 | \$662.6 | 6.6% | 3.3% |
| Total business events sector impact | | | | |
| Output (US\$ billions) | \$2,527 | \$2,756 | 9.1% | 4.4% |
| Employment | 25,921,359 | 27,472,981 | 6.0% | 2.9% |
| GDP (US\$ billions) | \$1,495.7 | \$1,615.8 | 8.0% | 3.9% |

Source: Events Industry Council; Oxford Economics

Convention and Meetings Business in the Gaming Industry

The Meetings and Casino industries historically have had an arms-distance relationship in the United States. In the early years of Las Vegas and Atlantic City, casino operators were not particularly interested in the convention business; they did not want patrons staying in their hotels who would not be spending all their time on the gaming floor. In return, meeting planners shied

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away from casino markets because of the disinterest exhibited by casino operators, as well as the stigma associated with casinos.³

However, both Las Vegas and Atlantic City have discovered that meetings are a good fit with casino operations because these attendees fill the slower mid-week period when demand from leisure guests is at its lowest. Additionally, these patrons spend more money on food and beverage and entertainment than a typical mid-week gaming visitor. Meeting planners, for their part, have begun to recognize that casinos help in completing the entertainment package that associations and corporate meetings are looking for in a destination. With nearly 9.5 million square feet of meeting and exhibit space, Las Vegas offers more meeting space than any other city in the United States. Las Vegas not only houses two of the largest convention centers, it draws more attendees and hosts more large conventions than any other national destination.

According to a previously published Casino City's Global Gaming Business Directory, there were approximately 471 casinos nationwide that provided convention and meeting facilities. These casinos total over 19.2 million total square feet or an estimated 40,800 square feet per venue. This is obviously on the high side as places like Nevada and California have some extremely large spaces that count as only one venue. It is important to note that Wyoming currently has no gaming venues with meeting space.

³ * "Casinos and Conventions: Strange Bedfellows." Fenich, George G., and Kathryn Hashimoto, *Journal of Convention & Event Tourism* (The Haworth Hospitality Press, an imprint of The Haworth Press, Inc.) Vol. 6, No. 1/2, 2004, pp. 63-79.

Draft

Table 82: Casino Venues with Meeting Space

| State | Number of Venues | Total Square Footage | Average Venue Size |
|--------------------|-------------------------|-----------------------------|---------------------------|
| Nevada | 144 | 10,695,155 | 74,272 |
| California | 42 | 1,562,953 | 37,213 |
| Oklahoma | 17 | 247,984 | 14,587 |
| Washington | 17 | 431,524 | 25,384 |
| Arizona | 16 | 501,682 | 31,355 |
| Iowa | 16 | 185,042 | 11,565 |
| Louisiana | 16 | 236,629 | 14,789 |
| Mississippi | 16 | 932,140 | 58,259 |
| Minnesota | 15 | 304,097 | 20,273 |
| Michigan | 14 | 303,835 | 21,703 |
| New Mexico | 14 | 332,905 | 23,779 |
| Wisconsin | 14 | 140,972 | 10,069 |
| South Dakota | 13 | 100,314 | 7,716 |
| New Jersey | 12 | 965,257 | 80,438 |
| Colorado | 10 | 90,128 | 9,013 |
| Florida | 10 | 123,715 | 12,372 |
| Missouri | 10 | 162,452 | 16,245 |
| Indiana | 8 | 252,950 | 31,619 |
| North Dakota | 8 | 128,548 | 16,069 |
| Illinois | 7 | 200,100 | 28,586 |
| New York | 7 | 209,143 | 29,878 |
| Oregon | 7 | 120,200 | 17,171 |
| Pennsylvania | 7 | 134,500 | 19,214 |
| Montana | 5 | 78,025 | 15,605 |
| Nebraska | 3 | 48,520 | 16,173 |
| Texas | 3 | 61,500 | 20,500 |
| Connecticut | 2 | 250,000 | 125,000 |
| Delaware | 2 | 45,000 | 22,500 |
| Idaho | 2 | 94,000 | 47,000 |
| Kansas | 2 | 27,000 | 13,500 |
| Maryland | 2 | 51,000 | 25,500 |
| West Virginia | 2 | 22,900 | 11,450 |
| Alabama | 1 | 8,000 | 8,000 |
| Alaska | 1 | 6,400 | 6,400 |
| Kentucky | 1 | 14,000 | 14,000 |
| Maine | 1 | 2,730 | 2,730 |
| New Hampshire | 1 | 40,000 | 40,000 |
| North Carolina | 1 | 37,815 | 37,815 |
| Ohio | 1 | 33,000 | 33,000 |
| Rhode Island | 1 | 29,000 | 29,000 |
| Grand Total | 471 | 19,211,115 | 40,788 |

Source: Global Gaming Business, The Innovation Group

Revenue Forecast

As with the revenue forecast for the concert venue, trade shows and conventions at the proposed entertainment resort is based on a market-driven approach, incorporating both client-provided estimates for event utilization and daily visitation, as well as external benchmarks from

Draft

comparable event venues and professional operations. Considering Cheyenne Chamber of Commerce regularly turns down convention and meeting space requests due to lack of facilities, we believe this will drive demand even further for the proposed facility. The space will be utilized on a tradeshow and convention type set up with additional meeting being merely ancillary. We are expecting a mix of large conventions and smaller more intimate trade shows, as well as other events. Similar to the concert venues, tradeshow and conventions and other events generate revenue through multiple channels. The primary revenue components include:

1. **Ticket Sales Revenue** – General admission, multi-day passes, and VIP registrations
2. **Exhibitor Booth Fees** – Vendor participation across industries such as hospitality, tourism, agriculture, and entertainment
3. **Food and Beverage Sales** – Concessions, catering services, and specialty dining experiences

Ticket Sales Revenue

Attendee ticket sales provide a strong source of revenue, with pricing structured for general admission, multi-day passes, and VIP access. Market comparables suggest that general admission tickets typically range from \$25 to \$75 per attendee, while multi-day passes are priced between \$100 and \$250. Premium VIP registrations, which offer special access to networking events, speaker sessions, and private lounges, can range from \$250 to \$750 per attendee. Based on client-provided attendance estimates and a blended ticket price of \$45, total annual ticket sales revenue is projected at \$8.8 million. Please note the client provided estimates for 30 events lasting approximately five days each for a total of 130 operating days. For the sense of ticket sales, revenue will be estimated on a daily per attendee pricing (\$45).

Additionally, much like the rodeo and livestock events (to be discussed later) there is a certain level of cross over between different segments, especially if the events are rodeo, equine, or livestock related. For example, purchasing a ticket to the rodeo would also likely include your tradeshow floor ticket. As not to double count, The Innovation Group estimated a 30% crossover rate.

Table 83: Ticket Sales

| Event | Tradeshow and Conventions |
|---|----------------------------------|
| Number of Days/Year | 130 |
| Estimated Attendance/Day (average based on assumptions) | 1,500 |
| Estimated Average Ticket Price | \$45 |
| Total Ticket Sales | 139,286 |
| Total Ticket Revenue (MM) | \$6.2 |

Exhibitor Booth Fees

Trade show exhibitors generate substantial revenue through vendor booth rentals, with pricing dependent on booth size, location, and event type. Standard exhibitor booths typically range from \$1,500 to \$5,000 per event, while premium booth locations in high-traffic areas command \$5,000

Draft

to \$10,000 per event. Large corporate exhibitor spaces with branded sponsorship integration can generate \$15,000 to \$50,000 per event, particularly in high value industries such as hospitality or technology. It is also estimated that tradeshow and conventions can have as few as 100 booths to well over 1,000. For example, the Denver Stock Show has nearly 900 exhibitors. We estimated a conservative mix of small, medium, and large tradeshows. Based on a weighted average a different sized shows with a weighted pricing schedule it is estimated that booth revenue will exceed \$3 million annually.

Table 84: Exhibitor Booth Fees

| | Small | Medium | Large | Total | Pricing per Booth | Booth Revenue |
|--------------|--------------|---------------|--------------|--------------|--------------------------|----------------------|
| Events | 17 | 12 | 2 | 30 | | |
| Small Booth | 65 | 163 | 325 | 553 | \$2,000 | \$1,105,000 |
| Medium Booth | 30 | 75 | 150 | 255 | \$5,000 | \$1,275,000 |
| Large Booth | 5 | 13 | 25 | 43 | \$20,000 | \$850,000 |
| Total | 100 | 250 | 500 | 850 | | \$3,230,000 |

Food and Beverage Sales

Food and beverage sales, including concessions and alcohol, are somewhat different for tradeshows and conventions. There are multiple components to this segment. There is direct concessions where patrons go to local vending stations be that permanent stations or mobile to order food and drink. This is often in the form of drinks such as bottled water, soda, or premade food like pizza, nachos, and hotdogs. The other form is catering revenue. Both will purchase food and drink options to give away to those at the conference. This will often include bottled water, coffee/tea, and snacks (brownies, cookies, tea crackers, etc.) during the morning and day session of the conference and later transition to alcoholic beverage.

The concessions are estimated on a small capture rate and spend per capita. However, the concessions at booths cost money regardless of they are consumed or not and can be a significant source of forecastable revenue. Different sources have different estimates. The Innovation Group gathered and averaged the sources to estimate approximately \$58 with a capture rate of nearly 80%. This is to account for the prepurchase food and beverage which is particularly lucrative.

Table 85: F&B Sales

| | |
|---------------------------|--------------|
| Total Attendance | 139,286 |
| Capture Rate | 80% |
| Avg. Expenditure for F&B | \$58 |
| Total F&B (MM) | \$6.5 |

Incremental Gaming Revenue

Given this is part of an overall gaming development, it is important to understand the capture rate of those visiting not only the tradeshow but also the casino. These are typically low value patrons as they are not there to gamble. This is a small component of day trip patrons that will likely visit

Draft

the gaming floor. However, a subsegment of these patrons that likely will gamble are those who are staying overnight. This subsegment was captured in the hotel market assessment portion of this report.

Like the other segments, we had to sperate attendees across different entertainment sectors (non-gaming sectors), and the apply a cross over fact in order to not double count potential gamers. We estimated the crossover factor to be around 29%. This is due to the large number of activities planned at the facility and the easy cross over nuances of several of the different entertainment sectors. The following chart estimating GGR generated from concerts.

Table 86: GGR

| | |
|--------------|-------------|
| Attendance | 139,286 |
| Capture Rate | 10% |
| WPV | \$80 |
| Revenue | \$1,114,286 |

CONVENIENCE STORE ASSESSMENT

The following analysis explores the revenue potential that a convenience store and gas station would offer to the proposed Colorado/Wyoming state line site.

Industry Background

The Innovation Group utilized, among other sources, The National Association of Convenience Stores' (NACS) latest available data for the background research of this assessment. The NACS provides the most comprehensive industry data with regard to travel centers that feature both retail and fueling options.

Types of Stores

The following information is taken from the NACS research report Convenience Store Industry Marketing Strategies and Store Formats. It describes the characteristics of the different types of convenience stores represented by the data in this report.

In the not too distant past, every convenience store looked about the same -- 2,400 square feet of packaged consumer items. Today, companies in the industry are approaching markets with different types of stores and different product offerings. There are mini-convenience stores under canopies, conventional size stores with expanded foodservice, and even hyper-convenience stores with the extensive variety of product offerings and in-store seating for foodservice. The fastest growing segments of the convenience store market are considered by many to be "nontraditional" stores. That is, store formats other than 2,400 square feet, either larger or smaller. In fact, some have joined a new realm of size and popularity, namely the Buc-ee's style brand that is popular in Texas. These stores can approach 100,000 square feet of retail space and more than 100 fueling points.

The changes in store formats have implications for all elements of the industry. Retailing executives are concerned with competitive impact and their marketing strategies and niches. Product suppliers want to be aware of format variations as they dictate requirements for appropriate product packaging, promotion and distribution for the stores. Equipment and systems vendors want to design their equipment and systems to fit the various types of store formats. Investors and financial analysts want to understand the economics of the changes taking place and the likely impact on the convenience store industry. Finally, the various governmental agencies--local, state and federal--need to understand the various store formats.

Based on this research, six formats were identified as representing trends in the convenience store industry. The six convenience store formats are:

- Kiosk;
- Mini Convenience Store;
- Limited Selection Convenience Store;
- Traditional Convenience Store;
- Expanded Convenience Store; and
- Hyper Convenience Store.

Draft

A general description of each type, taken directly from the NACS website, is provided below.

- **Kiosk** – This format is less than 800 square feet and is intended to provide some additional revenue beyond gasoline sales. Gasoline is always the focus of this operation with the owner usually being an oil company or petroleum marketer. The store sells only the fast-moving items found in traditional convenience stores (tobacco, beverages, snacks, and confectioneries). Grocery items are conspicuously absent, as is any sort of foodservice. Store sales may be only about ten percent of revenues in such locations. Parking is usually only at the pumps. Hours vary widely depending on the location and the inclinations of the owner. Typical customers are transients and locals stopping in to buy gasoline.
- **Mini Convenience Store** – This store format, usually 800 to 1,200 square feet in size is extremely popular with the oil companies and the emphasis is on gasoline sales. However, in such locations, the owners view store sales as an important part of the revenue and margin picture. Grocery selection is usually very thin and foodservice beyond prepared sandwiches. There usually is not any parking other than that at the pumps, although some locations do have modest striped parking. Open hours usually range from 18 to 24 hours. Customers are usually people buying gasoline. However, there are stores of this size in urban areas which may or may not sell gasoline.
- **Limited Selection Convenience Store** – These stores, which range from 1,500 to 2,200 square feet, are becoming more numerous. They are often affiliated with oil companies and are in the size range of a converted two-bay service station. Both gasoline and store sales are generally important parts of profitability. They differ from the "mini convenience store" in a broader product mix and grocery offering (although still somewhat limited by traditional convenience store standards). Also, simple foodservice (hot dogs, nachos, popcorn, etc.) may be offered. Although gasoline buyers are normally still the main part of the customer base, traditional convenience store patrons are important. Striped parking and extended hours are common.
- **Traditional Convenience Store** – Most of the original convenience stores fall into this category. They are about 2,400 to 2,500 square feet in size and offer a product mix which includes dairy, bakery, snack foods, beverages, tobacco, grocery, health and beauty aids, confectionery, and perhaps prepared foods to go, fresh or frozen meats, gasoline, various services, and limited produce items. Most stores of this size have 6 to 12 striped parking spaces or some form of convenient pedestrian access. Hours are extended compared to average retailers with a large percentage open 24 hours per day. Such operations are normally owned by convenience store chains, but oil companies have also built or acquired stores of this size.
- **Expanded Convenience Store** – Growth is occurring in the number of stores in the 2,800 to 3,600 square feet range. Such stores can accommodate more shelving for additional grocery products or room for significant fast food operations and seating. Stores using the space for more grocery items are taking advantage of the niche which has developed as

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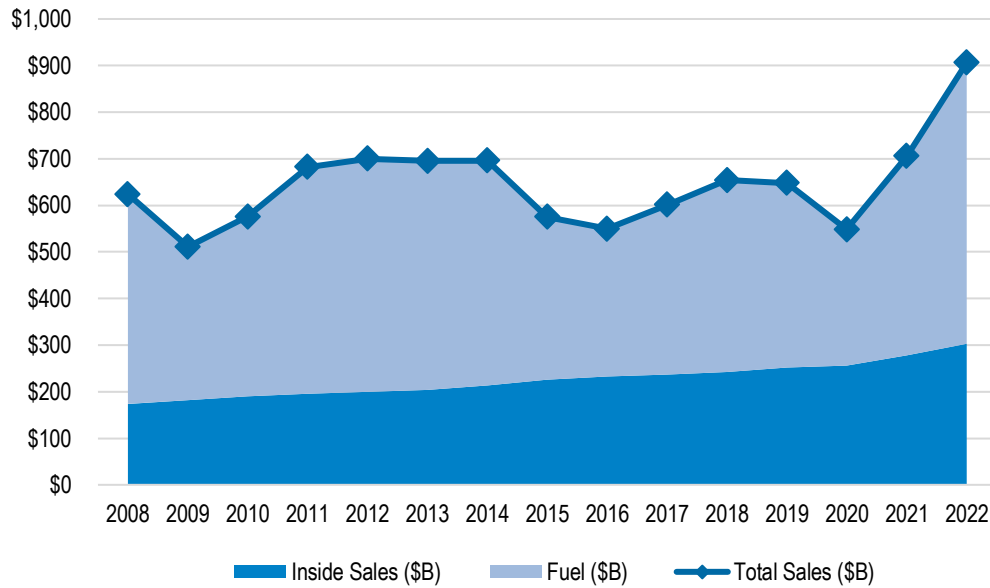
supermarkets increasingly move above the 40,000 square foot range. A few large chains are using this "superette" approach. A greater percentage are using the space to take advantage of the high profit margins in fast foods. As the number of smaller operations proliferates (largely as a result of the oil companies), many convenience store chains apparently view the move towards increased fast foods as essential. In terms of other products and services, such stores usually carry the traditional convenience store items. Parking is important with most having about 10 to 20 marked spaces. Hours are extended. Such operations not only attract the typical convenience store customer but also more families, women, and senior citizens.

- **Hyper Convenience Store** – These very large stores (4,000 to 5,000 square feet) usually offer an array of products and services arranged in departments. For example, such stores may offer variations such as a bakery, a sit-down restaurant area, or a pharmacy. Many of these locations do sell gasoline. The number of employees per shift can be large, particularly if a small restaurant is present. The number of parking spaces is substantial, especially since the amount of time the average customer spends in such an establishment can be significant. Hours are extended. Here again, as in the case of the Expanded Convenience Store, families and senior citizens as well as traditional convenience store customers are patrons. In some locations, such stores are mini-truck stops which obviously affects product mix and the customer base.

Total Sales

The convenience store with gas stations industry generated \$906.1 billion in revenue during 2022, with numbers up 28.4% from 2021 and up 28.6% from 2019. Due to impacts from the COVID-19 pandemic, the industry generated only \$548.2 billion in revenue in 2020, which is down 15.4% from 2019. Since 2008, total sales have increased by approximately 2.7%, with inside store sales increasing by 4.0% and fuel sales decreasing by around 0.6% during the same time period. Total convenience store revenue is dominated by fuel sale accounting for approximately 67% of revenues in 2022. The chart below and the table that follows provides a breakdown of the industry in terms of in-store sales, motor fuel sales and total sales from 2008 through 2022.

Figure 16: Convenience Store Sales



Source: NACS SOI Report 2021, The Innovation Group

Table 87: Convenience Store Industry Performance

| Year | Total Sales (\$B) | Y.O.Y. Growth | Inside Sales (\$B) | % of Total Sales | Fuel (\$B) | % of Total Sales |
|-----------------------|-------------------|---------------|--------------------|------------------|-------------|------------------|
| 2008 | \$624.1 | 12.0% | \$173.9 | 27.9% | \$450.2 | 72.1% |
| 2009 | \$511.1 | -18.1% | \$182.4 | 35.7% | \$328.7 | 64.3% |
| 2010 | \$575.6 | 12.6% | \$190.4 | 33.1% | \$385.2 | 66.9% |
| 2011 | \$681.9 | 18.5% | \$195.0 | 28.6% | \$486.9 | 71.4% |
| 2012 | \$700.3 | 2.7% | \$199.3 | 28.5% | \$501.0 | 71.5% |
| 2013 | \$695.5 | -0.7% | \$204.0 | 29.3% | \$491.5 | 70.7% |
| 2014 | \$696.1 | 0.1% | \$213.5 | 30.7% | \$482.6 | 69.3% |
| 2015 | \$574.8 | -17.4% | \$225.8 | 39.3% | \$349.0 | 60.7% |
| 2016 | \$549.9 | -4.3% | \$233.0 | 42.4% | \$316.8 | 57.6% |
| 2017 | \$601.1 | 9.3% | \$237.0 | 39.4% | \$364.1 | 60.6% |
| 2018 | \$654.3 | 8.9% | \$242.2 | 37.0% | \$412.1 | 63.0% |
| 2019 | \$647.8 | -1.0% | \$251.9 | 38.9% | \$395.9 | 61.1% |
| 2020 | \$548.2 | -15.4% | \$255.6 | 46.6% | \$292.6 | 53.4% |
| 2021 | \$705.7 | 28.7% | \$277.9 | 39.4% | \$427.9 | 60.6% |
| 2022 | \$906.1 | 28.4% | \$302.9 | 33.4% | \$603.2 | 66.6% |
| CAGR 2008-2022 | 2.7% | 6.3% | 4.0% | 1.3% | 2.1% | -0.6% |

Source: NACS SOI Reports 2018 & 2022, The Innovation Group

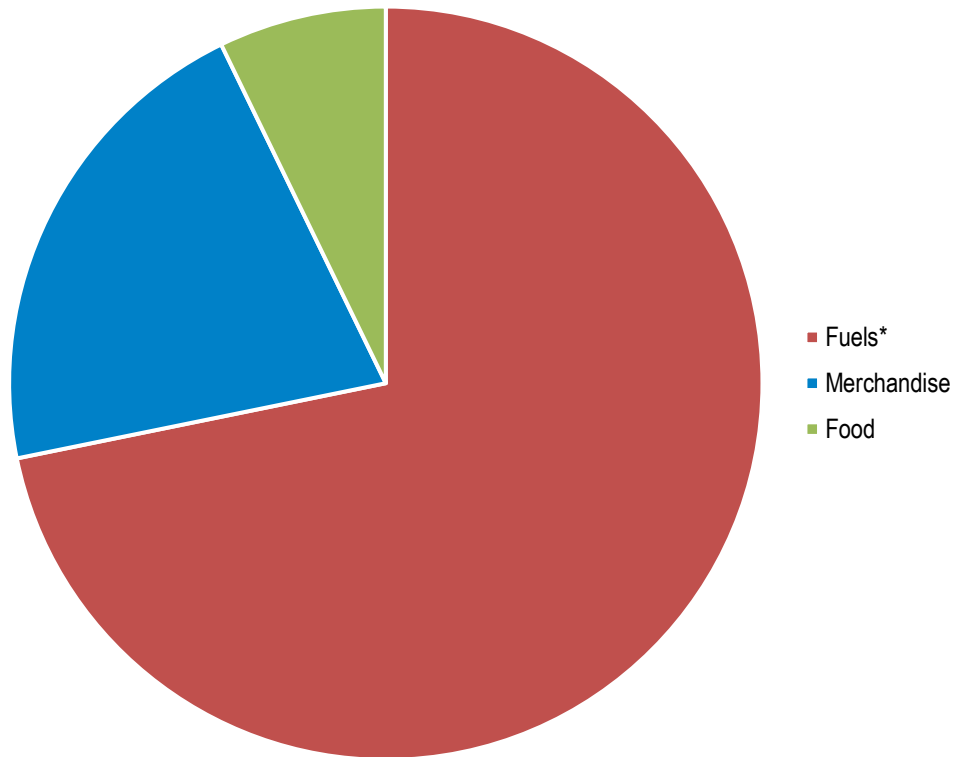
C-Store Sales and Margin Contribution

Between 2017 and 2018, total sales increased after seeing a significant drop in 2015 and 2016. Instore sales have seen a continuous increase while fuel sales have proved to be more volatile. Instore goods tend to have price stability while fuel sales are largely impacted by the current price

Draft

of oil. Foodservice categories historically boost overall store profitability, however, in 2020, declines in foodservice were supplemented by the profitability of merchandise categories. Foodservice categories were brought back to life in 2021 and have contributed to the overall boost in sales and profit for the store. The following chart shows the dollar sales contributions for 2022 based on an average weighted scale of all firms that provided data to the NACS.

Figure 17: Revenue Distribution



Source: NACS SOI Report 2022, The Innovation Group; *Fuels include gas, diesel, kerosene, racing fuel, propane, and biodiesel

Gasoline Sales

In 2022, petroleum retailers sold an average of 144,728 gallons of fuel per month. This represents a 0.3% decrease from 145,178 gallons in 2021 and a 2.3% decrease from pre-pandemic levels of about 159,000 gallons in 2018. Average fuel sales per store decreased approximately -2.8% from 2012 to 2013 due in part to a decrease in price of fuel per gallon from \$3.55 in 2012 nationally to \$3.47 in 2013. The data in the chart that follows is from the revenue statements provided from the NACS as a weighted average of all reporting convenience stores. Please note that the chart below does not include data from 2019 or the average monthly fuel sales per store from 2020, as that information was not included in the 2022 NACS report.

Table 88: Industry Gasoline Sales

| Year | Average Monthly Gallons per Store | Annual Percent Change | Average Annual Fuel Sales per Store | Annual Percent Change | Average Annual Gas Margin (Cents) | Annual Percent Change | Average Price per Gallon | Annual Percent Change |
|-----------------------|-----------------------------------|-----------------------|-------------------------------------|-----------------------|-----------------------------------|-----------------------|--------------------------|-----------------------|
| 2008 | 118,526 | | \$384,624 | | \$0.14 | | \$3.17 | |
| 2009 | 121,000 | 2.1% | \$295,716 | -23.1% | \$0.18 | 20.0% | \$2.30 | -37.8% |
| 2010 | 123,449 | 2.0% | \$338,809 | 20.2% | \$0.14 | -29.5% | \$2.69 | 14.5% |
| 2011 | 123,721 | 0.2% | \$442,422 | 25.5% | \$0.16 | 12.0% | \$3.45 | 22.0% |
| 2012 | 134,988 | 9.1% | \$438,998 | 4.0% | \$0.18 | 14.1% | \$3.55 | 2.8% |
| 2013 | 131,265 | -2.8% | \$433,081 | 3.3% | \$0.19 | 1.6% | \$3.47 | -2.3% |
| 2014 | 143,632 | 9.4% | \$410,730 | -3.1% | \$0.22 | 14.9% | \$3.33 | -4.2% |
| 2015 | 149,257 | 3.9% | \$322,831 | -27.2% | \$0.22 | -1.4% | \$2.40 | -38.8% |
| 2016 | 149,276 | 0.0% | \$300,614 | -10.6% | \$0.22 | 0.0% | \$2.12 | -13.2% |
| 2017 | 159,551 | 6.9% | \$307,361 | 15.6% | \$0.22 | 1.6% | \$2.36 | 10.2% |
| 2018 | 159,121 | -0.3% | \$383,846 | 9.2% | \$0.23 | 5.9% | \$2.69 | 12.3% |
| CAGR 2008-2018 | 3.0% | | -0.0% | | 5.0% | | -1.6% | |
| 2020 | 124,809 | | N/A | | \$0.36 | | \$2.21 | |
| 2021 | 145,178 | 16.3% | \$440,514 | | \$0.36 | 0.0% | \$3.03 | 37.6% |
| 2022 | 144,728 | -0.3% | \$593,599 | 34.8% | \$0.44 | 22.2% | \$4.02 | 32.7% |
| CAGR 2018-2022 | -2.3% | | 11.5% | | 17.6% | | 10.6% | |

Source: NACS SOI Report 2018 & 2022, The Innovation Group

In-Store Sales

Cigarettes are by far the largest in-store sales item accounting for almost one-fourth of in-store sales; however, the NACS reports show small declines in cigarette sales with a 2008 contribution of 32.6%, 2018 contribution of 31%, and 2022 contribution of 22.8%. In fact, the Center for Disease Control has seen the smoking rate decline, even if by a small margin, each year at a national level dating back to the 1960's, especially with younger people and students. However, during the COVID-19 pandemic, many consumers turned to comfort habits which, combined with work-from-home mandates, led to increased consumption of cigarettes. Despite long-term decline in smoking rates, smoking habits formed during the pandemic appeared to have staying power in 2021, keeping sales relatively flat, up 1.2% year over year. Other top sellers include packaged beverages, prepared food, and beer. The following chart provides the top five categories for in-store sales for convenience stores in 2008 and 2018.

Table 89: 2008 vs. 2018 vs. 2022 Top Five Instore Products Contributions

| Category | Share of Instore Sales (2008) | Share of Instore Sales (2018) | Share of Instore Sales (2022) |
|--------------------|-------------------------------|-------------------------------|-------------------------------|
| Cigarettes | 32.6% | 31.0% | 22.8% |
| Packages Beverages | 15.8% | 15.3% | 17.2% |
| Prepared Food | 7.5% | 16.5% | 16.5% |
| Beer | 8.4% | 6.4% | 7.0% |
| Other Tobacco | 3.5% | 6.7% | 7.5% |

Source: NACS SOI 2022 Report, The Innovation Group

Gas Prices

Recently, fluctuating oil prices have led to varying gasoline prices across the United States. Due to high oil consumption in countries such as China and conflicts in nations like Iraq, oil production could not stay with demand, thus, prices spiked. In June 2014, the price of Brent crude was up an estimated \$115 per barrel and in September 2015, then decreased more than 60% to \$45 per barrel. Then in early 2020 prices plummeted to a point where at one time crude oil was worth negative dollars, which is the first time in history that has happened. In November 2020 crude prices fell to right around \$40. However, due to the conflict in Ukraine and inflation, crude prices have again increased, peaking at roughly \$86 per barrel in October 2021 and remaining between \$60 and \$80 per barrel for the rest of that year.

Tobacco

Tobacco sales have historically comprised almost a third of revenue for the Small Specialty Retail Stores industry. Cigarettes and other tobacco products represent the industry’s largest product segment, accounting for a combined estimated 30.3% of revenue in 2022. These products include cigars, cigarettes, chewing tobacco and snuff, as well as accessories such as lighters, pipes, rolling papers, and vaporizers.

Aside from traditional forms of tobacco, alternative forms of use are growing. E-cigarettes are now the most commonly used tobacco products among younger demographics. According to the Food and Drug Administration’s 2022 National Youth Tobacco Survey, 14.1% of high school students and 3.3% of middle school students reported current e-cigarette use. These percentages are up from the 2021 survey, in which only 11.3% of high school students and 2.8% of middle school students reported current e-cigarette use.

Traffic Counts

In addition to the local competition, The Innovation Group explored the traffic counts for the proposed location. Average annual daily traffic (AADT) counts were provided by the Wyoming Department of Transportation. This is total traffic from both directions.

Table 90: Daily Traffic Counts

| AADT | Wyoming - Colorado State Line, I25/US87 |
|------|---|
| 2019 | 22,504 |
| 2020 | 19,319 |
| 2021 | 21,955 |
| 2022 | 20,663 |
| 2023 | 19,504 |

Source: Wyoming Department of Transportation

Revenue Forecast

For the purpose of the analysis, The Innovation Group segregated demand into two product categories and four customer components. The product categories include fuel and convenience store, while the customer components include the local market, gaming patrons, and traffic intercept. We have assumed that the facilities will be built new and include the following components:

Assumptions

- First Year of operations will commence in 2028;
- Multiple Fueling Pumps serving various fuels including Regular, Mid Grade, Premium, and Diesel (diesel for both cars as well as commercial trucks);
- Well appointed, clearly lit and conspicuously placed signage is crucial to gaining the attention of the passing traffic and maximizing visits from individuals passing through the area. We have assumed that appropriate signage will be in place for the property;
- We have assumed that the proposed facility will engage in various marketing strategies with the proposed casinos, which facilitates point redemption at the pumps with players' club cards.

Fuel Demand

Fuel demand is usually a mix of different demand components. For example, the local market which under normal circumstances (non-casino convenience store) would account for a vast majority of the fuel and inside sales. This demand usually comes from within 5 to 10 miles of the facility but can vary based on the population density. For cities with high-density it is usually much closer while more rural areas can be upwards of 15 or even 20 miles away. Normally, the second largest demand segment would be the pass through or traffic intercept; however, in this instance given the location away from a major thoroughfare this will account for the third largest segment. These are people who will visit the convenience store but do not live in the area, they are either driving through to reach a different part of the state, or in this case traveling through the greater Cheyenne area. Since the facility will be located off Interstate 25 and will be the first gas station in Wyoming coming from Colorado, lower prices in Wyoming may be able to drive significant demand.

Casinos' convenience stores, unlike traditional convenience stores, have a third source of demand: Casino Patrons. This can be a relatively significant source of demand when a casino can attract hundreds of thousands or even millions of visits per year. Understandably, there is a level of cross over from the local market and casino patrons but once those visits from people living in the local market can be extracted to eliminate any double counting, a significant level of demand still exists. Additionally, the casinos can use it as an added amenity to the product offering for its gaming customers. The most successful convenience store/casino operators have tied the players card system to allow gamers to redeem points for fuel usage just as they could for other perks such as free food and beverage options.

For properties with hotels (or other non-gaming components such as RV parks), casino convenience stores have an additional source of demand: overnight guests. These guests, who

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make up the non-casino hotel segments, can visit the gas station and convenience store when they arrive and/or when they leave the property.

Each segment has its own level of potential capture rate, with the traffic intercept being the lowest and the local market being the highest. As mentioned previously, the local market is analyzed by those households that live within 5 miles of the proposed convenience store then a fair share capture is estimated based on the competition in the market. The traffic intercept or out of market capture is a product of the vehicles passing by the proposed facility, after the local market is backed out of the traffic intercept a capture rate is applied to estimate out of market capture.

Local Market

Local market demand relates to demand associated with residents living in close proximity to the facility. Typically, local market residents only travel a short distance (less than five miles) for fuel and convenience store purchases. However, given the subject site's location adjacent to a major thoroughfare and the somewhat rural market, it is likely that the local market perimeter would expand further. In this instance, we expanded the local market to roughly ten miles. Using ESRI, we collected the total households in the area for 2024 as well as the annual growth rate of approximately 0.2%, which we grew out to 2028, the assumed first year of operation. The household count within the local market area was estimated at approximately 17,833.

For the purposes of this analysis, we believe the proposed location would have a premium of 120% due to the higher quality than the competitors. This resulted in approximately 27,800 implied vehicles that would patronize the local market. Assuming the average person fills their tank at least every other week, and that some people in the local market travel outside the market area for work or other reasons and would fill up at other locations, the local market would make approximately 615,000 trips to fuel stations. Therefore, we estimated that the proposed facility could capture 20.0% of the local market trips resulting in approximately 123,000 trips. We also assumed a conservative fueling per trip of 16 gallons per vehicle this resulted in approximately 2,000,000 annual gallons. It should be noted that the measure of demand when examining the feasibility of a gas station is implied gallons. Price per gallon was an estimate based on current local fuel prices. **The price per gallon is not intended to be a forecast, but a benchmark for completing the revenue portion of the pro-forma operating statement. The key variables are gallons and fuel margins per gallon (as measured in cents per gallon). The latter, to be discussed later in the Pro Forma Assumptions section, is less volatile and thus easier to forecast.** The following table highlights our fuel revenue forecast for the local market.

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Table 91: Fuel Revenue – Local Segment

| | |
|--------------------------|-------------|
| 2027 Households | 17,415 |
| Percent Car Ownership | 85% |
| Total Vehicles | 27,829 |
| Trips Per Year | 22 |
| Total Local Market Trips | 615,025 |
| Subject Capture Rate | 20.0% |
| Capture of trips | 123,005 |
| Gallons / Vehicle | 16.0 |
| Implied Gallons | 1,968,081 |
| Price / Gallon | \$3.01 |
| Fuel Revenue | \$5,914,297 |

Source: Energy Information Administration, ESRI; The Innovation Group

Gaming Patron

Based on our gravity model, we estimated total gamer visits in 2028 at approximately 2.5 million. We further estimated the average occupancy per vehicle at 1.5, resulting in almost 1.6 total vehicles coming to the casino in 2028. Based on a subject capture rate of 10.5%, we estimated that gamer segment would yield about 171,000 vehicles requiring fuel. Assuming an average of 16 gallons per vehicle resulting in about 2.7 million gallons. The following table details the fuel revenue projection associated with the gamer segment.

Table 92: Fuel Revenue – Gamer Segment

| Estimated Gamer Visits | Occupancy / Vehicle | Total Vehicles | Subject Capture Rate | Subject Vehicles | Gallons / Vehicle | Implied Gallons | Price / Gallon | Fuel Revenue (MM) |
|------------------------|---------------------|----------------|----------------------|------------------|-------------------|-----------------|----------------|-------------------|
| 2,480,267 | 1.5 | 1,627,651 | 10.5% | 170,903 | 16.0 | 2,734,453 | \$3.01 | \$8.2 |

Source: The Innovation Group; Energy Information Administration

Traffic Intercept

The third source of fuel demand comes from the traffic intercept segment. This segment primarily reflects pass-through commercial and recreational travelers utilizing Interstate 25 and Highway 87. The traffic intercept has been broken down between Car (motorcycles, cars, vans, and pickups) and Truck (total commercial trucks and buses) traffic.

Based on information obtained from the Wyoming Department of Transportation, we estimated that roughly 16,310 vehicles would travel on Interstate 25 near the site daily in 2028. We anticipate a similar mix of traffic as in previous years; approximately 18% trucks and 82% cars. Pass-through rates differ for each segment, as trucks typically have longer hauls compared to cars on average. Based on market research, The Innovation Group utilizes a 35% pass-through rate for cars and the trucks and busses at roughly 5%, resulting in 1.8 million annual pass-through vehicles respectively. We further estimated that the subject facility would capture 2.6% of cars and 0.9% of trucks traveling by the site. Assuming average fill up of 16 gallons per car and 110 gallons for trucks, the site is expected to capture about 762,000 gallons.

Table 93: Fuel Revenue – Traffic Intercept

| | Pass-through AADT | Subject Capture Rate | Annualized Vehicles | Gallons / Vehicle | Implied Gallons | Price / Gallon | Fuel Revenue (MM) |
|------------------------|-------------------|----------------------|---------------------|-------------------|-----------------|----------------|-------------------|
| Cars, Vans and Pickups | 1,701,365 | 2.6% | 44,235 | 16.0 | 707,768 | \$3.01 | \$2.1 |
| Total Trucks and Buses | 54,605 | 0.9% | 491 | 110.0 | 54,059 | \$3.74 | \$0.2 |
| Total/Average | 1,755,970 | 2.5% | 44,727 | 17.0 | 761,827 | \$3.06 | \$2.3 |

Source: Wyoming Department of Transportation, Energy Information Administration, The Innovation Group

Fuel Summary

After combining all sources of demand, we estimated total fuel demand (gallons) and revenue for the subject facility at 6.6 million gallons and \$20.5 million, respectively, in 2028.

Table 94: Fuel Demand Forecast

| | Local | Gamer | Traffic | Overnight | Total |
|---------------------|--------------|--------------|--------------|--------------|---------------|
| Vehicles | 123,005 | 170,903 | 44,727 | 155,056 | 493,691 |
| Total Gallons | 1,968,081 | 2,734,453 | 761,827 | 1,092,944 | 6,557,306 |
| Revenue (MM) | \$5.9 | \$8.2 | \$2.3 | \$4.0 | \$20.5 |

Source: The Innovation Group

Convenience Store Demand

We estimated convenience store demand by the same market components as for fuel; four market components: local market, traffic intercept, overnight guests, and gaming patrons. Further, for analytical purposes, we segregated tobacco products and other in-store sales. Overall, the methodology was similar to the fuel demand model.

Convenience Store Revenue

In order to estimate the convenience store food and beverage revenue for 2028, The Innovation Group took the initial vehicle counts, and based on market research from the various vehicle segments, estimated store participation and calculated net customers. Participation rates are fairly stable across the different segments from facility to facility. Please note the local market differs from the fuel segment as there are people that will visit the facility from the local market and not fill up with fuel and just visit the store for F&B or tobacco. In order to calculate this, we identified the amount of people that live within ten miles of the facility and applied capture rate statistic, giving us an estimate of approximately \$2.9 million for the local food and beverage spending. The average unit of purchase is also expanded to 1.5 per customer. At an average of \$13.99 expenditure per customer, the total revenue in 2028 is estimated at about \$7.3 million.

Table 95: Convenience Store In-Store F&B Revenue

| Product | Vehicle Count | Store Participation | Net Customers | Units Per Purchase | Expenditure/ Customer | Total Revenues (MM) |
|---------------------------|------------------|---------------------|----------------|--------------------|-----------------------|---------------------|
| Gaming Patron | 1,627,651 | 12.5% | 203,456 | 1.50 | \$8.82 | \$2.7 |
| Traffic Intercept -Cars | 1,701,365 | 5.0% | 85,068 | 1.50 | \$10.58 | \$1.3 |
| Traffic Intercept -Trucks | 54,605 | 2.5% | 1,365 | 1.50 | \$15.50 | \$0.0 |
| Overnight Guests | 155,056 | 11.5% | 17,831 | 1.50 | \$14.81 | \$0.4 |
| Local Market | 1,641,846 | 13.2% | 216,724 | 1.50 | \$8.82 | \$2.9 |
| Total | 5,180,523 | | 524,445 | | \$13.99 | \$7.3 |

Source: The Innovation Group

Convenience Store Tobacco Revenue

As discussed earlier, we estimated that approximately 1.8 million vehicles/people would pass in close proximity to the subject facility along Interstate 25. For the local market, we identified the amount of people that live within ten miles of the facility and applied capture rate statistic as we did above as well. The Innovation Group estimated that customers would purchase an average of 1.3 packs per transaction, however, the local market, truck stops, and overnight guests are estimated to buy 2.0, 1.8, and 1.0 packs per purchase, respectively. The unit price for tobacco is estimated to be approximately \$9.67. Note that these variables were primarily based on information gleaned from the NACS.

Table 96: Convenience Store Tobacco Revenue

| Product | Vehicle Count | Store Participation | Net Customers | Units Per Purchase | Unit Price | Total Revenues (MM) |
|---------------------------|------------------|---------------------|----------------|--------------------|---------------|---------------------|
| Gaming Patron | 1,627,651 | 5.6% | 91,555 | 1.0 | \$9.67 | \$0.9 |
| Traffic Intercept -Cars | 1,701,365 | 2.3% | 38,281 | 1.3 | \$9.67 | \$0.5 |
| Traffic Intercept -Trucks | 54,605 | 1.1% | 614 | 1.8 | \$9.67 | \$0.0 |
| Overnight Guests | 155,056 | 5.2% | 8,024 | 1.0 | \$9.67 | \$0.1 |
| Local Market | 1,641,846 | 5.9% | 97,526 | 2.0 | \$9.67 | \$1.9 |
| Total | 5,180,523 | | 236,000 | 1.5 | \$9.67 | \$3.3 |

Source: The Innovation Group

FOOD & BEVERAGE ASSESSMENT

A strong food and beverage program is a cornerstone of any successful gaming facility. As part of the proposed facility, the new Colorado/Wyoming State Line entertainment resorts are expected to provide an assortment of food and beverage outlets for guests to the property.

Food & Beverage at Casinos

Within the past 10 to 12 years, there has been a shift within food and beverage programs in casinos. The past represented pedestrian offerings including mediocre buffets, 24-hour greasy spoon diners and cafés with limited excitement and creativity. Slowly, casinos have shifted their offerings to better target their respective markets and offer a wide variety of high quality and value driven dining options. These new food and beverage programs have moved from an afterthought within a casino's overall program to one of the largest drivers, outside of gaming.

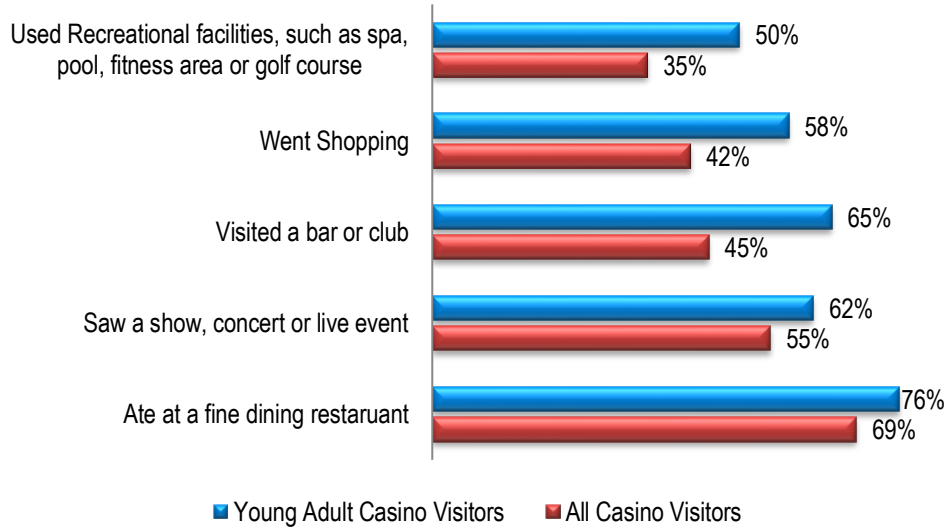
According to an article released in 2023 in the Indian Gaming magazine entitled, "Casino Food and Beverage Amenities: Now More Important Than Ever," the author explains the importance of food and beverage offerings to provide service to high-level VIP casino customers, as well as a supporting service for the casino. Craig Pendleton, author of the article, mentions "Food and beverage has always served the role of providing a key element of a casino player visit experience and a significant method for reward redemption. In many surveys, food and beverage is the second highest requested player rated form of loyalty point redemption, exceeded only by free/match play." Though this proposed development will not be tribal related, it is important to note the F&B importance from a gaming perspective which is attributable to all casino operations, tribal or otherwise.

In an article released by in Bar and Restaurant News titled "How Food & Beverage is Replacing Gaming Revenue at Mohegan Sun Casino" by Ashley Bray, Jeff Hamilton, President & General Manager of Mohegan Sun in Uncasville, Connecticut mentions, "If you go back 10 or 15 years ago, in every casino, food and beverage was an amenity. Everything was here to support the gaming operation," he says. "As the gaming environment has become more competitive, it's become an important aspect of our business to drive people to the property for just the food and beverage. I always like to say, 10 years ago, people used to go to Mohegan Sun and go to a restaurant because it was at Mohegan Sun. Now, we want people to come to Tao, and they're at Mohegan Sun because they wanted to go to Tao." Further in the article, he went on to mention how food and beverage options can help attract new customers who are unfamiliar with the casino. He mentions, "Food and beverage and food and beverage events have really been a way to introduce people to our brand and then get people engaged in the brand," he says. "It's been a new way for us to drive in people who have disposable income and are looking to spend that on food, beverage events, and entertainment."

Below shows the results of the American Gaming Associations State of States survey, which shows the most common activity of casino visitors apart from gambling is dining, as shown in the chart below, followed by entertainment, and bars & clubs. Interestingly, the participation in these activities grows among the younger casino gamblers who often are looking for an all-around experience and see gaming as secondary. A targeted food and beverage program cannot only help

attract younger gamers but also keep all gamers on the property longer resulting in higher spend on the gaming floor.

Figure 18: Activity Participation at Casinos

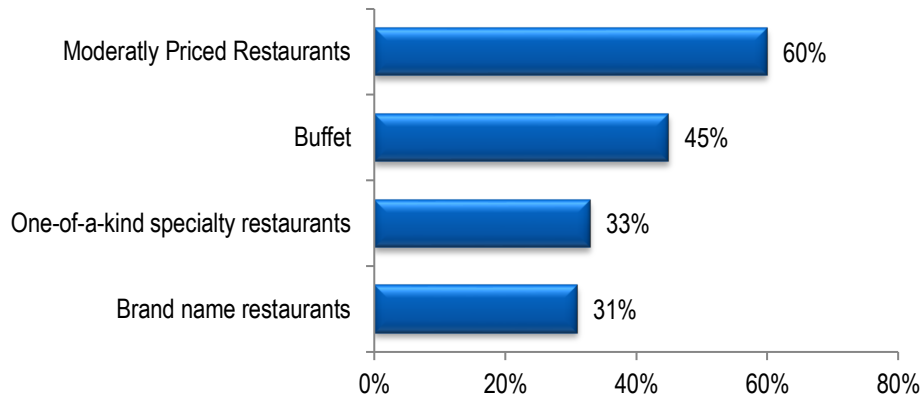


Source: American Gaming Association

In the *Portrait of American Gamblers*, a nationwide survey of 2,500 casino gamblers conducted by The Innovation Group testing gaming habits, preferences and intentions of casino gamblers, respondents were asked to rate the importance of various casino attributes. Gamers nationwide ranked F&B in the top five casino attributes as to why they chose a particular casino. Incidentally, dining out is the most frequent leisure activity outside of the home by gamers (45%: Very Frequently/Frequently). In addition, 50% of gamers said that they would visit the casino more frequently if given special food and beverage offerings. In fact, of the top reasons for considering Players Clubs to be the best, F&B ranked fourth out of fifty reasons.

Within the food and beverage category, moderately priced restaurants were considered extremely or very important by approximately 60% of respondents followed by buffet at 58%. Approximately one third of respondents consider a one-of-a-kind specialty restaurant and brand-named restaurants to be desirable. It is important to note that despite the lower rating of brand named restaurants and one-of-a-kind specialty restaurants, the figures are still solid albeit less than value options and the buffet; a casino standard. The key here is to provide quality F&B options that complement the facility.

**Figure 19: Casino Attributes When Determining Casino Visitation
Extremely or Very Important**



Source: Profile of American Gambler

While all gamers are looking for the same traits in food and beverage outlets, the importance of those traits varies among different types of casino goers. The table below illustrates the ranking in terms of most important traits of F&B operations.

Table 97: F&B Characteristics Rankings

| Ranking | Locals Market Gamer | Racino Gamer | Resort Destination Gamer |
|---------|---------------------|--------------|--------------------------|
| 1 | Quality | Value | Variety |
| 2 | Value | Quality | Quality |
| 3 | Variety | Variety | Value |

Source: Portrait of American Gamblers

The following sections provide a brief overview around the types of F&B offerings, followed by the methodology utilized to reach our projected number of seats needed as well as operating statistics for the F&B program.

F&B Outlets

The following highlights the different types of food and beverage outlets popular at casino resorts.

Fine Dining

Nearly every casino resort property within major gaming markets currently offer fine dining options to their guests. Depending on the location and type of development, it may be important for casino developments to include fine dining, as these establishments can not only be leveraged to attract mid-week business patrons, but also increase revenue, duration of trip for existing guests, and honor an outstanding reward system for loyal players. These are typically only open for dinner. Examples: Steakhouse or Sushi Restaurant type restaurants.

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Café and Casual

Cafés and Casual restaurants offer quicker food options for guests that are either short on time or want to get back to other activities, such as the gaming floor of the casino or other leisure options. These options are generally priced lower than a fine dining establishment, while still offering sit down service. This type of offering would be a great option for the target market of mid-week group meeting and business guests who are looking for a quicker meal in between meetings. These are typically open for lunch and dinner while at least one on the property should also be open for breakfast, especially if it is not provided complimentary to hotel guests. Examples: Red Robin or Cheesecake Factory type restaurants.

Buffet

Buffets, historically, have been a staple in the casino industry, providing guests with a quick place to sit down and grab a bite to eat without taking too much time away from the casino floor. The buffet also provides the benefit of bringing a variety of foods to guests in a format in which they can taste the different regional foods available. Buffets can also be used to compliment loyalty programs by providing frequent guests with free meals. These are typically open for breakfast, lunch, and dinner. However, after coming out of COVID, where most, if not, all buffets were closed for precautionary reasons or mandates from the state. Since reopening many casinos have chosen to not reopen the traditional buffets and either repurpose to other food and beverage offerings or convert to a different usable space.

Quick Service Restaurants (QSR)

A quick service venues fits well into the proposed development. Such an offering could have a number of different ethnic and local food offerings giving guests variety when grabbing a quick bite. Venues such as this take virtually no time away from other venues, including the casino floor. Additionally, they increase the length of stay since guests can grab snacks over the course of their stay. These are typically open for lunch and dinner. Examples: Chipotle or Five Guys type restaurants.

Fast Food Outlets/Food Court

They are generally not attached to a hotel and are found independently existing. They serve fast foods, which are easy to prepare to easy to carry and eat. These outlets provide very limited seating arrangements and people are not encouraged to sit and pass time in these places. Service is done in disposable plates and packets. Patrons are supposed to get their food from across the counter. There may be one person to look after the clearance and cleanliness of the place. Very limited service is provided. Often times fast food outlets exist in a food court style setting with multiple fast food restaurants being fed from one centralized location. These are typically open for breakfast, lunch, and dinner. Examples: McDonalds or Subway type restaurants.

Bar Service

Bar service in the casino is a pertinent element that will allow patrons to order drinks on the floor while playing their favorite games. As a beverage-only option, bars do not act as a typical restaurant with consistent rotating meal periods. A gaming patron may partake at one of the food and beverage outlets and still visit the center bar during the same meal period. We recommend that each facility feature at least one bar, preferably a center bar on the casino floor.

F&B Seating Forecast

In order to determine the appropriate sizing for the total F&B program, we first forecasted the demand derived from visitation to the new Colorado/Wyoming state line resorts. This demand was then projected out to future years to determine the appropriate number of seats required to accommodate the demand. This section identifies the number of seats needed then this will be added to our proprietary pro forma model which will estimate revenue generation.

It is important to note that many of the local HHR facilities do not offer many upscale dining options. Up until recently, the F&B offerings even at Black Hawk and Central City were not of higher quality. With the new facilities, it will be important to offer expanded offerings to patrons, considering the lack of options in the area.

Modeling

The following section presents the food and beverage demand model forecasting developed for the new state line resorts. The estimated seat count is based on visitation to the property and an estimated capture rate which we treated each visit at a potential F&B cover. Covers represent individual seats filled. In order to accomplish this, we had to establish a cover capture rate to establish the total cover demand for the facility. The Innovation Group examined similar properties with similar characteristics as the new state line resorts to establish a capture percentage. Additional outside research was gathered from an article published in Casino Design by The Innovation Group explaining how different properties have different capture rates. Urban casinos can have a capture rate percent in the high 30's and resort-style properties even into the low 40's, we have even seen near 70% for destination style resorts. Please note Year 5 of the proposed development was used to forecast seats needed to support the visitation. This is done in order to not undersize the facility and account for any ramp up as the project gets underway and well established in the market.

Table 98: Average Seat Covers

| | Visitors |
|-------------------------------|-----------------|
| Number of Guests | 2,577,325 |
| Capture Rate | 32.0% |
| Premium | 1.4 |
| Capture Rate | 44.8% |
| Total F&B Covers | 1,154,642 |
| Number of Days | 365 |
| Average Covers per Day | 3,163 |

Source: The Innovation Group

Required Supply

After determining total facility demand, we calculated the total number of seats that would be required in order to accommodate the demand and prevent turning away a large portion of guests. The first calculation was to determine the average number of meal periods offered per day. This was done utilizing an iterative process based on adjusting the number of seats within each venue in order to satisfy total demand.

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Additionally, we applied an average of 1.6 turns per meal period across the full operation, which is aligned with industry standards. While the fine dining establishment will likely have fewer turns, other venues such as the café and quick service operate at a higher number. Additionally, a utilization rate was applied to the number of minimum seats needed. This model assumed daily average covers which is not likely as weekends will be much busier than weekdays and nights will be busier than daytime. The utilization rate adjusts for these changes in daily volume. Based on these statistics and assumptions, we found that the complex would need a total of approximately 916 seats in order to meet total demand.

Table 99: Total Seats Recommended

| | Supply |
|-----------------------------------|---------------|
| Average Covers per Day | 3,163 |
| Avg. Meal periods offered per day | 2.5 |
| Avg. turns per meal period | 1.6 |
| Minimum seats needed | 779 |
| Seat Utilization Rate | 75% |
| Total Recommended Seats | 1,038 |

Source: The Innovation Group

Bars and Lounges

In addition to the food venue offerings provided, bars and lounges provide guests with another place to grab a drink and either relax or continue social and leisure activities.

Bars exist in nearly every casino across the globe, as they lead to a longer length of stay and often facilitate higher levels of spending on the casino floor. Should the new state line resorts decide to incorporate a casino bar element to the facility, it will also allow patrons to order drinks on the floor while playing their favorite games with little time away from their play on the casino floor.

We envision that the proposed facility will have a center bar to create synergies with the rest of the development. This bar will also provide casino guests looking for a break from the action on the casino floor with a quality bar experience that keeps them close to the live atmosphere of the casino floor.

OPERATING PRO FORMA STATEMENT

This section highlights the statements of prospective Earnings before Interest, Taxes, Depreciation, Amortization (“EBITDA”) for the proposed project. The prospective financial statements are based upon operating characteristics of comparable casino developments in other jurisdictions as well as The Innovation Group’s extensive industry experience and take into consideration existing and assumed future market dynamics. In addition, certain other assumptions about the project were made and include the following:

- The proposed project will be built in substantially the manner, and with the amenities, as portrayed by in this report;
- The proposed facility will be professionally managed and marketed to the public.

Estimates of income and expenses for the proposed development have been prepared assuming that 2028 will be the first full year of operation. Below is a description of the revenues and expenses and their associated assumptions.

Revenues

The revenue projections are detailed in the assessment sections earlier in this report. Food and Beverage revenues and Retail revenues were estimated bases on proprietary data from comparable properties as well as internal modeling.

Promotional Allowances

Promotional Allowances (commonly referred as “comps”) represent the retail value of complimentary offerings of food and beverage and free play to casino patrons. This also includes comps for the additional entertainment aspects the resort will develop. Rodeo related and concerts were the main comps from the entertainment developments and include ticket and F&B. Comps are used as an effective marketing tool to promote gaming activities and to increase the overall appeal of the facility. Promotional allowances are based upon other facilities of comparable scale in the marketplace. We have estimated that approximately 12.5% of total gross gaming revenue will be put towards promotional allowances.

Departmental Expenses

All departmental expenses include payroll, payroll-related taxes and benefits (T&B) costs, and pertinent necessary expenses to operate each area.

Casino (HHR) Operations

The casino departmental expenses include payroll, payroll-related taxes and benefits, maintenance supplies, training, and other operating supplies for the operation of slots and table games. Labor costs assume that providing excellent customer service will be a part of the resort operating philosophy and positioning. Consequently, staffing levels will reflect mid to high coverage on the floor in the areas of operations and redemption.

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Hotel

This includes all expenses associated with the operating of a hotel. These expenses are usually directly correlated to the revenues that these items produce. Overall it is estimated that hotel expenses are approximately 40% of hotel revenue.

Food and Beverage Operations

Food and beverage expenses includes all expenses to operate the venues including cost of goods sold (COGS), labor (and labor-related T&B), supplies, and other pertinent operating expenses. These expenses are estimated based on expense ratios experienced at similar operations in the marketplace and comparable properties around the country.

Entertainment Operations (Rodeo, Concerts, Tradeshows and Conventions, and Livestock Shows)

Margins were estimated for each one of these aspects according to market research and due diligence. These expenses include labor costs, cost of goods sold, supplies and equipment, and any other items required in typical operations of the kind.

Retail and Other Operations

These expenses include labor costs, cost of goods sold, supplies and equipment, and any other items required in typical operations of the kind.

General & Administrative

General and administrative expenses include all administrative salaries and wages and were based upon an analysis of estimated positions and wage rates. Included in this figure are the executive management team and support staff, purchasing, finance and accounting, human resources, information systems, and warehouse operations. The department also includes expenses such as general operating supplies, travel and entertainment, outside audit fees, insurance costs, utility fees, property tax, and miscellaneous professional, and other fees.

Maintenance/Engineering

Property maintenance includes maintenance, engineering, and general upkeep of the overall development. These expenses are based upon estimates for maintaining and repairing the casino facility and related grounds. This figure also includes utilities and the costs of cleaning the facility on a daily basis to maintain high-level property attraction and overall appearance.

Marketing

Marketing expenses include all of the costs to staff the marketing department for the casino as well as all advertising and promotional costs (excluding promotional allowances). Overall, the marketing costs for the project reflect approximately 5.5% of gross revenues. It was assumed that all database analysis and programs would be handled in-house. The cost also includes the operating expenses of a player's rewards program that would encourage data collection, customer loyalty, and provide services for the guests. Marketing programs for slot and table patrons were assumed, as were on floor promotions and giveaways in order to create an atmosphere of excitement. Full advertising campaigns are expected for the casino. Other costs in the department include direct mail printing and postage, on-property signage, and supplies for various programs.

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Security/Surveillance

Security and surveillance costs reflect the payroll and other expenses associated with the operation of the facility based like properties as well as internal knowledge of casino security.

The following table shows total revenues, expenses and EBITDA margins for the potential casino development.

Table 100: Potential Colorado/Wyoming State Line Entertainment Facility Five-Year Pro Forma (000's)

| (in 000's) | 2028 | 2029 | 2030 | 2031 | 2032 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| REVENUES: | | | | | |
| HHR Revenues | \$287,539 | \$301,437 | \$313,271 | \$320,152 | \$327,188 |
| Gross Gaming Revenues | \$287,539 | \$301,437 | \$313,271 | \$320,152 | \$327,188 |
| Hotel | \$23,993 | \$26,887 | \$28,273 | \$29,594 | \$30,978 |
| Food and Beverage | \$23,996 | \$24,733 | \$25,462 | \$26,161 | \$26,880 |
| Rodeo Related | \$19,563 | \$22,009 | \$24,454 | \$25,188 | \$25,943 |
| Concerts | \$36,655 | \$41,237 | \$45,819 | \$47,194 | \$48,610 |
| Tradeshows and Conventions | \$12,769 | \$14,365 | \$15,961 | \$16,440 | \$16,933 |
| Livestock Shows | \$4,765 | \$5,361 | \$5,956 | \$6,135 | \$6,319 |
| RV Park | \$4,172 | \$4,313 | \$4,459 | \$4,610 | \$4,767 |
| Retail & Other | \$4,049 | \$4,212 | \$4,349 | \$4,428 | \$4,509 |
| TOTAL GROSS REVENUES | \$417,501 | \$444,553 | \$468,005 | \$479,901 | \$492,126 |
| Less: Promotional Allowances | \$35,989 | \$38,177 | \$40,489 | \$41,567 | \$42,830 |
| NET REVENUES | \$381,512 | \$406,376 | \$427,516 | \$438,334 | \$449,296 |
| GAMING TAX | \$71,885 | \$75,359 | \$78,318 | \$80,038 | \$81,797 |
| DEPARTMENTAL EXPENSES: | | | | | |
| Casino Operations | \$26,714 | \$27,448 | \$28,139 | \$28,717 | \$29,307 |
| Hotel | \$14,496 | \$16,022 | \$16,783 | \$17,513 | \$18,276 |
| Food and Beverage | \$21,246 | \$21,745 | \$22,249 | \$22,751 | \$23,266 |
| Rodeo Related | \$16,629 | \$18,047 | \$19,808 | \$20,150 | \$20,755 |
| Concerts | \$30,424 | \$33,402 | \$36,655 | \$37,283 | \$38,402 |
| Tradeshows and Conventions | \$9,576 | \$10,055 | \$10,853 | \$11,014 | \$11,345 |
| Livestock Shows | \$4,050 | \$4,396 | \$4,825 | \$4,908 | \$5,055 |
| RV Park | \$2,869 | \$2,954 | \$3,042 | \$3,133 | \$3,227 |
| Retail & Other | \$1,656 | \$1,690 | \$1,720 | \$1,742 | \$1,764 |
| Marketing | \$22,542 | \$23,474 | \$24,289 | \$24,819 | \$25,362 |
| General and Administration | \$18,965 | \$19,284 | \$19,610 | \$19,941 | \$20,278 |
| Property Operations | \$13,315 | \$13,555 | \$13,800 | \$14,050 | \$14,304 |
| Security/Surveillance | \$12,875 | \$13,151 | \$13,432 | \$13,719 | \$14,012 |
| TOTAL DEPARTMENTAL EXPENSES | \$195,357 | \$205,222 | \$215,203 | \$219,740 | \$225,352 |
| EBITDA | \$114,271 | \$125,795 | \$133,995 | \$138,556 | \$142,147 |
| EBITDA % (Gross) | 27.4% | 28.3% | 28.6% | 28.9% | 28.9% |

DISCLAIMER

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

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

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