

Peter R. Tyson
Managing Director

CBRE, Inc.
Valuation & Advisory Services
Two Liberty Place – 30th Floor
Philadelphia, Pennsylvania 19102
+1 215 561 8909 Office
peter.tyson@pkfc.com
www.cbrehotels.com | www.pkfc.com

November 18, 2015

Anthony W. Ravosa, Jr., Managing Member
Silver Lane Partners, LLC
c/o Vince Group, Inc.
140 Glastonbury Boulevard – Suite 26
Glastonbury, Connecticut 06033

Dear Mr. Ravosa:

As the site selection process nears completion for a third casino operation in Connecticut, we wish to reiterate our opinion that the proposed site in East Hartford would be more advantageous to the developers/owners and the State of Connecticut than would be a site in East Windsor/Windsor Locks for several compelling reasons.

In that regard, we herein respectfully present excerpts of a letter prepared by us in April 2015, based on research and analyses conducted by us beginning in September 2014, addressing this topic. Further, certain recent events have occurred on which we comment herein. Since the preparation of our April 2015 report, which addressed the Enfield and East Windsor areas as other possible casino sites, Enfield has withdrawn from consideration and a Windsor Locks/Bradley Airport location has emerged. As Windsor Locks/Bradley is located similarly to East Windsor, in terms of travel time from Hartford and points south, we have edited our report excerpts to replace all references to "Enfield/East Windsor" by "East Windsor/Windsor Locks". (However, a casino at Bradley Airport would suffer from not having direct highway exposure/visibility, an important factor in attracting unplanned/impulse patronage.) The addition of Windsor Locks as a possible casino site, along with a site in East Windsor, result in no changes to our conclusions or opinions.

Additionally, since our April 2015 report, the size of the East Hartford casino project was increased from 1,000 slot machines to 1,800 to 2,000 slot machines. Based on revised analyses prepared by us at your request, this increase in the number of gaming machines would greatly increase: the levels of projected gaming revenue for the East Hartford Casino, including recaptured win that would otherwise go to MGM and incremental wins from the residents of Connecticut and Hartford area hotel guests; the levels of incremental tax revenues to the State; and, the incremental impacts on Mohegan Sun and Foxwoods. However, the resultant increases in impact on the existing Connecticut casinos would be less than proportional and would continue to be approximately the same for casinos at either East Hartford or East Windsor/Windsor Locks. None of these revisions alter our basic conclusion and opinion that a casino in East Hartford presents the best opportunity of the three suggested locales to produce maximal levels of gaming revenue while presenting the strongest defensive posture against the impending MGM casino in Springfield.

The following are the excerpts from our prior report incorporating the previously-discussed edits/changes:

"DISCUSSION OF EAST HARTFORD VS. I-91 NORTH LOCATIONS

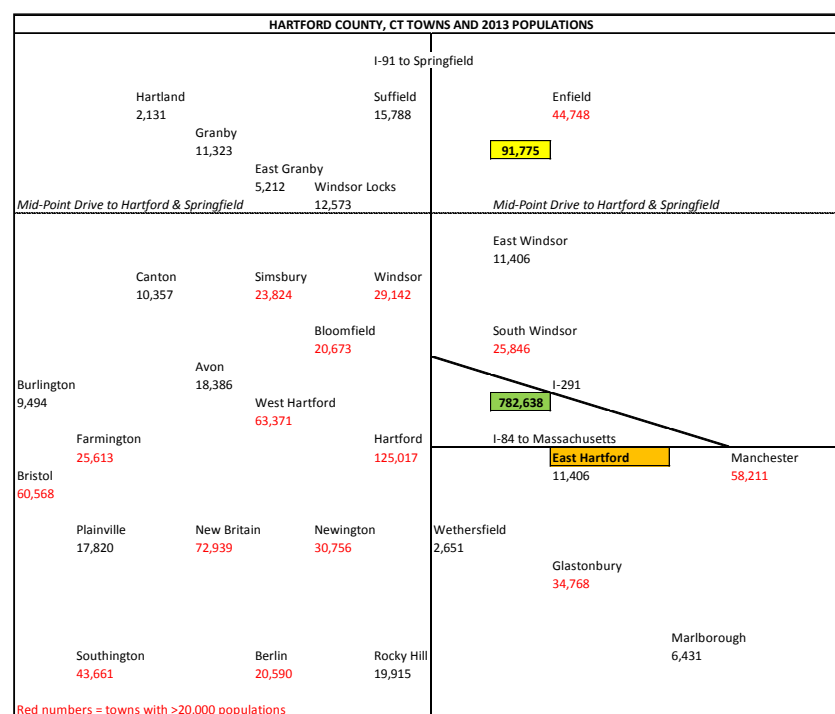
In early 2015, PKF Consulting was requested to present some of our thoughts regarding a potential casino site in East Hartford, particularly as to how a casino at that location might perform versus a casino on a site located along I-91 north of Hartford.

We were not retained to prepare any comparative estimates of gaming (slot) revenue for a possible casino along that portion of I-91, so our comments are mostly qualitative in nature. We see the main two issues for consideration to be:

- Which site would produce the highest levels of total and incremental gaming revenue for its owners and gaming tax revenues for the State?
- Which site would have the least overall net negative impact on the existing casinos at Mohegan Sun and Foxwoods?

As to issue #1, we believe that the basic "localized" distribution of the central Connecticut residential population, more convenient accessibility for patrons from the Greater Waterbury and New Haven areas, the nature and volume of traffic on I-84 versus I-91 ("impulse patron" capture) and the concentration of hotels in and around Hartford will combine to produce a higher level of gaming revenue (and gaming revenue taxes) than would a casino located along I-91 north of Hartford, say in the East Windsor/Windsor Locks area. The following paragraphs present the key factors leading to our conclusion.

Relating to the residential market, we prepared a rudimentary "stick" map to indicate the approximate locations of the towns in Hartford County and their 2013 populations. We also determined the approximate mid-point on I-91, from a drive-time perspective, between downtown Hartford and the MGM site in Springfield. (Based on Microsoft MapPoint, this mid-point occurs right around Windsor Locks, a drive of some 13 minutes or 11.5 miles from both downtown Hartford and MGM.) The following is the map we prepared.



Based on the preceding, over 780,000 Hartford County residents live closer to a Hartford/East Hartford location than to the MGM site and, all things being equal, would likely gravitate most often to a casino in Hartford/East Hartford if they wished to play slots. By comparison, only 92,000 live closer to MGM and would likely gravitate there if slot play was the objective. In fact, there is only one town north of mid-point line, Enfield, with a 2013 population in excess of 20,000. Most of the larger towns and their populations are located much closer to East Hartford than to East Windsor/Windsor Locks. Thus, a casino south of the mid-point line would be much more convenient to more residents than would be MGM.

The map below indicates the total populations for each major zip code in the area from 2007. The darker the shade of green (the darkest green represents 60,000 persons within a particular zip code), the higher the population. As the map indicates, there are significantly more darker-shaded areas from Hartford/East Hartford to the south than there are north of Hartford. Obviously, if the many zip codes within the City of Hartford were aggregated, the City would be the darkest green on the map with a population over 125,000.



Proximity, typically measured by driving times, is a key factor in gaming revenue generation, and even more so for slot players. A “closer” casino will not only increase gamer visit frequency but can also convince a non-gamer to “give it a try” as the venue is so convenient.

Being more proximate to the population concentrations in not only Hartford County and its environs, along with Greater Waterbury to the west and Greater New Haven to the south, a casino in East Hartford could be expected to create more new residential gamers and generate more visits from existing gamers than would a casino in East Windsor/Windsor Locks or anywhere “above the line” north of Hartford. (Note: This “new” or incremental slot demand would help mitigate the slot migration from Mohegan Sun and Foxwoods to MGM and lessen the MGM impact on State gaming tax revenues.) From the junction of I-91 and I-84, patrons of a casino built in East Windsor/Windsor Locks would need to travel approximately 11 further miles than they would to get to a similar facility developed in East Hartford.

Additionally, as presented in our November 2014 report, we believe that there is some \$9.2 million (in 2018 dollars) in “untapped” slot win from the estimated 1.7 million Hartford-area adult hotel guests

from 2.7 million occupied rooms in 2013 that is currently not being captured by either Mohegan Sun or Foxwoods, as they are now too far removed for a convenient “side trip”, as Mohegan Sun is a minimum 45-minute drive from the Marriott/Convention Center in downtown Hartford and Foxwoods is even further distant. A casino in East Hartford would be only an 8-minute drive from the Marriott versus an approximate 15-minute drive to East Windsor/Windsor Locks and a 25-minute drive to MGM. (Note: This “new” or incremental slot demand would again help mitigate the slot migration from Mohegan Sun and Foxwoods to MGM and lessen the MGM impact on State gaming tax revenues.) According to PKF Hospitality Research, some 55 percent of the guest rooms in the Hartford market are located in or south of downtown Hartford (where the convention center is located). Thus, a casino in East Hartford should be more convenient to more hotel guests and their potential incremental gaming expenditures.

Finally, 2013 traffic count data from CTDOT reports that I-84 in East Hartford carries some 130,900 vehicles each day versus some 94,900 vehicles on I-91 in East Windsor. That 38 percent, or 36,000-vehicle, difference is certainly a major factor in favor of East Hartford even without considering that I-384 also has an exit onto Silver Lane to the East Hartford site. It is entirely logical, in our opinion, that the volume (and anticipated capture) of “impulse” business that could be expected from the additional 36,000 vehicles per day going past the East Hartford site would be significant.

While we have no data indicating the make-up of the traffic in either area (e.g. through-travelers versus commuters), it could be expected that the traffic counts near East Windsor/Windsor Locks are inflated for several factors:

- First, by the significant volume of residents of Connecticut and Massachusetts passing by East Windsor/Windsor Locks en route to and from Bradley International Airport, which serves much of central New England. These travelers are unlikely to stop at a casino while going to or coming from the Airport.
- Second, there are certainly through-travelers, who are likely somewhat less apt to pull over and visit a casino for a few hours, utilizing both I-84 and I-91. Interstate 91 is the primary interstate to and through northern New England, while I-84 is one of the two interstates connecting the New York City metropolitan area with the Greater Boston area, the primary tourist destination to the northeast. I-91 traffic in the winter months, particularly on the weekends, is populated with skiers heading to Vermont and New Hampshire who would be unlikely to pull-off along I-91 to patronize a casino.
- Third, we would intuitively think that more “locals” (the primary gaming market) would commute into Hartford from East Hartford on I-84 than commute via I-91 either from Hartford to around Springfield, or from around Springfield to Hartford. Further, according to the U.S. Census ACS five-year estimates as of 2010, some 20,400 residents of the Pioneer Valley in Massachusetts (Hampden and Hampshire Counties) interstate-commute daily to major Hartford-area employers (e.g. Mass Mutual, Aetna, The Hartford, Travelers, United Technologies, Hamilton Sundstrand, Pratt & Whitney, Travelers, Voya Financial, Lincoln Financial, United Health Care, Cigna, MetLife, Alstom, etc.). Even after allowing for multiple-occupancy of some of these vehicles, these commuters could equate to 15,000 cars per day. It is highly likely that any of these commuters who wish to visit a casino after work would opt to continue onward to MGM in Springfield and be much closer to home when their gaming visit (which may include some consumption of alcoholic beverages) is completed rather than breaking their commute less than half-way home.

The relative positioning of the potential casino site areas under discussion, East Hartford, East Windsor and Windsor Locks, in relation to “contributing highways” for each site clearly favors the East Hartford site, as East Windsor and Windsor Locks are almost exclusively fed by I-91 and Route 5, while the East Hartford site can look to not only I-84, but also I-91, I-291, I-384 and Routes 2, 5 and 15 as material

"feeders". The East Hartford site sits virtually at the virtual confluence of all of these primary thoroughfares.

Issue #2 of capturing demand from Mohegan Sun's and Foxwoods' existing customer bases is a legitimate concern for the MTGA. Either an I-84 or an I-91 casino can be expected to impact both properties to an extent. In our November 2014 report (*Ed. note: based on 1,000 slot machines*), PKF projected an impact (loss) to a casino in East Hartford of 2.6 percent on Mohegan Sun's slot win in 2018 and a 1.9 percent impact on Foxwoods' slot win in that year. But, as East Hartford is only some 10 minutes closer to either Mohegan Sun or Foxwoods than is East Windsor/Windsor Locks, the differences in the degrees of impact between the two possible sites are minimal and should not be a material deciding factor in choosing between casino sites on I-84 or I-91, in our opinion. Frankly, we would fear that a majority of the residents of the Hartford area, particularly from east, west and south of Hartford, would get on I-91 and, after driving up to 30 minutes to get that far, would elect to bypass a casino in the East Windsor/Windsor Locks area and drive an extra 10 minutes to get to MGM in Springfield, likely a far more sizable gaming and entertainment venue. That fear would be greatly alleviated if those residents only had to drive to a site in East Hartford and save the 25-minute additional drive to MGM.

Further, and importantly, it is estimated that a casino in East Hartford is projected to recapture close to \$39 million in Connecticut resident slot revenue that would have been "lost" to MGM Springfield in 2018 plus generate incremental slot revenues from Hartford-area residents and hotel guests of close to \$15 million, a significant portion of which could not be expected from a casino in East Windsor.

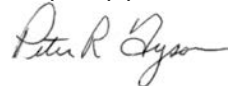
Finally, we believe the East Hartford opportunity in mind would provide a building that should be relatively easy to convert to gaming and related uses with adequate surface parking, room for expansion (with restaurants at/added to each end of the existing building?) and ready access to two interstates and two interstate exits. The East Hartford building in mind has been an entertainment venue for decades and, thus, is already an established destination for entertainment. Further, with its existing use, the approval process should be far less cumbersome for East Hartford than for East Windsor/Windsor Locks and a casino operation could most likely be open much sooner in East Hartford.

With closer proximity and more avenues of access to larger concentrations of both Connecticut residents and Hartford-area hotel guests, we believe the East Hartford opportunity would generate more base and incremental gaming revenues than any I-91 North location and, hence, more overall gaming revenue to help mitigate the impact of MGM on Mohegan Sun's and Foxwoods' slot revenues and the State of Connecticut in the form of gaming revenue taxes.

All of these factors lead us to believe that a casino off I-84 in East Hartford would have a greater net economic benefit to Mohegan Sun, Foxwoods and the State than would a site significantly north of Hartford on I-91."

We greatly appreciate this opportunity to again present our opinions on this most important matter.

Very truly yours,



Peter R. Tyson, Managing Director
PKF Consulting/CBRE Hotels