
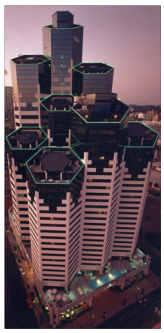


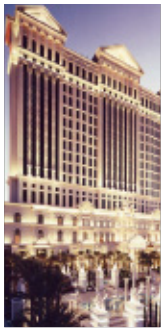



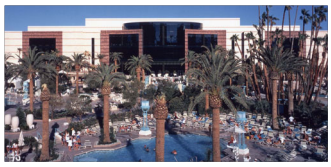

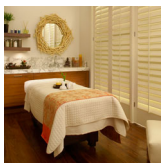

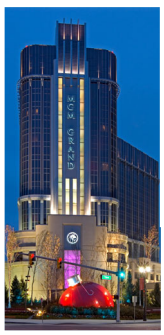

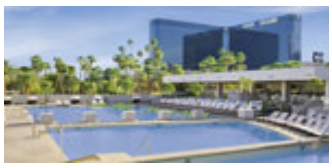
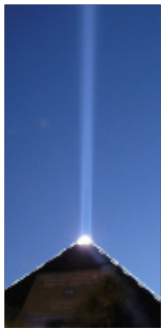




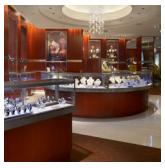

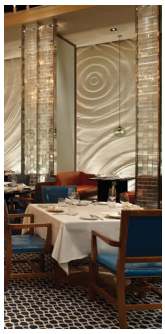

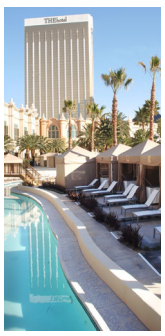


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FRAME WORK FOR A SYSTEM TO MODEL CASINO DEVELOPMENT

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FRAMEWORK FOR A SYSTEM

TO MODEL CASINO

DEVELOPMENT

BY

Ben Mammina

ABSTRACT

**Framework for a System
To Model Casino
Development**

by

Benjamin H. Mammina

The purpose of this study is to develop a system to model casino development without the user's need for information from architects, contractors or consultants. The target user would be a casino executive who had business experience, but minimal real estate development experience. Successful modeling would be based upon a favorable ratio of developmental costs to income projections known as Return on Investment (ROI). In this study factors used to calculate ROI for casino development projects were analyzed by examination of actual ROI calculations that were previously performed by experienced casino executives who had support from architect, contractors and consultants. The analysis started with the mathematical equations of ROI calculations and with identifying the key elements that led to the ROI projections. The factors were all carefully studied and detailed information was determined that was used to establish a system framework. The process to determine developmental costs and income projections was identified and illustrated through the creation of Data Flow Diagrams. Research determined that the system needed two distinct subsections. The first sub-system, a business system, would need to generate a complete set of financial statements. The

second sub-system, a construction developmental system, would need to be capable of processing a complete detailed project budget. This information was used to create a basic simulation system for a framework to model casino development. The study provides a concept, plan and framework for future research and building of a fully functioning system.

TABLE OF CONTENTS

LIST OF FIGURES

CHAPTER 1

INTRODUCTION

The development of a casino project is a very complex undertaking. It involves knowledge of operating casinos, marketing, finance, law, real estate development, construction, architecture and technical systems/equipment. All of those areas of special knowledge need to be finely integrated into the development process and feasibility determination of a casino project during the planning stages.

Failure to consider all of the variables in developing a casino can result in projects going forward and ending up in bankruptcy. Not only will the project not make the return anticipated, but all of the initial investment money can be lost as well. In that regard a couple of examples come to my mind. In the Summerlin area of Las Vegas two different casinos, Sun Coast and Regent, were built around the same time. Sun Coast exceeded the income expectation of their owners and the Regent went into immediate financial trouble and ended in bankruptcy. A second example happened on the Strip in Las Vegas. The Alladin opened a new property and realized financial trouble from the very beginning; they appear to be headed toward bankruptcy too. But all of the properties around the Aladdin are profitable.

While the Aladdin and Regent casino projects might appear to be to the extreme end of the success/failure scale, all developed casino projects have their own varying degrees of success. Even projects that are very successful have not achieved their maximum investment potentials. The reasons for all of those

shortcomings are the same; somewhere in the planning process critical developmental issues were not considered or properly evaluated.

Return On Investment (ROI)

Like all other businesses, casino owners are interested in maximizing the amount of profit that can be realized from a particular casino venture. The general definition of profit is total revenues minus total expenses. Maximum profits are realized when revenues are at their highest and costs are at their lowest.

The term used to quantify the profitability of a proposed project is Return On Investment or ROI. This general concept of ROI is to compare the net profit of a casino business to the initial cost of creating the facilities. Depending on the needs and sophistication of the casino owner, ROI can be expressed as a percentage, present value of years of cash flow or in the length of time (years) necessary to operate the business to recoup the initial investment. Further discussions about the ways and means of calculating ROI will follow in Chapter 4; but the important concept to understand at this point is that ROI compares the initial cash investment to the anticipated cash returns. ROI calculations decrease as profits decrease, as initial investments increase or both. It quantifies the risk involved as well. For example, a $1,000,000 investment in government insured certificates might yield a ROI of 3% to 6% with little to no risk. Since the development of a casino project carries considerable risk, the anticipated casino ROI could be in the 15% to 20%+ area. There is no standard for casino ROI expectations. Each casino owner determines his own requirements for ROI based upon his own needs and acceptable exposure to risk.

As previously discussed, casino businesses fail because somewhere in the planning process critical developmental issues were not considered or properly evaluated. The purpose of this study is to develop a system for casino executives to use that will produce ROI calculations that have considered the critical developmental issues and produce credible ROI projections.

CHAPTER 2

BACKGROUND

Casino executives who understand the business of gaming are usually the individuals who perform the planning and calculations that indicate the ROI of casino projects. This is basically true regardless of the size of the casino company. These executives usually have a strong understanding and feel for the potential revenue and financial profitability of the properties. But they cannot determine the project ROI without first determining the costs associated with developing and constructing the casino project. The approaches used by these casino executives are often incomplete, inaccurate and based on misinformation; they produce unrealistic development costs and ROI expectations.

Current Project Planning Approaches

There are three basic project planning approaches that casino executives use to determine developmental and construction costs; they are:

1. Unit price confirmed by contractor-provided estimates.
2. Estimates from professional estimators.
3. Architect-provided estimates.

The first approach used is to apply some understanding about unit costs for comparable properties. For example they might say that a parking structure at another property cost $10,000 per space, or a hotel room cost $100,000 per room, or a slot machine cost $9,500 each. Or they might say that they know that

another casino cost $500,000,000 in total to build. They apply those costs against their financial projection requirements and determine some “rough” project development costs. Based upon those “rough” costs the return on investment calculations are performed and the project either goes forward, is modified, or is abandoned.

Unfortunately, the problem with this scenario is that the casino executives really do not have a complete understanding of the unit prices they used. For example, was the $100,000 per room cost based upon a projected cost of a project currently under construction or was it based upon a final accounting of a completed project? Also, did the $100,000 include the cost of land, financing, architectural fees, permits, furniture and operating supplies or was it just for construction? They really do not know. And finally there is no reasonable way for them to compare the level of finishes (bathroom fixtures, woodworking, decorations etc.) for the $100,000 room and the one they have in mind to build.

When the return on investment calculations appears favorable, architects are hired and drawings begin. The architects are told by these casino executives what to design and given a budget not to exceed. The architects in preparing and revising these plans in accordance with their instructions and design decisions spend much time and money. “Front of House” areas, spaces for casino guests, are designed in plan and rendering. “Back of House” areas, spaces only accessible to casino employees, are shown in plan, but not yet detailed or fully designed.

At this point the plans are not very detailed and only represent 5% of the drawings required to build the facility. The plans are then given to contractors to price and provide opinions of probable construction costs; a competent

contractor can price a set of drawings in three to four weeks. When the construction budget is completed, a meeting is set with the casino owner and architect to review it in detail and to determine if the plans are in line with the budget used to calculate the return on investment. When the meeting begins the estimate being presented is already outdated because the architect has continued to design during the three to four weeks it took the contractor to prepare the construction estimate. Based upon the results of the contractor's estimate and estimates regarding the costs associated with the latest changes, decisions are made on how to proceed. The types of decisions considered are generally:

If the income and construction costs are favorable:

1. Increase the quality of the project by increasing its size, amenities or level of finish. Develop the drawings further and then re-price to confirm costs.
2. Keep the drawings at the current level of size and quality. Continue to develop the drawings to a higher level of completion (say 10%) and then re-price to confirm costs.
3. Some combination of 1 and 2 above.

If the income and construction costs are unfavorable:

1. Decrease the quality of the project by increasing its size, amenities or level of finish. Re-price and confirm costs.
2. Keep the project at the current size and level of quality; reconsider the financial assumptions used to forecast the property's income and return on investment. Adjust the assumptions upward to increase the income projections. This would allow the rate of return to be

maintained with increasing construction costs. Continue to develop the drawings to a higher level of completion (say 10%) and then re-price to confirm costs.

3. Lower forecasts for expected rate of returns.
4. Some combination of 1, 2 and 3 above.
5. Decide not to go further with the project.

Typically, the entire process as described in this section is repeated at 5% to 10% drawing progress levels up to approximately a level of 40% completion.

There are two problems with this first project planning approach. First, this iteration is very time consuming, inaccurate and expensive. And after you get to the 40% drawing completion level the project could be proven to have an undesirable ROI and all planning costs could be wasted.

The second problem with the first project planning approach deals with the reliability of the contractor's pricing. Since the drawings are not completed and the contractor is not at risk for those estimates, there is no guarantee that the final estimated costs would be realized when the project is finally put out to bid. What actions are necessary if the drawings are done and the project is over budget? Can enough cutting of project size and quality be achieved to reduce the cost of the project and not reduce the ability of the project to obtain forecasted income? And how much time and money will be lost to make the changes? Will financing also be available when the project is finally ready to start? These are all uncertainties created by gaps in planning.

Attempting to reduce the chances of under-budgeted projects, owners will often use more than one contractor to price the drawings during the initial 10% to 40% drawing completion stages. This can be risky too because the contractors

sense an atmosphere of competition and they perceive their best chances of getting the work would be to have the lowest estimate. In turn they only estimate what is on the drawings and do not estimate the amount of drawings and details that will be produced later.

The second project planning approach is to hire a professional estimator. This method can be effective, but also has built in risks because it is forecasted independent of the current market conditions for construction goods and services. In addition professional estimators can only put conceptual budgets together with very little database information available and very little first-hand experience.

Finally, the third project planning method involves casino owners who will obtain cost estimates from their architects. This is a very traditional concept of the owner/architect relationship whereby the architects provide construction cost information. In fact on a traditional level the architect acted as an overall advisor to the owner and spoke on the owner's behalf. But over time the complexity of buildings has greatly increased and the focus of architects has been mainly on design with a need for others to provide construction cost input. Since contractors and professional estimators work more frequently and in more detail with construction costing, they are much more skilled in forecasting construction costs than are architects. Casino owners who use cost projections from architects should be very cautious with construction estimates received from architects.

It should be noted here that there is no "pure" project planning method. Casino executives are not taught any method at all. They move the process

along on an intuitive approach. Often casino executives will use a combination of the three approaches described herein.

Shortcomings Of Current Project Planning Methods

Obtaining reliable developmental and construction costs is a very difficult and complicated process of balancing inter-related factors and coordinating various specialties. Thee common problem of all three project-planning approaches are:

1. The development and construction budgeting process involves many different types of professions.
2. The design process is very complicated.
3. Missing or duplicated scope of work and financial considerations.

Developmental costs include much more than just construction costs. In fact construction cost only represents approximately 50% to 60% of the total development cost. The remaining 40% to 50% of the costs come from items like land, financing, administration, startup money, supplies, furniture etc. How does a casino executive obtain good information about the cost of these items? If the executive is already a part of an operating facility, he is likely to talk to other executives and departmental leaders. These information sources are commonly skilled in the operation of their profession, but not nearly as skilled in providing the detailed information needed for planning a casino development project.

The creation of a casino development involves the technical input of many architects, engineers, designers and consultants. A typical project could include more than ninety different firms in those professions. Appendix I provides an

example of the professionals required for a typical casino development project. The complexity of managing the design process to the level of approximately 40% completion and including the requirements of the firms and listed in Appendix A can be overwhelming for any casino executive to manage. And this just represents the management efforts of the design portion of the development costs. Information needed from accountants, lawyers, contractors, furniture and equipment consultants add even more difficulty to assembling credible developmental and construction costs.

Finally, the most prominent complexity of forecasting project costs is in the management of "Gaps" and "Overlaps." Gaps are areas of work scope that fall between the information provided by designers, contractors, consultants and other information providers to the owner. Overlaps represent duplication of work scope. A good development budget requires in-depth knowledge of what all the professionals do, how they do it, and provides a high level of specificity regarding the scope of work of each. This is very difficult for casino executives to ensure.

Purpose of the Study

This study will develop a framework for a system to replace the current project planning approaches. Improving the accuracy of ROI projections, improving the time required to establish ROI projections and defining a more fully coordinated project description are objectives of this system. This system framework would be designed to take financial input from the casino executives and would produce detailed developmental and construction costs, financial statements and ROI projections.

Most importantly this framework will describe a system aimed at the needs of casino executives with operations, finance and accounting backgrounds and skill levels. The framework of this system will supplement the intended users with the disciplines required for real estate development. All would be done for the casino executive without the assistance of consultants, designers, engineers, construction or other necessary professionals.

Significance of the Study

A system to improve ROI projections would provide a significant business advantage for casino owners and developers. Casino executives would be able to proceed with casino projects confidently and with much less financial risk. Quicker ROI calculations would improve time management of casino executives by allowing them to spend less time on projects that would not be profitable. Projects that had attractive ROI projections would be much more fully defined and based upon technical information of many different professions.

CHAPTER 3

METHODOLOGY

The method used to establish a framework for a system to model casino development came from library research, discussions with professionals in the industry, from business information that is available to me from my profession and personal knowledge about the current planning approaches. But basically, the method involved five specific activities:

1. Identify the financial statements and developmental cost statements that are required and used in the industry.
2. Develop a framework to calculate ROI.
3. Develop the elements of the framework to calculate ROI.
4. Identify a method to depict the organization of the framework.
5. Develop a tool and implement the framework in basic form.
6. Demonstrate the framework concept.

Develop Framework to Calculate ROI

In calculating a ROI there are major groups of information such as income projections and development costs that need to be considered. Major groups of information like these relate to each other and are organized in a specific manner to determine the ROI calculations. In this paper the organization and

relationships of these major groups is referred to as the “framework.” The framework to model casino development refers to the organization of these major groups of information necessary to model a specific casino development and produce a specific ROI.

Striving to develop a framework to model casino development for the purposes of establishing a ROI requires a thorough understanding of the basics of ROI calculations. In an effort to identify those major groups of information actual ROI projections, calculated by casino executives, were analyzed. The ROI calculations were traced backwards from the stated ROI values. Major groups of information were identified and a natural “framework” was sought.

Research was also done to determine what formal definitions existed for ROI calculations. These definitions were found in the *Generally Accepted Accounting Principles (GAAP),* the *Accounting Principles Board (APB)* and the *Financial Accounting Standards Boards (FASB)*.

Develop the Elements of the Framework to Calculate ROI

The major groups of information such as income projections and development costs are each comprised of additional sub-groups of information. For example income projections can include sub-groups such as revenue, costs of goods sold, depreciation, debt service etc. These sub-groups are the “elements” of the framework.

Identifying the elements of the framework was done in the same manner as identifying the framework itself; the actual ROI calculations done by casino executives were analyzed. The ROI value calculations were analyzed and the methods of calculations were traced backwards from the framework.

Extensive research was done to understand the specific and technical nature of the elements. Internet research was done to understand how the major casinos currently report their financial performances both on a corporate and property-by-property basis. Definitions of the elements and particulars about the elements were researched in the *Generally Accepted Accounting Principles (GAAP),* the *Accounting Principles Board (APB)* and the *Financial Accounting Standards Boards (FASB)*. Research was also done to determine the specific elements making up development cost. Actual development budgets from casino development projects were analyzed.

Identify a Method to Depict the Framework

Once the framework was understood, a graphical means would be needed to indicate the relationship of the elements to one another and a critical path of information. Library and Internet research was done to identify a recognized discipline for graphical representation of the flow of data inside of the elements and between the components of the framework.

Develop a Tool and Implement the Framework

In order to verify the framework design and the correct interdependence of the elements, an Excel spreadsheet was developed using one workbook to represent the framework and individual sheets within the workbook to represent the elements. The sheets were “linked” to represent and facilitate the appropriate data flow.

Demonstrate the Framework Concept

Demonstration of the tool, Excel spreadsheet, would be necessary to show the success or failure of the framework. Key elements would be varied to obtain optimal results by an iteration process. The demonstration would show that once

established the ROI of a proposed casino project would be calculated easily and that near optimal results could be obtained.

CHAPTER 4

FRAMEWORK DEVELOPMENT

It was found that there is not a “typical” form of worksheet currently being used for calculating developmental costs. However, typical developmental budgets reviewed revealed standard budget categories. Those categories are listed in Appendix III.

There were standard financial statements found that are required to produce ROI calculations. These financial documents are standard word-wide and are included in Appendix IV.

The system framework will illustrate the various lines of interrelated dependencies between income projections and developmental cost projections. The financial statements are strongly dependent upon the local market conditions and regulations of specific gaming jurisdictions. These financial statements are also dependent on the construction costs of that same gaming jurisdiction. Construction costs of a particular gaming jurisdiction are dependent on regional construction cost and available resources.

Data Flow Diagrams

A “system” is a procedure developed by information specialists to organize a group of elements to accomplish an objective. Data flow diagrams (DFD) are an object-oriented documentation of the processes, data stores, data flows and the elements within the system. To illustrate the manner in which systems process

information, DFDs use symbols. The symbols are basically divided into four categories including (1) processes, (2) environmental elements, (3) data stores, and (4) data flows. These symbols are defined in Figure 1 below.

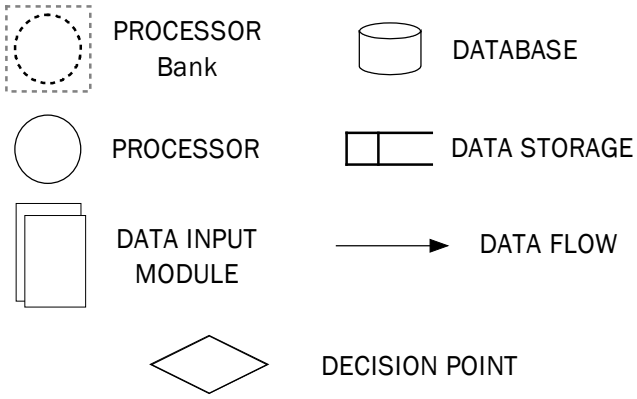

Figure 1 -Key to Data Flow Diagram Symbols

The Processor Bank symbol is used to indicate a location where similar Processors are located together. Typically, data will flow into the Processor Bank where it enters a specific Processor; the data is transformed (processed) and then flows out to be used at the next Processor or environmental element. The Data Input Module and Decision Point are both examples of environmental elements. Manually, data is entered at the Data Input Module. The Decision Point represents a system element that determines the direction of data flow based upon an if-this-then-that scenario.

There are two types of data stores as shown above. First, there is the traditional Database where large amounts of general information are stored. In the case of Databases the Processors “look” to the Database for specific information that is needed to process data that has been sent directly from the Data Input Module or Processors. Data Stores represent data that is waiting to

be process and has come directly from the Data Input Module or Processors. An arrow is used to indicate the direction and movement of data from one system element to another.

DFD are first shown in a hierarchy of activities with lower level processes expanding the process immediately above them. A “process” is a transformation of data. Depending on the complexities of the system, the process of each hierarchy level might need to be detailed more fully. This study is represented in that manner with the overall hierarchy first discussed in this chapter and the various elements of the system described later in this chapter.

Framework of the System

The system framework indicates the overall or general sharing and processing of information between the main elements of the system. As shown in Figure 2 this system framework includes:

1. Five information Processor Banks
    a. ROI Processor Bank
    b. Financial Processor Bank
    c. Project Cost Processor Bank
    d. Staffing Processor Bank
    e. Report Writer Processor Bank

2. Three Specialized Databases
    a. Staffing Database
    b. Project Cost Database
    c. Direct Input Database

3. One Direct Input Module

There are six separate categories of system data listed above. The individual categories of information include: 1) general data such as name of project, 2) financial data, 3) developmental cost data, 4) staffing data, 5) return on investment (ROI) data and 6) report writing data. Specific input data can fall in multiple categories. Gaming jurisdiction for example is in general, financial, staffing and development cost categories.

The ROI Processor Bank is only dependent upon the Financial Processor Bank. That is to say that all of the information needed to calculate ROI is found in the financial calculations. All of its input comes from system processing activities; there is no Direct Input information. The ROI Processor Bank does have information output to the Report Writer Processor Bank.

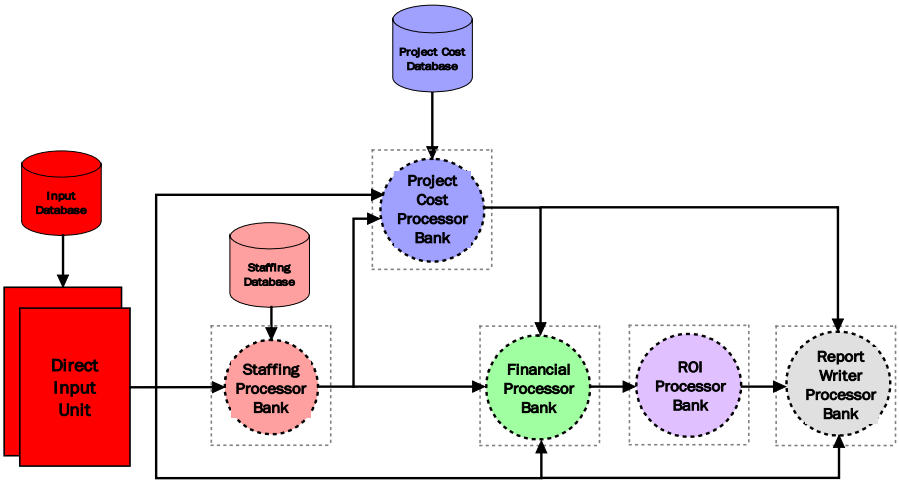

Figure 2 - Framework of the System

The Financial Processor Bank is dependent upon the Project Cost Processor Bank, Project Staffing Processor Bank and Direct Input Unit. The Project Cost Processor Bank provides information such as total project cost, re-opening

expense, construction interest, capitalized interest, depreciation statistics, real estate taxes, insurance costs and debt/equity ratios to the Financial Processor Bank. The Staffing Processor Bank provides the Financial Income Processor Bank with information like labor, cost of goods sold and overhead costs. The Direct Input Unit provides the Financial Income Processor Bank with information like slot win per day, room rates, dinner pricing, etc.

The Project Cost Processor Bank is dependent upon the Staffing Processor Bank and Direct Input Unit. The Staffing Processor Bank provides information such as staff parking needs, back-of-house space requirements, employee dining requirements, uniforms and pre-opening expenses etc. The Direct Input Unit provides information pertaining to the size and quality of the facility; it also provides general information such as interest rates, cash investment, schedule, etc.

The Staffing Processor Bank is only dependent upon Direct Input Unit for information. As the number of slot machines, table games, hotel rooms, restaurants and entertainment units are input to the system, the Staffing Processor Bank computes the total staff required, payroll and facility needs.

Finally, the Report Writing Processor Bank compiles all of the processed information from the ROI, Financial and Project Cost Processor Banks. The Report Writer Processor Bank provides access to the system information for the purpose of allowing the user to receive reports in a format desired. A partial listing of examples of reports are listed in Appendix II.

The Staffing Database is intended to provide the information necessary for the Staffing Processor Bank to operate. On a gaming jurisdiction and level of quality basis the Staffing Database will have staffing plans and pay rates for each

department in the casino complex as well as the general areas of overhead and expenses.

The Project Cost Database will house on a jurisdictional and level of quality basis unit costs for developmental costs such as construction, furniture, equipment, supplies and land. It will provide the information necessary to the Project Cost Processor Bank

The Direct Input Database will provide supplemental information for the system user. At the lowest levels of the system the user will have the opportunity to access the Direct Input Database and research the question prior to making an input. This database could store information as well as direct Internet access to appropriate sites.

Finally, the Direct Input Unit operates at the lowest levels of the system. The user responds to basic information about the major elements of the project (casino, hotel, etc.). Selection of the elements will be made by a “drop-down” selection process. Depending on the elements selected at that time, the system will request more input in greater detail (number of slot machines, win per day etc); some will be directly typed in and others will be selected by “drop-down.” Questions asked at these levels will be sufficient to build financial statements, developmental budgets and ROI calculations.

Due to the vast nature of this study’s subject, research and discussion of all framework elements will be limited to the financial and developmental elements of the system. The elements not discussed or only briefly mentioned above are extensive and will require much more research and evaluation in the future to completely describe the framework of a system to model casino development. Specifically, those elements requiring future study are the Direct Input Unit,

Staffing Processor Bank, Staffing Database, Construction Database, Direct Input Database and Report Writer Processor Bank. The following discussion is intended to illustrate the highlights of each system.

Hierarchy of Data Flow

The five outlined information processor banks shown in Figure 3 are each composed of their own group of information processors that organize and calculated data so as to produce needed information for the final goal of establishing a ROI for a specific project. Following in this chapter will be discussion setout to detail the function of each processor and describe its overall relationship to the other processors in its group.

During the collection of the financial and developmental data it was quickly observed that the processing of this information had a clear organization of timing needs. For example Consolidated Income Statements could not be calculated until Departmental Profit and Loss Statements and Capital Structure calculations were completed. But there was no relationship between the timing of Departmental Profit and Loss Statements and Capital Structure calculations. In other words there was a “critical path” of information that needed to be understood. The clearest method of study to determine this path of information was to start at the ROI Processor activity level and work backward. For example at the ROI Processor level information about income and project cost were needed; this would come from Cash Flow and Capital Structure. Cash Flow information would come from Consolidated Income Statements and so on. One level of information led to another. Fourteen separate levels of information were identified. Some levels had only one data processing activity while other

had multiple data processing activities. These activities and the scheduling activities of the related processor are shown above in Figure 3 as the Hierarchy of Data Flow. The lowest level, 14, is where initial project input begins.

Between these levels, 01 and 14 is the critical path of processing information. A listing of processor names is shown in Figure 4 and in Appendix IV

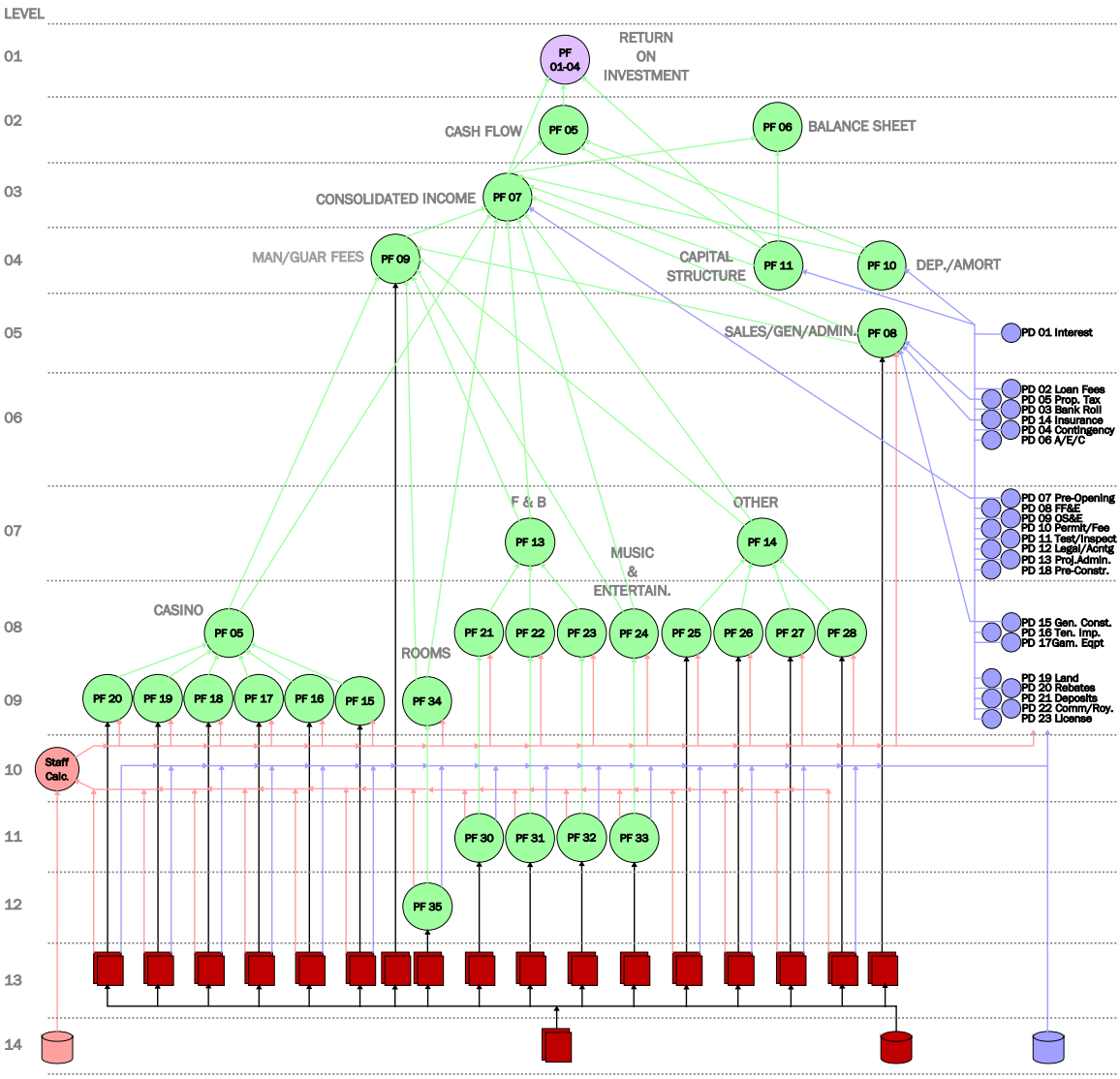

Figure 3 - Hierarchy of Data Flow

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Info.	Financial		Developmental	
Level	Processor	Information Processed	Processor	Information Processed
1		Overview of Data Flow System		
2	PF 01	Net Present Value Calculator		
2	PF 02	Return on Initial Investment Calculator		
2	PF 03	Simple Pay Back Calculator		
2	PF 04	Internal Rate of Return Calculator		
3	PF 05	Cash Flow Calculator		
3	PF 06	Balance Sheet		
4	PF 07	Consolidated Income Statement		
5	PF 08	Sales, General and Administrative P/L		
5	PF 09	Management & Guarantee Fees		
5	PF 10	Depreciation / Amortization Schedule		
5	PF11	Capital Structure		
6			PD 01	Interest & Developmental Cash Flow
7	PF 12	Casino Consolidated Financial Statement	PD 02	Loan Fees
7	PF 13	F & B Consolidated Income Statement	PD 03	Start-Up Cash and Bank Roll
7	PF 14	Other Consolidated Income Statement	PD 04	Contingency & Escalation
7			PD 05	Property Tax
7			PD 14	Insurance and Bonding
7			PD 06	Architects/Engineers/Design/Consult.
8	PF 15	Slot Department P/L	PD 07	Pre-Opening Expoenses
8	PF 16	Table Games Dept. P/L	PD 08	FF&E and Signage
8	PF 17	Race & Sports Department P/L	PD 09	Operating Supplies and Equipment
8	PF 18	Keno Department P/L	PD 10	Permits & Fees
8	PF 19	Poker Department P/L	PD 11	Testing & Inspection
8	PF 20	Bingo Department P/L	PD 12	Legal and Accounting
8			PD 13	Project Administration
8			PD 18	Pre-Construction
9	PF 21	F & B Food P/L	PD 15	General Construction
9	PF 22	F & B Beverage P/L	PD 16	Tenant Improvement
9	PF 23	F & B Banquet/Convention P/L	PD17	Gaming Equipment
9	PF 24	Music & Entertainment P/L	PD 19	Land
9	PF 25	Other - Gift Merchandise P/L	PD 20	Rebates (Refundable)
9	PF 26	Other - Beauty Salon / Health Spa	PD21	Deposits
9	PF 27	Other - Telephone	PD 22	Commissions & Royalties
9	PF 28	Other - ATMs	PD 23	License & Bid Costs
9	PF 29	Staff Calculator		
10	PF 30	F & B Food Outlet Processor		
10	PF 31	F & B Beverage Outlet Processor		
10	PF 32	F & B Conv/Banq Outlet Processor		
10	PF 33	Music & Entertainment Mix Processor		
11	PF 34	Rooms Department P/L		
12	PF 35	Rooms Mix Processor		
12	PF 36	COMP Calculator		
13		Input Specific to Defined Project		
14		Input Project Definition		

Figure 4 - Listing of Processors

ROI Elements of the System

The ROI of a project can be expressed in four ways that are useful to casino executives and each expression of ROI has different meanings when interpreting the relative feasibility of a particular project. These four methods are referred to as 1) Net Present Value (NPV), 2) Internal Rate of Return (IRR), 3) Simple Payback and 4) the Return on Cash Investment. Figure 5 illustrates each of the ROI calculation methods and the information they are dependent upon.

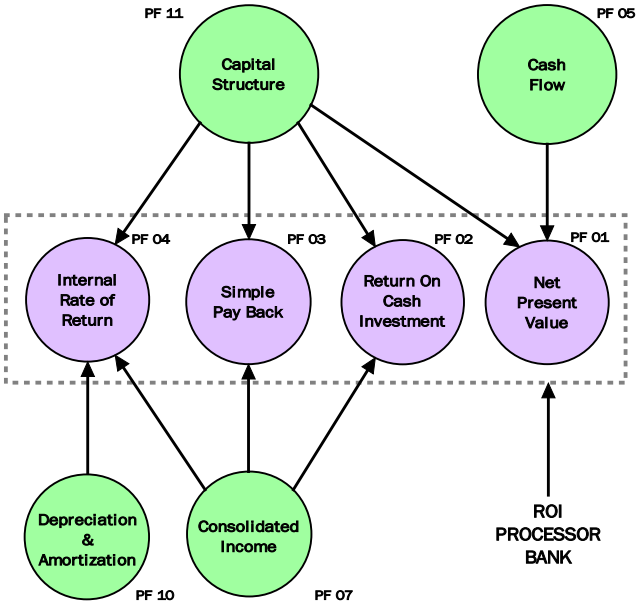

Figure 5 - Return on Investment (ROI) Processor

NPV is a dollar measure of value for a particular project. Basically, this calculation sums up the present value of years of cash flow generated by a project less the initial project cost. As shown in figure 5 above NPV calculations can only be completed with Cash Flow Statement and Capital Structure information.

IRR equates the present values of the cash inflows, revenues minus expenses, with the present value of the investment. To accomplish this the IRR Processor requires information from the Consolidated Income Processor and Capital Structure Processor. It can receive Depreciation & Amortization information directly from that Processor.

Simple Payback equates the number of years that it would take for the cash inflows to equal the total investment outlay. This activity requires processed information from the Consolidated Income Processor and the Capital Structure Processor.

Return on Cash Investment equates the total cash equivalent investments to the cash inflows for the same periods. Again information from the Consolidated Income Processor and the Capital Structure Processor is necessary to complete the ROI calculations.

Financial Elements of the System

The Financial Processor Bank is made up of a group of financial processors. These processors generate revenue and expense calculations that predict the level of gross profit expected from the operation of a proposed casino complex. These processors take information from the Project Cost Processor Bank to amortize development loans and establish depreciation schedules of the development. Basically, subtracting this information from the gross profit projections provides an estimate of the pre-tax income.

Cash Flow and Balance Sheet Processors

Cash Flow Statements and Balance Sheets are key financial indicators in evaluating the financial condition of a project. The Balance Sheet is not required to calculate ROI and is only included as a necessary document for report writing and production of complete financial statements. As previously discussed and as shown in Figure 6, Cash Flow is a necessary component to calculate ROI. In addition the Cash Flow Processor summarizes the project's cash transactions into three categories:

1. Operating Activities

2. Investing Activities
3. Financing Activities

As shown in Figure 6 The Cash Flow Processor requires information from the Depreciation & Amortization, Capital Structure and Consolidated Income Processors. The Balance Sheet Processor only needs information from the Capital Structure and Consolidated Income Processors.

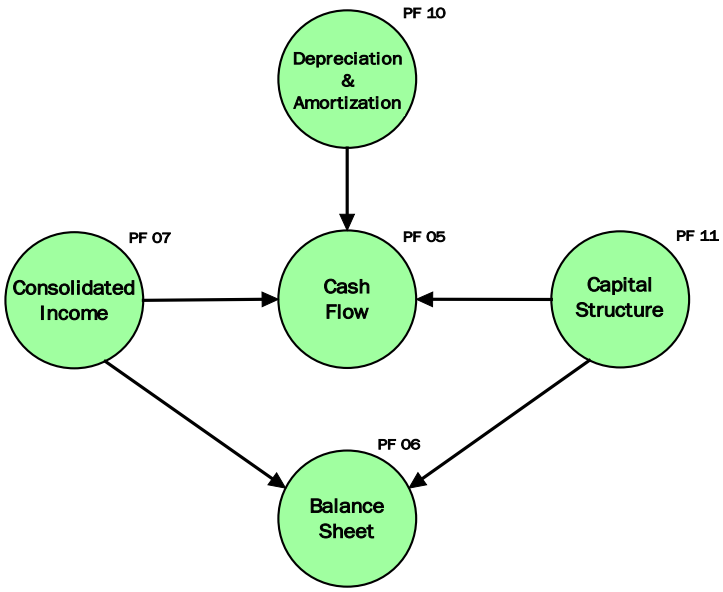

Figure 6 - Cash Flow and Balance Sheet Processors

Consolidated Income Statement Processor

Like the Balance Sheet and Cash Flow, the Consolidated Income Statement is a key financial indicator when evaluating the financial condition of a project. It is also one of the most basic documents in the financial statements for a project.

The Consolidated Income Statement is the summation of all income statements for all departments that produce income. For those departments that do not produce income (housekeeping, maintenance, security etc.) expenses are

calculated in the Sales, General and Administrative Processor. These expenses appear in the Consolidated Income Statement. Details for this processor are shown in Figure 7.

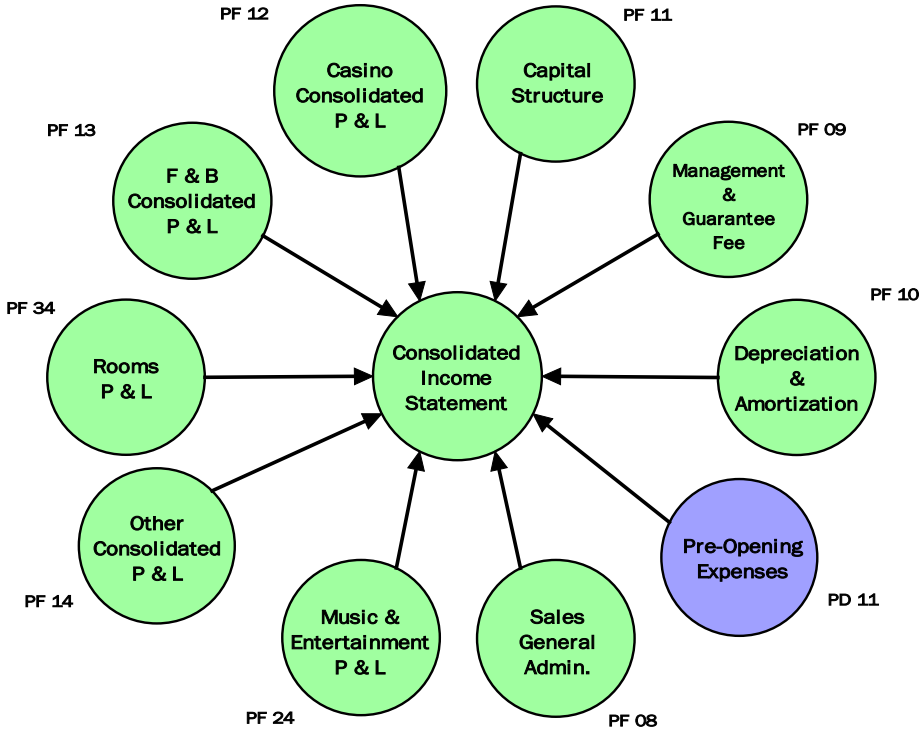

Figure 7 - Consolidated Income Statement Processor

So far all of the information being processed has come from the Financial Processor Bank, but at the data hierarchy Level 03, the Consolidated Income Processor receives processed data from the Pre-Opening Processor. This is the highest data level where information from the Project Cost Processor Bank is received. Pre-Opening expenses include labor, stocking inventory, marketing and training before the casino is actually open to the public.

Capital Structure and Depreciation & Amortization Processors

Like Departmental Profit and Loss Statements, most of the information in the Consolidated Income Statement pertains to operational revenue and expenses.

But what makes the Consolidated Income Statement different from the Profit and Loss Statements is additional information about the costs of development. Those costs include depreciation, debt service, debt reduction and annual capital expenses. This information comes from two separated “worksheets”, Capital Structure and Depreciation & Amortization.

The overall data flow to the two processors needed to calculate these worksheets are as shown in figure 8. The Capital Structure Processor sums up the total of all developmental cost processors to obtain a total project cost. One of these processors is Interest & Developmental Cash Flow Processor. This processor will be discussed later in this chapter, but it should be noted at this point that it is important to the Capital Structure Processor because it provides detail about the total project debt and equity. Direct Input allows the system user to input financial information concerning finance rates and types/amounts of initial equity.

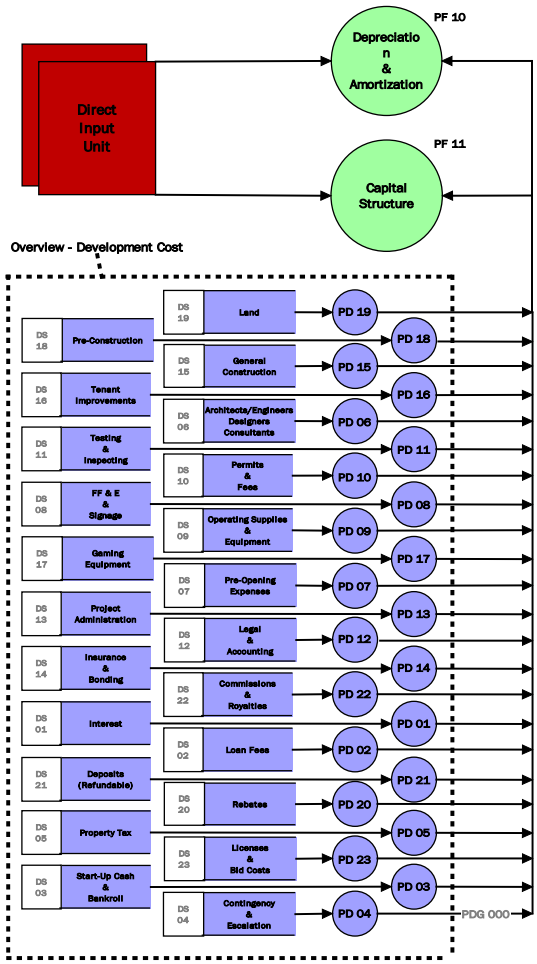

Figure 8 - Capital Structure and Depreciation & Amortization Processors

The Depreciation & Amortization Processor sums up all the developmental cost as well, but also sums them into like groups having common depreciation

lives. This processor also receives Direct Input so that the user of the system can select the type of depreciation being calculated and the details needed for those calculations.

Sales, General and Administrative Processors

Casino projects include departments that do not produce revenue, but are required in order to support those departments that do produce revenues. Examples of non-revenue producing departments would include surveillance, security, marketing, maintenance etc. The projects also include general costs that cannot be reasonably attributed to revenue producing departments specifically. All of those costs are grouped into an expense statement called Sales, General and Administrative (SG&A). Figure 9 shows the processing requirements for the SG&A Processor.

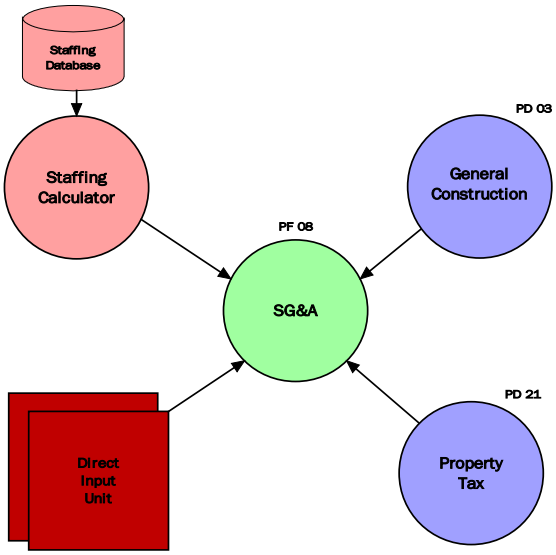

Figure 9 - Sales, General & Administrative Processor

The General Construction and Property Tax Processors will be discussed in more detail further in this report, but they are required for calculations of the SG&A expense statement. Property tax estimates are calculated in the Property Tax Processor because they are a part of the overall developmental project cost. Utilities and maintenance costs are a function of the size of the building so information from the General Construction Processor is needed. A major item in the SG&A statement is labor costs for all employees not included in revenue producing

departments; the Staffing Processor provides this information. Finally, the SG&A requires information from the Direct Input Unit. System users will need to determine specific cost ratios such as advertising and insurance.

Management & Guarantee Fees Processor

Many casino companies have partnership and subsidiaries that have special charges for providing management and/or loan guarantees from partners or the parent company. These charges appear on the Consolidated Statement as a single line item. To calculate these fees the Management & Guarantee Fees Processor will need to obtain data from the Direct Input Unit describing the basis of these charges.

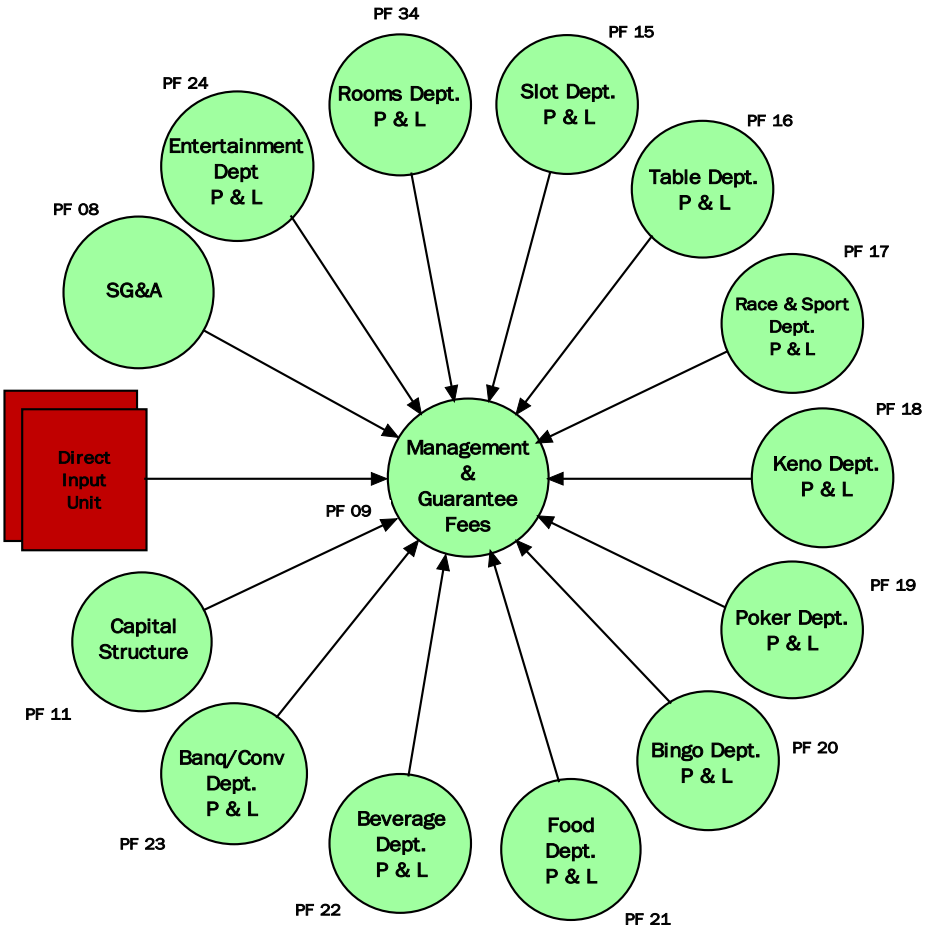

Figure 10 - Management & Guarantee Fees Processor

In most cases Management Fees are calculated as a percent of some income performance. This could be on gross revenues, income before depreciation, net income etc. Or the fees could be on a flat yearly basis. Either basis could have included a bonus for meeting some performance goals. Data from the Direct Input Unit is required to properly calculate these fees and send them to the Consolidated Income Statement.

Guarantee Fees are typically as a percentage of outstanding loan balances or they could be based upon some periodic flat fee. Again data from the Direct Input Unit is required for the calculations. Guarantee Fees also appear on the Consolidated Income Statement.

The Management & Guarantee Fee Processor will need information from all revenue producing department processors, SG&A Processor, Capital Structure Processor and Direct Input Unit. The relationship is shown in Figure 10.

Casino P & L Statement Processor

The Casino Profit & Loss Statement combines the Profit and Loss Statements of all casino-operating departments into one statement. Figure 11 illustrates how six individual Profit & Loss Statements merge into the Casino Profit and Loss Processor.

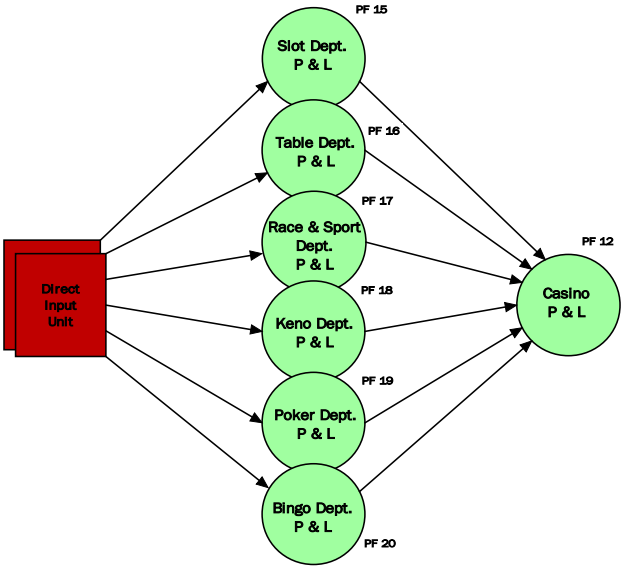

Figure 11 - Casino P & L Processor

The Casino Profit & Loss Processor organizes the data

received and transmits the appropriate data to the Consolidated Income Statement for further processing.

The six Profit and Loss Processors are basically identical. They process user input from the Direct Input Unit and organize the information into standard Profit and Loss standards. Direct input includes information such as number of gaming tables, number of slots, win per machine per day, gaming tax rate etc.

Food and Beverage P & L Processor

The Food & Beverage Profit & Loss Processor operates in a way similar to the Casino Profit & Loss Processor because it combines the operating results of individual departments. These departments are Food, Beverage and Convention/Banquet which each has their own processors.

But the requirements of the processors for Food, Beverage and Convention/Banquet are somewhat more complicated than for the casino departments. Casino operators forecast Food & Beverage revenues from various professional publications that estimate the number of casino visitors per day in a particular gaming jurisdiction. Using the total number of visitors and a forecasted "capture rate" and "average check price", they are able to forecast revenues and expenses. This is sufficient information for calculating Profit and Loss Statements, but it is inadequate to determine developmental costs with any accuracy.

When the developmental costs are being determined specifics about the food, beverage and convention/banquet facilities are needed. For example what type of restaurants will be needed? Would there be a food court, buffet, fine dining, casual dining, counter service, coffee shop or room service?

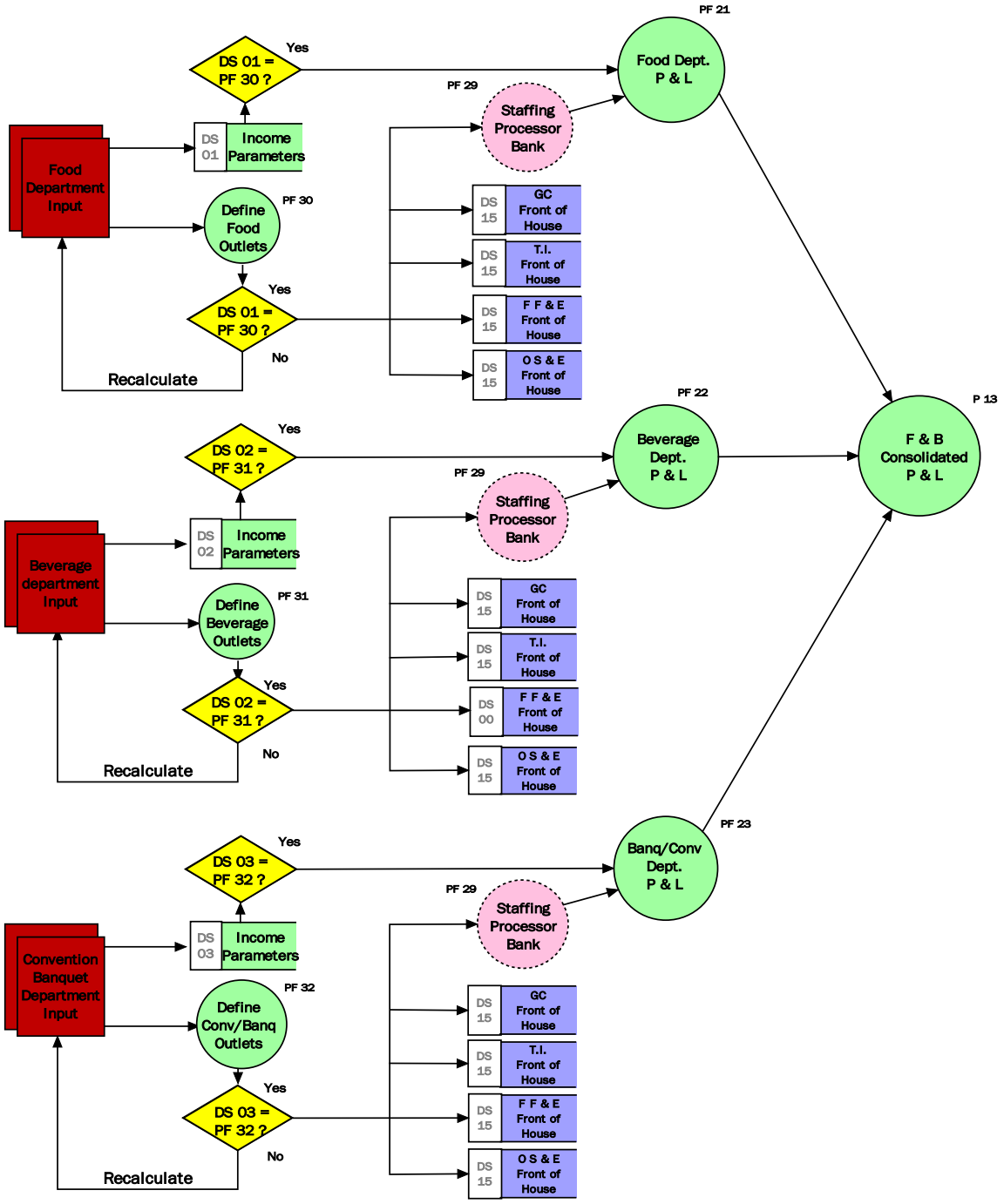

Figure 12 - Food and Beverage P & L Processors

The types of restaurants, bars and convention/banquet facilities are determined with the use of additional processors: 1) Define Food Outlet, 2) Define Beverage Outlet and 3) Define Convention/Banquet Facilities. They are illustrated in Figure 12. The system user specifies the types of facilities and their income criteria. For example the user might enter two fine dining restaurants, one coffee shop and a food court. Each restaurant would also require information from the user regarding the number of meals served/restaurant each day and average price per meal.

The processors would then sum up the total revenue per year of all of the outlets and compare those results to the original forecasts for number of visitors per year, capture rate and average check price. When the results are within a reasonable proximity the information goes to the Profit & Loss Processors, Staffing Calculator and Developmental Cost section.

Rooms P & L Statement Processor

The Rooms P & L Processor shown in Figure is a key processor that receives information from the Room Mix Processor, Direct Input Unit and Staffing Processor Bank. When all necessary information has been compiled in the Rooms Profit & Loss Process, the data is transmitted to the Consolidated Income Statement.

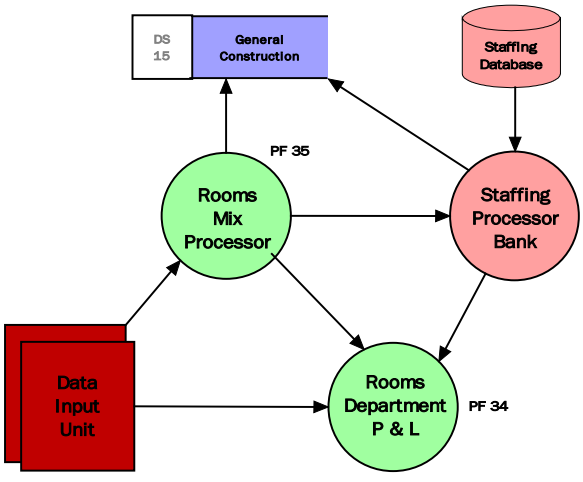

Figure 13 - Rooms P & L Processor

The Rooms Mix Processor will allow the user to define all of the types of suites and to calculate suite “average

daily rates" and "average occupancy rates." The standard rooms will likewise be defined in this processor. The number of units and size of all standard rooms and suites will be sent to the General Construction data storage for calculating the development costs. The same information sent to that data storage unit will also be sent to the Staffing Processor Bank where staffing costs will be calculated and sent to the Rooms Profit & Loss Processor. Direct Input Data will provide the Rooms Profit & Loss Processor with information such as expense escalation, credit card use, other costs, etc.

Music and Entertainment P & L Statement Processor

The Music and Entertainment Profit & Loss Processor acts in the same manner as the Rooms Profit & Loss Processor. Completed information is sent from this processor to the Consolidated Income Statement Processor.

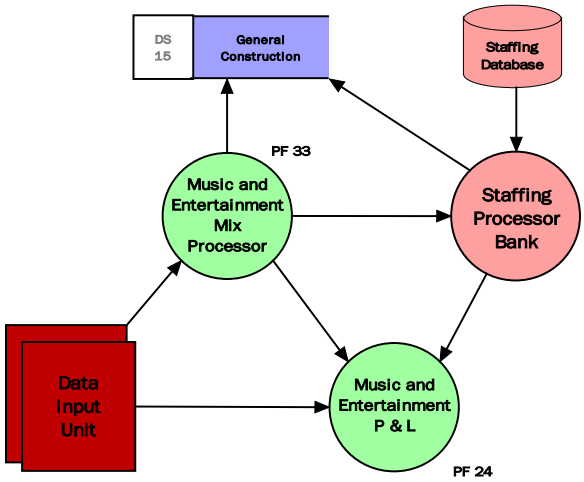

Figure 14 - Music and Entertainment P & L Processor

The Music and Entertainment Mix Processor shown in Figure 14 will allow the user to define all of the types of entertainment venues available and it will calculate average daily occupancy and rates for the Music and Entertainment Profit & Loss Processor. The facility information is sent to the data storage module for General Construction and to the Staffing Processor Bank. The Staffing Processor Bank sends the staff cost information to the Music &

Entertainment P & L Processor and it sends front and back-of-house information to the General Construction data storage module. Direct Input Data will provide the Rooms Profit & Loss Processor with information such as expense escalation, credit card use, other costs, etc.

Other P & L Statement Processor

Casino project often generate smaller amounts of income from secondary sources that are not necessarily part of a department. Profit and loss statements are generated for each type of miscellaneous or “other” forms of income. Figure 15 shows four typical types of such income. These statements are then combined into one Other Profit and Loss Statement. Like all other forms of revenue, the information from the Other P & L Processor is sent to the Consolidated Income Statement Processor. The Direct Input Unit allows the user to enter key information like guest capture rate, average total sales, costs of sales, expenses, etc.

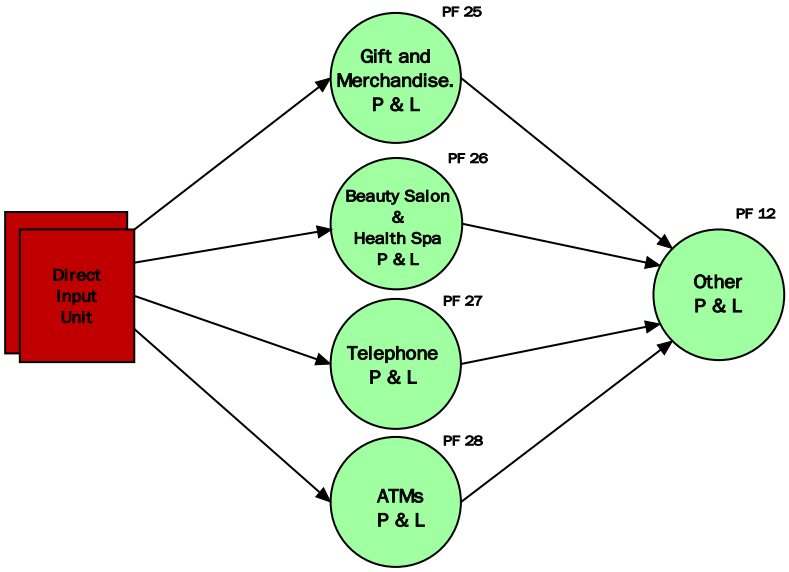

Figure 15 - Other P&L Processor

Complimentary (COMP) Processor

An important element in the casino business is Complimentary Services or "Comps." The information developed in the Complimentary Processor is sent to each of the profit and loss processors for revenue producing departments. The information is tells each processor two things: 1) What goods and services are available to be "comped" and 2) what percentage of the total amount "comped" is attributed to each department. The overall process is shown in Figure 16. The information sent to the profit and loss processors is only sent when the total percentage allocated to each department is equal to 100%. For clarity of the Hierarchy of Data Flow the Complimentary Processor is not shown, but it would be a level 10 activity.

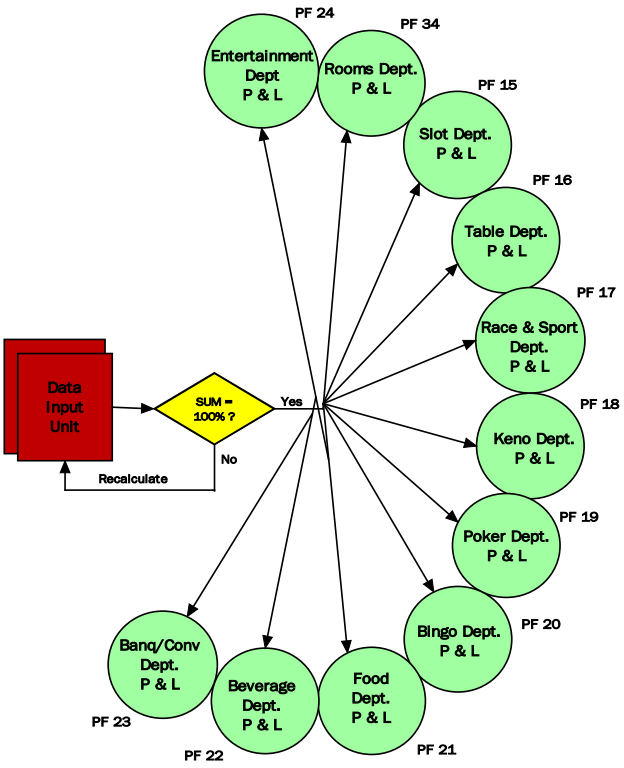

Figure 16 - Complimentary (COMP) Processor

Developmental Elements of the System

The Project Cost Processor Bank is a group of processors that all work to establish a total project cost. The research showed that a casino project has a total of twenty-three components or budget “line items.” There is one processor in the bank for each of these line items. Many of the processors receive information from the Direct Input Unit. Some of them receive information from each other. But they all are directed to two specific goals. First, to establish a total development cost. Secondly, they need to determine the cash out flow requirements, cash equity requirements and total project debt. Minimizing project costs will increase projected ROI.

Overview of Development Data Flow

Like the financial processing activities, many of the developmental costs build upon each other. This organization is shown in Figure 17. As shown on the hierarchary of data flow in Figure 3, there is a critical path and order of developmental cost processing. For example insurance and real estate tax costs follow construction cost calculations. Project finance costs follow construction and real estate calculations. And as developmental information is processed, financial processors can also continue.

The Direct Input Unit allows the user to enter specific information about the casino development that is not available by processors. Land cost is a good example since the costs of land are market driven and not a function of either finance or construction. But the Direct Input Unit does have a database so the user can determine also what land costs have been on similar projects; this could be either on a square foot basis or based upon a percentage of the total project

costs. By having a database for land costs the user can also determine the "reasonableness" of a particular purchase as a percentage of total costs.

Key to the developmental calculations is the Staffing Processor Bank and its database. These components provide the Project Cost Processor Bank with important project definition that includes 100 table games for example, the Staffing Processor Bank provides the general construction processor with the amount of staffing parking required, the size of employee dining, dressing areas, break rooms and training area needed for the project to operate efficiently. The Staffing Processor Bank also sends information to the Operating Supplies and Equipment Process about the number of uniforms needed.

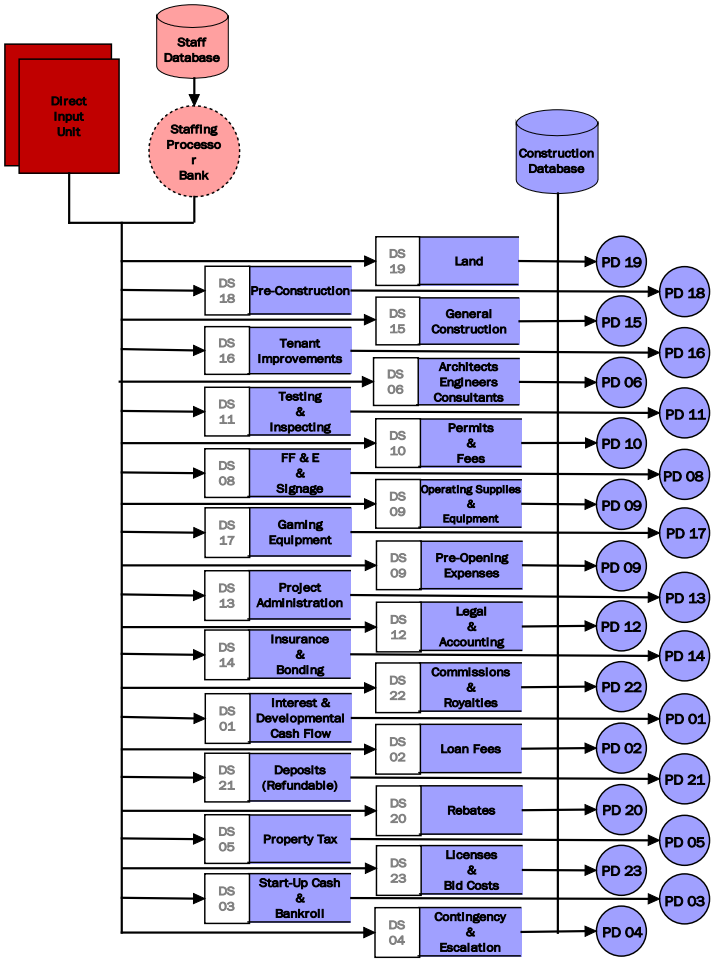

Figure 17 - Overview of Development Data Flow

Interest and Developmental Cash Flow Processor

Developmental interest costs and capitalized interest are of particular interest in the development of a project cost. Interest costs are those cost incurred by

borrowing funds to develop. Capitalized interest costs are those cost realized by loss of investment potential in using cash instead of borrowed funds.

Interest calculations are high in the data flow hierarchy because they are dependent on final calculations from many of the lower level processors; Figure 18 shows these dependencies. This is because nearly all of the costs need to be calculated so that a determination can be made about of how much cash is invested and/or borrowed.

Both construction interest and capitalized interest are fund rate and time sensitive. Therefore, the Direct Input Unit needs to supply the interest rates and schedules for design and construction. This direct input provides an opportunity for the user to see what changes are made to ROI by simple changes in rate and schedule.

Interest and Loan Fee Processor

When a developer borrows equity or debt capital, certain up-front fees apply in addition to the quoted rates. These fees are generally determined by what is referred to as points. One point is equal to one percent. Points are used by lenders to increase their ROI. The number of points charged by a lender is representative of how much risk the lender attaches to the loan. Obviously, the more risk the more points he will charge. From a cash flow standpoint the timing of these point payments is important especially if the point payments come from the borrowed funds.

The Loan Fee Processor is the highest level of data flow in the development side of the system framework. If the fees are a fixed amount, then that information can come from the Data Input Unit before interest calculations. But if the fees are on a percentage or point basis of the borrowed amount, then all of

the project costing including interest expenses must be first calculated before loan fees can be determined. Further study is needed to determine how this would affect the hierarchy of data flow between the Interest and Developmental Cash Flow Processor and the Loan Fee Processor.

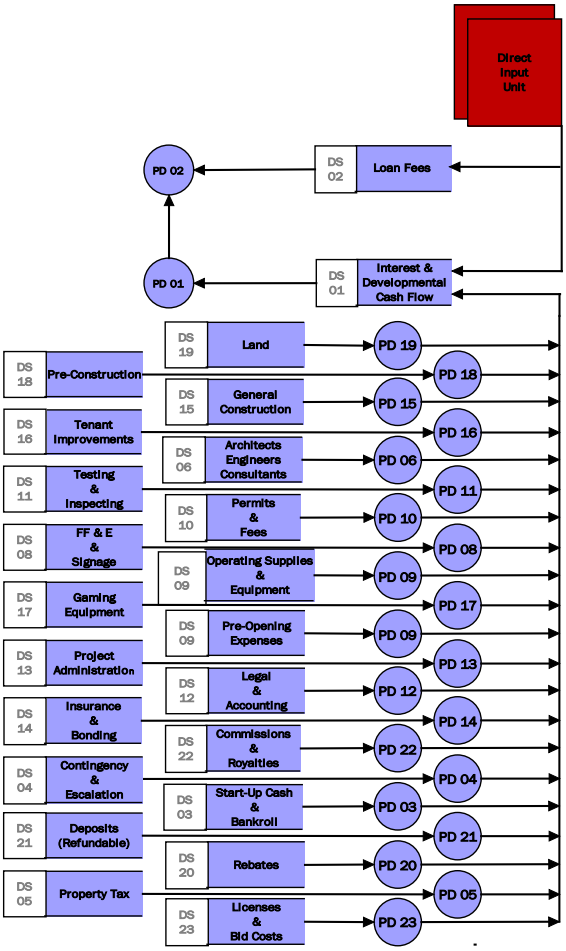

Figure 18 - Interest and Loan Fee Processors

Contingency & Escalation Processor

Establishing casino development projects is an on going iteration process of designing and estimating. As the project designs become more fully developed a higher degree of certainty can be obtained with the project cost estimate. Since this project modeling system is intended to be used before designs begin,

provisions must be made for added scope details that will be added with completing designs. Also, provisions must be made for escalations in the costs of goods and services when the project is scheduled to begin.

The Contingency & Escalation Processor requires information from all developmental processors that could be effected by a change in design or schedule; these processors are as shown on Figure 19. Calculations for contingency and escalation occur on data flow levels 06 through 14. The Contingency & Escalation Processor also requires information from Direct Input Unit. This information would include items such as rates of escalation, time lines for start of project, specific contingency percentages, etc.

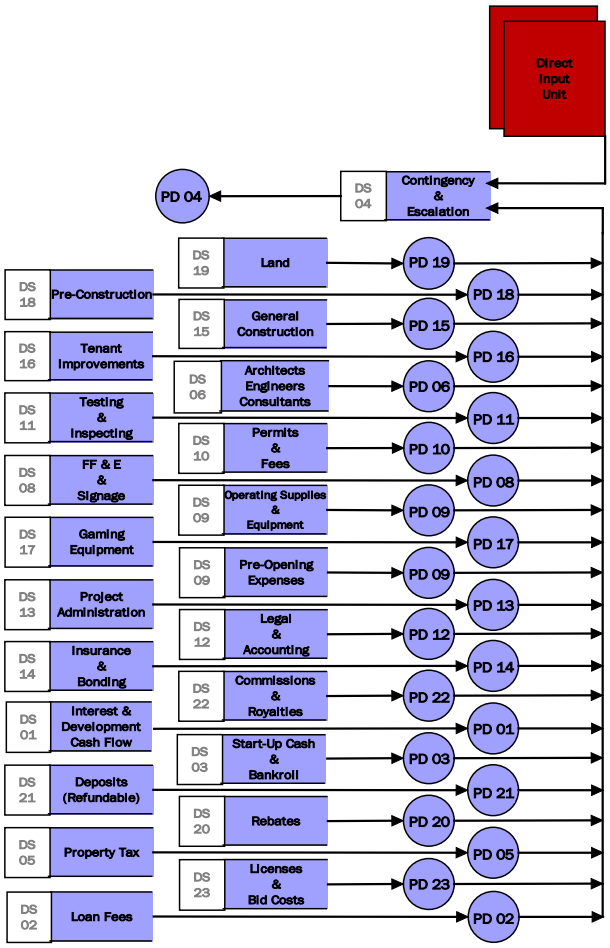

Figure 19 – Contingency & Escalation Processor

Property Tax Processor

Developmental budgets must include periodic payments for real estate and personal property taxes throughout the life of the project. All payments made before the opening of the new casino are developmental expenses. If the payments fall on or after the opening of the new facility, then the tax expenses

become operational costs and not accounted as developmental costs; they are not included in the cost of the project and are not used to calculate ROI.

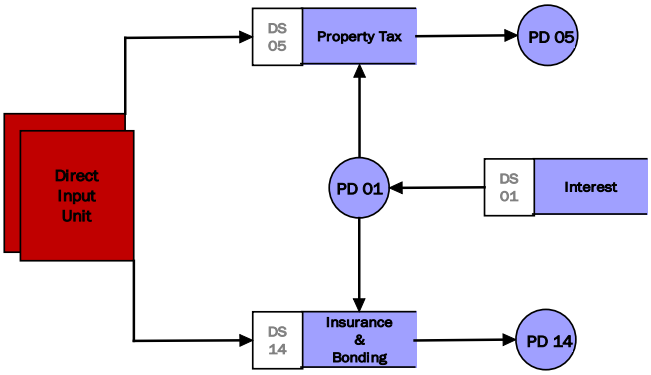

Figure 20 - Property Tax and Insurance Processors

Since the Interest and Developmental Cash Flow Processor is used to calculate total project expenses on a monthly basis, this processor will provide the Property Tax Processor with cumulative periodic developmental costs that can then be processed into real and personal property costs. The Direct Input Unit allows the user to set tax rates and dates for periodic payment. Figure 20 shows the relationship of these components.

Insurance Processor

The project insurance costs include items such as builder's risk insurance and owner's liability insurance. These costs are calculated very similar to that of the property tax and are also shown on Figure 20 above. Again the Direct Input Unit allows the system user to enter rates and due dates specific to the project being evaluated. If these values are unknown the Input Database provides approximate values and payment periods.

Start-Up Cash & Bank Roll Processor

When a casino project initially opens, it will require cash on hand to open cashier cages, restaurants, hotel rooms and to pay out customer winnings. In many cases the amount of these funds are specified by the gaming control boards of the casino's jurisdiction. Gaming control board's requirements will all vary but they will generally require that the casino operator have a specific number of months of payroll, overhead and projected gaming losses on hand prior to opening.

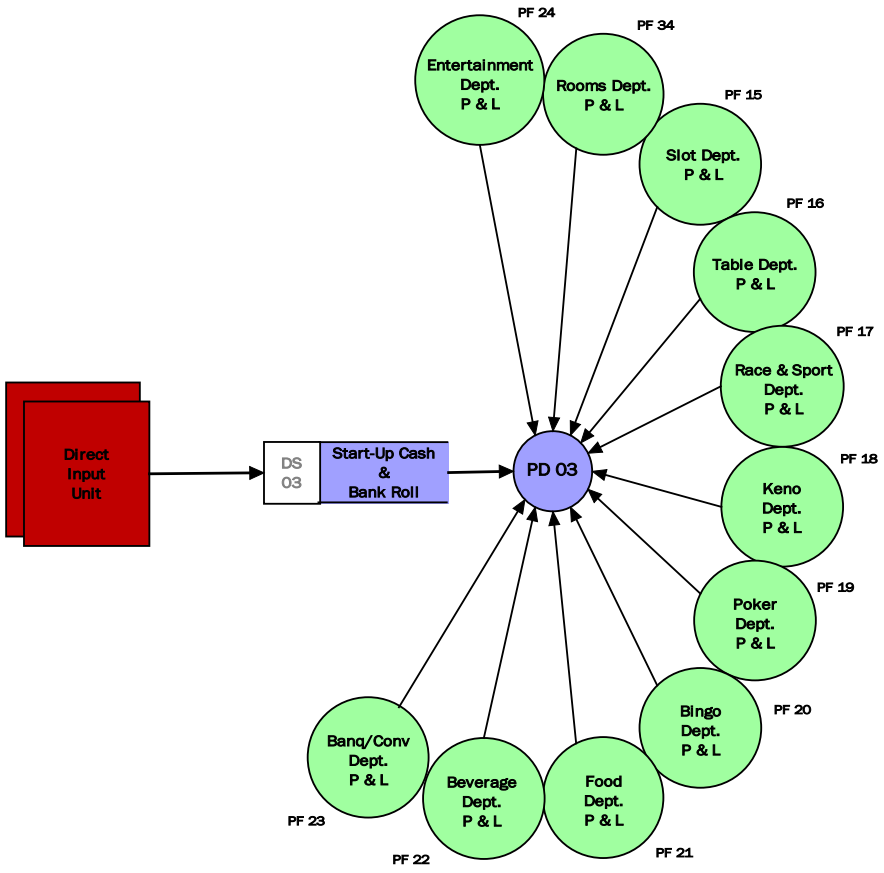

Figure 21 – Start-Up Cash & Bank Roll Processor

The Start-up Cash & Bank Roll Processor will calculate the on-hand cash required from the Sales, General and Administrative Processors plus all P & L processors as shown in Figure 21. The user through the Direct Input Unit can enter information specific to the project into the calculations. This information

could include topics such as name of gaming jurisdiction, date funds are needed and / or additional desired funds on-hand.

One important distinction should be noted between the start-up cash and all other developmental costs. Start-up cash is a cash requirement that is needed in order to get the doors of the casino initially opened to the public; developers need to plan financially to have this cash available. But since this is cash, it is the only project cost that is not used to calculate ROI. It is provided in this framework as information to the developer.

Architects/Engineers/Designers/Consultants Fee Processor

As previously discussed a casino project will require the services of many architects, engineers and consultants. The processor that determines the extent of services needed and their costs is shown in Figure 22. This processor is dependent on all goods and services such as FF&E, general construction, operating supplies and gaming equipment.

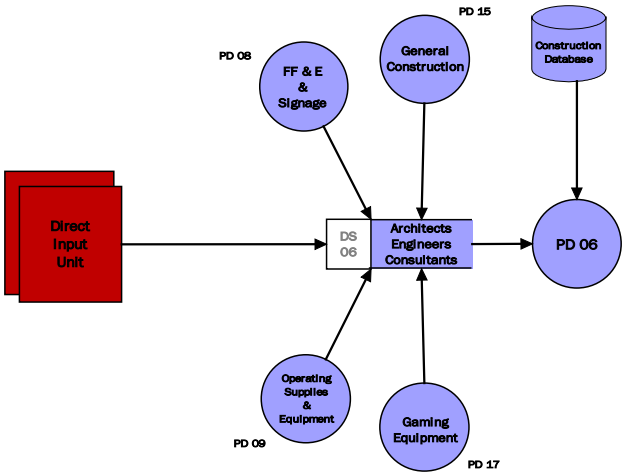

Figure 22 -
Architects/Engineers/Designers/Consultants
Fee Processor

The professional services fees can be expressed as a percentage of the cost of their respective products. For example architectural fees could be expressed as 3.5% of construction costs. Slot signage costs could be expressed as 0.5% of slot machine costs. The user through the Direct Input Unit could enter the exact percentage amounts used or the user could enter the gaming jurisdiction and accept the information from the construction database.

Pre-Opening Expense Processor

Prior to the opening of the casino complex all of the staff will need to be hired, given orientation and trained. Advertising and marketing will also need to be started well in advance of the opening. Some will require the assistance of outside advertising agencies. All of the cost associated with employees and advertising prior to opening of the property are developmental expenses and are necessary to calculate ROI.

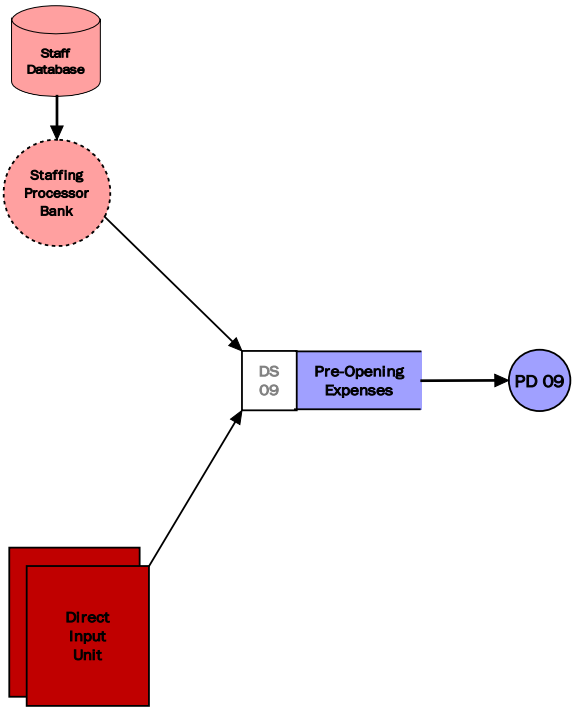

Figure 23 - Pre-Opening Expense Processor

The Pre-Opening Expense Processor calculates the staffing costs from information received from the Direct Input Unit and the Staffing Processor Bank. This activity is as shown in Fig 23. The Staffing Processor Bank calculates the costs of employees on a periodic basis (weekly, daily etc.). The Direct Input Unit is used to specify when certain employees are hired before opening or can be

used to accept the default settings for those start dates. Likewise, the Direct Input Unit can be used to accept default settings for marketing costs or to over-ride them.

FF&E (furniture, fixtures and equipment) and Signage Processor

The furnishings that are installed into a casino project are not purchased from the building contractor and are calculated separate from the general construction costs. These items are generally purchased directly by the casino owner or through purchasing agents on a fee basis from vendors. Typically, these items include carpeting, decorative lighting, furniture, window coverings, art, indoor landscaping and other decorative elements. Direction signage and marquees are also purchased directly by the owner.

The FF&E and Signage Processor estimates the cost of those products from information about the building character that is received from the Operational Outlet Definers, General Construction Processor, and Direct Input Unit as shown in Figure 24. The Operational Outlet Definers provide information such as the quality/size of restaurants, guest rooms, meeting rooms, banquet facilities and entertainment. The General Construction Processor provides additional information about the size of other building areas and the quantity of FF&E and Signage

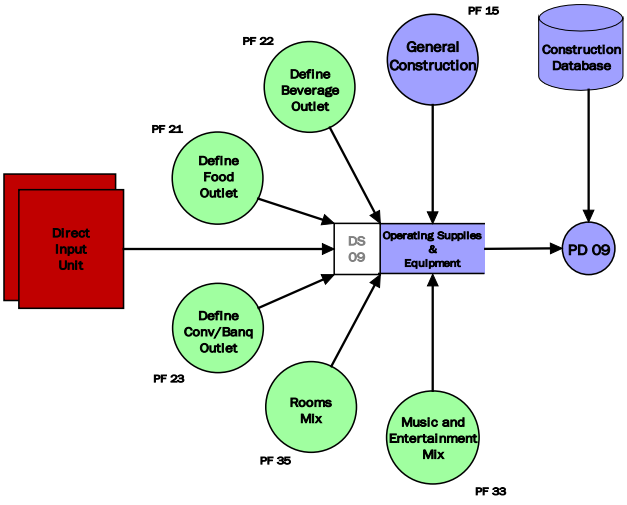

Figure 24 - FF&E and Signage Processor

required. The Construction Database provides all costing information to the FF&E and Signage Processor The Direct Input Unit provides the user the opportunity to enter information specific to project being considered such as gaming jurisdiction, signage etc.

Operating Supplies and Equipment

In addition to decorative furnishings mentioned above, casino projects require specialized systems, equipment, supplies and clothing to operate efficiently. Like FF&E these items are purchased directly by the casino owner. Systems would include hotel/casino software, computer, property management, television, etc. Equipment would include items such as surveillance, office, cash room, maintenance, etc. All employee uniforms are included in this category as are guestroom bedding, guestroom supplies and restaurant china, silver and linens.

The Operating Supplies and Equipment Processor estimates the cost of those products from information received from Operational Outlet Definers, Staffing Processor Bank and Direct Input Unit. The relationship of those processors is similar to the FF&E and Signage Processor and is detailed in Figure 25.

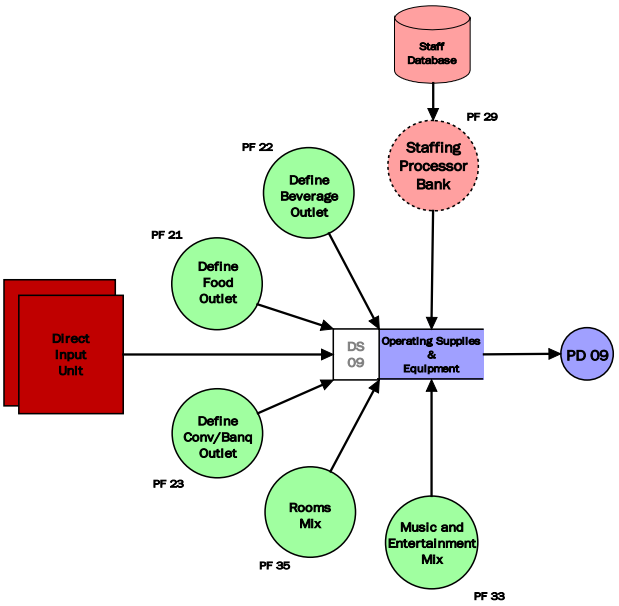

Figure 25 - Operating Supplies and Equipment Processor

The Operational Outlet Definers provide information such as the quality/size of restaurants, guest rooms, meeting rooms, banquet

facilities and entertainment. The Staffing Processor Bank provides additional information about the size and nature of the staff. The Direct Input Unit allows the user the opportunity to enter information specific to the project under consideration. Gaming jurisdiction, information specific to systems and quality of service would be entered here.

General Construction Dependent Processors

Four of the developmental budget's line items are completely dependent on the cost of general construction. Those line items are Testing & Inspection, Permits & Fees, Project Administration, and Legal & Accounting. The respective processor of each line item receives information from the General Construction Database and the Direct Input Unit as shown in Figure 26.

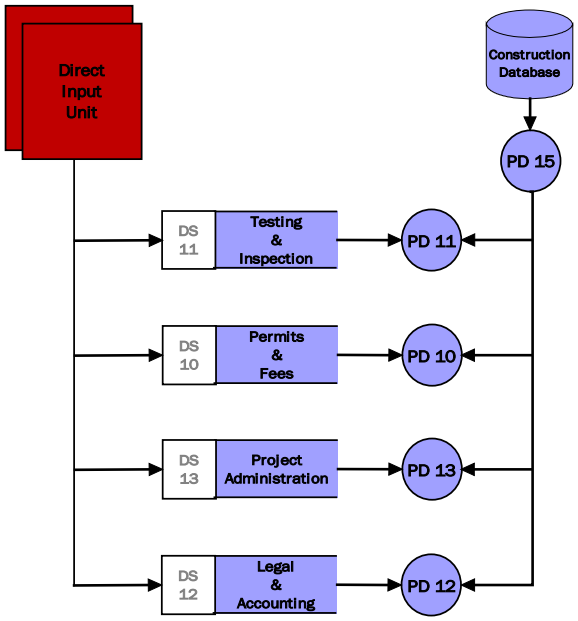

Figure 26 - General Construction Dependent Processors

Each respective processor is dependent upon The Direct Input Unit for specific gaming jurisdiction and specific information about the methods used to manage the development of the project. The Construction Database for the four general construction dependent processors would be specific to the gaming jurisdiction/regional location. It would provide information on the cost of building permitting, testing and inspection costs as a percentage of construction costs.

Tenant Improvement Processor

Tenant improvement costs are those costs of construction/furnishing that are not realized by the casino owner and that are not used in calculating the ROI of a project. Tenant improvement costs are generally associated with the leasing of a "shell" space by the casino owner to a tenant. Examples of tenant improvements would be in retail, restaurants and entertainment. In these examples the casino owner would build and pay for an empty "shell" space (similar to a warehouse) and then a tenant would pay for all improvements (including design), which occurred inside of the "shell."

The purpose of including tenant improvement costs in the developmental budget is to indicate costs excluded from the budget and the specific nature of those costs.

The Tenant Improvement Processor is dependent upon the General Construction Processor as shown in Figure 27.

General Construction and Tenant Improvement Processors

Calculating the costs of construction is perhaps the most extensive line item to develop. Figure 27 shows the relationship of the various processors for the purpose of calculating general construction costs.

The process of calculating construction costs is basically a three-part process. First the spaces are each identified; this would be as hotel, casino, restaurants, back-of-house,

entertainment etc. This information from the Hierarchy of Data Flow, Figure 4, is a level 14 Direct Input Unit activity. At this point the project is being defined by its key components.

Secondly, the spaces would be defined into more specific sub-areas; hotel areas divided into guestrooms and public areas, casino areas divided into gaming areas and support areas, restaurant areas divided into seating and kitchen areas and so on. These activities are being completed on data flow levels 11, 12 and 13. At these points key information about the development is being entered regarding the levels of building quality and size. For example the number of slot machines is being entered. The types of restaurants and quantity of seating are also being set. In the hotel the number of standard rooms, suites, sizes and quantity of units is being entered.

The third step in calculating the general construction costs is to calculate how large each sub-area would need to be; this is a data flow level 8 activity. An example of this would be the final sizing of a casino. From the second step above (levels 11, 12, 13) the General Construction Processor receives information that the proposed casino will have 100 table games. From the Construction Databases the General Construction Processor receives information that 150 square feet per table game is required in a particular gaming jurisdiction. So the gaming area of the project would then need to be 15,000 square feet. The Construction Database would also have information that would size other areas of the casino based upon the gaming area. These would include circulation, cages, restrooms and back-of–house support spaces as a percentage of the total gaming.

Additionally, when the 100 table games is entered at levels 13 the Staffing Processor Bank calculates the number of dealers/support staff needed at data flow level 10. This information is then sent to the General Construction Processor

to calculate employee parking needed, uniform storage areas, employee dining space, change room space etc.

Step four of the general construction cost processing also comes from the Construction Database. Unit costs from the database are sent to the General Construction Process. For example the table game area of a specific jurisdiction might be $ 300 per square foot, circulation space might be $ 320 per square foot, cashier cages might be stored as $ 400 per square foot and employee parking might be $ 9,000 per space. The final step for the General Construction Processor is to calculate final costs from the information in steps three and four outlined above.

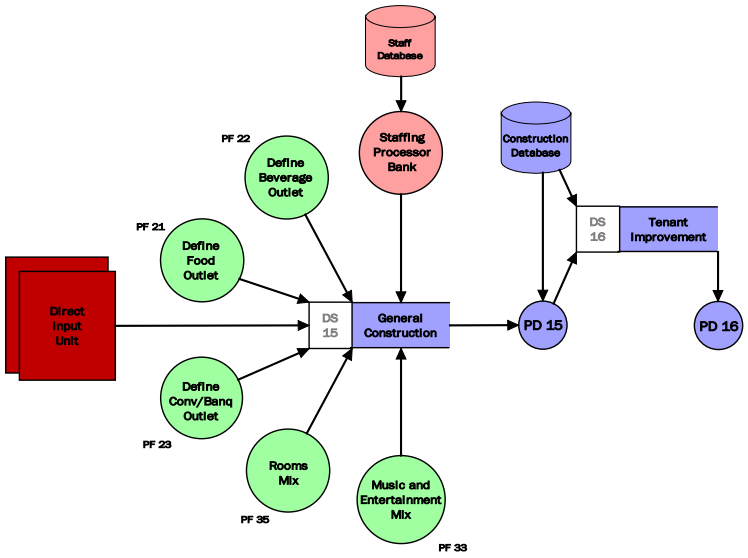

Figure 27 - General Construction and Tenant Improvement Processors

The Direct Input Unit allows the system user to select the gaming jurisdiction and the level of project quality. This input is used to control the information sent by the Construction Database to the General Construction Processor. The Direct

Input Unit also allows the general building estimate to be specific to names such as Standard Room, Pool Suite, Steakhouse, Coffee Shop etc.

Gaming Equipment Processor

The Gaming Equipment Processor calculates all costs for gaming equipment such as slot machines/stands, table games/chairs, slot signage, wiring/cabling, pit stands, computer systems/software, cashier equipment, coin counting equipment etc. Using the example for the General Construction Processor, when Direct Input Unit sends information to the General Construction Processor that 100 tables are being planned into the project, the Gaming Equipment Processor also receives the same information. And it also receives the same information regarding the gaming jurisdiction. From the Construction Database the Gaming Equipment Processor receives the unit prices for tables, chairs, shufflers, chips etc. In this manner the total cost of gaming equipment is received. The overall process is shown in Figure 28.

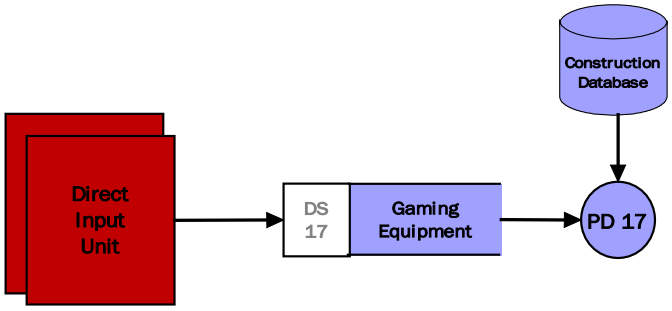

Figure 28 - Gaming Equipment Processor

Land Processor

Estimating the cost of casino land is not a simple task nor one that lends itself very well to computerized estimating; it involves social and market conditions not predictable by computer. Since the ROI calculations might be site specific, the

Direct Input Unit provides the user with a way to enter exact information about a site being considered. This information would include land costs, closing costs, utility relocations, demolition and mandated social contributions. Figure 29 shows the relationship between the input and processing.

Occasionally, the site will be unknown or the casino developer will not know what land should cost for a project to yield a desirable return. At that time the Land Processor will receive information about land sales by gaming jurisdiction from the Construction Database. The user can either use the database information or enter some other cost to calculate the ROI.

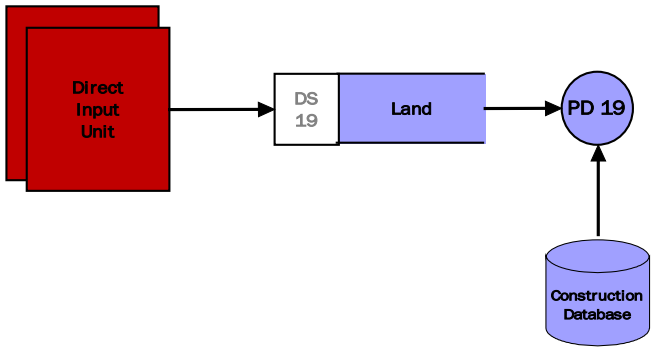

Figure 29 - Land Processor

Pre-Construction Processor

Pre-construction costs are those costs experienced by the casino owner prior to starting construction. Examples of pre-construction costs would be preliminary designs, construction estimating, project management, administrative, renderings/models, travel, overhead etc. The determination of these costs is similar to that of the Land Processor as shown in Figure 30.

The Direct Input Unit provides a way for the user to enter specific pre-construction costs or access the Construction Database for information from

other projects in similar gaming jurisdictions. Pre-construction costs can be considered as “sunk” costs. Sunk costs are those costs necessary to get to a point of making a decision regarding the profitability of the project. The Direct Input Unit allows the user to choose if the pre-construction costs should be included in the calculations of interest or ROI.

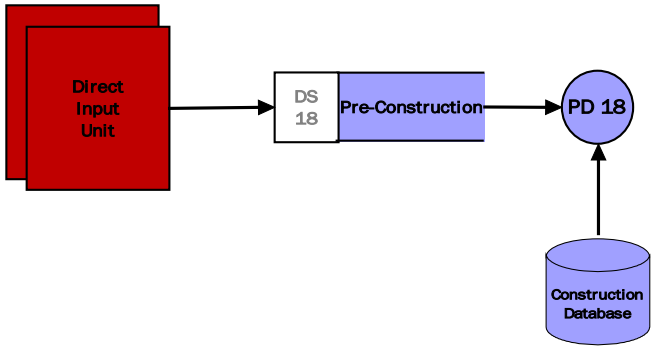

Figure 30 - Pre-Construction Processor

Direct Input Dependent Processors

Four of the developmental budget’s line items are not dependent on any other costs such as construction. Those line items are Commissions & Royalties, Deposits (Refundable), Rebates, and Licenses & Bid Costs. Figure 31 shows the relationship of each processor and the Direct Input Unit.

Commissions & Royalties include costs such as retail leasing commissions, use of brand names and use of exclusive designs.

Deposits (Refundable) include costs of starting up utility service and other cash deposits used in lieu of bonding. The Direct Input Unit also allows the user to determine if refundable deposits would be used in the calculation of ROI.

For a large project like a casino rebates can add up to considerable amounts and are often overlooked. The Direct Input Unit allows the user to choose a lump sum amount or view a listing of rebates available through the Construction Database.

Licensing and bid (competition) costs are very difficult to predict. The Direct Input Unit allows known or estimated costs to be included into the ROI calculations. It also allows the user to view historical data from the Construction Database and enter that information into the system. Licensing and bid costs can also be considered to be sunk costs. The Direct Input Unit allows these costs to be excluded from the ROI if desired.

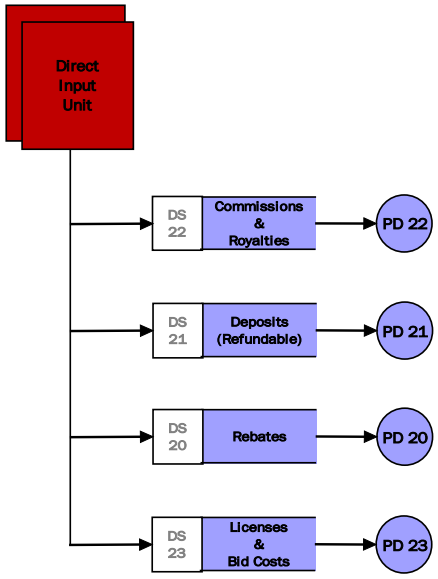

Figure 31 – Direct Input Dependent Processors

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATONS

The framework for the modeling system detailed in Chapter 4 appears to provide the proper linkage between the complex variables that make up ROI calculation. ROI is clearly a financial calculation of income and initial expense that can be reduced to dependent variables. For example the quantity of slot machines and anticipated win per day in a proposed casino will determine the total slot income. But the quantity of slot machines is also a variable that will figure into many different development costs including 1) gaming equipment, 2) FF&E for the chair and slot signage, 3) construction cost for the public area portion of the casino, the gaming support areas, employee back-of-house and parking, and 4) all of the dependent developmental costs that are a function of those four examples.

Demonstration of Results

In Chapter 2 the current project planning methods were discussed in detail along with their shortcomings. The purpose of this study was to find a method to replace those current planning methods with one that would provide more accuracy, ease of use, reduce the need for extensive consultants, provide more specificity about the project details and would be user friendly to a casino executive who was not highly skilled in real estate development. The framework

developed in Chapter 4 will meet all of those objectives once it is incorporated into an operating system.

To support this claim that the framework will function properly a demonstration of the process was conducted. This demonstration was performed at a very basic level using a spreadsheet program to simulate the functioning system. A spreadsheet workbook was subdivided into forty-eight sheets representing the framework:

1. One sheet represented the Data Input Unit. The extent of that information is shown on Appendix V.
2. Twenty-three sheets were setup to represent the Financial Processor Bank. They are also included in Appendix IV.
3. One sheet was configured to represent the ROI Processor Bank. Its format is shown in Appendix IV and includes net present value (PF 01), return on cash investment (PF 02) and internal rate of return (PF 04).
4. Twenty-three sheets were configured to represent the Project Cost Processor Bank including Processors PD 01 – PD 23; the names of each processor are shown in figure 5 on page 24.

The Data Input Unit worksheet was formatted as a template to model a project including a casino and hotel with restaurants. The description of the variables necessary to model the project was listed vertically. Next to each variable was a “boxed” area for data input. Appendix V shows the format used.

Twenty-three financial statements were produced using standard formats. Each financial statement was created in template format and in a separate worksheet. The form of templates is shown in Appendix IV.

Since there is no recognizable format for ROI statements, a format was produced in template form in a separate worksheet. This format included the projected financial performance of the property as well as the project development costs. ROI calculations were included for seven years. Standard formats for developmental costs do not exist either. So templates were designed to represent all twenty-three developmental cost categories.

Finally, the worksheets representing the Data Input Unit, Financial Processor Bank, Project Cost Processor Bank and ROI Processor Bank were all “linked” using the capabilities of the spreadsheet program. Data input was linked to the appropriate sheets. The linked input data was inserted in the templates where required and was processed by the spreadsheet formulas built into the template. Processed data in a sheet was then linked to other sheets requiring specific information. The plan for the linking of worksheets followed the hierarchy of data flow as shown in Chapter 4, Figure 4.

To begin the demonstration values were entered for all “boxed” areas in the Data Input Unit spreadsheet. This produced complete financial statements, developmental costs and ROI values. The results were saved as modeling scenario #1. Using scenario #1 as a base model, certain data input values were change and those new values created new financial statements, developmental costs and ROI values. A total of seven scenarios were modeled and the summary of results is attached in Appendix VI.

Scenario #2 changed the permanent financing rate and capitalized interest rates by a 1% reduction. Intuitively, this would lower the operational interest cost and development cost producing a higher ROI. The results proved this to be so. NPV increased from approximately $91 million to $102 million.

Scenario #3 was identical to #2 except the capital improvement budget for seven years was cut in half. As expected this greatly increased the NPV, marginally increased the IRR and had no effect on the cost of the project.

Scenario #4 was identical to #3 except that the management fee was reduced to 2% and the guarantee fee was reduced to 0%. This resulted in a dramatic increase in NPV and IRR with no increase in the cost of the project.

Scenarios #1 through #4 point out a very interesting point. The ROI can be greatly influenced by factors that have no relationship to the operation of the property. The NPV of the same property (equal development costs and projected net income) has increased from $91 million (scenario #1) to $249 million (scenario #4) due largely to external factors such as interest, fees and capital improvements. This is a very strong indicator of the usefulness of a fully-functioning system.

Scenario #5 assumes that business is better than expected and comps actually are half of originally projected in scenarios #1 through #4. Since less is being “given away” as comps, it is expected that income will increase and bring up both NPV and IRR calculations without an increase to the project cost. The results of scenario #5 prove this to be true.

Scenario #6 models the concept of the same casino operation as scenario #5, but has more slot machines, tables, higher win-per-day on both, and the costs of operation are lower. The NPV and IRR increase significantly while only producing a marginal increase in the project cost. Scenario #6 is the first scenario so far with a higher project cost due to the increase in gaming positions.

Scenario #7 gets to the most critical part of the modeling plan. This scenario considers the increase in business from scenario #6 and considers how such a

large increase in business is achievable. Scenario #7 assumes that in order to increase business to the scenario #6 levels more hotel rooms will need to be built. In addition scenario #7 assumes that with more rooms will come lower occupancy rates, lower daily room rates and higher comping percentages. Consequently, NPV and IRR calculations decrease and project costs increase.

Scenario #7 is very important from a perspective of risk and value. Scenario #5 has a lower project cost and a lower project NPV than scenario #7. But the IRR results are nearly equal. Scenario #7 has a project cost approximately $80 million more than project #5, but only produces an increase of 0.66% to the IRR calculations. Is the risk of $80 million worth so little in terms of IRR? Also, is the possible NPV increase of $16.5 million worth the $80 million additional construction cost?

Conclusions and Recommendations for Further Study

The demonstration produced the type of results that would indicate that the framework developed in Chapter 4 would actually prove to be usable and effective. Each scenario produced a complete set of financial statements and developmental cost sheets. The financial statements and ROI calculations for scenario #7 are included in Appendix IV.

The framework to model casino development as presented in this study is very basic in nature and achieves maximum ROI calculation by an iteration process. A value is changed and a new ROI is produced which is compared to the previous ROI. This process is repeated over and over again until the optimal ROI is reached.

There are many variables that can be changed in a multiple of combinations. While this framework allows the iterations to be done quickly, the time to find optimal ROI will be great. Further study should be done to determine the best way to find optimal results. Perhaps a computerized system can try all the iteration combinations and produce the optimal ROI. Perhaps the variables can be reduced to an equation of some type. These are both areas that should be studied further.

Perhaps the most important area of study has to do with producing a solid database to back up the variables that make up income projections or project development costs. This database will need to be produced to assure that the assumptions used in the calculations are accurate and appropriate. The framework developed in this study has identified three such databases: 1) direct input, 2) staffing, and 3) project cost.

On level 10 and 11 of the Hierarch of Data Flow, figure 4, Outlet Processors for rooms, food, beverage, convention/banquet, and music/entertainment. They are used to convert income projections to specific physical space needs. These are key items needed to assure that the framework operates efficiently; they were only briefly discussed in this study and will require further study.

Preliminary estimates indicate that the cost to take the framework developed herein and create a computerized program for modeling casino projects will cost approximately $500,000. Future research to develop the required database will cost an additional $400,000. Considering the cost of casino projects nationally and the opportunities demonstrated in this report, future research and development of a system to model casino development would be a good investment.

APPENDIX I

ARCHITECTS, ENGINEERS, DESIGNERS

AND CONSULTANTS

1 Acoustical
2 ADA
3 ADA (Owner's check)
4 Alarm Design
5 Archeologist
6 Architect – Executive
7 Architect Production
8 Architect (Theme)
9 Architect - Casino Experience
10 Art Director - Theme Concept
11 Art Consultant
12 Audio Visual Consultant
13 Civil Engineer
14 Civil Engineer - EIS and EA
15 Civil Engineer - Environmental
16 Civil Engineer - Geotechnical
17 Civil Engineer - Surveying
18 Code Consultant
19 Curtain Wall / Consultant
20 Data/MIS Design
21 Demolition & Implosion Engineer
22 Dry Utilities Consultant
23 Electrical Engineer - Criteria
24 Electrical Engineer - Design Build
25 Entertainment Show Producer
26 Entitlement Consultant
27 Food Service Designer
28 Graphic Designer - Back of House and Code
29 Graphic Designer - Casino Way-finding

30 Graphic Designer - Executive Offices
31 Graphic Designer - Hotel Public Areas
32 Graphic Designer - Hotel Rooms
33 Graphic Designer - Restaurants
34 Graphic Designer - Retail
35 Graphic Designer - Slots
36 Graphic Designer - Marquee/Main Signage
37 Graphic Designer - Exterior Way finding
38 Graphic Designer - Menus
39 Graphic Designer - Printed Goods/In-room
40 Hardware Consultant
41 Health Club/Spa Consultant
42 Interior Designer - Back of House
43 Interior Designer - Casino
44 Interior Designer - Executive Offices
45 Interior Designer - Hotel Public Areas
46 Interior Designer - Hotel Rooms
47 Interior Designer - Restaurants
48 Interior Designer - Retail
49 Interior Designer - Thematic
50 Landscaping Architecture - Exterior
51 Landscaping Architecture - Interior
52 Laundry Consultant
53 Life Safety - Criteria
54 Life Safety - Design Build
55 Life Safety (Testing Plan/Sequence)
56 Lighting Design - Back of House
57 Lighting Design - Casino
58 Lighting Design - Executive Offices
59 Lighting Design - Exterior
60 Lighting Design - Hotel Public Areas
61 Lighting Design - Hotel Rooms
62 Lighting Design - Restaurants
63 Lighting Design - Retail
64 Mechanical - Criteria
65 Mechanical - Design Build
66 Parking Consultant
67 Plumbing - Criteria
68 Plumbing - Design Build
69 Point-Of-Sales System Design
70 Pool/Water/Ice Consultants

71 Programmer
72 Purchasing Agent - FF&E
73 Purchasing Agent - OS&E
74 Purchasing Agent - Gaming Equipment
75 Retail Consultant
76 Security/Surveillance Design
77 Structural Engineer
78 Telecommunication Design
79 Theatre Consultant
80 Traffic Engineer
81 Vertical Transportation Engineer
82 Wardrobe Equipment Design
83 Waterproofing Consultant
84 Wind and Snow load Consultant
85 Wind Tunnel Study

APPENDIX II

REPORT FORMATS

Report Number	Report Title*
1	Sensitivity Analysis
2	Comparison Report of all Report Totals
3	Major Operating Assumptions - Expected
6	Return on Investment – Expected
9	Capital Structure Statement – Expected
12	Depreciation/Amortization Schedule - Expected
15	Development Interest Calculations - Expected
18	Cash Flow Statement – Expected
21	Balance Sheet - Expected
24	Management and Guarantee Fee Statement - Expected
27	Partnership Distribution Statement - Expected
30	Consolidated Income Statement - Expected
33	Casino Consolidated Income Statement - Expected
36	Table Games Dept. P & L Statement - Expected
39	Slot Dept. P & L Statement – Expected
42	Race and Sports P & L Statement - Expected
45	Keno Dept. P & L Statement – Expected
48	Poker Dept. P & L Statement - Expected
51	Bingo Dept. P & L Statement - Expected
54	Food & Beverage Consolidated Income Statement - Expected
57	Food Dept. P & L Statement – Expected
60	Beverage Dept. P & L Statement - Expected
63	Banquet / Convention Dept. P & L Statement - Expected
66	Music and Entertainment Income Statement - Expected
69	Other Consolidated Income Statement - Expected
72	Merchandise & Gift Dept. P & L Statement - Expected
75	Telephone/Beauty/Health Spa P & L Statement - Expected
78	ATM P & L Statement – Expected
81	Sales, General and Administrative P & L - Expected
84	COMP Calculator Calculations - Expected
87	Rooms Processor Calculations - Expected
90	Music and Entertainment Mix Processor Calculations - Expected
93	Food Outlet Processor Calculations - Expected
96	Beverage Outlet Processor Calculations - Expected
100	Conv / Banq Outlet Processor Calculation - Expected
102	Architectural Space Program - Expected

105 Complete Project Budget - Expected
108 Summary of Project Budget - Expected
111 Land Costs – Expected
114 Pre-Construction Costs - Expected
117 Summary of Construction Costs by Area - Expected
120 General Construction Costs - Expected
123 Tenant Improvement Costs - Expected
126 Architect/Designer/Consultant Costs - Expected
129 Testing and Inspection Costs - Expected
132 Permit and Fee Costs- Expected
135 Summary of FF & E / Signage Costs by Area - Expected
138 Furniture, Fixture & Equipment / Signage Costs - Expected
141 Operating Supplies & Equipment Costs - Expected
144 Gaming Equipment Costs - Expected
147 Pre-Opening Costs - Expected
150 Project Administration Costs - Expected
153 Legal and Accounting Costs - Expected
156 Insurance and Bonding Costs - Expected
159 Commissions and Royalties - Expected
162 Loan Fees & Closing Costs - Expected
165 Refundable Deposit Costs - Expected
168 Rebate Costs – Expected
171 Property Tax Costs During Construction - Expected
174 Licenses and Bidding Costs - Expected
177 Start-Up Cash / Bank Roll Costs - Expected
180 Contingency and Escalation Project Costs - Expected

* Reports marked “Expected” are also available in “Low” and “High”

APPENDIX III

TYPICAL DEVELOPMENTAL BUDGET

Land

Pre-Construction

General Construction

Tenant Improvements

Architects/Designers/Consultants

Testing and Inspections

Permits & Fees

FF&E / Signage

Operating Supplies & Equipment

Gaming Equipment

Pre-Opening Expenses

Project Administration

Legal & Accounting

Insurance & Bonding

Capitalized Interest

Loan Fees & Closing Costs

Property Tax

License & Bid Costs

Start-Up Cash / Bank Roll

Contingency / Escalation

APPENDIX IV

TYPICAL FINANCIAL STATEMENT FORMATS

RETURN ON INVESTMENT (PF 01 - 04)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS)

TOTAL PROJECT INVESTMENT

	YEAR 1	ROI	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
IMPROVEMENT COSTS								
Initial Improvements (Project Budget)	$724,058		$725,558	$730,558	$738,058	$769,058	$779,058	$790,558
Property and Equipment Additions	$1,500		$5,000	$7,500	$31,000	$10,000	$11,500	$14,000
Less initial bank roll	$0		$0	$0	$0	$0	$0	$0
TOTAL IMPROVEMENT COSTS	$725,558		$730,558	$738,058	$769,058	$779,058	$790,558	$804,558

RETURNS

	YEAR 1	ROI	YEAR 2	ROI	YEAR 3	ROI	YEAR 4	ROI	YEAR 5	ROI	YEAR 6	ROI	YEAR 7	ROI
RETURN ON TOTAL IMPROVEMENT														
EBITDA before Pre-Opening Expenses														
and Management Fees	$256,114	35.3%	$264,250	36.2%	$272,560	36.9%	$281,165	36.6%	$290,039	37.2%	$299,108	37.8%	$308,496	38.3%
Less Pre-Opening Expenses	$15,000		$0		$0		$0		$0		$0		$0	
EBITDA berfore Management Fees	$241,114	33.2%	$264,250	36.2%	$272,560	36.9%	$281,165	36.6%	$290,039	37.2%	$299,108	37.8%	$308,496	38.3%
Less Management Fees	$14,741		$15,185		$15,642		$16,114		$16,602		$17,103		$17,623	
EBITDA	$226,373	31.2%	$249,065	34.1%	$256,918	34.8%	$265,051	34.5%	$273,437	35.1%	$282,005	35.7%	$290,873	36.2%
Guaranteed Partner Distribution	$5,000		$5,000		$5,000		$5,000		$5,000		$5,000		$5,000	
"NET" EBITDA	$221,373	30.5%	$244,065	33.4%	$251,918	34.1%	$260,051	33.8%	$268,437	34.5%	$277,005	35.0%	$285,873	35.5%
Less Depreciation/Amortization	$33,061		$33,505		$34,362		$36,998		$39,806		$41,279		$43,025	
Operating Income	$188,312	26.0%	$210,560	28.8%	$217,555	29.5%	$223,052	29.0%	$228,631	29.3%	$235,725	29.8%	$242,847	30.2%
Less Interest Expense and Guar. Fee	21,471		17,737		13,742		9,468		4,894		0		0	
Pre-Tax Income	$166,841	23.0%	$192,823	26.4%	$203,813	27.6%	$213,584	27.8%	$223,737	28.7%	$235,725	29.8%	$242,847	30.2%
NET PRESENT VALUE	$414,936	5.0%	Investment Rate Used											
RETURN ON INITIAL CASH INVEST.														
AND PROP./EQUIP. ADDTIONS	$391,907		$396,907		$404,407		$435,407		$445,407		$456,907		$470,907	
EBITDA	$226,373	57.8%	$249,065	62.8%	$256,918	63.5%	$265,051	60.9%	$273,437	61.4%	$282,005	61.7%	$290,873	61.8%
"NET" EBITDA	$221,373	56.5%	$244,065	61.5%	$251,918	62.3%	$260,051	59.7%	$268,437	60.3%	$277,005	60.6%	$285,873	60.7%
Pre-Tax Income	$166,841	42.6%	$192,823	48.6%	$203,813	50.4%	$213,584	49.1%	$223,737	50.2%	$235,725	51.6%	$242,847	51.6%

CASH FLOW (PF 05)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
CASH FLOWS FROM OPERATING ACTIVITIES:							
PRE-TAX INCOME	$171,841	$197,823	$208,813	$218,584	$228,737	$240,725	$247,847
NON CASH CHARGES TO INCOME:							
DEPRECIATION/AMORTIZATION	33,061	33,505	34,362	36,998	39,806	41,279	43,025
PRE-OPENING EXPENSES	15,000	0	0	0	0	0	0
	219,902	231,328	243,176	255,583	268,543	282,005	290,873
CASH FLOWS USED FOR INVESTING ACTIVITIES:							
PURCHASES OF PROPERTY AND EQUIPMENT	1,500	5,000	7,500	31,000	10,000	11,500	14,000
CASH FLOWS FROM FINANCING ACTIVITIES:							
REDUCTION IN LONG TERM DEBT	53,336	57,070	61,065	65,339	69,913	0	0
	54,836	62,070	68,565	96,339	79,913	11,500	14,000
INCREASE IN CASH	$165,066	$169,258	$174,611	$159,244	$188,630	$270,505	$276,873
CASH BALANCE -- BEGINNING OF PERIOD	$0	$160,066	$324,324	$493,935	$648,179	$831,809	$1,097,314
INCREASE IN CASH FROM ABOVE	$165,066	$169,258	$174,611	$159,244	$188,630	$270,505	$276,873
	$165,066	$329,324	$498,935	$653,179	$836,809	$1,102,314	$1,374,186
DISTRIBUTION TO PARTNERS	5,000	5,000	5,000	5,000	5,000	5,000	5,000
CASH BALANCE -- END OF PERIOD	$160,066	$324,324	$493,935	$648,179	$831,809	$1,097,314	$1,369,186

NOTE: SCHEDULE ASSUMES ALL "AVAILABLE CASH" IS DISTRIBUTED

BALANCE SHEET (PF 06)
UNLV CASINO MODEL SCENARIO #7

	IMMEDIATELY PRIOR TO OPENING	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
ASSETS								
CASH	0	165,066	169,258	174,611	159,244	188,630	270,505	276,873
PROPERTY, PLANT & EQUIPMENT, NET	709,058	677,496	648,991	622,129	616,131	586,325	556,545	527,520
OTHER ASSETS	15,000	0	0	0	0	0	0	0
	724,058	842,563	818,249	796,740	775,374	774,955	827,050	804,393
LIABILITIES AND MEMBER'S EQUITY								
ACCRUED LIABILITIES:								
MANAGEMENT FEES	0	14,741	15,185	15,642	16,114	16,602	17,103	17,623
GUARANTEE FEES	0	0	0	0	0	0	0	0
CURRENT OBLIGATION, LONG TERM DEBT	53,336	57,070	61,065	65,339	69,913	0	0	0
LONG TERM DEBT	306,724	249,654	188,589	123,250	53,337	53,337	53,337	53,337
TOTAL LIABILITIES	360,060	321,465	264,839	204,231	139,364	69,939	70,440	70,960
MEMBER'S EQUITY	363,997	521,098	553,410	592,508	636,010	705,016	756,610	733,432
TOTAL LIBILITIES & MEMBERS EQUITY	724,058	842,563	818,249	796,740	775,374	774,955	827,050	804,393

CONSOLIDATED INCOME STATEMENT (PF 07)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS)

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5		YEAR 6		YEAR 7	
REVENUE:														
CASINO	$652,985	88.6%	$670,093	88.3%	$687,651	87.9%	$705,674	87.6%	$724,171	87.2%	$743,156	86.9%	$762,643	86.6%
FOOD & BEVERAGE	72,332	9.8%	76,717	10.1%	81,392	10.4%	86,373	10.7%	91,532	11.0%	96,980	11.3%	102,903	11.7%
ROOMS	42,574	5.8%	45,246	6.0%	48,025	6.1%	50,915	6.3%	53,919	6.5%	57,042	6.7%	60,287	6.8%
MUSIC & ENTERTAINMENT	795	0.1%	815	0.1%	836	0.1%	856	0.1%	879	0.1%	900	0.1%	923	0.1%
OTHER INCOME	30,632	4.2%	32,445	4.3%	34,249	4.4%	36,211	4.5%	38,317	4.6%	40,416	4.7%	42,694	4.8%
	$799,318	108.5%	$825,316	108.7%	$852,153	109.0%	$880,029	109.2%	$908,818	109.5%	$938,494	109.7%	$969,450	110.0%
LESS PROMOTIONAL	62,284	8.5%	66,072	8.7%	70,078	9.0%	74,317	9.2%	78,716	9.5%	83,335	9.7%	88,297	10.0%
NET REVENUE	$737,034	100.0%	$759,244	100.0%	$782,075	100.0%	$805,712	100.0%	$830,102	100.0%	$855,159	100.0%	$881,153	100.0%
COSTS AND EXPENSES:														
CASINO	$284,345	38.6%	$291,655	38.4%	$299,157	38.3%	$306,852	38.1%	$314,745	37.9%	$322,841	37.8%	$331,147	37.6%
FOOD & BEVERAGE	68,245	9.3%	70,834	9.3%	73,552	9.4%	76,400	9.5%	79,338	9.6%	82,407	9.6%	85,670	9.7%
ROOMS	19,126	2.6%	19,624	2.6%	20,134	2.6%	20,657	2.6%	21,194	2.6%	21,745	2.5%	22,311	2.5%
MUSIC & ENTERTAINMENT	2,119	0.3%	2,173	0.3%	2,230	0.3%	2,287	0.3%	2,345	0.3%	2,406	0.3%	2,468	0.3%
OTHER	26,238	3.6%	27,321	3.6%	28,416	3.6%	29,578	3.7%	30,811	3.7%	32,054	3.7%	33,374	3.8%
SELLING,GEN & ADMIN	80,847	11.0%	83,387	11.0%	86,026	11.0%	88,773	11.0%	91,629	11.0%	94,598	11.1%	97,688	11.1%
TOTAL EXPENSES	$480,920	65.3%	$494,994	65.2%	$509,515	65.1%	$524,547	65.1%	$540,063	65.1%	$556,051	65.0%	$572,657	65.0%
EBITDA BEFORE PRE-OPENING EXPENSES AND MANAGEMENT FEES	$256,114	34.7%	$264,250	34.8%	$272,560	34.9%	$281,165	34.9%	$290,039	34.9%	$299,108	35.0%	$308,496	35.0%
PRE-OPENING EXPENSE	15,000	2.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
EBITDA BEFORE MANAGEMENT FEES	$241,114	32.7%	$264,250	34.8%	$272,560	34.9%	$281,165	34.9%	$290,039	34.9%	$299,108	35.0%	$308,496	35.0%
MANAGEMENT FEES	14,741	2.0%	15,185	2.0%	15,642	2.0%	16,114	2.0%	16,602	2.0%	17,103	2.0%	17,623	2.0%
EBITDA	$226,373	30.7%	$249,065	32.8%	$256,918	32.9%	$265,051	32.9%	$273,437	32.9%	$282,005	33.0%	$290,873	33.0%
DEPRECIATION/AMORTIZATION	33,061	4.5%	33,505	4.4%	34,362	4.4%	36,998	4.6%	39,806	4.8%	41,279	4.8%	43,025	4.9%
OPERATING INCOME	$193,312	26.2%	$215,560	28.4%	$222,555	28.5%	$228,052	28.3%	$233,631	28.1%	$240,725	28.1%	$247,847	28.1%
INTEREST EXPENSE	21,471	2.9%	17,737	2.3%	13,742	1.8%	9,468	1.2%	4,894	0.6%	0	0.0%	0	0.0%
GUARANTEE FEE	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
PRE-TAX INCOME	$171,841	23.3%	$197,823	26.1%	$208,813	26.7%	$218,584	27.1%	$228,737	27.6%	$240,725	28.1%	$247,847	28.1%

SELLING,GENERAL & ADMINISTRATIVE (PF 08)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS EXCEPT ASSUMPTIONS)

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5		YEAR 6		YEAR 7	
P , O , M & E														
Payroll	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%
Taxes & Benefits	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Utilities / Engergy	8,500	100.0%	8,755	100.0%	9,018	100.0%	9,288	100.0%	9,567	100.0%	9,854	100.0%	10,149	100.0%
Repairs and Maintenance	0	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
Other		0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	$8,500	100.0%	$8,755	100.0%	$9,018	100.0%	$9,288	100.0%	$9,567	100.0%	$9,854	100.0%	$10,149	100.0%
MARKETING														
Payroll	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%
Taxes & Benefits	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Advertising	13,267	100.0%	13,666	100.0%	14,077	100.0%	14,503	100.0%	14,942	100.0%	15,393	100.0%	15,861	100.0%
General Marketing	0	0.0%	0	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	$13,267	100.0%	$13,666	100.0%	$14,077	100.0%	$14,503	100.0%	$14,942	100.0%	$15,393	100.0%	$15,861	100.0%
ADMINISTRATION & GENERAL														
Payroll														
Administrative	$22,662	64.8%	$23,342	65.5%	$24,042	66.1%	$24,763	66.8%	$25,506	67.4%	$26,271	68.1%	$27,060	68.7%
Security/Surveillance	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Taxes & Benefits	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Legal	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Loss and Damage	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Cost of Regulation Allowance	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Other	12,309	35.2%	12,309	34.5%	12,309	33.9%	12,309	33.2%	12,309	32.6%	12,309	31.9%	12,309	31.3%
	$34,971	100.0%	$35,651	100.0%	$36,351	100.0%	$37,072	100.0%	$37,815	100.0%	$38,580	100.0%	$39,369	100.0%
CAPITAL														
INSURANCE	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%
PROP. TAXES (REAL/PERSONAL ETC..	24,109	100.0%	25,315	100.0%	26,581	100.0%	27,910	100.0%	29,305	100.0%	30,770	100.0%	32,309	100.0%
Other		0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	$24,109	100.0%	$25,315	100.0%	$26,581	100.0%	$27,910	100.0%	$29,305	100.0%	$30,770	100.0%	$32,309	100.0%
GRAND TOTAL - A & G	$80,847		$83,387		$86,026		$88,773		$91,629		$94,598		$97,688	
ASSUMPTIONS:														
Total Square Feet (excl. parking)	2,007,097		2,007,097		2,007,097		2,007,097		2,007,097		2,007,097		2,007,097	
Number of Rooms	1,105		1,105		1,105		1,105		1,105		1,105		1,105	
Expense Escalation			0%		0%		0%		0%		0%		0%	
Payroll Escalataion (% of Payroll Expense)			0%		0%		0%		0%		0%		0%	
Payroll Tax/Benefit Burden (% of Payroll)	0%		0%		0%		0%		0%		0%		0%	
ENERGY/UTILITY COSTS:														
Cost Per Sq. Ft. ($/sf)	$0.00		$0.00		$0.00		$0.00		$0.00		$0.00		$0.00	
Cost Per Room ($/room/yr)	$0		$0		$0		$0		$0		$0		$0	
SELLING EXPENSES														
Advertising as a % of Total Net Rev. (%)	1.80%		1.80%		1.80%		1.80%		1.80%		1.80%		1.80%	
Marketing as a % of Total Net Rev. (%)	0.00%		0.00%		1.00%		1.00%		1.00%		1.00%		1.00%	
INSURANCE														
Property Insurance	0.00%													
Liability Insurance	0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%	
PROPERTY TAXES (R.E. & PERS.)														
State Equalized Value (SEV)	731,250,000		975,000,000		975,000,000		975,000,000		975,000,000		975,000,000		975,000,000	
Millage Rate	0.000		0.000		0.000		0.000		0.000		0.000		0.000	

MANAGEMENT AND GUARANTEE FEE CALCULATION (PF 09)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
NET REVENUE	**$737,034**	**$759,244**	**$782,075**	**$805,712**	**$830,102**	**$855,159**	**$881,153**
EBITDA BEFORE PRE-OPENING AND MANAGEMENT FEES	**$256,114**	**$264,250**	**$272,560**	**$281,165**	**$290,039**	**$299,108**	**$308,496**
MANAGEMENT FEE							
Base Fee	$14,741	$15,185	$15,642	$16,114	$16,602	$17,103	$17,623
Incentive fee	$0	$0	$0	$0	$0	$0	$0
MANAGEMENT FEE	$14,741	$15,185	$15,642	$16,114	$16,602	$17,103	$17,623
GUARANTEE FEE							
Outstanding Debt - Beginning Balance	$306,724	$253,388	$196,318	$135,253	$69,914	$1	$1
Principal Repayment	53,336	57,070	61,065	65,339	69,913	0	0
Outstanding Debt - Ending Balance	$253,388	$196,318	$135,253	$69,914	$1	$1	$1
Outstanding Debt - Average Balance	280,056	224,853	165,786	102,584	34,958	1	1
GUARANTEE FEE	$0	$0	$0	$0	$0	$0	$0
ASSUMPTIONS:							
Base Fee expressed as a % of Net Revenue (%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Incentive Fee expressed as a % of EBITDA before Pre-Opening and Man. Fees. (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Guarantee Fee expressed as a % of Average Balance of Outstanding Debt	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

DEPRECIATION / AMORTIZATION SCHEDULE (PF 10)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS EXCEPT ASSUMPTIONS)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
BUILDING	$11,050	$11,050	$11,050	$11,050	$11,050	$11,050	$11,050
FURNITURE, FIXTURES AND EQUIPMENT	21,908	21,908	21,908	21,908	21,908	21,908	21,908
YEAR 1 ADDITIONS	103	205	205	205	205	205	205
YEAR 2 ADDITIONS		342	685	685	685	685	685
YEAR 3 ADDITIONS			514	1,027	1,027	1,027	1,027
YEAR 4 ADDITIONS				2,123	4,246	4,246	4,246
YEAR 5 ADDITIONS					685	1,370	1,370
YEAR 6 ADDITIONS						788	1,575
YEAR 7 ADDITIONS							959
	$33,061	$33,505	$34,362	$36,998	$39,806	$41,279	$43,025
PRE-OPENING COSTS	15,000	0	0	0	0	0	0
ANNUAL DEPRECIATION / AMORTIZATION	$48,061	$33,505	$34,362	$36,998	$39,806	$41,279	$43,025

PURCHASE OF PROPERTY AND EQUIPMENT NOTES:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Purchases of Property and Equipment (Cap. Expense):	$1,500	$5,000	$7,500	$31,000	$10,000	$11,500	$14,000

Additions were assumed to have been made ratably during the year.

Property and equipment additions are divided:	Buildings	5%
	FF&E	95%

DEPRECIATION NOTES:

Straight line depreciation was assumed for all assets.

The following depreciation/amoritization lives (in years) were assumed:

		Econ. Life	Budget
(1)	Buildings (soft and hard costs)	40	$442,009
(2)	Furniture, Fixtures & Equipment	7	$153,353
(3)	Expensed	1	15,000
(4)	Land/Cash	0	113,695
			$724,058

(1)(2)(3)(4) See Project Cost / Capital Structure for details of this summary budget.

CAPITAL STRUCTURE (PF 11)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS)

PROJECT COST		
ESTIMATED CAPITAL COSTS:		
LAND	113,695	(4)
CONSTRUCTION:		
PRE-CONSTRUCTION	$990	(1)
GENERAL CONSTRUCTION	367,572	(1)
TENANT IMPROVEMENTS	3,175	(1)
ARCHITECTS/DESIGNERS/CONSULTANTS	18,062	(1)
TESTING AND INSPECTIONS	2,389	(1)
PERMITS & FEES	8,401	(1)
	$400,588	
FURNITURE, FIXTURES & EQUIPMENT		
FF & E / SIGNAGE	$58,421	(2)
OPERATING SUPPLIES & EQUIPMENT	$17,870	(2)
GAMING EQUIPMENT	77,062	(2)
	$153,353	
OTHER		
PRE-OPENING EXPENSES	15,000	(3)
PROJECT ADMINISTRATION	$5,514	(1)
LEGAL AND ACCOUNTING	2,757	(1)
INSURANCE AND BONDING	970	(1)
COMMISSIONS/ROYALTIES	0	(1)
INTEREST (Capitalized and Cash)	40,714	(1)
LOAN FEES & CLOSING COSTS	0	(1)
DEPOSITS (Refundable)	0	(1)
REBATES	-55000000	(1)
PROPERTY TAX	16,629	(1)
LICENSES & BID COSTS	0	(1)
START-UP CASH / BANK ROLL	0	(4)
CONTINGENCY/ESCALATION	29,839	(1)
	$56,421	
INITIAL PROJECT COST	**$724,058**	

CAPITAL STRUCTURE	
PROJECT COST	$724,058
(5) INTEREST (Capitalized and Cash)	40,714
CASH REQ.(BEFORE INTEREST)	$683,344
(6) TOTAL EQUITY (Cash & Land)	390,407
PROJECT DEBT	294,926
CASH REQ.(BEFORE INTEREST)	$685,333
PROJECT DEBT	$294,926
CASH INTEREST	11,798
TOTAL DEBT	$306,724

DEBT FINANCING

AMOUNT	INTEREST RATE	TERM (YRS)
$306,724	7.00%	5

YEAR	INTEREST	PRINCIPAL	TOTAL
1	$21,471	$53,336	$74,807
2	17,737	57,070	74,807
3	13,742	61,065	74,807
4	9,468	65,339	74,807
5	4,894	69,913	74,807
6	0	0	0
7	0	0	0
8	0	0	0
9	0	0	0
10	0	0	0
	$67,312	**$306,723**	**$374,035**

(1)(2)(3)(4) Indicates common budget categories for depreciation/amortization calculations.
See Depreciation / Amortization Schedule for summary of costs by budget category.
(5) Calculated with one opening date - not caculated to reflect the "phased" opening of individual areas
(6) Assumes all land costs are debt free before start of project.

CASINO CONSOLIDATED INCOME STATEMENT (PF 12)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS)

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5		YEAR 6		YEAR 7	
CASINO REVENUE:														
Tables	$156,585	24.0%	$161,283	24.1%	$166,121	24.2%	$171,105	24.2%	$176,238	24.3%	$181,525	24.4%	$186,971	24.5%
Slots	496,400	76.0%	508,810	75.9%	521,530	75.8%	534,569	75.8%	547,933	75.7%	561,631	75.6%	575,672	75.5%
Race & Sports	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Keno	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Poker	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Bingo	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
NET REVENUE	$652,985	100.0%	$670,093	100.0%	$687,651	100.0%	$705,674	100.0%	$724,171	100.0%	$743,156	100.0%	$762,643	100.0%
EXPENSES:														
Payroll	$59,002	9.0%	$60,477	9.0%	$61,989	9.0%	$63,539	9.0%	$65,128	9.0%	$66,756	9.0%	$68,425	9.0%
Casino Support / Surveillance	$53,225	8.2%	$54,555	8.1%	$55,919	8.1%	$57,317	8.1%	$58,750	8.1%	$60,219	8.1%	$61,724	8.1%
Provisions for Bad Debts	3,915	0.6%	4,032	0.6%	4,153	0.6%	4,278	0.6%	4,406	0.6%	4,538	0.6%	4,674	0.6%
Gaming Taxes	137,603	21.1%	141,205	21.1%	144,901	21.1%	148,696	21.1%	152,590	21.1%	156,587	21.1%	160,689	21.1%
Slot Club	22,338	3.4%	22,896	3.4%	23,469	3.4%	24,056	3.4%	24,657	3.4%	25,273	3.4%	25,905	3.4%
Other Promotional	2,961	0.5%	3,042	0.5%	3,127	0.5%	3,212	0.5%	3,301	0.5%	3,391	0.5%	3,485	0.5%
Other Expenses	5,301	0.8%	5,448	0.8%	5,599	0.8%	5,754	0.8%	5,913	0.8%	6,077	0.8%	6,245	0.8%
EXPENSES	$284,345	43.5%	$291,655	43.5%	$299,157	43.5%	$306,852	43.5%	$314,745	43.5%	$322,841	43.4%	$331,147	43.4%
COMPLIMENTARIES														
Comp Rooms	$16,517	2.5%	$17,562	2.6%	$18,648	2.7%	$19,778	2.8%	$20,953	2.9%	$22,174	3.0%	$23,443	3.1%
Comp Food	$29,258	4.5%	$31,084	4.6%	$33,038	4.8%	$35,130	5.0%	$37,269	5.1%	$39,555	5.3%	$42,049	5.5%
Comp Beverage	$15,873	2.4%	$16,774	2.5%	$17,723	2.6%	$18,724	2.7%	$19,791	2.7%	$20,886	2.8%	$22,067	2.9%
Comp Entertainment	$636	0.1%	$652	0.1%	$669	0.1%	$685	0.1%	$703	0.1%	$720	0.1%	$738	0.1%
COMPLIMENTARIES	$62,284	9.5%	$66,072	9.9%	$70,078	10.2%	$74,317	10.5%	$78,716	10.9%	$83,335	11.2%	$88,297	11.6%
TOTAL EXPENSES	346,629	53.1%	357,727	53.4%	369,235	53.7%	381,169	54.0%	393,461	54.3%	406,176	54.7%	419,444	55.0%
DEPARTMENTAL PROFIT	$306,356	46.9%	$312,366	46.6%	$318,416	46.3%	$324,505	46.0%	$330,710	45.7%	$336,980	45.3%	$343,199	45.0%

F & B CONSOLIDATED INCOME STATEMENT (PF 13)

UNLV CASINO MODEL SCENARIO #7

(INCLUDES CONVENTIONS/BANQUETS)

IN THOUSANDS

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5		YEAR 6		YEAR 7	
FOOD AND BEVERAGE REVENUE:														
Food	$49,088	67.9%	$52,154	68.0%	$55,439	68.1%	$58,954	68.3%	$62,550	68.3%	$66,394	68.5%	$70,587	68.6%
Beverage	22,814	31.5%	24,111	31.4%	25,478	31.3%	26,920	31.2%	28,458	31.1%	30,036	31.0%	31,738	30.8%
Other	430	0.6%	452	0.6%	475	0.6%	499	0.6%	524	0.6%	550	0.6%	578	0.6%
NET REVENUE	$72,332	100.0%	$76,717	100.0%	$81,392	100.0%	$86,373	100.0%	$91,532	99.4%	$96,980	99.4%	$102,903	99.4%
COST OF SALES:														
Food	$17,672	36.0%	$18,775	36.0%	$19,958	36.0%	$21,223	36.0%	$22,518	36.0%	$23,902	36.0%	$25,412	36.0%
Beverage	6,114	26.8%	6,462	26.8%	6,828	26.8%	7,214	26.8%	7,627	26.8%	8,049	26.8%	8,505	26.8%
TOTAL COST OF SALES	$23,786	32.9%	$25,237	32.9%	$26,786	32.9%	$28,437	32.9%	$30,145	32.9%	$31,951	32.9%	$33,917	33.0%
GROSS PROFIT	$48,546	67.1%	$51,480	67.1%	$54,606	67.1%	$57,936	67.1%	$61,387	67.1%	$65,029	67.1%	$68,986	67.0%
EXPENSES:														
Payroll	$38,163	52.8%	$39,121	51.0%	$40,103	49.3%	$41,109	47.6%	$42,142	46.0%	$43,200	44.5%	$44,285	43.0%
Taxes & Benefits	128	0.2%	133	0.2%	139	0.2%	144	0.2%	150	0.2%	156	0.2%	162	0.2%
Credit Card Fees	437	0.6%	464	0.6%	494	0.6%	524	0.6%	556	0.6%	590	0.6%	627	0.6%
Other	5,731	7.9%	5,879	7.7%	6,030	7.4%	6,186	7.2%	6,345	6.9%	6,510	6.7%	6,679	6.5%
TOTAL EXPENSES	$44,459	61.5%	$45,597	59.4%	$46,766	57.5%	$47,963	55.5%	$49,193	53.7%	$50,456	52.0%	$51,753	50.3%
DEPARTMENTAL PROFIT	$4,087	5.7%	$5,883	7.7%	$7,840	9.6%	$9,973	11.5%	$12,194	13.3%	$14,573	15.0%	$17,233	16.7%

OTHER DEPARTMENTS CONSOLIDATED INCOME (PF 14)

(INCLUDES CONVENTIONS/BANQUETS)
IN THOUSANDS

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5		YEAR 6		YEAR 7	
FOOD AND BEVERAGE REVENUE:														
Gift / Merchandise	$23,378	76.3%	$24,748	76.3%	$26,115	76.3%	$27,593	76.2%	$29,190	76.2%	$30,786	76.2%	$32,509	76.1%
Telephone	1,369	4.5%	1,459	4.5%	1,543	4.5%	1,641	4.5%	1,743	4.5%	1,838	4.5%	1,947	4.6%
Beauty Salon & Health Spa	1,916	6.3%	2,043	6.3%	2,161	6.3%	2,297	6.3%	2,440	6.4%	2,573	6.4%	2,726	6.4%
Misc. Other	3,969	13.0%	4,195	12.9%	4,430	12.9%	4,680	12.9%	4,944	12.9%	5,219	12.9%	5,512	12.9%
NET REVENUE	$30,632	100.0%	$32,445	100.0%	$34,249	100.0%	$36,211	100.0%	$38,317	100.0%	$40,416	100.0%	$42,694	100.0%
COST OF SALES:														
Gift / Merchandise	$10,520	34.3%	$11,137	34.3%	$11,752	34.3%	$12,417	34.3%	$13,136	34.3%	$13,854	34.3%	$14,629	34.3%
Telephone	479	1.6%	491	1.5%	503	1.5%	516	1.4%	529	1.4%	542	1.3%	556	1.3%
Beauty Salon & Health Spa	671	2.2%	687	2.1%	705	2.1%	722	2.0%	740	1.9%	759	1.9%	778	1.8%
Misc. Other	1,389	4.5%	1,424	4.4%	1,459	4.3%	1,496	4.1%	1,533	4.0%	1,572	3.9%	1,611	3.8%
TOTAL COST OF SALES	$13,059	42.6%	$13,739	42.3%	$14,419	42.1%	$15,151	41.8%	$15,939	41.6%	$16,726	41.4%	$17,574	41.2%
GROSS PROFIT	$17,573	57.4%	$18,706	57.7%	$19,830	57.9%	$21,060	58.2%	$22,378	58.4%	$23,690	58.6%	$25,120	58.8%
EXPENSES:														
Payroll	$6,384	20.8%	$6,576	20.3%	$6,775	19.8%	$6,980	19.3%	$7,191	18.8%	$7,409	18.3%	$7,634	17.9%
Taxes & Benefits	2,873	9.4%	2,959	9.1%	3,048	8.9%	3,141	8.7%	3,236	8.4%	3,334	8.2%	3,435	8.0%
Credit Card Fees	613	2.0%	649	2.0%	685	2.0%	724	2.0%	767	2.0%	809	2.0%	854	2.0%
Other	3,309	10.8%	3,398	10.5%	3,489	10.2%	3,582	9.9%	3,678	9.6%	3,776	9.3%	3,877	9.1%
TOTAL EXPENSES	$13,179	43.0%	$13,582	41.9%	$13,997	40.9%	$14,427	39.8%	$14,872	38.8%	$15,328	37.9%	$15,800	37.0%
DEPARTMENTAL PROFIT	$4,394	14.3%	$5,124	15.8%	$5,833	17.0%	$6,633	18.3%	$7,506	19.6%	$8,362	20.7%	$9,320	21.8%

SLOT DEPARTMENT P & L STATEMENT (PF 15)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS EXCEPT ASSUMPTIONS)

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5		YEAR 6		YEAR 7	
SLOT REVENUE	$496,400	100.0%	$508,810	100.0%	$521,530	100.0%	$534,569	100.0%	$547,933	100.0%	$561,631	100.0%	$575,672	100.0%
EXPENSES:														
Payroll	$19,856	4.0%	$20,352	4.0%	$20,861	4.0%	$21,383	4.0%	$21,918	4.0%	$22,466	4.0%	$23,028	4.0%
Casino Support / Surveillance	40,462	8.2%	41,473	8.2%	42,510	8.2%	43,573	8.2%	44,662	8.2%	45,779	8.2%	46,923	8.2%
Gaming Taxes	105,237	21.2%	107,868	21.2%	110,564	21.2%	113,329	21.2%	116,162	21.2%	119,066	21.2%	122,042	21.2%
Other Promotional	1,489	0.3%	1,526	0.3%	1,565	0.3%	1,604	0.3%	1,644	0.3%	1,685	0.3%	1,727	0.3%
Slot Club	22,338	4.5%	22,896	4.5%	23,469	4.5%	24,056	4.5%	24,657	4.5%	25,273	4.5%	25,905	4.5%
Other	2,482	0.5%	2,544	0.5%	2,608	0.5%	2,673	0.5%	2,740	0.5%	2,809	0.5%	2,879	0.5%
EXPENSES	$191,864	38.7%	$196,659	38.7%	$201,577	38.7%	$206,618	38.7%	$211,783	38.7%	$217,078	38.7%	$222,504	38.7%
COMPLIMENTARIES														
Comp Rooms	$6,442	1.3%	$6,849	1.3%	$7,273	1.4%	$7,713	1.4%	$8,172	1.5%	$8,648	1.5%	$9,143	1.6%
Comp Food	11,411	2.3%	12,123	2.4%	12,885	2.5%	13,701	2.6%	14,535	2.7%	15,426	2.7%	16,399	2.8%
Comp Beverage	6,190	1.2%	6,542	1.3%	6,912	1.3%	7,302	1.4%	7,718	1.4%	8,146	1.5%	8,606	1.5%
Comp Entertainment	248	0.0%	254	0.0%	261	0.1%	267	0.0%	274	0.1%	281	0.1%	288	0.1%
COMPLIMENTARIES	$24,291	4.9%	$25,768	5.1%	$27,331	5.2%	$28,983	5.4%	$30,699	5.6%	$32,501	5.8%	$34,436	6.0%
TOTAL EXPENSES	$216,155	43.5%	$222,427	43.7%	$228,908	43.9%	$235,601	44.1%	$242,482	44.3%	$249,579	44.4%	$256,940	44.6%
DEPARTMENTAL PROFIT	$280,245	56.5%	$286,383	56.3%	$292,622	56.1%	$298,968	55.9%	$305,451	55.7%	$312,052	55.6%	$318,732	55.4%

ASSUMPTIONS :							
Number of Slot Machines (Ea.)	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Average Win/Slot/Day	$340	$349	$357	$366	$375	$385	$394
Revenue Escalation (% per year)		3%	3%	3%	3%	3%	3%
Payroll Expense (% of Slot Revenue)	4.00%						
Payroll Benefit (% of Slot Payroll)	0%	0%	0%	0%	0%	0%	0%
Payroll Escalation (% of Slot Payroll)		3%	3%	3%	3%	3%	3%
Gaming Tax Rate	21.20%	21.20%	21.20%	21.20%	21.20%	21.20%	21.20%
Other Promotional	0.30%	0%	0%	0%	0%	0%	0%
Slot Club (% of Slot Revenue)	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Other Expenses (% of Slot Revenue)	0.50%						
Other Expense Escalation (% Other Expenses)		3%	2.5%	2.5%	2.5%	2.5%	2.5%
Comps (% of Total Casino Comps)	39%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%

TABLE GAME DEPARTMENT P & L STATEMENT (PF 16)

UNLV CASINO MODEL SCENARIO #7
(IN THOUSANDS EXCEPT ASSUMPTIONS)

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5		YEAR 6		YEAR 7	
TABLE GAMES REVENUE	156,585	100.0%	161,283	100.0%	166,121	100.0%	171,105	100.0%	176,238	100.0%	181,525	100.0%	186,971	100.0%
EXPENSES:														
Payroll	39,146	25.0%	40,125	24.9%	41,128	24.8%	42,156	24.6%	43,210	24.5%	44,290	24.4%	45,397	24.3%
Casino Support / Surveillance	12,763	8.2%	13,082	8.1%	13,409	8.1%	13,745	8.0%	14,088	8.0%	14,440	8.0%	14,801	7.9%
Provisions for Bad Debts	3,915	2.5%	4,032	2.5%	4,153	2.5%	4,278	2.5%	4,406	2.5%	4,538	2.5%	4,674	2.5%
Gaming Taxes	32,366	20.7%	33,337	20.7%	34,337	20.7%	35,367	20.7%	36,428	20.7%	37,521	20.7%	38,647	20.7%
Other Promotional	1,472	0.9%	1,516	0.9%	1,562	0.9%	1,608	0.9%	1,657	0.9%	1,706	0.9%	1,758	0.9%
Other Expenses	2,819	1.8%	2,904	1.8%	2,991	1.8%	3,081	1.8%	3,173	1.8%	3,268	1.8%	3,366	1.8%
EXPENSES	$92,481	59.1%	$94,996	58.9%	$97,580	58.7%	$100,235	58.6%	$102,962	58.4%	$105,763	58.3%	$108,643	58.1%
COMPLIMENTARIES:														
Comp Rooms	10,075	6.4%	10,713	6.6%	11,375	6.8%	12,065	7.1%	12,781	7.3%	13,526	7.5%	14,300	7.6%
Comp Food	17,847	11.4%	18,961	11.8%	20,153	12.1%	21,429	12.5%	22,734	12.9%	24,129	13.3%	25,650	13.7%
Comp Beverage	9,683	6.2%	10,232	6.3%	10,811	6.5%	11,422	6.7%	12,073	6.9%	12,740	7.0%	13,461	7.2%
Comp Entertainment	388	0.2%	398	0.2%	408	0.2%	418	0.2%	429	0.2%	439	0.2%	450	0.2%
COMPLIMENTARIES	$37,993	24.3%	$40,304	25.0%	$42,747	25.7%	$45,334	26.5%	$48,017	27.2%	$50,834	28.0%	$53,861	28.8%
TOTAL EXPENSES	$130,474	83.3%	$135,300	83.9%	$140,327	84.5%	$145,569	85.1%	$150,979	85.7%	$156,597	86.3%	$162,504	86.9%
DEPARTMENTAL PROFIT	$26,111	16.7%	$25,983	16.1%	$25,794	15.5%	$25,536	14.9%	$25,259	14.3%	$24,928	13.7%	$24,467	13.1%

ASSUMPTIONS:							
Number of Tables	130	130	130	130	130	130	130
Average Win/Table/Day	$3,300	$3,399	$3,501	$3,606	$3,714	$3,826	$3,940
Revenue Escalation (% per year)		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Days of Operation	365						
Payroll Expense (% of Revenue)	25.00%						
Payroll Benefit (% of Payroll Expense)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Payroll Escalation (% per year)		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Bad Debts (% of Revenue)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Gaming Tax Rate	21.20%	21.20%	21.20%	21.20%	21.20%	21.20%	21.20%
Other Promotional	0.94%	0.94%	0.94%	0.94%	0.94%	0.94%	0.94%
Other Expenses (% of Revenue)	1.80%						
Other Expens Escalation (% of Other Expenses)		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Comps (% of Total Casino Comps)	61.00%	61.00%	61.00%	61.00%	61.00%	61.00%	61.00%

RACE & SPORTS DEPARTMENT P & L STATEMENT (PF 17)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS EXCEPT ASSUMPTIONS)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
RACE & SPORTS REVENUE	$0 100.0%	$0 100.0%	$0 100.0%	$0 100.0%	$0 100.0%	$0 100.0%	$0 100.0%
EXPENSES:							
Payroll	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
Taxes & Benefits	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Provisions for Bad Debts	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Gaming Taxes	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
0	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Other Expenses	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
EXPENSES	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
COMPLIMENTARIES:							
Comp Rooms	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
Comp Food	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Comp Beverage	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Comp Entertainment	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
COMPLIMENTARIES	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
TOTAL EXPENSES	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
DEPARTMENTAL PROFIT	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!

ASSUMPTIONS:							
Number of Seats (Ea.)	0	0	0	0	0	0	0
Win Per Seat Per Day ($)	$0	$0	$0	$0	$0	$0	$0
Revenue Escalation (% per year)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Days of Operation	0						
Payroll Expense (% Total Revenue)	0.00%						
Payroll Benefit (% of Payroll)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Payroll Escalation (% of Payroll)		0.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Bad Debts (% of Revenue)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gaming Tax Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Expenses (% of Revenue)	0.00%						
Other Expense Escalation (% Other Expenses)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Comps (% of Total Casino Comps)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

KENO DEPARTMENT P & L STATEMENT (PF 18)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS EXCEPT ASSUMPTIONS)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
KENO REVENUE	$0 100.0%	$0 100.0%	$0 100.0%	$0 100.0%	$0 100.0%	$0 100.0%	$0 100.0%
EXPENSES:							
Payroll	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
Taxes & Benefits	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Provisions for Bad Debts	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Gaming Taxes	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
0	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Other Expenses	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
EXPENSES	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
COMPLIMENTARIES:							
Comp Rooms	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
Comp Food	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Comp Beverage	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Comp Entertainment	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
COMPLIMENTARIES	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
TOTAL EXPENSES	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
DEPARTMENTAL PROFIT	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!

ASSUMPTIONS:							
Number of Seats (Ea.)	0	0	0	0	0	0	0
Win Per Seat Per Day ($)	$0	$0	$0	$0	$0	$0	$0
Revenue Escalation		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Days of Operation	0						
Payroll Expense (% Total Revenue)	0.00%						
Payroll Benefit (% of Payroll)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Payroll Escalation (% of Payroll)		0.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Bad Debts (% of Revenue)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gaming Tax Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Expenses (% of Table Game Reven	0.00%						
Other Expense Escalation (% Other Expenses)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Comps (% of Total Casino Comps)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

POKER DEPARTMENT P & L STATEMENT (PF 19)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS EXCEPT ASSUMPTIONS)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
POKER REVENUE	$0 100.0%	$0 100.0%	$0 100.0%	$0 100.0%	$0 100.0%	$0 100.0%	$0 100.0%
EXPENSES:							
Payroll	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
Taxes & Benefits	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Provisions for Bad Debts	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Gaming Taxes	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
0	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Other Expenses	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
EXPENSES	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
COMPLIMENTARIES:							
Comp Rooms	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
Comp Food	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Comp Beverage	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Comp Entertainment	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
COMPLIMENTARIES	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
TOTAL EXPENSES	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
DEPARTMENTAL PROFIT	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!

ASSUMPTIONS:							
Number of Tables	0	0	0	0	0	0	0
Average Win/Table/Day	$0	$0	$0	$0	$0	$0	$0
Revenue Escalation (% per year)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Days of Operation	0						
Payroll Expense (% of Revenue)	0.00%						
Payroll Benefit (% of Payroll Expense)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Payroll Escalation (% per year)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Bad Debts (% of Revenue)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gaming Tax Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Expenses (% of Revenue)	0.00%						
Other Expens Escalation (% of Other Expenses)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Comps (% of Total Casino Comps)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

BINGO DEPARTMENT P & L STATEMENT (PF 20)

DEPARTMENTAL PROFIT / LOSS STATEMENT
UNLV CASINO MODEL SCENARIO #7
(IN THOUSANDS EXCEPT ASSUMPTIONS)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
BINGO REVENUE	$0 100.0%	$0 100.0%	$0 100.0%	$0 100.0%	$0 100.0%	$0 100.0%	$0 100.0%
EXPENSES:							
Payroll	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
Taxes & Benefits	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Provisions for Bad Debts	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Gaming Taxes	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
0	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Other Expenses	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
EXPENSES	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
COMPLIMENTARIES:							
Comp Rooms	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
Comp Food	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Comp Beverage	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
Comp Entertainment	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!	0 #DIV/0!
COMPLIMENTARIES	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
TOTAL EXPENSES	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!
DEPARTMENTAL PROFIT	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!	$0 #DIV/0!

ASSUMPTIONS:							
Number of Seats (Ea.)	0	0	0	0	0	0	0
Win Per Seat Per Day ($)	$0	$0	$0	$0	$0	$0	$0
Revenue Escalation		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Days of Operation	0						
Payroll Expense (% Total Revenue)	0.00%						
Payroll Benefit (% of Payroll)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Payroll Escalation (% of Payroll)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Bad Debts (% of Revenue)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gaming Tax Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Expenses (% of Table Game Reven	0.00%						
Other Expense Escalation (% Other Expenses)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Comps (% of Total Casino Comps)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

FOOD DEPARTMENT P & L STATEMENT (PF 21)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS EXCEPT ASSUMPTIONS)

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5		YEAR 6		YEAR 7	
REVENUE:														
Cash	$19,506	40.0%	$20,722	40.0%	$22,026	40.0%	$23,420	40.0%	$24,846	40.0%	$26,370	40.0%	$28,033	40.0%
Complimentary	29,258	60.0%	31,084	60.0%	33,038	60.0%	35,130	60.0%	37,269	60.0%	39,555	60.0%	42,049	60.0%
NET REVENUE	$48,764	100.0%	$51,806	100.0%	$55,064	100.0%	$58,550	100.0%	$62,115	100.0%	$65,925	100.0%	$70,082	100.0%
FOOD COST	17,555	36.0%	18,650	36.0%	19,823	36.0%	21,078	36.0%	22,361	36.0%	23,733	36.0%	25,230	36.0%
GROSS PROFIT	$31,209	64.0%	$33,156	64.0%	$35,241	64.0%	$37,472	64.0%	$39,754	64.0%	$42,192	64.0%	$44,852	64.0%
EXPENSES:														
Payroll	$29,941	61.4%	$30,690	59.2%	$31,457	57.1%	$32,243	55.1%	$33,049	53.2%	$33,875	51.4%	$34,722	49.5%
Taxes & Benefits	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Credit Card Fees	390	0.8%	414	0.8%	441	0.8%	468	0.8%	497	0.8%	527	0.8%	561	0.8%
Other	4,876	10.0%	4,998	9.6%	5,123	9.3%	5,251	9.0%	5,382	8.7%	5,517	8.4%	5,655	8.1%
TOTAL EXPENSES	$35,207	72.2%	$36,102	69.7%	$37,021	67.2%	$37,962	64.8%	$38,928	62.7%	$39,919	60.6%	$40,938	58.4%
DEPARTMENTAL PROFIT	($3,998)	-8.2%	($2,946)	-5.7%	($1,780)	-3.2%	($490)	-0.8%	$826	1.3%	$2,273	3.4%	$3,914	5.6%
ASSUMPTIONS:														
Total Daily Food Covers (Ea.)	6,680		6,890		7,110		7,340		7,560		7,790		8,040	
Days of Operation Per Year (Ea.)	365		365		365		365		365		365		365	
Average Receipt Per Cover ($/cover)	$20.00		$20.60		$21.22		$21.85		$22.51		$23.19		$23.88	
Cash Sales (As % Revenue)	40%		40%		40%		40%		40%		40%		40%	
Complimentary (As % of Revenue)	60%		60%		60%		60%		60%		60%		60%	
Revnue Escalation (% per year)			3%		3%		3%		3%		3%		3%	
Payroll Expense (% of Revenue)	61%													
Payroll Benefit (% of Payroll Expense)	0%		0%		0%		0%		0%		0%		0%	
Payroll Escalation (% per year)			3%		3%		3%		3%		3%		3%	
Food Cost	36%		36%		36%		36%		36%		36%		36%	
Credit Card Sales (% of Cash Sales)	80%		80%		80%		80%		80%		80%		80%	
Credit Card Processing Fee (% of Cash Sales)	2.5%		3%		3%		3%		3%		3%		3%	
Other Expense (% of Revenue)	10.0%													
Other Expense Escalation (% of Other Expenses)			3%		3%		3%		3%		3%		3%	
COVER DETERMINATION:														
Number of Occupied Rooms (Ea./Day)														
Standard	630		653		675		698		720		743		765	
Suites	123		128		133		138		144		149		154	
Avg. Number of People Per Room Per Day (Ea.)														
Standard	1.8		1.8		1.8		1.8		1.8		1.8		1.8	
Suites	3		3		3		3		3		3		3	
Average Number of Meals/Guest/Day (Ea.)	1.5		1.5		1.5		1.5		1.5		1.5		1.5	
Room Driven Covers Per Day (Ea.)	2,255		2,338		2,422		2,506		2,590		2,674		2,757	
Estimated Daily Walk-In Visits (Ea.)	13,000		13,390		13,792		14,205		14,632		15,071		15,523	
Walk-In Escalation (% Daily Walk-In)			3%		3%		3%		3%		3%		3%	
Estimated Walk-In Capture Percentage	34%		34%		34%		34%		34%		34%		34%	
Estimated Walk-In Covers Per Day (Ea.)	4,420		4,550		4,690		4,830		4,970		5,120		5,280	
Total Daily Food Covers (Ea.)	6,680		6,890		7,110		7,340		7,560		7,790		8,040	

BEVERAGE DEPARTMENT P & L STATEMENT (PF 22)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS EXCEPT ASSUMPTIONS)

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5		YEAR 6		YEAR 7	
REVENUE:														
Cash	$6,803	30.0%	$7,189	30.0%	$7,596	30.0%	$8,024	30.0%	$8,482	30.0%	$8,951	30.0%	$9,457	30.0%
Complimentary	15,873	70.0%	16,774	70.0%	17,723	70.0%	18,724	70.0%	19,791	70.0%	20,886	70.0%	22,067	70.0%
NET REVENUE	$22,676	100.0%	$23,963	100.0%	$25,319	100.0%	$26,748	100.0%	$28,273	100.0%	$29,837	100.0%	$31,524	100.0%
BEVERAGE COST	6,077	26.8%	6,422	26.8%	6,785	26.8%	7,168	26.8%	7,577	26.8%	7,996	26.8%	8,448	26.8%
GROSS PROFIT	$16,599	73.2%	$17,541	73.2%	$18,534	73.2%	$19,580	73.2%	$20,696	73.2%	$21,841	73.2%	$23,076	73.2%
EXPENSES:														
Payroll	$7,937	35.0%	$8,135	33.9%	$8,338	32.9%	$8,546	32.0%	$8,760	31.0%	$8,979	30.1%	$9,203	29.2%
Taxes & Benefits	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Credit Card Fees	34	0.1%	36	0.2%	38	0.2%	40	0.1%	42	0.1%	45	0.2%	47	0.1%
Other	748	3.3%	767	3.2%	786	3.1%	806	3.0%	826	2.9%	847	2.8%	868	2.8%
TOTAL EXPENSES	$8,719	38.5%	$8,938	37.3%	$9,162	36.2%	$9,392	35.1%	$9,628	34.1%	$9,871	33.1%	$10,118	32.1%
DEPARTMENTAL PROFIT	$7,880	34.8%	$8,603	35.9%	$9,372	37.0%	$10,188	38.1%	$11,068	39.1%	$11,970	40.1%	$12,958	41.1%
ASSUMPTIONS:														
Total Daily Drinks (Ea.)	24,850		25,620		26,410		27,220		28,070		28,900		29,790	
Days of Operation Per Year	365		365		365		365		365		365		365	
Average Receipt Per Drink ($/Drink)	$2.50		$2.56		$2.63		$2.69		$2.76		$2.83		$2.90	
Cash Sales (As % Revenue)	30.00%		30.00%		30.00%		30.00%		30.00%		30.00%		30.00%	
Complimentary (As % of Revenue)	70.00%		70.00%		70.00%		70.00%		70.00%		70.00%		70.00%	
Revenue Escalation (% per year)			3%		3%		3%		3%		3%		3%	
Payroll Expense (% of Revenue)	35.00%													
Payroll Tax/Benefit Burden (% of Rev.)	0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%	
Payroll Escalataion (% of Payroll Expense)			2.50%		3%		3%		3%		3%		3%	
Drink Cost (% of Revenue)	26.80%		26.80%		26.80%		26.80%		26.80%		26.80%		26.80%	
Credit Card Sales (% of Cash Sales)	20.00%		20.00%		20.00%		20.00%		20.00%		20.00%		20.00%	
Credit Card Processing Fee (% of Cash Sales)	2.50%		2.50%		2.50%		2.50%		2.50%		2.50%		2.50%	
Other Expense (% of Revenue)	3.30%													
Other Expense Escalation (% of Other Expenses)			2.50%		3%		3%		3%		3%		3%	
DRINK DETERMINATION:														
Number of Occupied Rooms (Ea./Day)														
Standard	630		653		675		698		720		743		765	
Suites	123		128		133		138		144		149		154	
Avg. Number of People Per Room Per Day (Ea.)														
Standard	1.8		1.8		1.8		1.8		1.8		1.8		1.8	
Suites	3		3		3		3		3		3		3	
Number of Hotel Guests Daily (Ea./Day)	1,500		1,560		1,610		1,670		1,730		1,780		1,840	
Estimated Daily Walk-In Visits (Ea.)	13,000		13,390		13,792		14,205		14,632		15,071		15,523	
Avg. Number of Potential Players (Ea.)	14,500		14,950		15,402		15,875		16,362		16,851		17,363	
Estimated Player Capture Percentage	81%		81%		81%		81%		81%		81%		81%	
Average Number of Drinks/Player/Day (Ea.)	2		2		2		2		2		2		2	
Total Drinks Per Players (Ea.)	23,490		24,220		24,950		25,720		26,510		27,300		28,130	
Total Daily Room Driven Food Covers (Ea.)	2,255		2,338		2,422		2,506		2,590		2,674		2,757	
Estimated Capture % with Food Covers	30%		30%		30%		30%		30%		30%		30%	
Avg. Number of Drinks w/Food Covers	2		2		2		2		2		2		2	
Total Drinks w/Room Covers	1,360		1,400		1,460		1,500		1,560		1,600		1,660	
Total Daily Drink (Ea.)	24,850		25,620		26,410		27,220		28,070		28,900		29,790	

CONVENTION & BANQUET P & L STATEMENT (PF 23)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS EXCEPT ASSUMPTIONS)

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5		YEAR 6		YEAR 7	
REVENUE:														
Food	$324	36.3%	$348	36.7%	$375	37.2%	$404	37.6%	$435	38.0%	$469	38.5%	$505	38.9%
Beverage	138	15.5%	148	15.6%	159	15.8%	172	16.0%	185	16.2%	199	16.3%	214	16.5%
Other	430	48.2%	452	47.7%	475	47.1%	499	46.4%	524	45.8%	550	45.2%	578	44.6%
REVENUE	$892	100.0%	$948	100.0%	$1,009	100.0%	$1,075	100.0%	$1,144	100.0%	$1,218	100.0%	$1,297	100.0%
COST OF SALES														
Food	$117	36.1%	$125	35.9%	$135	36.0%	$145	35.9%	$157	36.1%	$169	36.0%	$182	36.0%
Beverage	37	26.8%	40	27.0%	43	27.0%	46	26.7%	50	27.0%	53	26.6%	57	26.6%
TOTAL COST OF SALES	$154	17.3%	$165	17.4%	$178	17.6%	$191	17.8%	$207	18.1%	$222	18.2%	$239	18.4%
GROSS PROFIT	$738	82.7%	$783	82.6%	$831	82.4%	$884	82.2%	$937	81.9%	$996	81.8%	$1,058	81.6%
EXPENSES:														
Payroll	$285	32.0%	$296	31.2%	$308	30.5%	$320	29.8%	$333	29.1%	$346	28.4%	$360	27.8%
Taxes & Benefits	128	14.3%	133	14.0%	139	13.8%	144	13.4%	150	13.1%	156	12.8%	162	12.5%
Credit Card Fees	13	1.5%	14	1.5%	15	1.5%	16	1.5%	17	1.5%	18	1.5%	19	1.5%
Other	107	12.0%	114	12.0%	121	12.0%	129	12.0%	137	12.0%	146	12.0%	156	12.0%
TOTAL EXPENSES	$533	59.8%	$557	58.7%	$583	57.8%	$609	56.7%	$637	55.7%	$666	54.7%	$697	53.7%
DEPARTMENTAL PROFIT	$205	23.0%	$226	23.9%	$248	24.6%	$275	25.6%	$300	26.2%	$330	27.1%	$361	27.9%

ASSUMPTIONS:							
Total Covers Per Year	16,179	16,915	17,685	18,489	19,330	20,210	21,129
Average Receipt Per Cover ($/Cover)							
Food	$20.00	$20.60	$21.22	$21.85	$22.51	$23.19	$23.88
Beverage	$8.50	$8.76	$9.02	$9.29	$9.57	$9.85	$10.15
Other Revenue/Convention Day	$2,000	$2,060	$2,122	$2,185	$2,251	$2,319	$2,388
Revenue Escalation (% per year)		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Payroll Expense (% of Revenue)	32.0%						
Payroll Tax/Benefit Burden (% of Rev.)	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%
Payroll Escalataion (% of Payroll Expense)		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Food Cost	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%
Beverage Cost	26.8%	26.8%	26.8%	26.8%	26.8%	26.8%	26.8%
Credit Card Sales (%of Revenue)	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Credit Card Processing Fee (% of Cash Sales)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other Expense (% of Revenue)	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Other Expense Escalation (% of Other Expenses)		3.00%	3.0%	3.0%	3.0%	3.0%	3.0%
COVER DETERMINATION:							
Convention Cover Capacity (Max. Covers/Day)	215	215	215	215	215	215	215
Capacity Utilization % Per Convention Day	35.0%	35.9%	36.8%	37.7%	38.6%	39.6%	40.6%
Capacity Utilization Escalation		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Cover Count Per Convention/Banquet Day	75	77	79	81	83	85	87
Convention/Banquet Days Per Year	215	219	224	228	233	237	242
Day Escalation		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Total Covers Per Year	16,179	16,915	17,685	18,489	19,330	20,210	21,129

MUSIC & ENTERTAINMENT P & L (PF 24)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS EXCEPT ASSUMPTIONS)

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5		YEAR 6		YEAR 7	
SHOWROOM REVENUE														
Cash	$159	20.0%	$163	20.0%	$167	20.0%	$171	20.0%	$176	20.0%	$180	20.0%	$185	20.0%
Complimentary	$636	80.0%	$652	80.0%	$669	80.0%	$685	80.0%	$703	80.0%	$720	80.0%	$738	80.0%
NET REVENUE	$795	100.0%	$815	100.0%	$836	100.0%	$856	100.0%	$879	100.0%	$900	100.0%	$923	100.0%
MUSIC & ENTERTAINMENT COSTS														
Showroom Contracts	$624	78.5%	$640	78.5%	$656	78.4%	$672	78.5%	$689	78.4%	$706	78.4%	$724	78.4%
Lounge Act Contracts	1,205	151.5%	1,235	151.5%	1,265	151.4%	1,297	151.5%	1,330	151.3%	1,363	151.4%	1,397	151.3%
MUSIC & ENTERTAINMENT	$1,829	230.0%	$1,874	230.0%	$1,921	229.8%	$1,969	230.0%	$2,018	229.6%	$2,069	229.9%	$2,120	229.7%
EXPENSES:														
Payroll	$143	18.0%	$147	18.1%	$152	18.1%	$156	18.3%	$161	18.3%	$166	18.4%	$171	18.5%
Taxes & Benefits	64	8.1%	66	8.1%	68	8.1%	70	8.2%	72	8.2%	75	8.3%	77	8.3%
Credit Card Fees	3	0.4%	3	0.4%	4	0.5%	4	0.5%	4	0.5%	4	0.4%	4	0.4%
Other	80	10.1%	82	10.1%	85	10.2%	87	10.2%	90	10.2%	93	10.3%	96	10.3%
TOTAL EXPENSES	$290	36.5%	$299	36.6%	$309	36.9%	$318	37.1%	$327	37.2%	$338	37.5%	$347	37.6%
DEPARTMENTAL PROFIT	($1,324)	-166.5%	($1,358)	-166.6%	($1,394)	-166.7%	($1,431)	-167.1%	($1,466)	-166.8%	($1,506)	-167.4%	($1,545)	-167.4%

ASSUMPTIONS:

SHOWROOM:							
Yearly Seats Occupied	26,520	26,520	26,520	26,520	26,520	26,520	26,520
Yearly Seats Available	31,200	31,200	31,200	31,200	31,200	31,200	31,200
Average % Occupied Seat	85.00%	85.00%	85.00%	85.00%	85.00%	85.00%	85.00%
Average Seat Price	$30.00	$30.75	$31.52	$32.31	$33.11	$33.94	$34.79
Cash Sales (As % of Revenue)	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Complimentary (As % of Revenue)	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
Yearly Shows	156	156	156	156	156	156	156
Revenue Escalation		3%	3%	3%	3%	3%	3%
Showroom Contract Cost Per Show	$4,000	$4,100	$4,203	$4,308	$4,415	$4,526	$4,639
Number of Lounge Acts (Per Day)	1	1	1	1	1	1	1
Lounge Act Cost Per Show	$3,300	$3,383	$3,467	$3,554	$3,643	$3,734	$3,827
Days of Operation Per Year (Ea.)	365	365	365	365	365	365	365
Expense Escalation		2.50%	3%	3%	3%	3%	3%
Payroll Expense (% of Act/Show Costs)	18.0%						
Payroll Tax/Benefit Burden (% of Payroll)	45%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
Payroll Escalation (% of Payroll Expense)		3.00%	3%	3%	3%	3%	3%
Credit Card Sales (% of Cash Revenues)	85%	85.00%	85.00%	85.00%	85.00%	85.00%	85.00%
Credit Card Fees	2.5%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Costs Other (% of Room Revenue)	10.00%						
Costs Other Escalation (% of Costs Other)		3.00%	3%	3%	3%	3%	3%

MERCHANISE & GIFT SHOP P & L (PF 25)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS EXCEPT ASSUMPTIONS)

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5		YEAR 6		YEAR 7	
GIFT/MERCHANDISE REVENUE	$23,378	100.0%	$24,748	100.0%	$26,115	100.0%	$27,593	100.0%	$29,190	100.0%	$30,786	100.0%	$32,509	100.0%
COST OF SALES	10,520	45.0%	11,137	45.0%	11,752	45.0%	12,417	45.0%	13,136	45.0%	13,854	45.0%	14,629	45.0%
GROSS PROFIT	$12,858	55.0%	$13,611	55.0%	$14,363	55.0%	$15,176	55.0%	$16,054	55.0%	$16,932	55.0%	$17,880	55.0%
EXPENSES:														
PAYROLL	$4,208	18.0%	$4,313	17.4%	$4,421	16.9%	$4,532	16.4%	$4,645	15.9%	$4,761	15.5%	$4,880	15.0%
TAXES & BENEFITS	1,894	8.1%	1,941	7.8%	1,989	7.6%	2,039	7.4%	2,090	7.2%	2,142	7.0%	2,196	6.8%
CREDIT CARD FEES	468	2.0%	495	2.0%	522	2.0%	552	2.0%	584	2.0%	616	2.0%	650	2.0%
OTHER	2,221	9.5%	2,277	9.2%	2,334	8.9%	2,392	8.7%	2,452	8.4%	2,513	8.2%	2,576	7.9%
TOTAL EXPENSES	$8,791	37.6%	$9,026	36.5%	$9,266	35.5%	$9,515	34.5%	$9,771	33.5%	$10,032	32.6%	$10,302	31.7%
DEPARTMENTAL PROFIT	$4,067	17.4%	$4,585	18.5%	$5,097	19.5%	$5,661	20.5%	$6,283	21.5%	$6,900	22.4%	$7,578	23.3%

ASSUMPTIONS:

Estimated Daily Customers	4,270	4,410	4,540	4,680	4,830	4,970	5,120
Average Receipt Per Sale	$15.00	$15.38	$15.76	$16.15	$16.56	$16.97	$17.40
Revenue Escalation (As % Per Yr.)		3%	3%	3%	3%	3%	3%
Cost of Sales	45%	45%	45%	45%	45%	45%	45%
Expense Escalation		3%	3%	3%	3%	3%	3%
Payroll Expense (% of Revenue)	18.00%						
Payroll Tax/Benefit Burden (% of Payroll)	45%	45%	45%	45%	45%	45%	45%
Payroll Escalation (% of Payroll Expense)		3%	3%	3%	3%	3%	3%
Credit Card Sales as a % of Cash Sales	80%	80%	80%	80%	80%	80%	80%
Credit Card Fees	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
COVER DETERMINATION:							
Number of Occupied Rooms (Ea./Day)							
Suites	123	128	133	138	144	149	154
Standard	630	653	675	698	720	743	765
Avg. Number of People Per Room Per Day (Ea.)							
Suites	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Standard	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Average Hotel Guests Daily	2,110	2,190	2,260	2,340	2,420	2,500	2,570
Estimated Guest Capture Percentage	30%	30%	30%	30%	30%	30%	30%
Hotel Driven Customers	630	660	680	700	730	750	770
Estimated Daily Walk-In Visits (Ea.)	13,000	13,390	13,792	14,205	14,632	15,071	15,523
Estimated Walk-In Capture Percentage	28%	28%	28%	28%	28%	28%	28%
Estimated Walk-In Customers Per Day (Ea.)	3,640	3,750	3,860	3,980	4,100	4,220	4,350
Estimated Daily Customers	4,270	4,410	4,540	4,680	4,830	4,970	5,120

TELEPHONE /BEAUTY SALON /HEALTH SPA / MISC. REVENUE

UNLV CASINO MODEL SCENARIO #7

IN THOUSANDS EXCEPT ASSUMPTIONS

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5		YEAR 6		YEAR 7	
REVENUE:														
Telephone	$1,369	18.9%	$1,459	19.0%	$1,543	19.0%	$1,641	19.0%	$1,743	19.1%	$1,838	19.1%	$1,947	19.1%
Beauty Salon & Health Spa	1,916	26.4%	2,043	26.5%	2,161	26.6%	2,297	26.7%	2,440	26.7%	2,573	26.7%	2,726	26.8%
Misc Other	3,969	54.7%	4,195	54.5%	4,430	54.5%	4,680	54.3%	4,944	54.2%	5,219	54.2%	5,512	54.1%
NET REVENUE	$7,254	100.0%	$7,697	100.0%	$8,134	100.0%	$8,618	100.0%	$9,127	100.0%	$9,630	100.0%	$10,185	100.0%
COST OF SALES	2,539	77.3%	2,602	74.3%	2,667	72.0%	2,734	69.4%	2,802	67.0%	2,872	65.1%	2,944	63.0%
GROSS PROFIT	$4,715	65.0%	$5,095	66.2%	$5,467	67.2%	$5,884	68.3%	$6,325	69.3%	$6,758	70.2%	$7,241	71.1%
EXPENSES:														
PAYROLL	$2,176	30.0%	$2,263	29.4%	$2,354	28.9%	$2,448	28.4%	$2,546	27.9%	$2,648	27.5%	$2,754	27.0%
TAXES & BENEFITS	979	13.5%	1,018	13.2%	1,059	13.0%	1,102	12.8%	1,146	12.6%	1,192	12.4%	1,239	12.2%
Credit Card Fees	145	2.0%	154	2.0%	163	2.0%	172	2.0%	183	2.0%	193	2.0%	204	2.0%
OTHER	1,088	15.0%	1,121	14.6%	1,155	14.2%	1,190	13.8%	1,226	13.4%	1,263	13.1%	1,301	12.8%
TOTAL EXPENSES	$4,388	60.5%	$4,556	59.2%	$4,731	58.2%	$4,912	57.0%	$5,101	55.9%	$5,296	55.0%	$5,498	54.0%
DEPARTMENTAL PROFIT	$327	4.5%	$539	7.0%	$736	9.0%	$972	11.3%	$1,224	13.4%	$1,462	15.2%	$1,743	17.1%

ASSUMPTIONS:							
Revenue Per Occupied Room ($/Day)							
Telephone	$2.50	$2.56	$2.63	$2.69	$2.76	$2.83	$2.90
Beauty/Health Club	$3.50	$3.59	$3.68	$3.77	$3.86	$3.96	$4.06
Misc. Revenue Casino/Hotel Guest ($/Day)	$0.75	$0.77	$0.79	$0.81	$0.83	$0.85	$0.87
Revenue Escalation		3%	3%	3%	3%	3%	3%
Days of Operation Per Year	365	365	365	365	365	365	365
Cost of Sales	35%						
Expense Escalation		4%	4%	4%	4%	4%	4%
Payroll Expense (% of Revenue)	30.00%						
Payroll Escalataion (% of Payroll Expense)		4%	4%	4%	4%	4%	4%
Payroll Tax/Benefit Burden (% of Payroll)	45%	45%	45%	45%	45%	45%	45%
Credit Card Sales as a % of Cash Sales	80%	80%	80%	80%	80%	80%	80%
Credit Card Fees	2.50%	3%	3%	3%	3%	3%	3%
Costs Other (% of Room Revenue)	15%	15%	15%	15%	15%	15%	15%
Costs Other Escalation (% of Costs Other)	3%	3%	3%	3%	3%	3%	3%
Number of Occupied Rooms (Ea./Day)							
Suites	123	128	133	138	144	149	154
Standard	630	653	675	698	720	743	765
Avg. Number of People Per Room Per Day (Ea.)							
Suites	3	3	3	3	3	3	3
Standard	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Average Hotel Guests Daily	1,500	1,560	1,610	1,670	1,730	1,780	1,840
Estimated Daily Walk-In Visits (Ea.)	13,000	13,390	13,792	14,205	14,632	15,071	15,523

Rooms Department P & L (PF 34)

UNLV CASINO MODEL SCENARIO #7

(IN THOUSANDS EXCEPT ASSUMPTIONS)

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5		YEAR 6		YEAR 7	
ROOM REVENUE:														
Cash	$26,057	61.2%	$27,684	61.2%	$29,377	61.2%	$31,137	61.2%	$32,966	61.1%	$34,868	61.1%	$36,844	61.1%
Complimentary	16,517	38.8%	17,562	38.8%	18,648	38.8%	19,778	38.8%	20,953	38.9%	22,174	38.9%	23,443	38.9%
NET REVENUE	$42,574	100.0%	$45,246	100.0%	$48,025	100.0%	$50,915	100.0%	$53,919	100.0%	$57,042	100.0%	$60,287	100.0%
EXPENSES:														
Payroll	$12,772	30.0%	$13,091	28.9%	$13,418	27.9%	$13,753	27.0%	$14,097	26.1%	$14,449	25.3%	$14,810	24.6%
Taxes & Benefits	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Credit Card Fees	521	1.2%	554	1.2%	588	1.2%	623	1.2%	659	1.2%	697	1.2%	737	1.2%
Other	5,833	13.7%	5,979	13.2%	6,128	12.8%	6,281	12.3%	6,438	11.9%	6,599	11.6%	6,764	11.2%
TOTAL EXPENSES	$19,126	44.9%	$19,624	43.4%	$20,134	41.9%	$20,657	40.6%	$21,194	39.3%	$21,745	38.1%	$22,311	37.0%
DEPARTMENTAL PROFIT	$23,448	55.1%	$25,622	56.6%	$27,891	58.1%	$30,258	59.4%	$32,725	60.7%	$35,297	61.9%	$37,976	63.0%

ASSUMPTIONS:

SUITES:							
Number of Suites Total (ea.)	205	205	205	205	205	205	205
Suite Occupancy Rate (As % Available)	60.0%	62.5%	65.0%	67.5%	70.0%	72.5%	75.0%
Suite Occupancy Rate Escalation (Added Points/Yr.)		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Number of Occupied Suites Per Day	123	128	133	138	144	149	154
Suite Average Daily Rate ($)	$180.00	$184.50	$189.11	$193.84	$198.69	$203.65	$208.74
Suite Revenue Escalation (% per year)		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Cash Sales (As % Revenue)	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%
Complimentary (As % Revenue)	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
STANDARD ROOMS:							
Number of Rooms Total (ea.)	900	900	900	900	900	900	900
Room Occupancy Rate (As % Available)	70.0%	72.5%	75.0%	77.5%	80.0%	82.5%	85.0%
Std. Rm. Occupancy Rate Escalation (Added Points/Yr.)		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Number of Occupied Rooms Per Day	630	653	675	698	720	743	765
Average Daily Rate ($)	$150.00	$153.75	$157.59	$161.53	$165.57	$169.71	$173.95
Standard Room Revenue Escalation (As % Per Yr.)		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Cash Sales (As % Revenue)	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%
Complimentary (As % Revenue)	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
VARIABLES - ALL ROOM TYPES							
Days of Operation Per Year	365	365	365	365	365	365	365
Payroll Expense (% of Revenue)	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Payroll Benefit (% of Payroll Expense)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Payroll Escalation (% per year)		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Credit Card Sales (% of Cash Sales)	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
Credit Card Processing Fee (% of Cash Sale	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other Expenses (% of Revenue)	13.70%	13.70%	13.70%	13.70%	13.70%	13.70%	13.70%
Other Expense Escalation (% of Other Expenses)		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Overall Average Room Rate	$155	$159	$163	$167	$171	$175	$180
Overall Average Occupancy	68.1%	70.6%	73.1%	75.6%	78.1%	80.6%	83.1%

APPENDIX V

DATA INPUT - SCENARIO #7

Project Name UNLV CASINO MODEL SCENARIO #7

PROJECT FINANCING

Type of finance charge (Capitalized Interest or Construction Interest)	CAPITALIZED INTEREST
Rate of Capitalized Interest	7.00%
Rate of Construction Financing Interest	8.00%
Rate of Permanent Financing	7.00%
Term of Debt Financing (Number of Years)	5

PARTNERSHIP PROFIT SPLITS

Guaranteed Partner Distribution: $5,000,000

PROPERTY AND EQUIPMENT ADDITIONS

Capital Expenses During	Year 1	$1,500,000
Capital Expenses During	Year 2	$5,000,000
Capital Expenses During	Year 3	$7,500,000
Capital Expenses During	Year 4	$31,000,000
Capital Expenses During	Year 5	$10,000,000
Capital Expenses During	Year 6	$11,500,000
Capital Expenses During	Year 7	$14,000,000

% allocation of Yearly Cap. Expenses

Buildings	5.00%
FF&E	95.00%

Caution: Must total 100% 100.00%

DEPRECIATION/AMORTIZATION (Straight Line)

Building (Yrs.)	Buildings	40
FF&E (Yrs.)	FF&E	7
Pre-Opening (Yrs.)	Pre-Opening	1
Land (Yrs.)	Land	0

MANAGEMENT FEE

Base Fee expressed as a % of Net Revenue (%): 2.00%

Incentive Fee expressed as a % of EBITDA before Pre-Opening and Man. Fees. (%): 0.00%

GUARANTEE FEE

Guarantee Fee expressed as a % of Average Balance of Outstanding Debt: 0.00%

PROMOTIONAL OR COMPLIMENTARY ASSUMPTIONS

Complimentary Goods and Services (Enter % of Item Comped)

	Expected
Suite (As % of Revenue)	55.00%
Standard Room (As % of Revenue)	35.00%
Food (As % of Revenue)	60.00%
Beverage (As % of Revenue)	70.00%
Entertainment (As % of Revenue)	80.00%

TABLE GAME DEPARTMENT TABLES

	Expected
Win Per Table Per Day ($)	$3,300.00
Number of Table Games (Ea.)	130
Revenue Escalation	3.00%
Days of Operation	365
Payroll Expense (% Total Revenue)	25.00%
Payroll Benefit (% of Payroll)	0.00%
Payroll Escalation (% of Payroll)	2.50%
Bad Debts (% of Table Game Revenue)	2.50%
Gaming Tax Rate	21.2%

Special Taxes or Muni Fees — Other Promotional

Other Promotional (% or rate for above): 0.94%

Other Expenses (% of Table Game Revenue)	1.80%
Other Expense Escalation (% Other Expenses)	3.00%

SLOT DEPARTMENT SLOTS

	Expected
Win Per Machine Per Day ($)	340
Number of Slot Machines (Ea.)	4000
Revenue Escalation	2.50%
Days of Operation	365
Payroll Expense (% of Slot Revenue)	4.00%
Payroll Benefit (% of Slot Payroll)	0.00%
Payroll Escalation (% of Slot Payroll)	2.50%
Gaming Tax Rate	21.20%

Special Taxes or Muni Fees — Other Promotional

Other Promotional (% or rate for above): 0.30%

Slot Club (% of Slot Revenue): 4.50%

Other Expenses (% of Slot Revenue)	0.50%
Other Expense Escalation (% Other Expenses)	2.50%

FOOD DEPARTMENT FOOD DEPARTMENT (Excludes Conventions/Banquets)

	Expected
Avg. Number of People Per Room Per Day (Ea.)	
Standard	1.8
Suites	3.0
Average Number of Meals/Guest/Day (Ea.)	1.5

Estimated Daily Walk-In Visits (Ea.)	13,000
Estimated Walk-In Capture Percentage	34%
Walk-In Yearly Escalation (% Yearly Walk-In)	3.00%
Days of Operation Per Year (Ea.)	365
Average Receipt Per Cover	$20.00
Revenue Escalation	3%
Payroll Expense (% of Room Revenue)	61.40%
Payroll Tax/Benefit Burden (% of Rev.)	0.00%
Payroll Escalation (% of Payroll Expense)	2.50%
Food Cost (% of Revenue)	36.00%
Credit Card Sales (% of Cash Sales)	80.00%
Credit Card Processing Fee (% of Cash Sales)	2.50%
Other Expense (% of Revenue)	10.00%
Other Expense Escalation (% of Other Expenses)	2.50%

BEVERAGE DEPARTMENT

BEVERAGE (Excludes Conventions/Banquets)

	Expected
Average Number of Drinks/Player/Day (Ea.)	2.0
Estimated Player Capture Percentage	81.00%
Estimated Capture % with Food Covers	30.00%
Avg. Number of Drinks w/Food Covers	2.0
Days of Operation Per Year	365
Average Receipt Per Drink ($/Drink)	$2.50
Revenue Escalation (% per year)	2.50%
Payroll Expense (% of Revenue)	35.00%
Payroll Tax/Benefit Burden (% of Rev.)	0.00%
Payroll Escalation (% of Payroll Expense)	2.50%
Drink Cost (% of Revenue)	26.80%
Credit Card Sales (% of Cash Sales)	20.00%
Credit Card Processing Fee (% of Cash Sales)	2.50%
Other Expense (% of Revenue)	3.30%
Other Expense Escalation (% of Other Expenses)	2.50%

CONVENTION/BANQUET DEPARTMENT

CONVENTION / BANQUET

	Expected
Average Receipt Per Cover ($/Cover)	
Food	$20.00
Beverage	$8.50
Other Revenue/Convention Day	$2,000.00
Revenue Escalation (% per year)	3.00%
Payroll Expense (% of Revenue)	32.00%
Payroll Tax/Benefit Burden (% of Rev.)	45.00%
Payroll Escalation (% of Payroll Expense)	4.00%
Food Cost	36.00%
Beverage Cost	26.80%
Credit Card Sales (%of Revenue)	60.00%
Credit Card Processing Fee (% of Cash Sales)	2.50%
Other Expense (% of Revenue)	12.00%
Other Expense Escalation (% of Other Expenses)	3.00%
Convention Area Cover Capacity (Total Covers Per Day)	215
Capacity Utilization % Per Convention Day	35.00%
Capacity Utilization Escalation	2.50%
Convention/Banquet Days Per Year	215
Day Escalation	2.00%

HOTEL ROOMS DEPARTMENT

ROOMS

	Total Qty Rms	Number Of Bays Per Rm	% Ave. Occupied % (AOP) Low	Expected	High	$ Average Daily Rate (ADR) Low	Expected	High
Standard Hotel Room	900			70.0%			$150.00	
Deluxe Room	40			60.0%			$180.00	
One Bedroom Suite	60			60.0%			$190.00	
Two Bedroom Suite	45			60.0%			$225.00	
Two Bedroom Suite Lock	60			60.0%			$250.00	
Suite 5								
Suite 6								
Suite Totals	205							

	Expected
Suite Average Daily Rate (ADR)	$213.29
Total Suite Revenue Per Day	$26,235.0
Total Suites Occupied Per Day	123.0
Suite Ave. Daily Occupancy Rate	60.00%
Suite Revenue Escalation (As % Per Yr.)	2.50%
Suite Occupancy Rate Escalation (Added Points/Yr.)	2.50%

Standard Room Revenue Escalation (As % Per Yr.)	2.50%
Std. Rm. Occupancy Rate Escalation (Added Points/Yr.)	2.50%
Days of Operation Per Year (Ea.)	365
Payroll Expense (% of Room Revenue)	30.00%
Payroll Tax/Benefit Burden (% of Rev.)	0.00%
Payroll Escalation (% of Payroll Expense)	2.50%
Credit Card Sales (% of Cash Revenues)	80.00%
Credit Card Fees	2.50%
Costs Other (% of Room Revenue)	13.70%
Costs Other Escalation (% of Costs Other)	2.50%

MUSIC & ENTERTAINMENT DEPARTMENT

MUSIC & ENTERTAINMENT

	Total Seating Capacity	Shows Per Day Day	Show Days Per Year	Cost of Show Per Show	% Occupied Low	% Occupied Expected	% Occupied High	$ Average Rate Low	$ Average Rate Expected	$ Average Rate High
Showroom #1	200	1	156	$4,000		85.0%			$30.00	
Showroom #2										
Showroom #3										
Showroom #4										
Showroom #5										
Showroom #6										

					Low	Expected	High
200	1.00	156	$4,000	**Show Rev./Year**		$795,600	
				Average Seat Price		$30.00	
				Yearly Seats Occupied		26,520	
				Yearly Shows		156	
				Average % Occupied Seat		85.00%	

Revenue Escalation - Showroom (As % Per Yr.)	2.50%

LOUNGE ACTS

Days of Operation Per Year (Ea.)	365
Number of Lounge Acts (Per Day)	1
Lounge Act Cost Per Show	$3,300
Expense Escalation	2.50%
Payroll Expense (% of Act/Show Costs)	18.00%
Payroll Tax/Benefit Burden (% of Payroll)	45.00%
Payroll Escalation (% of Payroll Expense)	3.00%
Credit Card Sales (% of Cash Revenues)	85.00%
Credit Card Fees	2.50%
Costs Other (% of Room Revenue)	10.00%
Costs Other Escalation (% of Costs Other)	3.00%

MERCHANDISE & GIFT SHOP MERCHANDISE & GIFT SHOP

Average Receipt Per Sale	$15.00
Revenue Escalation (As % Per Yr.)	2.50%
Cost of Sales	45%
Expense Escalation	2.50%
Payroll Expense (% of Revenue)	18.00%
Payroll Escalation (% of Payroll Expense)	2.50%
Payroll Tax/Benefit Burden (% of Payroll)	45.00%
Credit Card Sales as a % of Cash Sales	80%
Credit Card Fees	2.5%
Estimated Guest Capture Percentage	30%
Estimated Walk-In Capture Percentage	28%
Costs Other (% of Room Revenue)	15.00%
Costs Other Escalation (% of Costs Other)	2.50%

TELEPHONE/BEAUTY SALON

HEALTH SPA/MISC REVENUE - Enter department name in box at right TELEPHONE /BEAUTY SALON /HEALTH SPA / MISC. REVENUE

Average Telephone Receipt Per Occupied Room	$2.50
Average Beauty/Health Receipt Per Occupied Room	$3.50
Average Misc. Receipt Per Walk-in & Hotel Guests	$0.75
Revenue Escalation (As % Per Yr.)	2.50%
Days of Operation Per Year	365
Cost of Sales	35%
Expense Escalation	4.00%
Payroll Expense (% of Revenue)	30.00%
Payroll Escalation (% of Payroll Expense)	4.00%
Payroll Tax/Benefit Burden (% of Payroll)	45.00%
Credit Card Sales as a % of Cash Sales	80%
Credit Card Fees	2.5%
Costs Other (% of Room Revenue)	15.00%
Costs Other Escalation (% of Costs Other)	3.00%

APPENDIX VI

SUMMARY OF MODELING SCENARIOS

SUMMARY OF MODELING SCENARIOS

VARIABLES	SCENARIO NUMBERS						
	#1	#2	#3	#4	#5	#6	#7
PROJECT FINANCING							
Rate of Capitalized Interest	8.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Rate of Permanent Financing	8.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
CAPITAL BUDGET							
Year 1	$3,000,000		$1,500,000	$1,500,000	$1,500,000	$1,500,000	$1,500,000
Year 2	$10,000,000		$5,000,000	$5,000,000	$5,000,000	$5,000,000	$5,000,000
Year 3	$15,000,000		$7,500,000	$7,500,000	$7,500,000	$7,500,000	$7,500,000
Year 4	$55,500,000		$27,750,000	$27,750,000	$27,750,000	$31,000,000	$31,000,000
Year 5	$20,000,000		$10,000,000	$10,000,000	$10,000,000	$10,000,000	$10,000,000
Year 6	$23,000,000		$11,500,000	$11,500,000	$11,500,000	$11,500,000	$11,500,000
Year 7	$28,000,000		$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000
MANAGEMENT FEE							
Base Fee expressed as a	4.00%			2.00%	2.00%	2.00%	2.00%
GUARANTEE FEE							
Guarantee Fee	1.00%			0.00%	0.00%	0.00%	0.00%
COMPLIMENTARY ASSUMPTIONS							
Suite (As % of Revenue)	50.00%				25.00%	25.00%	55.00%
Standard Room (As % of Revenue)	23.30%				12.00%	12.00%	35.00%
Food (As % of Revenue)	49.40%				24.00%	24.00%	60.00%
Beverage (As % of Revenue)	49.40%				24.00%	24.00%	70.00%
Entertainment (As % of Revenue)	23.00%				11.50%	11.50%	80.00%
TABLE GAME DEPARTMENT							
Win Per Table Per Day ($)	3200					3300	3300
Number of Table Games (Ea.)	115					130	130
Payroll Expense (% Revenue)	30.80%					25.00%	25.00%
Bad Debts (% of Table Game Rev.)	3.00%					2.50%	2.50%
SLOT DEPARTMENT							
Win Per Machine Per Day ($)	310					340	340
Number of Slot Machines (Ea.)	$ 3,500					$ 4,000	$ 4,000
Payroll Expense	4.20%					4.00%	4.00%
HOTEL ROOMS DEPARTMENT							
Standard Hotel Room	726						900
Average Daily Rate (ADR)	$ 175						$ 150
Ave. Occupied % (AOP)	80%						70%
Deluxe Room	22						40
Average Daily Rate (ADR)	$ 200						$ 180
Ave. Occupied % (AOP)	80%						60%
One Bedroom Suite	20						60
Average Daily Rate (ADR)	$ 210						$ 190
Ave. Occupied % (AOP)	80%						60%
Two Bedroom Suite	28						45
Average Daily Rate (ADR)	$ 250						$ 225
Ave. Occupied % (AOP)	80%						60%
Two Bedroom Suite Lockout	32						60
Average Daily Rate (ADR)	$ 275						$ 250
Ave. Occupied % (AOP)	80%						60%
RETURN ON INVESTMENT							
Net Present Value	$91,152,809	$102,613,650	$164,252,421	$248,849,395	$398,525,678	$819,775,083	$414,935,685
1st Year Internal Rate of Return	16.10%	16.59%	16.65%	18.92%	22.33%	32.56%	22.99%
Development Cost	$644,623,605	$640,581,697	$640,581,697	$640,581,697	$640,581,697	$658,629,598	$724,057,678

NOTE:

Scenario #1 represents the base scenario. For purposes of clarity only the variables changed in scenarios #2 - #7 are shown. Where no entry exists in the above table the value is equal to the value in Scenario #1.

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