
Gaming Resort Market Assessment

Tunica, Mississippi

Prepared for:
Myriad World Resorts of Tunica, LLC

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Prepared by:
THE INNOVATION GROUP
2305 E. Arapahoe Road, Suite 135
Littleton, CO 80122

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Executive Summary

The following pro-forma operating statement calculates Earnings before Interest, Taxes, Depreciation and Amortization (“EBITDA”) for the entire resort as described in the Project Description section and considering the assumptions outlined in the Introduction. The operating statement consolidates the ten sub-assessments contained in the Assessment.

Myriad Casino Resort					
5-year Pro-forma Operating Statement					
	2010	2011	2012	2013	2014
REVENUES:					
Table Revenues	\$47,741,462	\$49,769,179	\$51,474,803	\$52,568,985	\$53,687,684
Slot Revenues	281,510,000	293,466,537	303,523,839	309,975,736	316,572,204
Gross Gaming Revenues	\$329,251,462	\$343,235,716	\$354,998,642	\$362,544,721	\$370,259,888
Casino Hotel & Related	39,453,971	40,937,998	41,739,865	42,557,639	43,391,640
Convention Hotel & Related	50,242,252	62,385,339	71,038,652	73,303,708	75,642,894
Food & Beverage	98,226,497	108,369,287	115,940,089	120,045,857	124,298,935
Golf Course & Related	4,530,038	4,941,663	5,276,413	5,459,465	5,648,881
TopGolf Facility	1,924,808	2,172,124	2,361,196	2,480,732	2,606,319
Convention Facility	9,247,863	12,093,359	14,227,482	14,369,757	14,513,454
Water/Snow Park & FEC	10,410,346	11,905,982	12,842,178	13,127,604	13,421,401
Entertainment Venue	11,160,078	12,882,955	14,011,073	14,516,284	15,040,986
Spa	5,366,189	5,907,001	6,303,922	6,470,322	6,641,817
Mississippi Eye	14,672,547	15,842,044	16,839,555	17,466,609	18,117,923
Retail & Other	6,815,295	7,019,815	7,191,847	7,310,509	7,437,151
Total Gross Revenues	\$581,301,345	\$627,693,282	\$662,770,914	\$679,653,207	\$697,021,287
Less: Promotional Allowances	65,850,292	68,647,143	70,999,728	72,508,944	74,051,978
NET REVENUES	\$515,451,053	\$559,046,139	\$591,771,186	\$607,144,263	\$622,969,309
DEPARTMENTAL EXPENSES:					
Casino	91,206,187	93,979,557	96,537,034	98,371,498	100,367,568
Casino Hotel	18,742,811	19,165,254	19,288,668	19,540,855	19,796,862
Convention Hotel	22,986,095	27,068,472	29,810,430	30,286,643	30,772,245
Food & Beverage	67,432,265	73,325,139	77,296,908	79,609,707	81,993,149
Golf Course	3,224,976	3,334,166	3,436,208	3,525,335	3,616,863
TopGolf	1,197,576	1,278,375	1,343,836	1,391,174	1,440,390
Convention Facility	5,487,189	7,067,921	8,190,474	8,231,017	8,271,760
Water/Snow Park & FEC	6,958,607	7,888,738	8,435,084	8,572,207	8,737,519
Entertainment Venue	11,738,960	13,136,502	13,882,064	14,394,615	14,924,376
Spa	3,953,703	4,286,829	4,510,164	4,583,192	4,658,070
Mississippi Eye	8,496,545	8,758,562	9,010,596	9,238,323	9,472,027
Retail/Other	1,450,449	1,500,504	1,544,446	1,579,035	1,619,241
Events Marketing (Recurring)	33,400,000	34,068,000	34,749,360	35,270,600	35,905,471
General & Administrative	78,082,081	81,323,298	84,041,990	85,666,983	87,460,806
Total	\$354,357,444	\$376,181,318	\$392,077,263	\$400,261,184	\$409,036,348
EBITDA	\$161,093,609	\$182,864,822	\$199,693,923	\$206,883,078	\$213,932,961
EBITDA %	31.3%	32.7%	33.7%	34.1%	34.3%

Source: The Innovation Group

Introduction

The Innovation Group was engaged by Myriad World Resorts of Tunica, LLC (“Company”) to provide a Market Assessment (“Assessment”) for a proposed casino resort development in Tunica, Mississippi. The primary objective of the Assessment was to determine the feasibility of developing the proposed comprehensive gaming and entertainment resort destination. The development is expected to feature two gaming and casino hotel centers, a convention hotel, golf course, entertainment venue, spa, water/snow park, family entertainment center, and Mississippi Eye, complete with numerous food & beverage venues. The Assessment calculates the incremental revenue and operating profit associated with each component. Key to the analysis was estimating the impact of each component on the other facets of the development. In all, a total of ten sub-assessments were conducted as outlined below:

1. Gaming Market Assessment
2. Convention Facility Assessment
3. Golf Course Market Assessment (includes TopGolf Assessment)
4. Resort Leisure Market Assessment
5. Casino Hotel Market Assessment
6. Convention Hotel Market Assessment
7. Water/Snow Park and Family Entertainment Center Market Assessment
8. Mississippi Eye Market Assessment
9. Entertainment Venue Assessment
10. Spa Market Assessment

Major Assumptions

The findings and conclusions are based, in part, on the following general assumptions:

- The first full year of operation for the proposed facility will be 2010.
- The resort will contain two 80,000 sq. ft. casinos with about 2,500 positions each.
- The development will generally include the components as described in the in the Project Description section of the report, excluding the casino pad sales.
- The new I-69 inter-change providing direct access to the subject will complete by opening.
- Active marketing and targeted promotional programs will be employed.
- A professional and experienced management team will operate the property.

Project Description

Per the current plan, the \$2.3 billion Myriad Botanical Resort will be one of the premier gaming resort destinations in the country, and the only one featuring a botanical theme.

The botanical displays will be used to present an assembly of activities that are proven magnets for resort leisure travelers.

The 513-acre development site is conveniently located just north of Tunica, off of Old Highway 61. The primary access road is expected to be directly linked to Highway 61, the main north/south thoroughfare in the area.

The plan exhibits two high-end casino hotel centers situated to be easily accessible from the parking structures and surface parking lots. Each 80,000 sq. ft. gaming floor will offer about 1,500 slot machines, 60 table games and a full-service poker room, with quality standards and themeing consistent with the entire resort. The two 500-room casino hotels will be structured to accommodate the overnight gaming patron with oversized standard rooms, upgraded baths and various suite options.

The property is expected to offer about 600,000 sq. ft. of functional exhibit, convention and meeting space located in the Myriad Palace Convention Hotel. The space will be supported by a professional meeting planning department offering state-of-the-art production and audio/visual equipment. The 1,200-room convention hotel will primarily accommodate the convention and resort leisure guests featuring a standard of luxury currently not available in Tunica or the surrounding area. The convention hotel is structured and situated to allow guests to take advantage of the resort amenities including the water/snow park, family entertainment center, spa and golf course.

The resort is expected to feature a championship caliber golf course and academy, including a pro shop with resident golf professional, full-service practice facility, TopGolf practice facility and appropriate food and beverage offering. The current plan exhibits a truly unique 7,000-yard golf course concept designed to take advantage of the underlying botanical theme, utilizing tropical landscaping and water features. The goal of the development team was to create a unique golfing experience using never-before-tried design elements such as bamboo and other materials. The plan calls for a portion of the course to be under a dome structure forming a golf broadcast venue, again, featuring elements of the botanical theme.

In order to penetrate the resort leisure market segment, the development is expected to offer a water/snow park and family entertainment center ("FEC"). The proposed 5-acre waterpark includes about 5 major water attractions enclosed in a climate controlled facility open 365 days of the year. The snow park will be enclosed in a 450,000 sq. ft. Snow Globe with artificial slopes for skiing and snowboarding as well as an ice-skating rink and winter-themed village for shopping and eating. The snow park will also feature ice caverns designed to provide a climbing and exploring adventure for children. The FEC will offer an array of interactive games, rides and attractions housed in a 100,000 sq. ft. facility. The FEC will offer some of the latest rides in a fully themed environment together with traditional interactive attractions such as Go Carts, a skateboard park and 10-pin bowling alley along with several food and beverage outlets.

The current plan proposes to build the first observation wheel in the U.S. called the Mississippi Eye. This attraction will undoubtedly be the one of the key icons of the

project featuring a 440-foot tall observation wheel holding 69 glass-bottom gondolas with a total capacity of 552 people. The wheel will provide exceptional views of the resort and Mississippi valley area.

Additional, the property is expected to offer a full-service spa and fitness facility in connection with the convention hotel and a unique secluded spa / wellness center in a separate facility segregated from the high traffic areas. The convention hotel spa would offer the typical treatments such as massage therapy, body treatments and other hydrotherapy, while the secluded spa would offer an extended, elaborate spa experience.

For the purpose of providing nightlife entertainment, the development plan includes a 2,500-seat entertainment venue. This multi-purpose venue would be capable of hosting live headliner entertainment including concerts, production shows and boxing as well as group events, which need stage and production equipment.

Finally, the resort environment and the desired synergy between the components will be enhanced by exhibits that appeal to the various senses including the Botanic Garden, Fire on Water and Cave of Music as well as other garden, arboretums and conservatoires located along the Myriad Botanical Walk. The developers envision a resort transportation system of water canals with water shuttles, garden trails with people-mover vehicles, and garden concourses with motorized carts that connect the casino area with other resort facilities.

Casino Pad Sales Component

The Myriad master plan contemplates selling up to five casino pads located within the resort development to third-party casino operations. According to the Company, they have already entered into three agreements for the sale three such pads. The agreements provided for a purchase price equal to \$40.0 million per casino pad. These pad sales are contingent upon several factors including approvals from the Tunica County Board of Commissioners and the Mississippi Gaming Commission (“MGC”) for construction and operation of the casino, hotel and ancillary facilities and the ultimate financing of the resort development.

Further, pursuant to each of the three agreements, Myriad Tunica is entitled to a royalty of fee equal to 4.0% of the gross gaming revenues reported to the MGC pursuant to the Mississippi Gaming Control Act. Further, each purchaser of a casino pads is required to pay certain other fees including a common area maintenance fee of \$2.50 per square foot for the hotel and \$11.00 per square foot for the gaming floor space. Finally, the agreements provide for a 2% fee for the public transportation to be provided to Myriad.

It is important to note that The Innovation Group did not consider the above cited casino pad sales transactions or the inclusion of any additional casino operations with regard to the Assessment.

Resort Strategy

As described by the development team:

The underlying strategy is to create an environment that generates experiences that immediately and subtly draw people into entertaining and fulfilling relationships with the destination in both its physical and hospitality realms. The experiences at Myriad revolve around the enduring and nurturing bond between people and the world's botanical wonders, a boundless source for creative ideation and interpretation. These experiences are individually conceived through a Resort Master Plan and will guide the master plan as the resort evolve; a dynamic process that is essential to sustaining the allure of the Myriad Botanical Resort as a global leisure destination. The current Resort Master Plan involves four development parcels, each delivering a unique and distinct set of experiences: Casino Cove, Myriad Shops, Myriad Conventions and Myriad Greens.

Botanical Theme

The Myriad Botanical Resort strategy is to position itself as an international tourist attraction that centers on a collection of botanical gardens and thus capitalizes on the popularity of botanical displays. Notwithstanding the major gardens, arboretums and conservatories situated throughout the resort, the botanical theme will be evident in all aspects of the resort, from the hotel room design to the restaurant décor. The current plan includes a botanical learning center that would partner with universities in order to bring scientific integrity to the project and offer academic and learning opportunities. These relationships are already evident at existing botanic gardens. Also, a 35,000 sq. ft. botanical growing center is proposed in order to educate students, interns and international guests about how the botanicals are grown and the specific technologies associated with the resort.

Botanical attractions have been popular with leisure tourists for many years as most major cities in the U.S. offer large botanic gardens that draw thousands of visitors annually. According to an IMG report citing a TAMS Horticultural Tourism Report, nearly 40 million U.S. residents participated in a garden tour, visited a botanic garden, attended a gardening show/festival, or participated in some other garden-related activity in the past five years. Additionally, 10 million U.S. adults participated in a garden-related activity just in the past year. Also, the southern region's participation in horticultural attractions was notably above the U.S. average. In fact, 28% of Tunica's regional residents (region that includes Mississippi, Alabama, Tennessee, and Kentucky) reported that they have visited botanical gardens, and an additional 13% reported that they plan do so in the future.

In the U.S., seniors and mature couples are the most likely to visit horticultural attractions. Involvement in these attractions typically increases with level of education and household income as affluent and senior couples are the most likely to visit horticultural attractions. Nearly 33% of visitors to horticultural attractions have college degrees, 33% have an annual household income over \$75,000, 28% are married and 28% are approximately 56 years of age or older. The following table displays visitation statistics at various botanic gardens in the U.S. and internationally:

Botanical Gardens of the World

	Acres	# Annual Visitors	Admission
<i>United States</i>			
New York Botanical Gardens	250	650,000	\$13
Chicago Botanic Gardens	385	800,000	Free
Denver Botanic Gardens	750	550,000	\$8
Brooklyn Botanic Gardens	52	687,000	\$5
Atlanta Botanic Gardens	30	325,000	\$12
United States National Arboretum	446	600,000	Free
Cheekwood Botanic Gardens	55	170,000	\$10
Missouri Botanic Gardens	79	857,000	\$15
United States Botanic Garden	35	100,000	Free
Longwood Gardens	1,050	671,000	\$15
<i>International</i>			
Royal Botanic Gardens – Edinburg	74	700,000	Free
Australian National Botanic Gardens	214	446,000	Free
Butchart Gardens – Canada	55	1,250,000	\$23
Project Eden – England	n/a	1,500,000	£14

Source: Myriad Report

Family Environment

Another plank in the resort strategy is to foster a family entertainment environment and thus penetrate the family leisure market segment. Elements of the resort such as the Mississippi Eye, water/snow park and FEC were included to appeal to travelers with children. The Snow Globe is especially unique as it would represent the only indoor snow park in the U.S. The current site plan intentionally isolates these elements from the gaming areas in order to foster a family friendly environment. In addition, the development plan goes to great length to increase the synergy between the different components with landscaping, dome structures and unique transportation in order to establish the resort feel. The resort is expected to offer various attractions that appeal to all ages such as the Fire on Water and Cave of Music exhibits, designed to stimulate the senses. The Myriad Botanical Resort is one of the few full-service resorts in the region. The nearest collection of major leisure resort properties is found on the Gulf Coast and in Florida.

Events

The resort proposes to host various major events as a key component of the promotional strategy. The Company is working with IMG, a leading sport/entertainment/media

company, to develop the events strategy. The primary goal of the events strategy is to obtain television media coverage that enhances the notoriety of the resort.

Based on a preliminary study, IMG developed an events strategy which includes major golf, botanical and entertainment events. The golf component of the events strategy considers hosting two major events including a professional golfing event and a celebrity golfing event. Again, the primary purpose for hosting these events is television and other media coverage, which is anticipated to bring attention and notoriety to the resort, especially the golf facility. While the estimated visitation associated with the golf events is relatively immaterial, the media coverage positively impacted the expected capture rates associated with the other components of the Assessment. For example, the media coverage is expected to increase group golf demand for the market as outlined in the Golf Market Assessment. The professional golfer event would either target the PGA, LPGA, Senior or Nationwide tour. The celebrity golf event concept considers attracting a well-known celebrity to the course to play with invited guests.

The events strategy includes several botanical festivals associated with the Botanic Garden. According to the plan, the festivals will combine family events, educational programs, contests, games and shows utilizing the botanical theme. In addition, the resort anticipates hosting several Flower & Garden Shows featuring various competitions, floral and garden displays, a retail marketplace, flower & garden celebrities and entertainment. The competition category could include perfumes, clothing, garden design, cooking and image design. The entertainment concept includes educational programs, cooking demonstrations and visual entertainment.

The entertainment portion of the event strategy contemplates offering major entertainment events including musicals, major concerts, major fashion shows, popular game related events, and poker events. The musicals could include hit Broadway productions that run for a short period of time at the resort. The fashion shows would focus on the botanical theme, possibly featuring the Miss Universe Pageant. Game events could include the World Bridge or Scrabble Championship. Finally, the resort anticipates eventually hosting a major poker tour championship.

Development Team

The following discussion presents the background and qualifications of the Myriad Botanical Resort development team, and when available, examples of related experience. The information was generally supplied by the Company and not verified by The Innovation Group. Nonetheless, we believe that each person and organization brings a unique resource to the project. In addition, the size and extensive nature of the team exhibits that the leaders of the project are extremely concerned with thoroughness and attention to detail and serious about creating one of the premier resort destinations in the country.

Company Board of Directors

Nicholas A. Lopardo - Chairman

- Chairman & CEO of Susquehanna Capital Management Group since January 2002.
- Director of PerkinElmer since 1996. Chairman of the Finance Committee and a member of the Compensation & Benefits Committee.
- Retired Vice Chairman of State Street Bank and Trust Company and Chairman & CEO of State Street Global Advisors.

John Meeske – CEO

- Professional career focused on the ownership, management, marketing and financing of destination resorts with the resort and hospitality industry.
- Formerly President of ClubResorts (now called The Pinehurst Company), a division of ClubCorp, responsible for acquisitions and resort turn-around-strategies.
- Holds a bachelors degree from Washington State University and an MBA from Michigan State University.

Scott Hawrelechko – Director & Founder

- An author and entrepreneur responsible for starting various successful businesses in the restaurant and commercial contractor industries.
- Currently President and CEO of Myriad Golf Resorts Inc. and CEO of Myriad of Myriad Entertainment & Resorts, Inc. Both of these Myriad affiliated companies provided the funding and expertise in support of the Tunica development.

Paul Ma – Director

- World-renowned Creative Designer specializing in destination resorts. Mr. Ma has created resort experiences with many projects in the Hawaiian Islands including Hotel Hana Maui, the Westin Maui, the Hyatt Regency Maui, Westin Kauai and the Hyatt Regency Waikaloa.
- Currently leading the effort to create a new brand of hotels for CRG Japan targeted for various cities in Japan.
- Formally Director of Design for Hemmeter Corporation where Mr. Ma employed a “scripting” approach that was integral in the designs for the Royal Pacific Resort and Ikspiari, a retail, dining and entertainment development at the heart of the Tokyo Disney Resort.

Thomas V. Chema J.D. – Director

- President of Hiram College and graduate of Harvard Law School with more than thirty years of leadership experience in business, government and law.
- Formally a partner with Arter and Hadden, Executive Director of the Ohio Lottery Commission and Executive Director of the Public Utility Commission of Ohio.
- As Executive Director with the Gateway Economic Development Corporation of Greater Cleveland, Mr. Chema managed the financing and construction of two major sports facilities in Cleveland.

Dale Cheek – Director

- Acting President of HDC, a construction company currently involved in \$5.3 billion worth of active projects worldwide, with clients such as Marriott Hotels and Resorts, Hyatt Corporation, Gaylord Hotels, Universal Studios and Hard Rock Hotels, just to name a few.
- Graduated from the Georgia Institute of Technology in 1971 and formally Vice President for McDevitt and Street Company in Orlando and Nashville

Jerry Wayne – Director

- A sales and marketing professional with over 25 years of experience in the hotel, convention and resort operations.
- Currently Vice President of Sales & Marketing at the Greenbrier Hotel (Triple-A Five-diamond Resort).

John Daniel Jr. – Director

- Founder of USA Partners Sports Alliance, a resource organizer of grants and resources for some of the largest sports organizations in America.

- Founder of TourTurf and most recently head of construction and design for First Tee, a national program to make golf accessible to children of all socio-economic backgrounds. Mr. Daniel participated in the design and development of over 100 golf facilities in the U.S.
- Former PGA Professional and recipient of Golf Digest's National Junior Development Award

William J. Callnin – Director

- Founder and Chairman of Cayuga Hospitality Advisors Inc., an organization providing counseling services to developers and operators of domestic and international hotels, resorts, private clubs, casinos and food service facilities. Worked on casino projects involving Westin Resorts, Wyndham Hotel and Four Seasons Resort.
- Currently consulting for a \$300 million casino development on a 900-acre site in the Pocono Mountains in northwestern Pennsylvania.
- Formerly Vice President of Operations for Bally's Park Place Casino Hotel in Atlantic City.

Dr. Robert Ross – Director

- With a BS, MS and PHD in Engineering, Dr. Ross rose to Associated Professor at the University of Akron and Director of The Guggenheim Institute.
- Formerly Manager of Aeromechanical Research and Development with Goodyear Aerospace Corporation.
- Currently President of Environmental Structures, Inc., working in the field of giant pressure-stabilized cable structures.

Fiona Sutton – Director

- Currently Chairman and Chief Executive of Selects Contracts Group, a consulting company in the global leisure industry specializing in theme parks, leisure resorts, water parks and indoor entertainment centers.
- Ms. Sutton graduated in civil/mechanical engineering from Manchester University in the United Kingdom.
- Formerly with Conoco, Ms. Sutton worked as a drilling engineer in the North Sea.

Consultants

The following people and organizations reflect paid consultants working on behalf of the Myriad Botanical Resort development in Tunica. Again, the information was provided by the Company and participants and not verified by The Innovation Group.

Allen & Hoshall – Engineering Consultants

Allen & Hoshall provides comprehensive engineering, planning and architecture consulting services with a specialization in aviation, electric utilities, energy analysis & conservation, land surveying, healthcare, industrial, federal and municipal markets. Founded in 1915, the firm currently employs over 130 professionals and is licensed and registered in most states. Allen & Hoshall provides design infrastructure, transportation planning and a variety of other services to a mix of private and public entities in the U.S., Europe, Africa, Asia, Central America and the Middle East. In the 1960s, Allen & Hoshall designed the modern jet-age airfield and terminal at Memphis International Airport, the firm's largest project thus far. In the 1990s, the company continued to grow and expand internationally, and today is an ENT "Top 500" firm providing services to diverse client types.

HDC International – Hospitality Development Consultants

HDI is a pre-construction, project management and construction management firm. Pre-construction services assist clients in the early and accurate determination of project cost from the project's inception to completion. Other pre-construction services include budget development, constructability reviews, value management, and proposal solicitation and evaluation. The second strength of HDCI is program management, which aid clients in planning, implementing and managing the entire development, design and construction process. Services available under program management are master schedule development and monitoring, budget development and control, documentation collaboration, onsite construction administration and project close-out. Finally, construction management is the last piece of the three-tier product that HDCI provides. Services such as project planning and organization, onsite construction management, quality control, trade contractor buy-out and material procurement are all offered to the client. Several recent projects include the Village of Schaumburg Convention Complex (Schaumburg, Illinois), Hard Rock Hotel and Casino (Hollywood and Tampa, Florida), and Gaylord Palms Resort and Convention Center (Kissimmee, Florida).

Paul Ma Design - Designer

Mr. Paul Ma is a world-renowned creative designer specializing in destination resorts and was involved with many projects in the Hawaiian Islands, including Hotel Hanna Maui, the Westin Maui and Hyatt Regency Maui, Westin Kauai (now Marriott Kauai) and Hyatt Regency Waikoloa (now Hilton Waikoloa Village). To date, he has designed concepts for new-build hotels in Omotesando, Shinjuku, Osaka, Hiroshima, Yokohama Bay Side

Marina, the largest marina in Asia, and Minato Mirai, a futuristic new city area in central Yokohama.

Select Contracts Group – Development Consultant

Established in 1978, the Select Contracts Group services the leisure, entertainment, sports and tourism sectors. With its headquarters in Dubai (United Arab Emirates), the firm's projects range from hotel developments, golf courses, marinas and theme parks to family entertainment centers, shopping malls, sports complexes, museums, snow-based projects and entertainment zones. Select Contracts Group offers integrated solutions as the firm takes on the responsibility of capital expenditure planning and acts as the project manager providing fee-based consultancy services. Some of the services include market and business plan development, architectural design and themeing, pre-opening management, auditing, brand development, conceptual design development and architectural design. The firm has international experience that includes projects in Asia, Middle East, Europe and North America.

IMG Sports Entertainment Media - Marketing

IMG is the world's largest sports, entertainment, tourism and lifestyle marketing company. Founded over 40 years ago, IMG's clients include Tiger Woods, The British Open, Wimbledon, The Nobel Foundation, U.S. Olympic Committee and Starwood Hotels, just to name a few. IMG is the world's largest independent producer and distributor of TV and radio sports programs, airing over 6,000 hours of programming each year in more than 200 countries.

IMG's primary expertise includes three major areas: strategy, development and implementation. Strategy services include strategic planning and competitive analysis, portfolio audio and property review/evaluation, cause marketing, licensing and research. The development services feature concept development and marketing, consumer & trade promotions, multi-cultural programs, and technology strategy. The implementation phase include services such as budget management, promotional fulfillment, presence marketing, RIO evaluation and public relations.

IMG has completed projects all over the world and has worked with private as well as public agencies and organizations. One recent project provided consulting services to Barcelona, Spain to further its goal of a new sport and leisure complex in front of the sea. This project included a market research study and a feasibility study of spa, sports venues, golf, Family Beach Club, Night Beach Club, restaurants, and other resort amenities.

Innovative Design – Green Design Consulting

Innovative Design is consulting company specializing in the green building process with over 29 years of experience. As one of the leading experts in sustainable architecture, the company provides site analysis, pre-design, architectural services and post-construction

services to local, national and international clients. The company was hired to investigate the potential of adding various components to the project, which reduce energy costs including solar panels.

Whitfield & Associates – Design & Procurement Consultants

Whitfield & Associates is design consulting company specializing in the interior layout design and décor. The company has successfully completed numerous projects in the area of restaurant renovations, hotel guest room design, FF&E procurement and construction management. The Whitfield client roster includes State Capital of Arkansas, Bank of Hawaii, the Sheraton Waikiki, Hyatt Regency Waikoloa and Manele Bay Resort.

Milton Pate Architects – Architectural Design

Founded in 1959, Milton Pate Architects, Inc. provides architectural design and production services nationwide to a diverse set of clients. The firm has evolved and continues to develop a growing portfolio of major projects specializing in hotel, resort and high-end residential design. Milton Pate will be the architect of record for the Myriad development.

Beth Meister – Marketing & Promotions

Beth Meister is President of Club Concepts, an innovative marketing firm working with developers and managers on the development and implementation of key marketing, sales and training initiatives. Ms. Meister was formerly with Arnold Palmer Golf Management Company responsible for overseeing the marketing and sales efforts for the company's 15 private clubs. After her promotion to Director of Business Development, she ran the Management Services Division and was a member of the Acquisition, Takeover and Implementation team. Ms. Meister also worked at the Boca Raton Resort and Club as Director of Club Operations.

Tunica Regional Description

This section of the report provides a comprehensive analysis of the gaming and hospitality industry operating in the Tunica market. As the resort is expected to draw both overnight visitors to the area as well as local residents, the analysis focused on the variables that support the gaming and hospitality industry, including the infrastructure, tourism statistics and demographics/economic data. The demographic/ economic data includes total population, gamer population, annual average household income, employment, and other business volume measures. This section also evaluated the direct competitors in the market relevant to the proposed development, including any future developments. The information presented in this section of the report provides the building blocks for individual market assessments and supports the estimates and assumptions contained therein.

Infrastructure

Air Transportation

The Tunica Airport is the closest regional airport to the development site, and is currently in final stages of a \$40 million expansion designed to create a potential regional hub. The goal of the expansion was to enhance the capacity and capabilities of the airport and thus allow the airport to accept larger aircraft. To date the following components of the expansion project have been complete:

- All-weather capabilities were added in late-2004 including a CAT I Instrument Landing System (ILS), medium intensity approach lights with runway approach indicator lights, Automated Weather Observation System and Remote Communications Outlet to receive air traffic clearance.
- Also in 2004, the runway was expanded from 5,500 feet to 7,000 feet. The larger runway can now accommodate a Boeing 737. The first Boeing 737 landed in Tunica in November 2005.
- In mid-2005, the Tunica Airport completed an arrival and departure canopy providing all-weather access for passengers.
- A 20,000 sq. ft. corporate hangar was also recently completed.

Nearly \$33 million has been spent on the airport expansion so far. Still to be completed is an air traffic control tower, a 320,000 sq. ft. commercial apron, expanded general aviation aprons and a terminal building. The Innovation Group was unable to determine when construction will begin on the remaining components.

In May of 2006, Pan Am Clipper Connection began non-stop service from Atlanta (Hartsfield-Jackson International Airport) to Tunica. The current schedule includes 3 flights per week utilizing a 141-seat Boeing 727. So far, the occupancy has average 85%

over the first few months of the Clipper program, according to information provided by Tunica Airport.

Roadway System

The roadway system in the Tunica area is more than adequate featuring Highway 61 which runs south out of Memphis through Tunica and on to Clarksville, Mississippi. This highway was recently expanded to four lanes and was found by The Innovation Group to be in good shape. The major interstates in the area include I-55 which connects Memphis with Jackson to the south and St. Louis to the north. East/west traffic is facilitated by I-40 which connects Memphis with Little Rock to the west and Nashville to the east.

In addition, the roadways connecting the different gaming areas in Tunica are also extensive and nicely maintained such as Old Highway 61, Casino Center Drive and Casino Strip Boulevard. The signage along these roadways is excellent, enhancing navigation between the areas and properties.

Regarding highway expansion projects, the Interstate 69 Project, which is expected to eventually connect Canada with Texas, contains a section running right past the Tunica area (Section 11). This section will provide an alternative route from Memphis to Tunica, connecting to I-55 to the north. The expansion is expected to include a spur, called the Prichard Road Interchange, which will lead directly to the development site. If complete, this section of I-69 will significantly reduce the drive-time from Memphis to the Myriad Resort. The map below, obtained from MDOT, shows the proposed I-69 expansion route in the Tunica area:



Motor Coach

Motor coach arrivals into Tunica were estimated at about 14,800 by the Tunica CVB for the twelve months ended June 2005, a 9% decline in comparison to the prior year. The motor coach passenger count exceeded 523,400 for the period, reflecting a 14% decline from the prior year. The resulting average number of passengers per motor coach was approximately 35 for the most recent period down from 38 in the prior year.

Light Rail

According to the Memphis Business Journal, the Mississippi Legislature recently approved a \$500,000 feasibility study for a proposed monorail network that would connect the casinos to the Tunica Airport. Clearly, the casinos would be the primary beneficiaries of the monorail system, facilitating a gaming trip from Memphis to Tunica. Consequently, if the monorail is approved, the casinos would provide the majority of the financing for the project. Nonetheless, the Tunica County Comprehensive Plan states that the “development of a light rail system may be something for the county to pursue in the future, but at the present time there is not enough concentration of destinations or critical mass to make the construction and operation of a light rail network feasible”. Therefore, The Innovation Group believes that the addition of the Myriad Botanical Resort would help move this project forward.

Tourism Analysis

Attractions

One of the major Tunica area attractions is the Tunica RiverPark, exhibiting a three-floor museum and interpretive center featuring aquariums and interactive exhibits of life on the Mississippi River. The 168-acre complex also includes outdoor exhibits, several nature trails, an observation platforms and a veranda. In addition, there is a boat tour that takes tourists and visitors up and down the river. The 400-seat Tunica Queen is the latest non-gaming attracting in the region, providing river cruises and serving as a perfect place for group gatherings. The boat can accommodate groups from 20 to 300 people, and special entertainment, menu items and pricing are available.

Additional attractions include the Casino Factory Shops, the Tunica Museum, various golf courses and the Arkabutla Dam. The Casino Factory Shops is a 40-store outlet complex featuring brand named shops including IZOD, GAP, OshKosh, Reebok, Rue 21, Wilsons Leather and Zales. The Tunica museum provides a glimpse of what life was before the casinos and showcases Native American artifacts. Golfing opportunities are offered at three golf courses, and fishing, boating, picnicking, and swimming activities can be engaged in at the Arkabutla Dam.

Visitor Profile

The average age of visitors to Tunica was 58 in 2004, up from 57 in 2002. Overall, 77% of all visitors to the region are over 50 years of age. The AAHI of visitors was reported at \$59,700 in 2004, up about 9% in comparison to 2002. The breakdown of male and female visitors is very close, with females accounting for 51% of all visitors in 2004. Nearly 80% of Tunica visitors were married and nearly 50% were employed, as 46% were already retired. These visitor profile statistics are outlined below:

Visitor Profile						
	4th Q	1st Q	2nd Q	3rd Q	FY04	FY02
Average Age	56	57	60	59	58	57
AAHI (000s)	\$53.60	\$61.10	\$66.60	\$60.20	\$59.70	\$54.80
Over 50	72%	76%	82%	80%	77%	72%
Female	43%	58%	53%	51%	51%	61%
Male	57%	42%	47%	49%	49%	39%
Married	75%	79%	78%	79%	78%	71%
Employed	55%	47%	45%	44%	48%	49%
Retired	39%	46%	50%	50%	46%	43%

Source: TNS/Tunica Visitor Study

Visiting Designated Market Area (“DMA”)

Little Rock is the main feeder market (excluding Memphis), accounting for about 10% of all visitations. St. Louis, Nashville and Huntsville were close behind with 7%, 9% and 6%, respectively. Both the St. Louis and Huntsville DMA’s had greater visitation in 2002 in comparison to 2004. The table below illustrates these statistics:

Top Visiting DMA

	4th Q	1st Q	2nd Q	3rd Q	FY04	FY02
Little Rock	9%	10%	8%	11%	10%	10%
St. Louis	7%	9%	7%	6%	7%	9%
Nashville	7%	11%	11%	6%	9%	9%
Huntsville/Decatur	5%	7%	5%	8%	6%	8%

Source: TNS/Tunica Visitor Study

Trip Characteristics

In 2004, 88% of all visitors stayed overnight exhibiting an average length of stay of 2.5 nights, up from the 2.4 nights in 2002. Day-trippers accounted for the remaining 12% of the estimated 10 million visitors in 2004. Nearly 86% of visitors were repeat visitors.

Regarding trip satisfaction, nearly 90% of visitors were very satisfied, 11% were somewhat satisfied and only 1% of all visitors expressed dissatisfaction with the Tunica experience. While visiting the region, 21% shopped at the factory outlet mall and 13% visited the RiverPark. Of all visitors, 66% cited that their primary purpose was to gamble, which 25% came to just get away and the rest were visiting friend and/or family. Of those who engaged in gaming, 78% played the slots and 8% participated in Black Jack. Respondents reported that in 2004, an average of 5.8 hours was spent on gambling, a significant decrease from the year before. These and other statistics are summarized in the table below:

Trip Characteristics

	4th Q	1st Q	2nd Q	3rd Q	FY04	FY02
Overnight	81%	89%	92%	90%	88%	85%
# of night	2.9	2.3	2.2	2.5	2.5	2.4
Trip:						
Day Trip	19%	11%	8%	10%	12%	16%
Repeat Visitor	86%	85%	87%	87%	86%	81%
1st Time Visitor	14%	15%	13%	13%	14%	19%
Satisfaction:						
Very Satisfied	94%	90%	84%	82%	88%	93%
Somewhat Satisfied	5%	8%	14%	15%	11%	7%
Visited during the trip:						
Memphis	32%	15%	13%	11%	18%	19%
Factory Outlet	30%	23%	17%	12%	21%	n/a
RiverPark	18%	10%	14%	10%	13%	n/a
Tunica	15%	5%	6%	2%	7%	8%
Engaged in playing:						

Slots	83%	79%	72%	78%	78%	77%
Black Jack	7%	7%	9%	8%	8%	9%
Craps	3%	2%	2%	2%	2%	4%
Hours Gambled "Today"	5.9	5.6	6	5.8	5.8	6.7

Source: TNS/Tunica Visitor Study

Visitor Spending

The average spending per trip was reported at \$618 in 2004, representing a 9% increase over the 2002. On the contrary, the average expenditures per day decreased by 6% between 2002 and 2004, declining from \$227 to \$214. The food/drink category expenditures increased greatly over the period of two years, while less money was spent on shopping. In 2002, 15% of all visitors paid the regular rate of \$62 per night, which increased to 21% paying \$74 dollars a night in 2004:

Visitor Spending						
	4th Q	1st Q	2nd Q	3rd Q	FY04	FY02
Average Per Trip	\$497	\$673	\$664	\$636	\$618	\$568
Average Per Day	\$228	\$233	\$208	\$214	\$214	\$227
Food/Drink	23%	19%	22%	18%	21%	11%
Shopping	5%	7%	3%	3%	5%	8%
Complimentary Rooms	50%	57%	53%	48%	52%	57%
Paid Regular Rate/\$Amount	23% - \$79	20% - \$80	15% - \$67	25% - \$71	21% - \$74	15% - \$62

Source: TNS/Tunica Visitor Study

Travel Planning

Friends and relatives influenced more visitors as oppose to TV and newspaper ads. In fact, the effectiveness of television ads decreased from 26% in 2002 to 6% in 2004 and newspaper ads from 14% to 10%, over the same time period. The data also suggests that the casinos are using these advertising medians less. Refer to the following table for more statistics.

Travel Planning						
	4th Q	1st Q	2nd Q	3rd Q	FY04	FY02
Information Sources:						
Friends/Relatives	82%	75%	71%	75%	76%	72%
TV Ad	3%	14%	5%	2%	6%	26%
Newspaper Ad	6%	11%	19%	4%	10%	14%
Advanced Planning:						
One Month or more in advance	23%	28%	34%	29%	29%	31%
Less that 1 week in advance	5%	7%	9%	11%	8%	28%

Source: TNS/Tunica Visitor Study

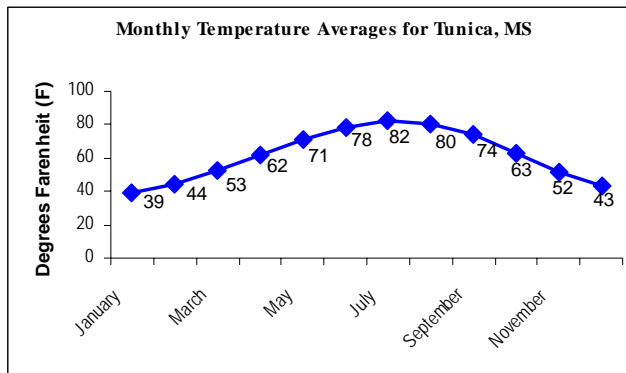
Weather

Tunica exhibits a hot, humid summer and a generally mild winter. Temperatures in June through August average between 89 and 91 degrees. The shoulder months of May and September also displays mean temperatures above 80 degrees. Summer temperatures combine with high humidity levels produce heat index values often greater than 100 degrees. The following chart displays the weather statistics for Tunica on a month basis:

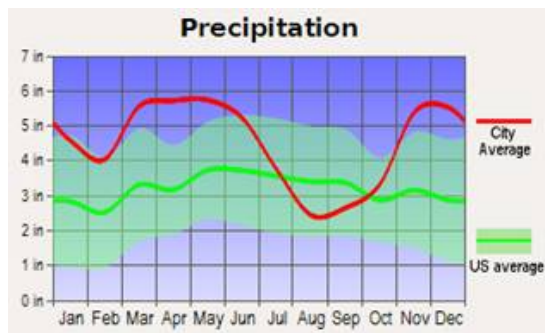
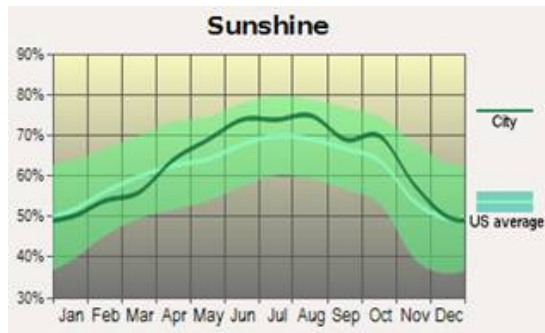
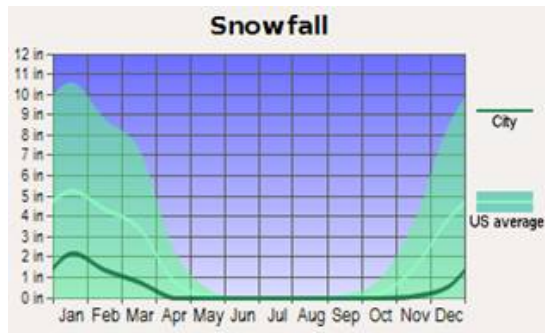
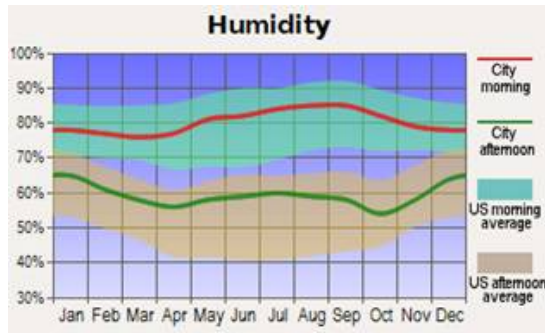
Monthly Temperature Averages for Tunica, MS

Month	Avg. High	Avg. Low	Mean	Avg. Precipitation
January	48°F	31°F	39°F	4.61 in.
February	53°F	35°F	44°F	4.05 in.
March	63°F	43°F	53°F	5.57 in.
April	72°F	51°F	62°F	5.74 in.
May	81°F	61°F	71°F	5.76 in.
June	89°F	68°F	78°F	5.25 in.
July	92°F	72°F	82°F	3.77 in.
August	91°F	69°F	80°F	2.46 in.
September	85°F	62°F	74°F	2.67 in.
October	75°F	51°F	63°F	3.35 in.
November	62°F	42°F	52°F	5.41 in.
December	51°F	34°F	43°F	5.54 in.

Source: Weather.com



Furthermore, winters are generally short, and temperatures seldom reach freezing. Snow is almost non-existent. Tunica receives nearly 55 inches of rain annually, translating into about 4.5 inches per month. Throughout the summer months Tunica can experience brief but severe thunderstorms, although sunshine is very prevalent. The following charts display additional weather characteristics associated with Tunica (obtained from the Chamber of Commerce):



Demographic/Economic Analysis

As the facility is expected to draw a substantial number of day trip drive-in customers (local market), the region's demographic and economic statistics were analyzed. These statistics support the estimates and assumptions contained in the Market Assessment. The Innovation Group analyzed total population, gamer population, annual average household income and employment statistics as well as other business volume measures.

Total Population

For the purpose of the demographic/economic analysis, the population within 150 miles of the subject development was assessed using 3, 50-mile concentric rings emanating from the site. The estimated total population within 150 miles of the subject site was 4.46 million in 2005. The total population is expected to reach 4.53 million by 2010, reflecting an average annual growth rate 0.3%. This growth rate is consistent with the growth rate exhibited over the past five years and is well below the estimated growth rate for nation as a whole of 1.0%.

The innermost ring (0-50 miles) accounted for 28% of the total market with 1.27 million people (2005), generally reflecting the Tunica area and Memphis, Tennessee. The total population in this is ring segment is expected to grow at an annual rate of 0.5%, reaching 1.30 million people by 2010. The total population in the 50-100 mile ring was estimated at 1.17 million or 26% of the total market in 2005. This ring segment captures the northeast portion of the Memphis metropolitan area and the eastern portion of the Little Rock metropolitan area. This segment is expected to exhibit growth similar to the overall market (0.3%). The total population in the outer most ring (100-150 miles) was estimated at 2.02 million in 2005. This ring segment captures the balance of the Little Rock MSA and various small towns scattered throughout Mississippi, Arkansas and Tennessee. This segment is expected to exhibit the slowest growth of only 0.2% over the next five years. The chart below summarizes this information.

Tunica Market Total Population

Ring	2000	2005	2010	AAG 2000-2005	AAG 2005-2010
0-50 miles	1,237,504	1,266,384	1,299,260	0.5%	0.5%
50-100 miles	1,151,896	1,167,533	1,185,651	0.3%	0.3%
100-150 miles	2,006,460	2,022,300	2,041,367	0.2%	0.2%
Total	4,395,860	4,456,217	4,526,278	0.3%	0.3%
Arkansas	2,673,400	2,752,265	2,838,305	0.6%	0.6%
Mississippi	2,844,658	2,900,461	2,961,897	0.4%	0.4%
Missouri	5,595,211	5,756,358	5,927,624	0.6%	0.6%
<i>All of US</i>	<i>281,421,906</i>	<i>295,140,073</i>	<i>309,574,407</i>	<i>1.0%</i>	<i>1.0%</i>

Source: Ixpress/Claritas, The Innovation Group

Gamer Population

The gamer population (21+) within 150 miles of the proposed development site was estimated at 3.11 million in 2005 or 69.8% of the total population. The proportion of gamer adults in the inner-most ring was estimated at 68.0% of the total population, the lowest of the ring segments. The outer most ring showed the highest proportion of adults at 71.1%. Generally speaking, the adult proportion for the greater Tunica market is in line with the Mississippi and U.S. average (2005) of 68.9% and 70.7%, respectively.

The gamer population base is expected to grow at a faster rate than the overall population, with the proportion of adults reaching 70.8% by 2010. All the ring segments are expected to exhibit similar trends. The statistics regarding gamer population are detail in the table below:

Tunica Market Gamer Population (21+)					
Ring	2005	% of Total Population	2010	% of Total Population	AAG 2005-2010
0-50 miles	861,576	68.0%	896,678	69.0%	0.8%
50-100 miles	811,432	69.5%	836,960	70.6%	0.6%
100-150 miles	1,438,820	71.1%	1,469,986	72.0%	0.4%
Total	3,111,828	69.8%	3,203,624	70.8%	0.6%
Arkansas	1,947,881	70.8%	2,033,853	71.7%	0.9%
Mississippi	1,998,863	68.9%	2,068,578	69.8%	0.7%
Missouri	4,092,962	71.1%	4,278,666	72.2%	0.9%
<i>All of US</i>	<i>208,781,848</i>	<i>70.7%</i>	<i>221,749,839</i>	<i>71.6%</i>	<i>1.2%</i>

Source: Ixpress/Claritas, The Innovation Group

Average Annual Household Income

The average annual household income (“AAHI”) for the greater Tunica market was estimated at \$50,700 in 2005. This average is 22% below the national average \$64,800. Between 2005 and 2010, the AAHI for the 150-mile ring around Tunica is expected to grow from \$50,700 to \$57,500, an average annual increase of 2.6%. This growth rate is in line with the national average.

The inner most ring (Memphis) exhibited the highest AAHI of \$57,700. Income levels for this segment are expected to grow at an annual rate of 2.4% over the next 5 years. The outer ring, generally containing small towns in the region, showed a lower AAHI of about \$48,300. Nonetheless, the AAHI in all the ring segments is expected to increase at a rate comparable to the national average. These statistics are detailed in the following table:

Tunica Market AAHI

Ring	2000	2005	2010	AAG 2000-2005	AAG 2005-2010
0-50 miles	\$50,528	\$57,731	\$65,011	2.7%	2.4%
50-100 miles	\$41,154	\$47,186	\$53,896	2.8%	2.7%
100-150 miles	\$42,183	\$48,331	\$54,851	2.8%	2.6%
Total	\$44,225	\$50,652	\$57,457	2.8%	2.6%
Arkansas	\$42,785	\$49,326	\$56,142	2.9%	2.6%
Mississippi	\$42,315	\$48,538	\$55,360	2.8%	2.7%
Missouri	\$49,956	\$57,173	\$64,635	2.7%	2.5%
<i>All of US</i>	<i>\$56,644</i>	<i>\$64,816</i>	<i>\$73,219</i>	<i>2.7%</i>	<i>2.5%</i>

Source: Ixpress/Claritas, The Innovation Group

Employment

The Innovation Group analyzed the employment statistics for the Memphis and Little Rock MSAs in order to gauge the regional employment picture.

Memphis

The unemployment rate in the Memphis MSA for 2005 was 6.2%, roughly equal to the previous couple of years. Through May of 2006, the rate increased slightly to 6.3%. Moreover, the rate has increased substantially since 2000 with the unemployment count increasing at an average annual rate of 10% and is now significantly higher than the U.S. average of 4.7% (current).

The labor force count in the area has been roughly flat over the last six year and stands at 599,500. The labor force participation rate (Labor Force divided by Total Population) was approximately 52% in 2005. The chart below displays employment data for the Memphis MSA over the last six years:

Memphis MSA - Employment Summary

	Unemployment	Employment	Labor Force	Unemployment Rate
2000	22,734	570,963	593,697	3.8%
2001	25,662	567,554	593,216	4.3%
2002	31,707	559,810	591,517	5.4%
2003	35,510	561,914	597,424	5.9%
2004	36,015	559,158	595,173	6.1%
2005	37,405	562,129	599,534	6.2%
CAGR	10.5%	-0.3%	0.2%	

Source: Bureau of Labor Statistics

Little Rock

The unemployment rate in the Little Rock area was 4.4% in 2005, slightly below the national average discussed earlier. The rate has been improving over the last several years. The rate peaked in 2003 at 5.2% following the economic slowdown resulting from the 9/11 tragedy. The rate is up somewhat through May of 2006 (4.8%) possibly due to seasonality.

The labor force count in the area has been steadily increasing at an average annual rate of 1.7% since 2000 and currently stands at 339,500. The labor force participation rate was approximately 57% in 2005, moderately higher than Memphis. The chart below displays employment data for the Little Rock MSA over the last six years:

Little Rock MSA - Employment Summary				
	Unemployment	Employment	Labor Force	Unemployment Rate
2000	11,271	300,692	311,963	3.6%
2001	12,645	297,476	310,121	4.1%
2002	14,907	296,910	311,817	4.8%
2003	16,186	297,580	313,766	5.2%
2004	16,172	309,337	325,509	5.0%
2005	14,809	324,696	339,505	4.4%
CAGR	5.6%	1.5%	1.7%	

Source: Bureau of Labor Statistics

Business Volume Measures

Retail Statistics

According to the Colliers International Market Report (2nd Quarter 2006), a healthy economy in the Memphis area is supporting the demand for retail space. Although vacancy rates are trending higher due to more construction, absorption continues at a steady pace. The occupancy rate in the office segment stands at about 82.0% down from 82.5% in the same quarter last year. Steady lease rates also suggest a strong retail market, as the rental rate for the area was \$15.80 per sq. ft., up slightly in comparison to the prior year.

Gaming Market Assessment

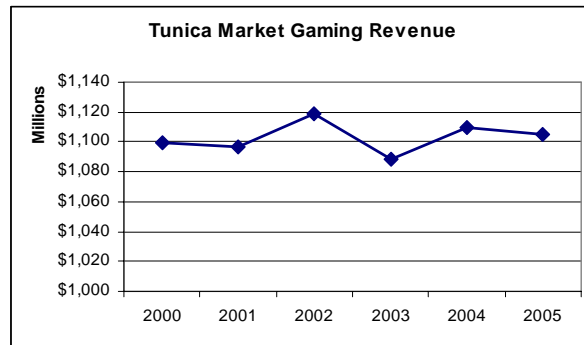
Tunica Market Analysis

The Tunica gaming market is one of the premier markets in the country, generating annual gaming revenue of approximately \$1.1 billion. The market is currently in a sluggish growth mode displaying generally flat results over the last five years. A slight increase in slot revenue has offset a decline in table revenue. Slot revenue now accounts for approximately 85% of total revenue, up from 83% in 2000.

Over the last three years, gaming revenue has actually decreased at an average annual rate of 0.4%. The following table displays annual gaming revenue for the Tunica market segregated by tables and slots:

Gaming Revenue Summary			
	Tables	Slots	Total
2000	\$185,139,323	\$914,002,331	\$1,099,141,654
2001	\$173,476,475	\$923,625,059	\$1,097,101,533
2002	\$170,651,451	\$947,996,436	\$1,118,647,888
2003	\$160,735,004	\$927,310,214	\$1,088,045,218
2004	\$161,387,310	\$948,563,516	\$1,109,950,825
2005	\$160,568,637	\$944,765,883	\$1,105,334,520
AAG (1-year)	-0.5%	-0.4%	-0.4%
AAG (3-year)	-2.0%	-0.1%	-0.4%
AAG (5-year)	-2.8%	0.7%	0.1%

Source: Tunica County



Recently the market received a shot in the arm thanks to Hurricane Katrina. For the first six months of 2006, gaming revenue has increased by 6.7% or \$38 million in comparison to the same period in the prior year. The Innovation Group believes that the market will maintain a portion of this gain over the long term. Gaming patrons that have visited the

market for the first time due to the closure of the gulf coast market will likely continue to view Tunica as a gaming alternative.

Although the Tunica market attracts gamers from all over the region, it relies heavily on the large metropolitan areas of Memphis and Little Rock. According to the Mississippi Gaming Commission, 64.2% of gaming patrons come from Mississippi and the neighboring states Arkansas and Tennessee.

Gaming Positions

The Tunica gaming market currently offers approximately 16,400 gaming positions as of December 2005, comprising about 13,600 and 2,800 slot and table positions, respectively. The position count has decreased steadily over the last five years, declining at an average annual rate of 2.4%. Over the last year, the position count fell 3.4%. The table position count has been declining at a slightly higher rate than slots. Currently, slot positions represent 83.1% of total positions up from 81.5% in 2000. The following table displays the gaming position statistics for the Tunica market:

Gaming Position Summary			
	Tables	Slots	Total
2000	3,437	15,105	18,542
2001	3,094	15,168	18,262
2002	2,940	14,269	17,209
2003	2,982	14,188	17,170
2004	2,849	14,139	16,988
2005	2,765	13,642	16,407
AAG (1-year)	-2.9%	-3.5%	-3.4%
AAG (3-year)	-2.0%	-1.5%	-1.6%
AAG (5-year)	-4.3%	-2.0%	-2.4%

Source: Mississippi Gaming Commission; The Innovation Group

Win per Position

The daily “win per position” in the Tunica gaming has improved from \$162 in 2000 to \$182 in 2005, an average annual increase of 2.4%. The improvement reflects the declining position count, discussed earlier, leverage over generally stable gaming revenue. Slot “win per position” was \$194 in 2005, reflecting a slot environment exhibiting decent capacity. The following table displays the “win per position” data the Tunica gaming market:

Daily Win per Position Summary			
	Tables	Slots	Total
2000	\$148	\$166	\$162
2001	\$139	\$167	\$162
2002	\$137	\$182	\$173
2003	\$135	\$179	\$171
2004	\$135	\$184	\$175

2005	\$136	\$194	\$182
AAG (1-year)	0.6%	5.4%	4.4%
AAG (3-year)	-0.3%	2.1%	1.7%
AAG (5-year)	-1.6%	3.2%	2.4%

Source: The Innovation Group

Existing Direct Competition

The Tunica market features nine fairly substantial gaming facilities as detailed in the chart below:

Target Market Casino Summary

Property	Casino Sq. Ft.	Slots	Tables	Hotel Rooms	Meeting Space
Resorts	35,000	1,156	38	201	24,900
Sam's Town	74,200	1,358	39	1,070	28,700
Fitzgerald's	38,100	1,307	34	507	189,400
Gold Strike	50,500	1,345	48	1,200	92,400
Horseshoe	63,000	2,109	76	507	84,700
Sheraton	32,800	1,322	35	130	12,100
Bally's	46,500	1,295	25	238	21,100
Grand Casino	136,000	2,298	80	1,356	40,000
Hollywood	54,000	1,452	31	494	13,800
Total	530,100	13,642	406	5,703	507,100

Source: Casino City; Casino Property Websites

In total, these properties offer about 13,600 slot machines and about 406 table games as well as 5 poker rooms with 50 tables. In addition, all the facilities contain a hotel yielding about 5,700 total rooms. Many of the properties in Tunica have been in operation for nearly 15 years and are starting to show their age. It has been several years since the last major expansion or renovation project.

The casinos are located in about a five mile stretch along the Mississippi River featuring a couple of casino clusters. The northern cluster, with access via Casino Center Drive, includes the Gold Strike, Horseshoe and Sheraton. The southern cluster, off of Casino Strip Boulevard, contains the Hollywood, Resorts and Sam's Town. The casinos within each cluster are in walking distance of each other. In-between these two clusters is the Fitzgerald Casino, generally isolated at the end of Fitzgerald's Boulevard. The northern most casino is the Grand Casino with access from Highway 61 via Grand Casino Parkway. The Grand would be the most convenient for Memphis customers, but only by about 10 minutes. The Bally's casino is just south of the Grand and in close proximity to the northern cluster (Gold Strike, Horseshoe and Sheraton).

The roadways connecting the casinos and the casino areas to the highway are in excellent condition. The signage in the area is extensive and facilitates navigating the area and finding the casino properties.

The gaming floors are fairly standard with the slot machines arranged around several table pits. The Hollywood gaming floor exhibits the most themeing with various movie props and settings. The Grand Casino had the most character exhibiting a New Orleans streetscape motif in one section with a more formal section nearby. The Gold Strike Casino showed a decent style in a more upscale setting. Generally speaking, the other casino floors did not stand out in terms of uniqueness or imagination.

Additional Competition

The Tunica market also competes with various other gaming markets in Mississippi, Louisiana, Missouri and Illinois. The relevant Mississippi markets include Greenville, Vicksburg and the Gulf Coast (Biloxi / Gulfport). While the Greenville market only has a couple of small, limited-service casinos, the Vicksburg and Gulf Coast markets feature fairly significant casino developments. The Ameristar Casino, with about 1,400 slot machines, various restaurants and a hotel, is the premier facility in Vicksburg. The Vicksburg gaming market generally relies on Jackson, Mississippi for the majority of its gaming revenue. The Gulf Coast is currently in a rebuilding phase and when complete, will likely feature numerous high-end land-based casino developments.

Methodology

One of the primary objectives of the Gaming Market Assessment was to determine the potential sources of gaming revenue based on the anticipated development program. The Innovation Group identified the following six sources of potential gaming revenue:

1. Local Market Gamer Segment
2. Overnight Gamer Segment
3. Convention / Group Segment
4. Golf Segment
5. Events Segment
6. Resort Leisure Segment

Generally speaking, The Innovation Group believes that the Tunica market is only realizing meaningful gaming revenue from the local market gamer and overnight gamer segments. The current facilities are not structure to penetrate the other segments noted above.

For the existing gamer segments (local market and overnight), we calibrated the models used to forecast gaming revenue based on actual market gaming revenue for calendar year 2005. The model calibration provides a baseline from which to forecast the impact of the proposed resort project.

For the new market segments (convention, golf, events and resort leisure), we estimated potential visitation based on detailed market assessments which generally utilized an incremental demand approach. These market assessments are presented individually in the report. The visitation estimates formed the basis for estimating the incremental gaming revenue impact. The following discussion outlines the gaming revenue forecast for each potential source of revenue.

Local Market Gamer Segment

In order to gauge the local market gamer segment, we defined the market using an approximately 3-hour drive-time ring emanating from subject development site. Within this large drive-time window, unique market segments were established based on smaller drive-time increments, also considering gaming competition and demographics. For each market area, the adult population and average household income statistics were obtained and analyzed. To these market segments, gaming factors were applied to arrive at estimated gamer visits and gaming revenue. Gaming factors were determined based on

research completed in the region and in similar jurisdictions by The Innovation Group and others. Studies have provided valuable insight into expected propensities, frequencies, and average win per visit for the region. The following discussion provides a definition of the gaming factors utilized in the analysis:

Propensity - Propensity measures the proportion of the adult population within a market that is likely to participate in gaming. Generally, propensity decreases as the distance from the market center increases. In fully developed casino markets, such as the local Las Vegas market, propensity can reach 60%, while in single venue or slots-only markets it can be as low as 20%.

Frequency - Frequency is a measure of the average number of times per year that individuals with a propensity to participate in gaming within a market will actually do so. Like propensity, frequency tends to decline as the distance from the market center increases and as competition from other entertainment options increase. In markets where there are multiple operators, frequency generally ranges from 12 to 24 times per year.

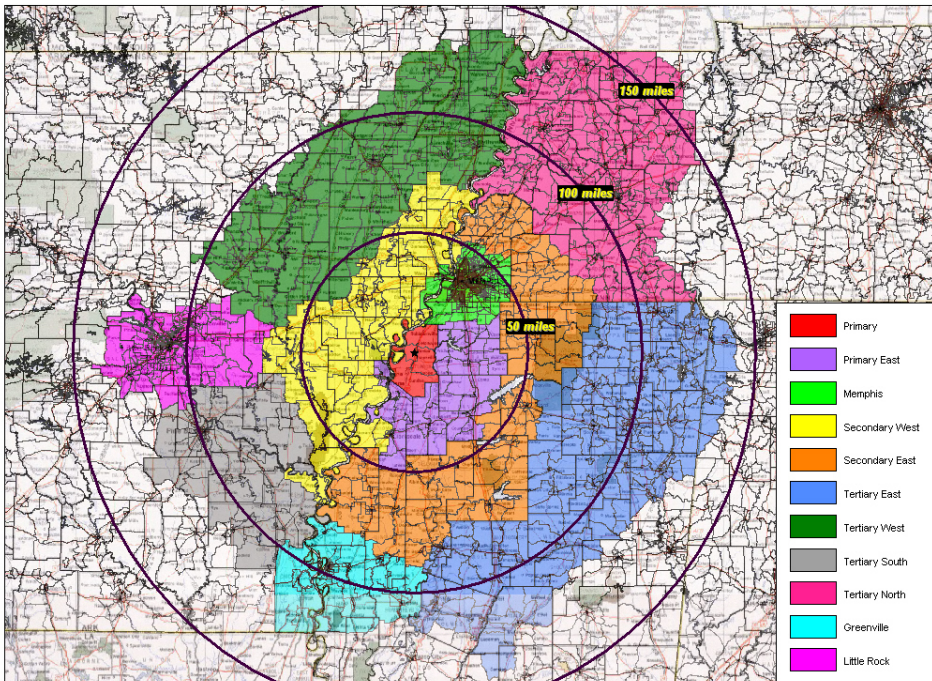
Win Per Visit (“WPV”) - WPV reflects the casino’s average gaming win for each customer visit for a given market or market segment. Win per visit tends to increase in proportion to distance traveled as the gamers make fewer trips per year with a higher budget. Win per visit also varies based on income and the specific facility characteristics such as the degree of overcrowding and the slot portfolio mix.

The formula for calculating gamer revenue from the local market segment is as follows:

- Adult Population x Propensity x Frequency = Gamer Visits
- Gamer Visits x Win per Visit = Market Gaming Revenue
- Market Gaming Revenue x Subject Capture Rate = Subject Gaming Revenue

For the Local Market gamer segment, the model was calibrated to actual gaming revenue by market carve-out. The Innovation Group utilized the following market carve-out to calibrate the local market gaming revenue for the Tunica market:

Myriad Tunica Market Carve Out



Market Segment Descriptions

As discussed, the market segments were generally established based on drive-time to the subject property. In addition, we segregated out some of the larger metropolitan areas such as Memphis and Little Rock as well as population centers with gaming availability, namely Greenville. Other significant population centers include Pine Bluff, Arkansas (Tertiary South), Jonesboro, Arkansas (Tertiary West) and Jackson, Tennessee (Tertiary, North).

As always, highway access was a primary determinant with regard to drive-time. North/South travel through the market is greatly enhanced due to I-55 which connects St. Louis, Missouri to the north with Jackson, Mississippi to the south, coming within about 20 miles of Tunica. I-40 facilitates east/west travel somewhat, connecting Nashville, Tennessee to Little Rock, Arkansas. However, I-40 only comes within about 35 miles of Tunica. Also a factor in the drive-time analysis was the available Mississippi River bridges. The two primary river crossing alternatives include a bridge near Lula, Mississippi about 20 miles to the south of Tunica and the bridges connecting Arkansas to the Memphis area. The lack of a bridge closer to Tunica makes travel from some parts of Arkansas considerably more difficult.

Market Segment Demographics

The total gamer population (21+) for the Tunica local market area was estimated at 2.48 million in 2005. The gamer population is expected to increase to 2.56 million by 2010, reflecting an average annual growth rate of about 0.6%. The expected growth rate is half that of the U.S. average of 1.2%.

The largest market segment was the Memphis market with an estimated 712,000 gamer adults (2005) with Little Rock coming in second with 352,700 gamer adults. The Tertiary North market, which includes Jackson, Tennessee, contains an estimated 317,000 gamer adults. The 50-mile area around Tunica (primary, primary east and secondary west) excluding Memphis is relatively sparsely populated.

The highest growth rate of 3.4% was projected for the primary market. The Secondary West market and Greenville market (south of Tunica on Highway 61) are actually expected to contract slightly over the next five years. The other market segments are expected to grow at an average annual rate of between 0.1% and 1.0%. The gamer population (21+) estimates and the projected growth rates are detailed in the following table by market segment:

Market Segment	2005	2010	AAG (2005-2010)
Primary	5,065	5,991	3.4%
Primary East	80,839	84,077	0.8%
Memphis	712,109	747,838	1.0%
Secondary East	211,523	222,278	1.0%
Secondary West	79,069	77,011	-0.5%
Tertiary East	309,430	315,339	0.4%
Tertiary West	249,412	253,019	0.3%
Tertiary North	317,043	323,323	0.4%
Tertiary South	101,321	99,943	-0.3%
Little Rock	352,671	365,069	0.7%
Greenville	64,937	62,073	-0.9%
Total	2,483,419	2,555,961	0.6%

Source: MapInfo-Claritas; The Innovation Group

The Innovation Group also analyzed the Average Annual Household Income (“AAHI”) figures for each market segment. The AAHI for the entire market area was estimated at \$48,000 in 2005 growing to \$53,300 by 2010, reflecting an annual growth rate of 2.1%. The Tunica local market AAHI was 26% below the estimated national average of \$64,800, generally reflecting the economic situation in rural Arkansas and Mississippi.

As one might expect, the Memphis market segment showed the highest AAHI of \$54,000 followed closely by Little Rock at \$53,300. Even these metropolitan areas are below the national average. The primary and secondary west markets showed the lowest AAHI of about \$40,000. The average annual growth rates for the market segments were relatively comparable, ranging from 1.6% (Memphis) to 2.8% (Secondary East). The AAHI estimates for each market segment are highlighted below:

AHHI Summary			
Market Segment	2005	2010	AAG (2005-2010)
Primary	\$39,854	\$43,654	1.8%
Primary East	\$43,906	\$50,456	2.8%
Memphis	\$54,044	\$58,579	1.6%
Secondary East	\$47,006	\$53,991	2.8%
Secondary West	\$39,458	\$44,628	2.5%
Tertiary East	\$42,978	\$48,445	2.4%
Tertiary West	\$42,297	\$47,154	2.2%
Tertiary North	\$44,703	\$49,679	2.1%
Tertiary South	\$42,980	\$48,044	2.3%
Little Rock	\$53,340	\$59,441	2.2%
Greenville	\$40,194	\$44,241	1.9%
Total	\$47,956	\$53,314	2.1%

Source: MapInfo-Claritas; The Innovation Group

Market Factors

The Innovation Group estimated the local market gaming factors by market segment. The weighted average propensity and frequency calculated to 30.2% and 12.7, respectively. The weighted average WPV of \$67 is higher than typical for the AAHI profile of the market reflecting the longer drive times to the casinos. The following chart displays the estimated gaming factors for the Tunica local market:

Local Market Gaming Factors			
	Propensity	Frequency	WPV
Primary	53.0%	22.0	\$50
Primary East	45.5%	18.3	\$61
Memphis	47.0%	19.0	\$64
Secondary East	33.5%	12.0	\$71
Secondary West	38.5%	15.0	\$64

Tertiary East	19.5%	4.0	\$86
Tertiary West	18.5%	3.4	\$88
Tertiary North	22.0%	5.5	\$83
Tertiary South	19.0%	3.6	\$87
Little Rock	18.5%	3.5	\$95
Greenville	22.5%	5.8	\$80
Average	30.2%	12.7	\$67

Source: The Innovation Group

Local Market Gaming Revenue

The Innovation Group estimated that the 9 casinos generated about \$639.9 million in local market gaming revenue, or about 58% of the total. As one might expect, over 63% of the local market segment was generated by the greater Memphis area. The secondary east segment generated the next highest total of only 9.5%. The following chart details the local market gaming revenue calculation:

Tunica Local Market (2005)

Market Segments	Adult Population	Propensity	Frequency	Gamer Visits	Win Per Visit	Gaming Revenue
Primary	5,065	53%	22.0	59,058	\$50	\$2,953,948
Primary East	80,839	46%	18.3	673,106	\$61	\$40,793,493
Memphis	712,109	47%	19.0	6,359,133	\$64	\$405,751,862
Secondary East	211,523	34%	12.0	850,322	\$71	\$60,579,625
Secondary West	79,069	39%	15.0	456,623	\$64	\$29,031,327
Tertiary East	309,430	20%	4.0	241,355	\$86	\$20,707,192
Tertiary West	249,412	19%	3.4	156,880	\$88	\$13,790,394
Tertiary North	317,043	22%	5.5	383,622	\$83	\$31,847,135
Tertiary South	101,321	19%	3.6	69,304	\$87	\$6,034,765
Little Rock	352,671	19%	3.5	228,354	\$95	\$21,622,735
Greenville	64,937	23%	5.8	84,743	\$80	\$6,757,101
Total	2,483,419	30%	12.7	9,562,502	\$67	\$639,869,577

Source: The Innovation Group

The next step was to project the local market gaming revenue component out to the base year of 2010, the expected first full year of operations for the subject project. Notwithstanding the proposed resort, we expect the market to grow from 2005 to 2010 due to the projected increase in adult population and AHHI. While the population growth will likely increase gamer visits, AHHI will primarily impact WPV. We estimated 2010 local market gaming revenue at \$718.0 million, reflecting average annual increase of 2.3% in comparison to 2005.

The Innovation Group also gauged the impact of the subject development. Although we believe that the market already contains sufficient capacity in terms of gaming positions, this development is expected to exhibit the quality and scope necessary to drive more business, primarily from the outer local market. In addition, the increase in marketing power and amenities will likely grow the market as exhibited in other local gaming markets. Adjusted gaming factors were applied to the 2010 adult population base yielding an local market gaming revenue estimate of \$836.0 million for 2010, a 16% increase over

the baseline forecast. The following table details the local market gaming revenue calculation for 2010:

Tunica Local Market (2010) w/ Myriad

	Adult Population	Propensity	Frequency	Gamer Visits	Win Per Visit	Gaming Revenue
Primary	5,991	53%	22.0	69,855	\$53	\$3,704,134
Primary East	84,077	48%	19.5	778,763	\$65	\$50,990,631
Memphis	747,838	49%	20.1	7,365,456	\$68	\$499,300,198
Secondary East	222,278	36%	13.5	1,071,269	\$77	\$82,617,944
Secondary West	77,011	41%	16.3	510,899	\$68	\$34,792,622
Tertiary East	315,339	22%	5.4	371,217	\$92	\$34,152,840
Tertiary West	253,019	21%	4.8	255,043	\$94	\$23,939,664
Tertiary North	323,323	24%	7.0	552,236	\$89	\$48,964,617
Tertiary South	99,943	21%	5.0	106,939	\$93	\$9,956,562
Little Rock	365,069	21%	4.9	373,867	\$102	\$38,015,264
Greenville	62,073	25%	7.3	112,830	\$85	\$9,554,634
Total	2,555,961	33%	13.9	11,568,374	\$72	\$835,989,109

Source: The Innovation Group

Subject Capture

In assessing the local market capture rate for the subject resort, we first analyzed the existing competitors in the market. The analysis included a comparison of various attributes between the competition and the subject. The attributes included gaming product, size of the casino (number of positions), convenience (location/parking), atmosphere and amenities. The gaming product analysis considered machine and table game selection, themeing, service, and promotions. The size of the facility relates to the number of available positions and size of the casino floor. The convenience attribute reflects the drive-time in relation to the competition, ingress/egress and parking characteristics. Initially, these factors were assessed for each of the existing properties and weighted for importance. The results were calibrated to the estimated gaming revenue market share profile for the market casinos and compared to fair share. For this assessment, we defined fair share as an equal share based on the 9 Target Market casinos or 11.1%.

Next, The Innovation Group analyzed the assumed attributes of the subject development in comparison to the existing casinos, focusing again on the gaming product, size, convenience, atmosphere and amenities. We expect the subject to compete effectively for the local market revenue. In terms of the gaming product, the subject casino will benefit from the ability to present a new and innovative casino design without the need to remodel an existing product. The subject casino will be the newest casino on the market featuring only the latest and most popular games with up-to-date technology. The amenity program will benefit from the experience gained in other major local markets. In terms of the convenience, we assumed that parking and ingress/egress would be structure to make the gaming floors easily accessible for the local market gamer segment.

After calibrating and weighting the factors discussed above, The Innovation Group estimated that the subject development would capture 19.1% of the local market gaming revenue (2010). The capture rate reflects a substantial premium to fair share of 91%. The fair share of 10% assumes 10 market casinos including the subject. Therefore, based on the total local market gaming revenue of \$836.0 million exhibited above, the capture for the subject was estimated at \$159.4 million. The local market gaming revenue calculation for the subject is outlined as follows:

Subject Local Market Gaming Revenue (2010)				
	Fair Share	Premium to Fair Subject Market		Gaming Revenue
		Share	Share	
Subject Local Market	10%	91%	19.1%	\$159,430,302

Source: The Innovation Group

Overnight Gamer Segment

The overnight gamer segment reflects gaming patrons that utilize the casino hotels or other hotels in the market. This segment includes local market gamers that patronize the hotel out of convenience or gamers from outside the local market that consider Tunica a gaming destination. For the most part, the hotels in the area cater to the gamer segment, primarily only offering food & beverage amenities. In our opinion, the hotels are not structured to entice leisure tourists.

The Innovation Group analyzed the current hotel room inventory in the market to determine the room night demand. The room night demand is a function of the total available rooms multiplied by the prevailing occupancy rate. The Innovation Group also estimated the gaming factors associated with the overnight gamer segment, including the capture rate and win per room. The basic formula for forecasting overnight gaming revenue is as follows:

- Available Room Nights x Occupancy Rate = Room Night Demand
- Room Night Demand x Capture Rate x Win per Room Night = Overnight Gaming Revenue

The room inventory data was supported by information obtained from Smith Travel Research and the Mississippi Gaming Commission. The capture rate and win per room estimates were based on studies conducted in similar markets. The casino hotel room inventory was analyzed separate from the rooms offered elsewhere in the market as the variables such as occupancy, capture rate and win per room between the two hotel types typically contrast sharply.

Non-casino Hotel Rooms

The Innovation Group analyzed the non-casino hotel room inventory within approximately 20 miles of Tunica and identified a total of 1,000 relevant rooms. The rooms are split fairly evenly between independently owned and branded. We segregated the room inventory into three classes including upscale, mid-range and economy. Of the non-casino rooms, only about 13% (125 rooms) were considered by Smith Travel Research to be upscale. There were no branded upscale non-casino hotels in the area. The mid-range segment accounted for about 29% (290 rooms) of the inventory and included a couple of small Best Western hotels. The economy class accounted for the majority of the rooms (58%). The economy inventory contained 342 and 243 branded and independent rooms, respectively. Some of the branded economy hotels included the Microtel Inn (102 rooms), Americas Best Value Inn (100 rooms) and the Motel 6 (96 rooms). The following chart summarizes the non-casino hotel room inventory in the Tunica area:

Non-Casino Hotel Room Summary

Hotel Class	Branded	Independent	Total	% of Total
Economy/Lower	342	243	585	58.5%
Mid-range	143	147	290	29.0%
Upscale	0	125	125	12.5%
Total	485	515	1,000	100%

Source: Smith Travel Research

Casino Hotel Rooms

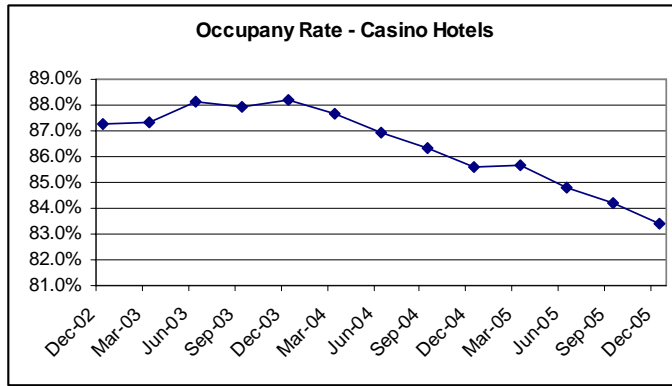
The Tunica market offers approximately 5,700 rooms at the nine casino hotels. The casino hotels in the market include the following:

Casino Hotel Summary

Property	Total	Market Share
Resorts	201	3.5%
Sam's Town	1,070	18.8%
Fitzgerald's	507	8.9%
Gold Strike	1,200	21.0%
Horseshoe	507	8.9%
Sheraton	130	2.3%
Bally's	238	4.2%
Grand Casino	1,356	23.8%
Hollywood	494	8.7%
Total	5,703	100.0%

Source: Casino Property Websites

Based on information provided by the Mississippi Gaming Commission, the occupancy rate for the casino hotels was about 83.4% in 2005. The occupancy has been trending lower over the last couple of years, down from a high of 88.2% in 2003. The following graph displays the annualized occupancy rate over the last four years:



The Innovation Group estimated that the Overnight Customer segment (2005) generates about 42% of Tunica market gaming revenue or \$465.3 million, with about 94% of the total coming from the casino hotel rooms. The details of the Overnight Gamer segment calibration are shown in the following table:

Tunica Overnight Gamer Segment (2005)

	Room Inventory	Occupancy	Capture Rate	Gamer Room Nights	Win per Room	Gaming Revenue
Casino Hotels	5,703	83.4%	100%	1,735,616	\$256	\$444,317,572
Non-Casino Hotels	1,000	56.4%	85%	175,070	\$120	\$21,008,357
Total	6,703			1,910,685		\$465,325,929

Source: The Innovation Group

The Innovation Group estimated that the addition of the two 500-room casino hotels associated with the subject development would grow the overnight gamer segment significantly. The current casino hotel inventory is constrained in terms of capacity on weekends as exhibited by the high occupancy rate and a significant ADR differential between the weekdays and weekend. For the most part, the rooms are currently sold out over the weekend.

The Innovation Group forecasted that the Overnight Customer segment would grow by \$97.9 million or 21.0% due to the expansion in the high-end casino hotel segment. We expect that the new room capacity would be fully absorbed on the weekend (Friday & Saturday), but have a lesser impact on the overall market during the week. Therefore, we expect the overall casino hotel occupancy rate to decline slightly due to the new capacity. The Innovation Group assumed that aggressive marketing would be employed to drive gaming visitation to the new rooms. The next table displays the calculation for the adjusted Overnight Gamer segment gaming revenue:

Tunica Overnight Gamer Segment with Subject (2010)

	Room Inventory	Occupancy	Capture Rate	Gamer Room Nights	Win Per Room	Gaming Revenue
Casino Hotels	6,703	82.9%	100%	2,027,616	\$266	\$539,217,572
Non-Casino Hotels	1,100	58.6%	85%	199,890	\$120	\$23,986,757
Total	7,803			2,227,505		\$563,204,329

Source: The Innovation Group

Casino Hotel Overnight Gaming Revenue - Subject

The Innovation Group believes that the Myriad Resort will realize significant incremental gaming revenue associated with the proposed two high-end casino hotels as it captures a significant share of the overnight gamer segment. The 1,000 rooms would give the subject a 14.9% share of the room inventory. We expect the subject hotels to again capture a premium to fair share of market room night demand. The Innovation Group estimated that the subject would capture a 3.5% and 10.5% premium to fair share of the local market overnight and the gamer tourist overnight segments, as displayed by the following chart:

Subject Room Night Demand - Overnight Gamer

	Total Room Night Demand (2010)	Room Count Fair Share – Subject	Premium to Fair Share	Market Share - Subject	Subject Demand (2010)
Local Market	598,617	14.9%	3.5%	15.4%	92,431
Gamer Tourist	1,428,999	14.9%	10.5%	16.5%	235,573
Total	2,027,616	14.9%	8.4%	16.2%	328,004

Source: The Innovation Group

The resulting 328,000 room nights of demand reflects an occupancy rate of 90%. The Innovation Group estimated subject win per room at \$322, based on the high-end nature of the rooms as well as the scope of the overall development in comparison to the existing casino properties. After multiplying room night demand by win per room, the subjects gaming revenue from the overnight casino hotel segment was estimated at \$105.6 million. The calculation is detailed in the chart below:

Casino Hotels Incremental Gaming Revenue - Subject (2010)

	Room Inventory	Occupancy	Capture Rate	Gamer Room Nights	Win per Room	Gaming Revenue
Subject Casino Hotels	1,000	89.9%	100%	328,004	\$322	\$105,617,288

Source: The Innovation Group

Non-Casino Hotel Overnight Gaming Revenue - Subject

Although less significant, we expect the subject development to capture a portion of the gaming revenue associated with the non-casino hotel rooms in the Tunica market. As shown earlier, we estimated that the non-casino hotels would generate about \$24.0 million in gaming revenue by 2010. We estimated the subject's share of this revenue

component at 16.5%, reflecting a premium to fair share of 65%. The premium again reflects the significant scope of the project and the attractions designed to draw attention to the resort, such as the Mississippi Eye. Although the premium is less in comparison to the local market as this segment is less inclined to be interested in a high-end product. The resulting gaming revenue for the subject development was estimated at \$4.0 million. The following table details the non-casino hotel segment:

Non-Casino Hotels Incremental Gaming Revenue - Subject (2010)

	Room Inventory	Occupancy	Capture Rate	Gamer Room Nights	Win per Room Night	Gaming Revenue	Subject Capture	Subject Gaming Revenue
Non-casino Hotels	1,100	58.6%	85%	199,890	\$120	\$23,986,757	16.5%	\$3,957,815

Source: The Innovation Group

Convention Facility Segment

The Innovation Group identified the convention facility as a source of potential gaming revenue. Currently, the convention facilities in the Tunica market are extremely limited. Based on the Convention Hotel Market Assessment, The Innovation Group estimated that the subject convention facility would generate 123,700 room nights of demand in 2010. The room night demand stabilizes in 2012 at about 190,300 nights. We segregated incremental gaming revenue associated with the convention facility into two sources, including convention attendees not utilizing the convention hotel and convention guests of the subject hotel.

The convention attendees include the typical ballroom event and meeting attendees as well as trade and consumer show attendees. The latter make up a large percentage of the attendance and are far less likely to patronize the casino. We estimated that 20% of attendees would participate in gaming spending an average of \$72 during the gaming visit. The win per visit was based on the typical local market gamer budget. The resulting gaming revenue from the convention attendee segment was estimated at \$6.6 million.

We assumed that the convention hotel guests are more likely to participate in gaming. They would have the extra time and likely choose to stay in the hotel because of the gaming option. We estimated the gaming participation rate for this segment at about 55% and the win per visit at \$203, roughly 37% less than the typical overnight gamer. After compiling these factors, incremental gaming revenue associated with the convention room night demand calculated to \$13.8 million. Combining the convention attendee and convention hotel guest segments, incremental gaming revenue associated with the convention facility was estimated at \$20.4 million. The following table details the calculation:

Incremental Gaming Revenue - Convention Facility

	Base Count	Capture Rate	Gamer Visits	Win per Visit	Gaming Revenue
Convention Attendees	457,027	20%	91,405	\$72	\$6,605,420
Convention Hotel Room Nights	123,705	55%	68,038	\$203	\$13,802,138
Total	580,732	27%	159,443	\$128	\$20,407,558

Source: The Innovation Group

Golf Course Segment

The Innovation Group believes that the addition of a premium golf course to the Tunica market will attract the golf group market. Golf groups typically gravitate to an area with an assortment of courses combined with additional nightlife entertainment. The incremental visitation associated with the golf group segment translates into incremental gaming revenue for the casinos. Based on the Golf Course Market Assessment, we estimated that the subject golf course would generate about 7,140 golf group room nights. The gaming participation rate for this segment was judged to be high at 80% as the area was likely selected due to the gaming availability. The win per room night for this segment was estimated at about \$275, resulting in incremental gaming revenue associated with offering the premium golf course of approximately \$1.6 million. The following table details the incremental gaming revenue calculation for the golf course segment:

Incremental Gaming Revenue - Golf Course

	Total Room Nights	Capture Rate	Gamer Room Nights	Win per Room	Gaming Revenue
Group Golfer - Subject Hotel	7,140	80%	5,712	\$275	\$1,570,800

Source: The Innovation Group

Events Segment

As discussed earlier, a key component of the resort's marketing strategy is to host various major events in order to generate television and other media coverage. The event budget assumed for the Assessment was about \$33.4 million (Year 1) associated with various golf, botanical and entertainment events. The events strategy, due to the media coverage, positively impacted the factors associated with other components of the project including the hotels, food & beverage, and attractions. Based primarily on information provided by IMG, Myriad's media marketing expert, visitation associated with these events was estimated at 411,650. The Innovation Group estimated the propensity and frequency associated with these visitors at 20.5% and 1.9, respectively. After applying the projected win per visit factor of \$67, incremental gaming revenue associated with the actual events was estimated at \$10.6 million. The following table displays the incremental gaming revenue calculation associated with the events strategy:

Incremental Gaming Revenue - Events

Market Segment	Visitation	Propensity	Gamers	Gamer Visits / Trip	Gamer Visits	Win per Visit	Gaming Revenue
Events	411,650	20.5%	84,303	1.9	158,378	\$67	\$10,649,188

Source: The Innovation Group

Mississippi Eye Segment

The Innovation Group estimated that the Mississippi Eye attraction would generate incremental visitation to the property and thus incremental gaming revenue. The incremental visitation reflects in part local market residents that make a special trip to experience the Eye and the diversion of tourists currently visiting the Memphis area. We assumed that 20% and 32% of the local market and tourism diversion patrons would participate in gaming at the subject property, respectively. Assuming a weighted average win per visit of \$88, incremental gaming revenue associated with the Eye attraction calculated to \$15.8 million as displayed in the table below:

Incremental Gaming Revenue - Eye

Market Segment	Admissions	Gaming Capture	Gamer Visits	Win per Visit	Gaming Revenue
Local Market	139,379	20.0%	27,876	\$52	1,449,542
Tourism Diversion – Memphis	472,955	32.0%	151,345	\$95	14,377,817
Total	612,334	29.3%	179,221	\$88	15,827,359

Source: The Innovation Group

Resort Leisure Segment

The Innovation Group estimated the subject resort would penetrate the regional resort leisure market. The current building program for the proposed resort includes components that the resort leisure travel would find appealing such as the water/snow park and FEC, golf course, and the Eye as well as the overall atmosphere of the property. We segregated the resort leisure market into the regional drive-in and targeted fly-in segments. Based on the Resort Leisure Market Assessment, we estimated room night demand associated with this segment at about 149,700 in 2010, increasing to 176,100 by 2012 (the first year of stabilized results). Next, we estimated the gaming participation rate at 68%, reflecting a premium over the national gaming propensity rate as the resort guests likely choose the resort due in part to the gaming availability. Based on an average win per room night for the resort leisure segment of \$115, incremental gaming revenue calculated to \$11.8 million. The following chart details the calculation:

Incremental Gaming Revenue - Resort Leisure

Market Segment	Room Night Demand	Gaming Capture	Gamer Visits	Win per Visit	Gaming Revenue
Resort Leisure	150,782	68%	102,532	\$115	\$11,791,152

Source: The Innovation Group

Total Gaming Revenue

Combining revenues from all sources, The Innovation Group forecasted gaming revenue for the subject property at \$329.3 million in 2010. Roughly 48.4% or \$159.4 million of the total reflects the local market component. The share of revenue associated with the traditional gamer components summed to 80.5% as the balance reflects incremental revenue from the convention and resort offerings. The following table summarizes the projected gamer visits and gaming revenue by market component for the subject facility:

Total Gaming Revenue - Subject (2010)

Market Segment	Gamer Visits *	Win per Visit *	Gaming Revenue	% of Total
Local Market	2,206,188	\$72	\$159,430,302	48.4%
Overnight Gamer - Casino Hotels	328,004	\$322	105,617,288	32.1%
Overnight Gamer - Non-Casino Hotels	32,982	\$120	3,957,815	1.2%
Convention Facility	159,443	\$128	20,407,558	6.2%
Golf Course	5,712	\$275	1,570,800	0.5%
Events	158,378	\$67	10,649,188	3.2%
Mississippi Eye	179,221	\$88	15,827,359	4.8%
Resort Leisure	102,532	\$115	11,791,152	3.6%
Total	3,172,460	\$104	\$329,251,462	100.0%

* Hotel component figures are based on gamer room nights.

Source: The Innovation Group

The Innovation Group forecasted gaming revenue out five years by market component. The local market was assumed to increase at a conservative rate of about 2.5% annually. The rates associated with the other components generally reflect the growth in underlying base assessments such as room night demand. The strong growth in Years 2 and 3 primarily relates to the ramp-up period associated with the convention business and resort leisure segment. Gaming revenue in Year 3, the first year of stabilized results, was estimated at \$282.4 million. The following table displays projected gaming revenue for the first five years of operation:

5-year Gaming Revenue Summary

	2009	2010	2011	2012	2013
Local Market	\$159,430,302	\$163,416,059	\$167,501,461	\$171,688,997	\$175,981,222
Overnight Gamer - Casino Hotels	105,617,288	107,201,547	108,809,571	110,441,714	112,098,340
Overnight Gamer - Non-Casino Hotels	3,957,815	4,017,182	4,077,440	4,138,601	4,200,681
Convention Facility	20,407,558	26,686,798	31,396,180	32,181,085	32,985,612
Golf Course	1,570,800	1,755,600	1,848,000	1,857,240	1,866,526
Events	10,649,188	10,915,417	11,188,303	11,468,010	11,754,710
Mississippi Eye	15,827,359	16,064,769	16,305,741	16,550,327	16,798,582
Resort Leisure	11,791,152	13,178,342	13,871,947	14,218,746	14,574,215
Total	\$329,251,462	\$343,235,716	\$354,998,642	\$362,544,721	\$370,259,888
<i>% Change</i>		4.2%	3.4%	2.1%	2.1%

Source: The Innovation Group

Convention Facility Market Assessment

Introduction

The primary objective of the Convention Facility Market Assessment was to estimate the demand for convention and meeting space associated with the subject convention facility as measured in Gross Square Foot Days (“GSFD”). In addition, the assessment estimates hotel room night demand generated by the convention facility. The convention facility is a key component of the project, expected to bring a new market segment to Tunica. The extensive resort elements and the availability of gaming are anticipated to make the subject convention facility an attraction alternative for conventioners targeting the Southeast U.S. The Innovation Group relied to some extent on information presented in a Hotel & Convention Study (“Convention Study”) conducted by Pinkowski and Company. The information was tested for reasonability using independent research obtained by The Innovation Group, when possible.

Subject Convention Facility

The Mississippi Blossoms Convention Center is expected to offer a total of about 600,000 sq. ft. of functional meeting space. The plan calls for a 365,000 sq. ft. exhibit hall and three main ballrooms measuring 50,000, 30,000 and 15,000 square feet. This space will also be supported by 65,000 square feet of pre-function space and 70,000 square feet of breakout space including several boardrooms. The Innovation Group assumed that the meeting space would utilize the latest audio and visual technology.

The overnight convention guests will primarily be accommodated by the nine-story 1,200-room Myriad Palace Hotel structured to cater to convention travelers. We assumed that the hotel would garner a rating equivalent to a Triple-A four-diamond rating or higher. The hotel is expected to offer a full-service spa, a fitness center and several appropriate retail outlets as well as numerous food & beverage venues. The following chart details the allocation of the roughly 600,000 square feet of convention space:

<u>Subject Convention Facility Supply</u>			
	Supply	Annual Supply	% of Total
Exhibit	365,000	133,225,000	68.9%
Ballroom	95,000	34,675,000	17.9%
Meeting Room	70,000	25,550,000	13.2%
Subtotal	530,000	193,450,000	100.0%
Pre-function/Misc.	70,000		
Total	600,000		

Source: Pinkowski Hotel & Convention Study

Existing Tunica Market

In our opinion, the convention and meeting market in Tunica is severely underdeveloped. The area hosted only 610 group events in 2005. Although up about 8.5% in comparison to the prior year, the figure has declined at an average annual rate of 6.9% over the last five years. In 2000, the area hosted approximately 812 group events. Based on the magnitude of the convention facilities currently available in Tunica and discussions with the Tunica CVB, the group events were judged to be relatively small compared to those hosted in major convention markets. For example, the largest single ballroom in Tunica is only 14,000 sq. ft. whereas major convention facilities often feature ballrooms in excess of 50,000 sq. ft. The following table displays the Tunica area group event count over the last several years:

Fiscal Year *	Group Events
2000	812
2001	894
2002	599
2003	543
2004	562
2005	610
AAG (1-year)	8.5%
AAG (3-year)	0.6%
AAG (5-year)	-6.9%

* Ending September 30th.

Source: Tunica CVB

Again, the lackluster convention market primarily reflects the limited convention and meeting space currently available in Tunica. Based on information provided by the Tunica CVB, the area offers only about 165,000 sq. ft. of functional space spread over 10 venues. The largest facility is the Tunica Expo Center, which contains about 48,000 sq. ft. of exhibit space. The Sam's Town Hotel, Gold Strike Hotel and the Grand Terrace Resort also offer decent facilities. Sam's Town features a 13,000 sq. ft. arena with stage that can accommodate 1,600 people in a theater setting. The Gold Strike offers about 30,000 sq. ft. of functional space including the Millennium Theater (18,250 sq. ft.) with a theater capacity of 766. The Gold Strike has a 9,000 sq. ft. ballroom that holds 1,170 people in a theater setting. The Grand offers 30,000 sq. ft. of function space in a building adjacent to the hotel featuring a 13,100 sq. ft. ballroom. The following chart exhibits a summary of the meeting space available in Tunica:

Property	Function Space	Largest Room	Theater Capacity
Resorts	13,500	13,500	1,500
Sam's Town	20,000	13,000	1,600
Fitzgerald's	9,700	5,200	645

Gold Strike	30,000	9,030	1,170
Grand Casino	30,000	13,100	1,350
Hollywood	14,400	14,000	1,200
Tunica Expo Center	48,000	NA	NA
Total	165,600	67,830	7,465

Source: Tunica Convention & Visitors Bureau; Hotel Websites

Regional Market

The convention facilities in Tunica are relatively insignificant in comparison to what is available in major convention destination markets such as Orlando, Fort Lauderdale, Atlanta and Dallas. The following table outlines the supply and demand profile for major convention space in these markets:

Supply & Demand Profile (GSFD) Major Markets

Market	Supply	Demand	Occupancy Rate
Orlando	465,449,460	295,088,539	63.4%
Fort Lauderdale	328,878,140	166,189,866	50.5%
Atlanta	578,064,005	294,360,838	50.9%
Dallas	425,349,100	253,934,479	59.7%
Total	1,797,740,705	1,009,573,721	56.2%

Source: Hotel & Convention Study

Orlando

Orlando is one of the premier group markets in the country featuring some of the best convention hotels and amusement parks. According to the Orlando Convention & Visitors Bureau, Orlando hosted a total of about 5.6 million convention attendees in 2004, or about 57% of total business travel. Business travel to Orlando has been increasing over the last five years, up from 8.2 million in 1999 to 10.0 million in 2004; an average annual increase of 4.1%. The interstate business travel accounts for about 61% of the total. This segment has posted strong growth over the last several years suggesting that business travelers are staying closer to home.

Roughly 64% of the group attendees stayed overnight. The average stay was estimated at 3.3 nights with an average party size of 1.7 people. Hotels that cater to the convention business account for 35% of the rooms (39,600 rooms) in the Orlando market. The market features some of the best convention hotels including the Gaylord Palms and the Sheraton Dolphin.

Gaylord Palms

The 1,400-room four-diamond Gaylord Palms offers a total of 400,000 sq. ft. of functional meeting space. The facility features 178,500 sq. ft. of exhibit space as well as a 46,750 sq. ft. ballroom. The hotel offers four full-service restaurants and a couple smaller outlets (Java Coast and Ben & Jerry's) and several lounges. Other amenities include a full-service spa and fitness center and various unique swimming pools.

Sheraton Dolphin

The 2,267-room Walt Disney World Dolphin resort hotel offers roughly 329,000 sq. ft. of functional meeting space. The largest ballroom measures about 110,500 sq. ft. with 85 breakout rooms available (including two boardrooms). The property serves the conventions and groups with an on-site planner, catering and audiovisual technicians. The property features about 17 restaurants and lounges offering a wide variety of cuisines and atmospheres. The hotel has several outdoor pool options, not withstanding convenient access to the Disney theme parks.

Other Regional Convention Resorts**Boca Raton Resort & Club (Boca Raton, Florida)**

The Boca Raton Resort & Club is situated on 356 acres in the heart of Florida's Gold Coast near Palm Beach. The resort includes 144,471 square feet of meeting space with 42 meeting rooms. Conference planning and catering services are also available. Boca Raton Resort & Club has earned the Meetings & Conventions Gold Key Award for 23 consecutive years. There are 1,041 deluxe guestrooms with 56 suites, 76 junior suites and 60 one-room bungalows. The dining options include the Cathedral featuring breakfast, the Gazebo Bar & Grill offering sandwiches and burgers poolside, and Luccas and 27 Ocean Blue for Mediterranean and Coastal cuisines. The hotel also contains various lounges and grills. With regard to activities, the resort offers two championship 18-hole golf courses and 30 tennis courts (12 lighted) with clinics and lessons also offered. There is a large spa with 44 treatment room, three fitness centers, six pools throughout the property as well as a private beach and full-service marina with a 32-slips and full fishing and boating facilities.

Westin Diplomat Resort & Spa (Fort Lauderdale, Florida)

The Westin Diplomat is the premier convention hotel in the Fort Lauderdale area. This 1,000-room (100 suites) full-service resort is nicely situated on Hollywood Beach, just south of Fort Lauderdale. The resort features seven restaurants with three lounges. The restaurant options include fine dining at Hollywood Prime steak house, seafood and sushi in a trendy atmosphere, or lighter fare at one of several venues situated to take advantage of the resort view. The Tack Room lounge is situated just off the hotel lobby utilizing a contemporary setting. The resort offers two outdoor pools to go along with the beachfront amenities. A full-service spa (30,000 square feet), golf and tennis club is available to guest via the affiliated Diplomat Country Club & Spa. The tennis center presents 12 clay courts. The hotel offers the areas largest conference center, totaling roughly 200,000

square feet. The functional space features a huge 50,000 square foot ballroom with 39 breakout rooms. The meeting space can accommodate groups as large as 8,000.

Gaylord Texan Resort (Dallas, Texas)

The Gaylord Texan Resort is located in close proximity to the Dallas-Fort Worth International Airport and about 20 minutes from downtown Dallas. The Gaylord offers over 400,000 sq. ft. of functional meeting space featuring 3 major ballrooms and an 180,000 sq. ft. exhibition hall. Additionally, about 70 breakout rooms and two executive boardrooms are available. All meeting rooms and conference facilities feature built-in computer displays, and offer teleconferencing and videoconferencing capabilities.

The 1,511-room hotel offers various suite levels. The hotel contains 6 restaurants and 7 lounges. The dining options range from the elegant Old Hickory Steak House that specializes in prime steaks and regional wines, to the Cups and Cones, which is an ice cream stand offering frozen yogurt, ice cream and flavored ice.

The Gaylord features a 25,000-square-foot spa, salon and fitness center with the latest training and workout equipment. The spa features 12 private treatment rooms offering range of rejuvenating treatments and beauty services including facials, massage and body wraps.

Hyatt Regency Atlanta (Atlanta, Georgia)

The 1,260-room Hyatt Regency Atlanta offers a total of 180,000 sq. ft. of function space featuring 50,000 sq. ft. of exhibit space and 3 major ballrooms. The 25,000 sq. ft. Centennial Ballroom is the largest and can accommodate up to 3,300 guests in a theater setting.

The hotel offers three restaurants and one bar. The Avanzare Steaks is a casual dining establishment serving steaks and seafood, accompanied by an extensive wine list. Kafe København is located in the Lower Atrium Tower and offers light continental food and buffet for breakfast, lunch and dinner. The Perks café is open 24 hours a day and features coffee, tea, as well as snacks and appetizers.

Hotel's amenities include a 24-hour fitness center with free weights, exercise cycles, steppers and stair climbers, a business center, an outdoor pool and sundeck, and an 18-hole Bobby Jones Golf Course. The hotel offers concierge and room service, as well as valley parking, laundry/dry cleaning, gift shop, and a currency exchange.

Subject Convention Facility Demand

The Innovation Group estimated potential convention facility demand using an incremental (induced) demand approach. In other words, the presence of large, full-service convention resort is expected to create new demand in the Tunica market. This is typical for the convention market segment as large groups search out resort destinations that can accommodate their meetings. These groups are looking for new and innovative facilities connected with resorts offering a diversified and unique experience. The convention space demand was estimated for the three categories, which include: exhibit space, ballroom space and meeting room space.

Exhibit Space

Exhibit space is generally used for large conventions, trade and consumer shows. Exhibit space demand increased by about 50% in 1990's. Demand was adversely impacted by the 9/11 tragedy but is showing signs of a rebound as of 2004. According to a survey conducted by PricewaterhouseCoopers ("PwC"), referenced in the Convention Study, the average exhibit space occupancy rate for facilities in the 100,000 to 500,000 sq. ft. range was about 36.9%. The occupancy rate for venues greater than 500,000 sq. ft. was considerable higher at 53.0%. According to PwC, a rate of 70% reflects maximum occupancy, while a rate between 50% and 60% would suggest a potentially efficient operation.

Ballroom Space

Ballroom space is well suited to accommodate large corporate meetings, conferences, conventions, assemblies and other community and social events. The growth in demand for ballroom space was relatively consistent with that of exhibit space noted earlier. According to a 2004 Meetings Market Report, there were about 12,200 conventions in 2003 with an average attendance of about 1,000 per convention. The ballroom occupancy rate for facilities in the 100,000 to 500,000 sq. ft. range was estimated at 45.5%.

Meeting Room Space

Meeting room space is utilized for smaller corporate and association meetings. The corporate meetings include training seminars, professional and technical conference, incentive trips and management meetings. Meeting room space is often used in connection with a larger meeting as breakout space. The meeting room segment typically targets city-center hotels, specially designed conference centers, and resort hotels and demands a high-quality facility. Again, according to the 2004 Meetings Market Report, over 890,000 corporate meeting were held in 2004. In comparison to 2001, demand grew by about 2.8% per year. Average attendance at these meetings was about 63 in 2004.

Convention Space Demand Forecast

The Innovation Group estimated convention demand for the subject based on an incremental demand model. We expect that the subject will capture convention demand from the existing convention markets in the Southeastern U.S., hereafter referred to as the target market. Again, we relied on certain assumptions and estimates contained in the Convention Study. The convention space occupancy rate for the target market was estimated at about 45%. The following table displays the supply and demand profile, segregated by category, for the target market:

Supply & Demand Profile - Target Market			
	Target Market Supply *	Target Market Demand *	Occupancy
Exhibit	2,618,104	1,069,445	40.8%
Ballroom	475,026	292,870	61.7%
Meeting Room	646,242	315,427	48.8%
Total	3,739,373	1,677,742	44.9%

* Square Feet

Source: Pinkowski Hotel & Convention Study

After adding the subject's 530,000 sq. ft. of proposed functional space (excludes pre-function), estimated supply in the target market increases to about 4.27 million. The subject's share of the adjusted supply calculated to about 12.4%.

Supply Growth - Target Market				
	Existing Supply	Subject Supply	Adjusted Supply	Subject Market Share
Exhibit	2,618,104	365,000	2,983,104	12.2%
Ballroom	475,026	95,000	570,026	16.7%
Meeting Room	646,242	70,000	716,242	9.8%
Total	3,739,373	530,000	4,269,373	12.4%

Source: The Innovation Group

The Innovation Group assumed that target market demand would increase by 10% due to the addition of the Mississippi Blossoms Convention Center. Due to the size of the exhibit hall and ballrooms, we believe that the subject space will create new demand in the region as some demand is likely leaving the region due to a lack of adequate space. We estimated adjusted annual demand for the target market at 1.85 million sq. ft. The adjusted target market demand profile is shown in the table below:

Demand Growth - Target Market			
Category	Current Demand	Induced Demand	Adjusted Demand

Exhibit	1,069,445	106,945	1,176,390
Ballroom	292,870	29,287	322,157
Meeting Room	315,427	31,543	346,970
Total	1,677,742	167,775	1,845,517

Source: The Innovation Group

Furthermore, The Innovation Group assumed that the subject convention center would capture a premium to its estimated supply market share. As displayed earlier, the subject's supply market share calculated to 12.4%. We assumed that the subject would realize an 8% premium to supply market share reflecting the high-end and innovative nature of the proposed convention space as well as the comprehensive resort offering available to convention guests. While fair share demand (based on size) calculated to 231,500 sq. ft., subject demand, which reflects the premium, was estimated at 250,100 sq. ft. The demand forecast relates to the first year of stabilized results, assumed to be Year 3 or 2012. The following chart displays convention space demand segregated by the different components:

Subject Demand

Category	Adjusted Market Demand	Fair Share Capture	Fair Share Demand	Subject Premium	Subject Demand
Exhibit	1,176,390	12.2%	143,938	8%	155,453
Ballroom	322,157	16.7%	53,690	8%	57,986
Meeting Room	346,970	9.8%	33,910	8%	36,623
Total	1,845,517	12.5%	231,539	8%	250,062

Source: The Innovation Group

The following chart displays the occupancy rate calculation for the subject convention facility, comparing proposed supply with estimated demand. The projected occupancy rate of 47.2% is moderately higher than current target market rate of 44.9%.

Subject Occupancy Rate Summary

Category	Subject Supply (Sq. Ft.)	Subject Demand (Sq. Ft.)	Occupancy Rate	Memo: Demand in GSFD
Exhibit	365,000	155,453	42.6%	56,740,403
Ballroom	95,000	57,986	61.0%	21,164,740
Meeting Room	70,000	36,623	52.3%	13,367,390
Total	530,000	250,062	47.2%	91,272,533

Source: The Innovation Group

Room Night Demand

The convention facility demand is expected to generate room night demand for the convention hotel. The 91.3 million in GSFD demand was estimated to reflect about 1,828 events. The conversion was based on sq. ft. utilization estimates for each event category, based on information outlined in the PwC survey. Assuming an average attendance of 2,350, 750 and 65 for exhibits, ballroom and meeting events respectively, total attendance calculated to about 818,700 people. We assumed 0.23 room nights of demand for each attendee, again based on information provided in PwC survey, resulting in 187,800 room nights of demand for the convention hotel. The estimated room night demand utilizes about 43% of the convention hotel. The demand forecast relates to the first year of stabilized results, assumed to be 2012. The calculation is detailed in the table below:

Room Night Demand Forecast

	GSFD Demand	Sq. Ft. / Event	Event Count	Average Attendance	Total Attendance	Room Nights / Attendee	Room Night Demand
Exhibit	56,740,403	250,000	227	2,350	533,360	0.08	42,669
Ballroom	21,164,740	80,000	265	750	198,419	0.35	69,447
Meeting Room	13,367,390	10,000	1,337	65	86,888	0.90	78,199
Total	91,272,533	49,923	1,828	448	818,667	0.23	190,315

Source: The Innovation Group

Pro-forma Operating Statement – Convention Facility Operation

The pro-forma operating statement projects the potential Earnings before Interest, Taxes, Depreciation and Amortization (“EBITDA”) for the proposed convention facility. The estimates outlined in the operating statement were based on a detailed analysis of the income and costs elements associated with the project and take into consideration the operating characteristics of the subject development. Existing and assumed future market dynamics were also taken into consideration during the analysis.

Convention Facility Operation 5-year Pro-forma Operating Statement

	2010	2011	2012	2013	2014
GSFD:					
Exhibit	36,881,262	48,229,343	56,740,403	57,307,807	57,880,885
Ballroom	13,757,081	17,990,029	21,164,740	21,376,388	21,590,152
Meeting Room	8,688,803	11,362,281	13,367,390	13,501,063	13,636,074
Total	59,327,147	77,581,653	91,272,533	92,185,258	93,107,111
Convention Attendees:					
Exhibit	346,684	453,356	533,360	538,693	544,080
Ballroom	128,973	168,657	198,419	200,404	202,408
Meeting Room	56,477	73,855	86,888	87,757	88,634
Total	532,134	695,867	818,667	826,854	835,122
Revenues:					
Convention Space Rental	3,408,726	4,457,564	5,244,193	5,296,635	5,349,602
Audio/Visual Rental	1,704,363	2,228,782	2,622,097	2,648,318	2,674,801
Catering	4,134,775	5,407,013	6,361,192	6,424,804	6,489,052
Total	9,247,863	12,093,359	14,227,482	14,369,757	14,513,454
Departmental Expenses:					
Convention Space Rental	1,363,490	1,756,280	2,035,219	2,045,293	2,055,418
Audio/Visual Rental	1,022,618	1,317,210	1,526,414	1,533,970	1,541,563
Catering	3,101,081	3,994,431	4,628,840	4,651,753	4,674,779
Total	5,487,189	7,067,921	8,190,474	8,231,017	8,271,760
EBITDA	3,760,674	5,025,438	6,037,008	6,138,740	6,241,694
EBITDA %	40.7%	41.6%	42.4%	42.7%	43.0%

Source: The Innovation Group

Pro-forma Operating Statement – Casino Operation

Convention Space Rental Revenue

The space rental revenue was based on a per square foot rental rate applied to each of the rental demand estimates for exhibit, ballroom and meeting room space. This revenue category includes the professional services associated with the space rental. The rental rate estimates were reflecting comparable convention centers in the region.

Audio/Visual Rental Revenue

The A/V rental revenue reflects the charge associated with renting the equipment needed to hold a convention or meeting. The estimated was based on a proportion of rental revenue.

Catering Revenue

The catering revenue includes the food & beverage service provided during the convention or meetings. The estimate was based on the forecasted attendance levels segregated by exhibit, ballroom and meeting room.

Departmental Expenses

The departmental expenses reflect the cost of providing the convention facilities and services associated with the convention and meetings. The cost factors were based on comparable venues in the region and based in part on information presented in the Convention Study.

Resort Leisure Market Assessment

Introduction

The primary objective of the Resort Leisure Market Assessment was to estimate potential visitation to the Myriad Resort associated with resort leisure segment. The resort leisure segment reflects travelers that target a vacation destination that features a variety of entertainment and recreation options. Rest, relaxation, recreation and entertainment are the primary goals of this traveler segment. This segment is generally attracted to comprehensive resorts with various on-site recreation and entertainment options including beaches, pools, amusement parks, golf courses, restaurants, shopping and nightlife. The primary resort leisure destination markets in the Southeastern U.S. are found in Florida and the Gulf Coast. These markets feature high-end hotels offering comprehensive recreation and entertainment options. In addition to these destination markets, there are numerous stand-alone resorts scattered throughout the southeast that fit this profile.

The assessment estimates the visitation and associated room night demand associated with this segment. For analytical purposes, we assumed that the convention hotel would primarily accommodate the resort leisure patrons. The convention hotel, as oppose to the casino hotels, has been designed to better facilitate this segment with regard to service and proximity to the leisure amenities. This market assessment supports various other assessments with the base visitation and room night demand estimates.

Subject Resort

The resort strategy was specifically developed to penetrate the resort leisure segment. The botanical gardens, Mississippi Eye, championship golf course, water/snow park, family entertainment center and full-service spa are all elements of the project that would appeal to the resort leisure segment. In addition, the development plan goes to great length to increase the synergy between the different components with landscaping, dome structures and unique transportation in order to establish the resort feel. Finally, in addition to the botanical gardens, the resort is expected to offer various attractions that will stimulate the senses such as the Fire on Water and Cave of Music exhibits.

Methodology

The initial objective of the assessment was to gain a thorough understanding of the regional resort leisure market. The Innovation Group identified the various major tourism markets in Florida and the Gulf Coast as the primary source of competition for the proposed resort development. For the purpose of the analysis, we established the tourism markets of Orlando, Fort Lauderdale and Fort Myers/Naples as the target market. We also analyzed several stand-alone resort properties, not necessary associated with a

particular destination. Information was obtained relating to the occupancy rates and Average Daily Rates (ADR) for the target market.

In order to estimate room night demand associated with the resort leisure segment, The Innovation Group employed an incremental demand model. The model was utilized because we believe Tunica is currently not a destination for true resort leisure travelers. The area lacks the type of hotel necessary to attract this segment. The Innovation Group identified two market components including the regional drive-in market and the targeted fly-in market. The regional drive-in market reflects a drive-time window of about eight hours. The fly-in market was based on cities within 500 miles of the subject development with a household count in excess of about 650,000.

Finally, The Innovation Group estimated the factors associated with demand and capture based on an analysis of the regional leisure tourism industry. One key consideration was the resort's proposed amenity and entertainment package as this project will be competing with significant existing attractions, most notably the beaches and amusement parks in Florida.

Resort Leisure Market

The resort leisure travel segment is motivated by a different set of desires in comparison to the gamer segment. Based on an Orlando/Orange County Visitor Survey, beaches, amusement parks and shopping generally rated the highest as motivators for choosing a particular leisure destination. The Fort Lauderdale area leisure visitors also rated beaches and shopping the highest in terms of participation at 23% and 20%, respectively. For Palm Beach, shopping and the beaches ranked high at 39% and 31%, respectively. According to the National Leisure Travel Monitor 2005, apart from safety, beautiful scenery is the single most desirable attribute in a leisure travel experience. Also noteworthy, 62% of consumers prefer vacationing in a new place oppose to revisiting an old favorite place.

Leisure travel is on the rise following the slowdown associated with the 9/11 tragedy. Roughly 58% of consumers in 2005, up from 49% in 2004, reported taking a trip more than 75 miles from home requiring overnight accommodation. Nearly 93% of consumers reported taking an average of 3.4 leisure trips in the past 12 months. Roughly 56% were weekend trips, while 25% and 19% were extended and weekday trips, respectively. In addition, 38% of consumers cited taking an average of 2.5 extended leisure trips (greater than 5 nights) in 2005; again up in comparison to 2004.

The majority of leisure travelers were Boomers (40-58 years old) and Matures (59+ years old). Leisure travelers were more likely married than not, with a higher AAHI in comparison to the general population. According to the Travel Monitor Survey, about 52% of leisure trips were taken by a party of two or more adults traveling without children, while 28% reflect families traveling with children. The balance of 26% relates to adults traveling alone.

The leading primary purpose for leisure trips continues to be “visiting friends/relative”, reflecting 27% of the trips. Naturalistic trips came in second at 20%, which include beaches, lakes, camping, snow skiing and other adventure outings. Gaming was cited as the primary purpose about 6% of the time with theme parks and all-inclusive resorts both coming in at 5%. The golf percentage was only 2%, but doubled over the last year, while the other categories were relatively constant.

The following chart displays attributes of a leisure trips that travelers find extremely or very desirable. In other words, 79% of leisure travelers find “beautiful scenery” to be either extremely or very desirable attribute of a trip.

**Travel Attributes – Extremely /
Very Desirable**

Attribute	Rating %
Beautiful Scenery	79%
Never Visited	76%
Beach	62%
Cuisine Variety	51%
Casual Elegant Hotel	50%
Nightlife	45%
Historical Sites	41%
Theme Parks	38%
Formal Elegant Hotel	35%
Hotel w/ Distinctive Theme	35%
Spa Amenity	27%
Gambling Availability	26%

Source: National Leisure Travel Monitor

With regard to desirable destinations, 40% of Travel Monitor survey respondents were interested in visiting Florida during the next two years while Mississippi was one of 13 states not named. Regarding specific destinations (aided), 66% of respondents reported that they were extremely or very interested in National Parks with Hawaii coming in second at 63%. Las Vegas was 11th at 43%, while the Mississippi Gulf Coast came in 24th (24%) followed closely by Atlantic City (21%).

Leisure Destination Markets

The following discussion details several of the more popular leisure destinations in Florida including Fort Myers / Naples and Orlando as well as several stand-alone resorts.

Fort Myers / Naples

The Fort Myers (including Captiva Island and Sanibel Island) and Naples (including Marco Island) area hosts a significant leisure market as it contains some of the best beaches in Florida. The beaches of Fort Myers and Sanibel were ranked eighth as a favorite U.S. travel destination according to a survey of a prominent travel agency. Nearly 3.5 million visitors make their way to the area every year. Seasonal residents or “Snowbirds” account for an additional 170,000 visitors per year.

The Fort Myers area with its beaches and warm climate is a popular tourist destination. Visitation levels have increased from 1.95 million in 2000 to 2.03 million in 2004, for an annual average growth rate of 1.0% for the period. The average occupancy rate rose significantly in 2004 to about 77%. The ADR for the market increased from \$93 in 2003 to about \$106 in 2006, reflecting an average annual increase of 3.3%. The Fort Myers area draws most of its visitors from the Midwest and Northeast accounting for approximately two-thirds of the total visits.

The Naples area visitation levels have increased from 1.32 million in 2001 to 1.45 million in 2004, an annual average growth rate of 3.1%. The average occupancy rate rose moderately in 2004 to about 72% after three years of relatively flat results. The ADR for the Naples area was about 38% higher than Fort Myers, reflecting more upscale lodging properties. Collier County draws most of its visitors from Florida, representing about 38% of total visitors in 2004. The Midwest and Northeastern portions of the United States also finished strong, each accounting for about 18% of visitor traffic.

The lodging choices in the area are structured to support the tourism industry and offer an extremely wide-range of choices, including resorts, hotels, cottages/efficiencies, bed & breakfast boutiques, and villa/condo rentals. The alternatives range from hotels and efficiencies with fewer than 50 units and no services to over 700-room full-service resorts, with a little bit of everything in between. The following discussion presents the relevant information regarding location, accommodations, dining options, amenity package and meeting space for a few of the resorts in the area.

Naples Beach Hotel and Golf Club (Three-Diamond)

The Naples Beach Hotel and Golf Club is a full-service resort, located on the beach in Naples, Florida. The resort features 318 rooms, newly decorated with a tropical theme, consisting of 256 standard rooms, 42 suites and 20 efficiencies. The standard room reflects a typical one-room hotel room with a private balcony. The suites have a separate living room and kitchen, equipped with a microwave and refrigerator. The efficiencies include a kitchenette with a microwave and refrigerator. The room pricing is also

dependent on the view, whether overlooking the Gulf of Mexico, golf course or landscaped grounds.

The resort offers three full-service restaurants (one open only for breakfast), two bars and a deli/bakery/sundries store. The dining options are nicely situated around the golf course and beach. The amenities include golf, tennis, a beachside pool, and spa. The on-site 18-hole golf course is the oldest course in Naples, with large trees and many water hazards. The tennis center features 6 Har-Tru courts including a pro shop with lessons available. The only pool is fairly large and heated, but otherwise simple. The full-service spa offers skincare and massage services, body treatments, hydrotherapy and salon and fitness facilities. The resort is equipped with the retail necessary to support the amenities described above such as a golf, tennis, and spa shop.

Regarding meeting space, the Naples Beach Hotel offers four separate ballrooms and two smaller breakout rooms. The feature ballroom is 6,300 square feet holding 744 people, with adjacent foyer space. The three smaller ballrooms range from 1,845 square feet to 2,500 square feet holding a total of about 670 people in a theater setting.

Sanibel Harbour Resort & Spa (Four-Diamond)

The Sanibel Harbour Resort & Spa is an upscale resort, located on an 85-acre peninsula overlooking the Sanibel and Captiva Islands in Fort Myers, Florida. The sprawling complex features a primary hotel with 240 units (including 47 suites), 53 two-bedroom condominiums, and a stand-alone 107-room full-service hotel for a total of 400 rooms. The separate hotel provides additional privacy and more personal services.

The resort offers three full-service restaurants, with respective specialties in seafood, steaks and intimate dining. In addition, a dinner cruise is available on the Sanibel Harbour Princess. A pool-side bar and grill and indoor cocktail lounge are also available. The on-site amenities include a spa and fitness center with tennis and various pools and pool decks, all arranged around the living complexes. The spa is very elaborate, offering over 60 different services in private treatment rooms. It features a Bio Energetic Transduction Aided Resonance bed, which according to the resort, is one of only 16 such systems in the world.

The group accommodations at Sanibel Harbour are extensive with over 28,000 square feet of total indoor space and 34,000 square feet of functional outdoor space. The primary ballroom is nearly 9,700 square feet divisible into eight separate rooms. The total theater capacity is about 965 people. The four additional ballrooms range from 2,073 square feet to 6,682 square feet. Also available are six breakout rooms separate from the ballrooms. A full-service business center with A/V services, catering and event production services is available.

Orlando

The Orlando area is the most popular tourist destination in Florida, capturing about 25% of the domestic leisure travel to Florida. The Orlando area features some of the best amusement parks in the world, including Disney World, Universal Orlando and SeaWorld Orlando. The resort style hotels are designed to accommodate the family oriented visitors utilizing the theme parks.

The Orlando area hosted roughly 45.2 million domestic visitors and 2.6 million international visitors in 2004. Nearly 53% of the domestic visitors originated from Florida. The in-state visitors showed significant origin from Tampa-St. Petersburg, Orlando-Dayton Beach-Melbourne, Miami-Fort Lauderdale, Fort Myers-Naples, West Palm Beach-Fort Pierce and Jacksonville. The in-state visitors were primarily categorized as leisure tourists by a 3 to 1 margin when compared to group tourists. The domestic in-state visitor volume grew at an annual average rate of 4.6% over the last ten years. The table below outlines the in-state domestic visitor volume, segregated by leisure and group tourists.

Orlando Domestic In-State Visitors			
	Leisure	Group	Total
1995	11,715,000	4,067,000	15,782,000
1996	12,598,000	4,724,000	17,322,000
1997	12,319,000	3,773,000	16,092,000
1998	15,138,000	4,110,000	19,248,000
1999	16,362,000	4,371,000	20,733,000
2000	15,599,000	5,157,000	20,756,000
2001	14,763,000	5,119,000	19,882,000
2002	17,632,000	5,732,000	23,364,000
2003	16,602,000	5,970,000	22,572,000
2004	17,672,000	6,077,000	23,749,000
CAGR			
('95-'04)	4.7%	4.6%	4.6%
CAGR			
('00-'04)	3.2%	4.2%	3.4%

Source: Orlando/Orange County Convention & Visitors Bureau

Regarding the leisure segment, the most often cited reason for visiting the Orlando area was “general vacation” at 49%, followed by “visiting friends/relatives” at 16%, with “getaway weekend” next at 15%. Visiting a theme/amusement park was the most popular activity, with a 73% participation rate. Other popular activities included dining, general entertainment and shopping with participation rates of 57%, 50%, and 46%, respectively. Nearly 41% of domestic leisure visitors traveled with children, and 44% of group tourists brought family or friends.

The lodging choices in the Orlando area are numerous, generally situated to provide easy access to the amusement parks. The 2004 year-end room count was 113,000, representing 456 properties, for an average hotel size of about 250 units. There is a large supply of high-end rooms at full-service hotels featuring extensive amenity packages, especially

with regard to convention hotels. Although convention properties represent only 14% of all properties, they account for 35% of all rooms. The room supply has increased about 3.5% annually over the last eight years. Just in the last year, the Orlando area added 1,407 rooms, including the 730-room Omni Orlando Resort at ChampionsGate.

Outlined in the table below is a sample of resort hotels that fit the target market described earlier, reflecting high-end, full-service hotel projects with the ability to accommodate group and leisure tourists.

Target Market Summary – Orlando

Property Name	Location	AAA Diamond Rating	Rooms	Restaurant/ Bars	Amenities	Functional Space
Omni Orlando Resort	Davenport	Four	730	5 / 3	Pools; Golf; Health Club; Spa; Tennis; Game Room	70,000
Universal's Royal Pacific Resort	Orlando	Four	1,000	4 / 3	Pool w/ Sandy Beach; Fitness Pool; Fitness; Tennis; Equestrian Center; Game Room; Golf; Beach Landing;	85,000
Hyatt Regency Grand Cypress	Lake Buena Vista	Four	750	5 / 4	Pool; Water Park; Arcade; Kids Spa; Show Room	65,000
Nickelodeon Family Suites	Orlando	NA	777	4 / 3	Pool; Golf; Kids Station; Spa & Fitness Center	NA
Gaylord Palms Resort	Kissimmee	Four	1,400	5 / 3		400,000

Source: The Innovation Group

The following discussion presents the relevant information regarding location, accommodations, dining options, amenity package and meeting space for a sample of the hotels in the Orlando market.

Omni Orlando Resort

The Omni Orlando Resort is a 730-unit four-diamond resort located just off Highway 4, several miles west of Kissimmee. The resort is just south of the Disney properties. The hotel offers 695 standard rooms, including 278 kings with lounge chair and balcony. The hotel features various suite upgrades which include extras such as separate vanity areas and oversized baths, bay windows and large living room areas, and dining rooms. The five major suites are 2,100 square feet and include a full kitchenette, separate dining area and sitting room, and a Jacuzzi.

The food & beverage offering is quite extensive and includes a full-service Asian restaurant, a full-service Mediterranean-style restaurant, a sport bar & grill at the golf course and a deli among others

The resort also presents a full array of recreation activities including a health club, European Spa, outdoor adult pool and family activity pool with waterslide and lazy river, video arcade and game room with basketball, 36-holes of championship golf, par 3 golf course, tennis, and jogging and hiking trails. The golf offering is especially noteworthy, featuring Greg Norman designed courses and the David Leadbetter Golf Academy.

The resort offers a total of 70,000 square feet of convention space, featuring two large ballrooms of 25,000 square feet and 20,000 square feet, respectively. Both ballrooms have large pre-function areas. In addition, 27 meeting rooms and two executive board rooms are also available. Outdoor functional space is available. The meeting space is supported by a full-service business center with state-of-the-art AV equipment and support services.

Universal's Royal Pacific Resort

Universal's Royal Pacific Resort is a seven story, 1,000-room four-diamond resort situated within Universal Orlando. It is located just off Highway 4 in southwest Orlando. The hotel offers a standard room, a water view room and the upgraded Royal Club room. The standard and water view rooms feature either a king or two double beds. The rooms are 335 square feet and also include a table and two chairs. The Royal Club rooms are located on the top floor with either a king bed or two queen beds and include a daily Continental breakfast, afternoon beverages and snacks, cotton bathrobes, concierge service and unlimited access to the gymnasium. All of the rooms are decorated in a Polynesian style with rattan furniture and mahogany furnishings from Bali.

The food and beverage offering is again quite extensive and includes the following:

- Island's Dining Room - Pacific casual cuisine along with traditional steak, seafood and salads. They also have a daily Breakfast buffet.
- Emeril's - Tiki bar styling featuring Asian and Polynesian cuisines. Lunch and dinner are served.
- Jake's American Bar - The motif is an Island-Hopper Airline with historical flight and travel memorabilia. Cocktails, drinks and light fare are served.
- Bula Bar & Grille - Casual poolside serving burgers, wraps and sandwiches.
- Orchid Court Lounge - Hand carved furniture from Bali and orchids accent this elegant lobby lounge serving cocktails and light fare, and a daily continental breakfast.
- Emack & Bolio's - Poolside ice cream and yogurt.
- Wantilan Luau - Polynesian style luau dinner show with fire dancers, hula dancers and knife twirlers.

The resort features a 12,000 square foot zero entry lagoon pool set on a white beach with water cannons and a children's play area. There is also a 5,000 square foot gym with steam and sauna rooms, cardio equipment, free weights and three spa tubs. In addition, there is a sand volleyball court and a game arcade. The resort also offers the Mariner's Club which offers supervised nightly activities for children for a surcharge.

The resort features 80,000 square feet of meeting space. Event catering, wedding services and a business center with high speed Internet access are available.

Hyatt Regency Grand Cypress

The Hyatt Regency Grand Cypress is a 750-unit four-diamond resort located south of Orlando near Lake Buena Vista, and in close proximity to the Disney properties. The hotel rooms include 74 suite/parlors. The standard rooms are 360 square feet decorated in

a tropical theme, with private balcony. The rooms present a minibar and work desk. The standard room rate fluctuates based on views, which include the pool area, lake or garden. The hotel features various suite upgrades including the Hospitality Suite (1,128 square feet) with sitting area and full bath and the VIP Suite with sitting area, wet bar and separate bedroom with full bath. Certain floors offer additional amenities including concierge service, private lounge and evening cocktails and Hors d'oeuvres.

The food & beverage offering includes five restaurants and four lounges. The assortment features fine dining at The Black Swan Restaurant, the White Horse Sports Bar & Grille and the Cascade Restaurant for breakfast and lunch. The lounges take advantage of hotel décor and landscaping such as the Trellises Lounge in the atrium lobby and the Hurricane Lounge overlooking the pool and landscaped grounds.

The resort also presents a full array of recreation activities including a ½-acre outdoor pool with 12 waterfalls, 2 water slides and 3 whirlpools in a large deck area. The resort also offers an extensive fitness center, a game room, a racquet club with 12 tennis courts and several racquetball courts, an equestrian center offering trail rides, 45-holes of championship golf with golf academy, and a massage and beauty salon.

The resort offers a total of 65,000 square feet of functional meeting space, including 29 meeting rooms. The meeting space is supported by a full-service business center with state-of-the-art AV equipment and support services.

Stand-Alone Resorts

Pearl River Resort

The Pearl River Resort, operated by the Mississippi Band of Choctaw Indians, is a full service gaming and entertainment resort. The resort is located near Pearl River and Philadelphia, Mississippi about 100 miles northeast of Vicksburg and 65 miles northeast of Jackson. The resort complex combines the Silver Star Hotel and Casino and the Golden Moon Hotel and Casino connected by an enclosed walkway bridge spanning the highway separating the two casinos. In total, gaming space exceeds 172,000 square feet (sf), with about 4,800 slot machines, 85 table games and a poker room with 11 tables. The Silver Star Hotel offers 500 rooms including 75 suites, while the Golden Moon has 600 rooms including 112 suites and 33 VIP suites. There are a total of 13 restaurants available to guests, ranging from short order fare to luxury dining, with a buffet at each complex. Combined meeting space exceeds 41,000 sf, which can also accommodate live entertainment. The resort includes two 18-hole championship golf courses, the Geyer Falls Water Theme Park and abundant shopping options.

Demand Forecast

As described in the Methodology section of the assessment, The Innovation identified two primary sources of visitation related to the resort leisure segment including regional drive-in and the targeted fly-in market.

Regional Drive-In

In order to gauge the regional drive-in market segment, we defined the market using 4 two hour drive-time rings emanating from the development site out to about 8 hours. This market generally reflects households living within about a day's drive of the subject project. The Innovation Group estimated the number of households residing in the regional drive-in market at 16.1 million (2010). The outer drive-time segments reflect the majority of the households as they capture numerous large cities such as St. Louis, Nashville, Louisville, Baton Rouge, Atlanta and Dallas. The follow table displays the demographic data associated with these households:

Regional Drive-In Market Statistics (2010)

Households					
Drive-Time	Family	Non-Family	Total	AAHI	Size
0 - 2 hours	489,023	209,482	698,505	\$47,925	2.6
2 - 4 hours	1,070,121	459,935	1,530,056	\$42,380	2.5
4 - 6 hours	3,053,128	1,380,048	4,433,176	\$48,250	2.5
6 - 8 hours	6,551,515	2,846,728	9,398,243	\$50,010	2.6
Total	11,163,787	4,896,193	16,059,980	\$48,707	

Source: iExpress/Claritas

Regional Drive-in Market:



The family household segment represented about 70% of total households. Family households were defined as households with at least one person below the age of 18. The percentage was generally consistent across all the rings. The AAHI was the highest for the 6-8 hour ring, reflecting various large cities including most of Dallas, Atlanta, Baton Rouge and Montgomery. The 2-4 hour ring showed the lowest AAHI, generally reflecting rural Mississippi, Arkansas and Tennessee.

Leisure Trip Participation

The next step was to estimate the annual resort leisure participation rate for households in each ring. We analyzed various leisure travel studies in order to gain a perspective regarding leisure trip participation. According to the Leisure Monitor Survey, 93% of consumers reported taking an average of 3.4 leisure trips in the past 12 months, of which 25% were extended trips (five or more nights). More applicable to the analysis, 58% of consumer reported taking a trip more than 75 miles, requiring overnight accommodations, during the last 12 months. Based on the latter statistic, adjusted to account for the nature of the trip, The Innovation Group estimated the leisure participation for the region at about 35% for the regional drive-in market, resulting in 5.6 million leisure trips.

Resort Segment Capture

The Innovation Group then estimated the percentage of the total leisure trips that would target a resort style destination. Again, based on data in Leisure Monitor Survey, roughly 5% of leisure trips target a theme park and an additional 5% target an all-inclusive resort

environment. As we believe the subject project reflects an all-inclusive resort and to some extent a theme park, a resort capture rate of about 6.5% was applied. The resulting total resort style / theme park leisure trips were estimated at 365,800 for the drive-in segment.

Subject Capture

Finally, we estimated the capture rate for the subject property. The capture rate estimate considered the drive time to subject property in relation to other comparable destinations, namely Florida and the Gulf Coast. For the 0-2 hour drive-time ring, we assumed a capture rate of 56.5%, as alternative destinations are generally more than eight hours away. Furthermore we estimated that the subject’s capture rate would decrease by about 45% for every two-hour drive-time increment. Based on the compilation of these factors, The Innovation Group estimated that the subject resort would capture 37,200 leisure household trips in 2010, resulting in 99,750 room nights of demand for the convention hotel. The calculation is detailed in the following table:

Region Drive-In Visitation & Room Demand Forecast

Drive-Time	Households	Leisure Participation	Annual Leisure Households	Resort Style Capture	Resort Leisure Households	Subject Capture	Subject Capture - Households	Length of Stay	Room Nights
0 – 2 hours	698,505	34.2%	239,179	6.5%	15,653	56.5%	8,844	1.7	15,035
2 – 4 hours	1,530,056	30.3%	463,298	6.5%	30,321	24.6%	7,452	2.4	17,885
4 – 6 hours	4,433,176	34.5%	1,528,284	6.5%	100,019	10.7%	10,693	3.0	32,079
6 – 8 hours	9,398,243	35.7%	3,358,113	6.5%	219,772	4.7%	10,221	3.4	34,751
Total	16,059,980	34.8%	5,588,874	6.5%	365,765	10.2%	37,210	2.7	99,750

Source: The Innovation Group

Targeted Fly-In

The Innovation Group believes that a target fly-in market would develop based on the expected magnitude of the Myriad Botanical Resort. The current fly-in market exhibits several flights per week between Atlanta and Tunica as the Tunica Airport was recently expanded to handle planes as large as a Boeing 737. The final stage of the airport expansion project, which includes a control tower, is imminent. The FAA is expected to deem the ready for material regional traffic with the completion of the control tower.

We identified the various cities as potential fly-in markets. The parameters for a qualifying city included size and distance from the subject. For size, we assumed that the metropolitan area needed to contain in excess of 650,000 households. Regarding distance, we assumed a window greater 200 miles and less than 500 miles. Assuming an average household participation rate of about 0.6% and 1.8 guests per household, total visitation for the targeted fly-in segment calculated to about 126,000. Weekly traffic into Tunica airport would thus increase to 27 flights per week. The following table details the calculation segregated by market:

Targeted Fly-In Visitation Forecast

Market	Households	Participation	Tunica Capture	Guests / Household	Tunica Visitation	Plane Capacity	Total Flights	Flights / Week
Chicago	3,054,000	0.50%	15,270	1.8	27,486	100	275	5.3
Atlanta	1,580,000	0.75%	11,850	1.8	21,330	100	213	4.1
Dallas/Fort Worth	1,980,000	0.75%	14,850	1.8	26,730	100	267	5.1
Houston	1,512,000	0.50%	7,560	1.8	13,608	90	151	2.9
St. Louis	1,026,000	0.75%	7,695	1.8	13,851	90	154	3.0
Kansas City	710,000	0.60%	4,260	1.8	7,668	70	110	2.1
Cincinnati	658,000	0.65%	4,277	1.8	7,699	70	110	2.1
Indianapolis	649,000	0.65%	4,219	1.8	7,593	70	108	2.1
Total	11,169,000	0.63%	69,981	1.8	125,965	91	1,389	26.7

Source: The Innovation Group

Next, we estimated the capture for the subject property and the associated room nights. We believe that only two hotels in addition to the subject would be an option for the resort leisure fly-in segment including the Gold Strike and the Grand. We estimated the subject capture rate at about 35%, resulting in approximately 44,100 visitors. Assuming a guest per room factor of 1.8 and a weighted average length of stay of 3.2 days, the room night demand calculated to 77,600. The following table details the calculation by market:

Targeted Fly-In Room Demand Forecast

Market	Visitation	Subject Capture	Subject Visitation	Occupancy / Room	Subject Households	Length of Stay	Room Nights
Chicago	27,486	35%	9,620	1.8	5,345	3.5	18,706
Atlanta	21,330	35%	7,466	1.8	4,148	3.0	12,443
Dallas/Fort Worth	26,730	35%	9,356	1.8	5,198	3.0	15,593
Houston	13,608	35%	4,763	1.8	2,646	3.0	7,938
St. Louis	13,851	35%	4,848	1.8	2,693	3.0	8,080
Kansas City	7,668	35%	2,684	1.8	1,491	3.5	5,219
Cincinnati	7,699	35%	2,695	1.8	1,497	3.3	4,865
Indianapolis	7,593	35%	2,658	1.8	1,476	3.3	4,799
Total	125,965	35%	44,088	1.8	24,493	3.2	77,641

Source: The Innovation Group

Total Resort Leisure Visitation and Room Night Demand

Combining visitation from both market segments, total room night demand related to the resort leisure segment was estimated at 177,400 room nights. The forecast relates to the first year of stabilized results or 2012 (Year 3) as we assumed a ramp-up period would be needed to establish this segment. We assumed that these guests would be accommodated in the Convention Hotel exclusively. Base on total available room nights of 438,000, the resort leisure segment would occupy about 40% of the hotel in 2012. A summary of resort leisure demand is shown in the table below:

Resort Leisure Visitation and Room Night Demand

Market	Visitation	Guest / Party	Households	Length of Stay	Room Night Demand
Drive-in	93,025	2.5	37,210	2.7	99,750
Fly-in	44,088	1.8	24,493	3.2	77,641
Total	137,113	2.2	61,703	2.9	177,391

Source: The Innovation Group

Golf Course Market Assessment

Introduction

The Innovation Group was engaged to provide a Golf Market Assessment (“Golf Assessment”) for a proposed golf course associated with the Myriad development. The inclusion of a golf course is expected to enhance the overall attractiveness of the property and support the casino hotels and convention hotel as an added amenity. It is anticipated that marketing efforts will be structured to capture golf groups, convention attendees and leisure tourists. Since the golf course is part of the overall amenities package, its draw would include those seeking multiple activities at the resort. Therefore, the analysis considers the existence of other amenities and the ability of the combined offering to attract local market golfers, golf groups and hotel guests.

The report begins by evaluating the national and region golf market including an analysis of the supply and demand for golf in the region. The final product includes a 5-year golf round and top line revenue forecast as well as a 5-year pro-forma operating statement which projects EBITDA.

The Innovation Group also estimated the incremental impact of the golf course on gaming revenue. In addition to the incremental visitation, the golf course would likely extend the average length of stay for guests of the hotel properties, in turn increasing the number of visits to the casino.

Subject Golf Course

The Golf Assessment assumed a championship caliber golf project, including a pro shop with resident golf professional, full-service practice facility and appropriate food and beverage offering. The current golf course plan exhibits a truly unique 7,000-yard golf course concept designed to take advantage of the underlying botanical theme, utilizing tropical landscaping and water features. The goal of the development team is to create a unique golfing experience using never-before-tried design elements such as bamboo and other materials. The plan calls for a portion of the course to be enclosed in a climate controlled dome structure forming a golf broadcast venue, again, featuring elements of the botanical theme.

The dome construction is subject to design capabilities and engineering. The construction process is expected to be phased with the feasibility proved up as the process proceeds. Myriad has engaged some of the most qualified engineers and golf experts in the industry to assist in the construction of this structure. The structure will utilize solar energy as an alternative source of power to heat and cool the facility.

Top Golf Facility

The Golf Assessment assumes the inclusion of a Top Golf practice facility. The Top Golf practice facility represents a new way of practicing golf by adding practice, fun, competition and games. The technology is based on a micro chip technology implanted in the ball which allows for tracking and feedback. There are currently 6 different games associated with this technology that enhance the enjoyment of practicing. The primary game is “TopGolf” with the objective being to maximize the score based on targets. Other games include “TopBreak” based on the game of snooker, and TopPractice where distance and accuracy are the keys to scoring.

Methodology

Initially, in order to ascertain the current supply and demand profile for golf in the area, The Innovation Group acquired information from the National Golf Foundation (“NGF”). The information provides analysis with regard to the golf participation and frequency characteristics of the local population, segregated by various mileage rings extending from the proposed golf course development site. The data also details the existing supply of courses and new courses currently in the development pipeline.

The Innovation Group determined that golfing patrons would generally be derived from three sources, including local market public play, golf groups, and hotel demand. The hotel demand includes casino, convention and resort leisure hotel guests.

Regarding the local market segment, we utilized a fair share analysis, which assumed the proposed golf course would capture a portion of the current local market demand in the Tunica area. This segment excludes golf rounds at private courses and excludes rounds by hotel guests at the courses affiliated with the hotel. In order to estimate the applicable share for the proposed course, factors such as location, quality and pricing were considered.

The golf group demand was estimated using an incremental demand model. This model type was necessary because in our estimation the area is not attracting a meaningful number of golf groups. The Innovation Group analyzed the national golf group market in order to develop a basis for estimating Tunica’s potential for golf group demand.

The casino, group and leisure tourists patronizing the proposed hotels would also generate golf rounds. To some extent these patrons chose the proposed resort because of the golf amenity. In order to estimate the golf capture rate, we analyzed comparable resort hotel projects around the country. The basis for estimated golf demand for this segment is hotel room night demand. These figures were derived from the Casino Hotel and Convention Hotel Market Assessment formed the basis for estimating golf demand for the hotel segment.

National Golf Market

As a general overview, the following statistics provide a profile of the golf industry in the United States, as compiled by the NGF for the year 2004:

- The total number of adult golf participants in the United States was estimated at 27.3¹ million in 2004, down 3.9% from 2003. Of the 27.3 million golfers, approximately 12.7 million are Core golfers. When analyzing the three-year rolling average, golf participation appears generally flat. The golf propensity rate (adult golfers / U.S. adults) was estimated at 12.3% in 2004.
- Golf is a game for both the young and young at heart. Nearly one-third of the 3.0 million junior golfers (aged 12-17), or 957,000 golfers, are Core junior golfers. By the same token, roughly 47% of the total 27.3 million adult golfers are Core golfers, 43% of which are over the age of 50.
- Golf is being played today by people from all walks of life. Forty two percent of all Core golfers come from households headed by professionals or managers, and 29.2% come from homes headed by blue-collar and clerical workers. The remaining 28.5% consist of retirees and other professions.
- Golf in the U.S. is predominately played on public courses. Of the 17,108 golf courses across America, 72% are open to the public. Also, 87% of the nearly 500 new courses being built every year are public facilities.
- Today's primary Core golf customer is male, approximately 45 years of age, has a household income of \$82,780 and plays an average of 38 rounds per year. In 2004, there were approximately 10.2 million male Core golfers in the U.S.
- Women make up a large contingent of the Core golfer, as nearly 20% of all Core golfers are female. Core female golfers are, on average, 51 years of age, earn approximately \$91,540 per year, and play 36 rounds of golf per year. In 2004, just over 2.5 million women were considered to be Core golfers.

The chart on the following page provides the US demographic profile of Core golfers in 2004.

Core Golfer Demographic Profile - 2004		
	Number of Golfers in 000s	% of Core Golfers
Total Golfers	12,750	100.00%

¹ This figure is comprised of Core golfers and Occasional golfers. Core golfers are defined as ages 18 and above, playing a minimum of eight rounds per year and averaging about 37 rounds a year. Core golfers are responsible for more than 91% of total rounds played and approximately 87% of golf expenditures. Occasional golfers reflect adult golfers who have played at least once during the year.

Gender		
Male	10,225	80.20%
Female	2,525	19.80%
Age		
18-29	2,338	18.34%
30-39	2,324	18.23%
40-49	2,517	19.74%
50-59	2,429	19.05%
60-69	1,982	15.55%
70+	1,160	9.10%
Income		
Under \$20,000	833	6.53%
\$20,000-\$29,999	833	6.53%
\$30,000-\$39,999	1,142	8.96%
\$40,000-\$49,999	916	7.18%
\$50,000-\$74,999	2,856	22.40%
\$75,000-\$99,999	2,076	16.28%
\$100,000+	4,094	32.11%
Education		
Non-HS Grad	423	3.32%
HS Grad	1,940	15.22%
Some College	4,057	31.82%
College Grad	6,330	49.65%
Occupation		
Prof/Mgmt/Administrative	5,391	42.28%
Clerical/Sales	1,415	11.10%
Blue Collar	2,306	18.09%
Other	893	7.00%
Retired/Not Employed	2,745	21.53%

* Income, Education, and Occupation statistics refer to Head of Household

Source: National Golf Foundation

Golf Rounds

Total golf rounds in 2005 were flat in comparison to 2004, generally consistent between private and public. The Gulf Coast showed the strongest growth of 4.1 while the Southwest showed the weakest results. The Southeast showed flat results, consistent with the overall market. Through May of 2006, golf rounds were up 4.5% in comparison to the same period in 2004. The Southeast showed growth of 6.0%.

National Golf Course Development

The number of new course openings continues to decline, falling at an average annual rate of 19% since 2000. The number of new course openings in 2005 was about 125 (18-hole equivalents). The number of closed course jumped to 94 in 2005, up from only 32 in 2001.

Region Golf Market

The area golfing indices and demographics detailed herein were used to establish a baseline for assessing local market golf participation. In addition, we compared the demographic profile of a typical, nationwide golfer household to the demographics of the local area in order to gauge potential patronage.

Indexed Participation Rates

The Golfing Household Index is based on the Predicted Number of Golfing Households (participation), and compares golfing household participation in a particular geography to the national base index of 100. The Rounds Index is based on the Predicted Number of Rounds (frequency), and compares the rounds played per household in a particular geography to the national average rounds index of 100.

The indices of golfing households and rounds demanded were developed in order to determine the relative strength of a particular golf market area in comparison to other golf markets and the nation as a whole. These predictive demand indices help identify where golfing households and rounds activity are concentrated by comparing various geographies with one another and the national average of 100. For example, if a Designated Market Area (“DMA”) has a Golfing Household Index of 120, that area is estimated to have 20 percent higher golf participation rate as compared to the U.S. average. If a DMA has a Rounds Index of 120, that area is estimated to have 20 percent higher average rounds per household as compared to the U.S. average.

Although both the golfing household index and the rounds index help to predict golf demand in a particular market, each index is derived independently and does not necessarily relate to the other. It is possible for an area with a low golfing household demand index to have a high rounds demand index and vice versa. In other words, some markets may have fewer golfing households, but those households play more rounds of golf, while other markets may contain a large number of golfing households, but the households play less frequently. A market area with a higher than average golfing household index in conjunction with a higher than average rounds index would be considered a prime area in terms of overall predicted golf demand.

The chart below illustrates the golf indices for the population living in a 10 mile ring, 25 mile ring and 50 mile ring around the proposed site. Regarding the 10 mile ring, the household propensity to golf is about half the national average while the frequency rate of the golfing households is nearly 50% higher than the national average. The 25 and 50 mile rings present similar results with regard to the household propensity to golf. However, the frequency rate for these rings was about 83%-85% of the national average. Regarding the indexed participation rate, the rings ranged from a low of 52.7% (25 mile ring) to 67.5% (10 mile ring). The table below displays the golf indices for the local market segments:

Regional Golf Indices

	10 Miles	25 Miles	50 Miles	Entire US
Golfing Household Index	45	62	74	100
Rounds Played Index	150	85	83	100
Indexed Participation Rate	67.5%	52.7%	61.4%	100.0%

Source: National Golf Foundation; The Innovation Group

The Indexed Participation Rate, which is the product of the Golfing Index and the Rounds Played Index, provides a gauge for analyzing the local market golf segment. The Indexed Participation Rate for each ring was analyzed in relation to the population to develop a general overview of participation levels for the local population.

The following table illustrates the National Participation Rates segregated by age cohort. The participation rate generally increases with age, peaking in the 60 to 64 age cohort, and then falling off somewhat for the 65 years and older cohort. The “Baby Boomer” age cohort from ages 50 to 59 has the second highest golf participation rate. Although the propensity rates are highest in the middle age years, the frequency rates are the highest in the retirement years.

Indexed Participation Rates

Age Cohort	Propensity	Frequency	Participation Rate
12 to 17	11.3%	14.7	1.7
18 to 29	11.6%	13.8	1.6
30 to 39	16.5%	14.8	2.4
40 to 49	15.3%	17.9	2.7
50 to 59	11.1%	32.4	3.6
60 to 64	11.3%	42.3	4.8
65 plus	8.0%	52.5	4.2

Source: National Golf Foundation, The Innovation Group

The Indexed Participation Rate for each ring is applied to the National Participation Rates by age cohort in order to calculate the Relative Participation Rate for each of the rings in the region. For example, considering the 10 mile ring, the average person in the 60 to 64 cohort is projected to golf 3.2 rounds per year, compared to 2.5 and 2.9 rounds per year for the 25 mile and 50 mile ring, respectively. The chart below outlines the participation rates for all the age cohorts in relation to the proposed course:

Relative Participation Rates

Age Cohort	10 Mile Index	25 Mile Index	50 Mile Index
12 to 17	1.1	0.9	1.0
18 to 29	1.1	0.8	1.0
30 to 39	1.6	1.3	1.5
40 to 49	1.8	1.4	1.7
50 to 59	2.4	1.9	2.2

60 to 64	3.2	2.5	2.9
65 plus	2.8	2.2	2.6

Source: National Golf Foundation, The Innovation Group

Regional Competitive Environment

The Innovation Group analyzed both the existing and future supply of golf courses in the region in order to determine if the demand for golf is being met, and what opportunities may exist in the market.

Current Supply

According to the National Golf Foundation, there are a total of 48 golf courses within 50 miles of the proposed golf course development. The 50 mile ring captures the majority of the Memphis metropolitan area. There are three courses located within 10 miles of the development site, categorized by The Innovation Group as the target market course.

Of the total, 25 are public daily fee courses while the remaining 23 are private courses. Nearly all the private courses are located in the Memphis area. Included in the public facilities are three resort course found in the Tunica region. The public courses are segregated into three price categories, which include premium (greater than 70%), standard (\$40 - \$70) and value (less than \$40). Of the region markets public courses, there is only one premium category with the balance spit fairly evenly between standard (11) and value (13). The chart below details the area golf course supply by the 10 mile, 25 mile and 50 mile rings. Price point is one of the best indicators of course quality. The chart below outlines the supply of course detailed by market segment.

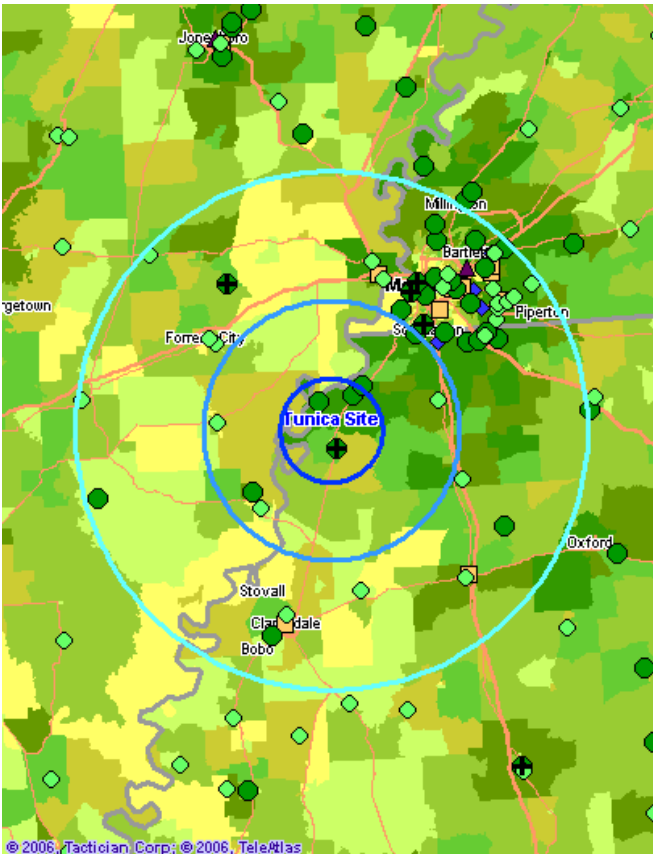
Area Golf Course Supply			
	10 Miles	25 Miles	50 Miles
Public	3	5	25
Private	0	3	23
Total	3	8	48
Public by Price:			
Premium	1	1	1
Standard	2	3	11
Value	0	1	13
Total	3	5	25

Source: National Golf Foundation

Golf Courses and Population Density

The map on the following page, centered on the proposed site, shows the golf courses in the region, segregated by Daily Fee, Municipal and Private. The map clearly shows that the majority of the courses are located in the Memphis area.

The ratio of households to golf courses in the 50-mile ring around the proposed site is about 10,048 to 1, while the ratio for the entire nation the ratio is 7,572 to 1. Therefore, there are a roughly a third more households per golf course in the market compared to the nation. The disparity likely reflects the lower indexed participation exhibited in the region discussed earlier. The ratio is considerably lower for the 10 mile ring, with a ratio of 1,107 to 1, reflecting the golf course associated with the Tunica casinos. Since there is only one premium course in the area, the ratio of households to premium course was estimated at 492,400 to 1. The map on the following page highlights the existing courses in the region, as well as course in the construction or planning stage.



- Overlays**
- + Course In-planning
 - ◇ Private Golf Courses
 - Public Golf Courses
 - ▲ Golf Practice Facility
 - Golf Retail Stores
 - ◆ Sporting Goods Stores
 - Major Highway
 - State Boundary

Target Golf Market

The Innovation Group defined the target market as the three championship course that currently exists in the Tunica area including Cottonwoods, River Bend Links and Tunica National. The target market courses reflect 18-hole championship golf courses in the premium to standard price range with resident golf professional, adequate practice facilities, retail and food & beverage on-site. According to the Tunica CVB, these three courses generated a total of 75,900 rounds in 2005, an average of 25,300 per course. According to local golf professionals, golf rounds in 2006 are showing strong growth, estimated between 15%-20%. The growth is being attributed to the displacement of the Gulf Coast golf demand.

Tunica National reported 32,100 rounds in 2005, the highest total in the target market. This course opened in 2004. Prior to the opening of Tunica National, River Bend Links and Cottonwoods generated about 47,350 rounds. These figures show that Tunica National golf round generated about 87% of its demand, cannibalizing only 4,050 rounds from the other course. In other words, Tunica National generally created incremental demand for golf in the region, likely making Tunica more of a golf destination due to the additional course. This is an encouraging sign for a perspective developer targeting the area.

On the negative side, the golf season in Tunica is hampered by hot and humid weather during the summer months. Although the winters are mild in comparison to the northern U.S., weather is still a factor. Therefore, the climate limits the number of available and desirable rounds during the year. The Innovation Group estimated full capacity at about 41,000 rounds.

Target Market Course

The following discussion presents the relevant information regarding location, description and amenities of the target market golf courses in the Tunica region. The target market was identified based the expected attributes of the subject golf course. The area courses were built on flat farmland and lack the elevation changes that often distinguish a golf course, leading to similar courses, which require mounding, water hazards, bunkering and landscaping to add uniqueness. The Innovation Group identified the following course as a set of comparable course for the analysis.

Target Market Courses

Course	Holes	Yards	Rating	Slope	Weekend Price (In-Season)	Estimated Round
Cottonwoods at Grand Casino	18	7,000	72.3	119	\$89	21,225
River Bend Links	18	6,950	72.6	128	\$55	22,627
Tunica National Golf & Tennis Club	18	7,210	73.2	126	\$57	32,096
Total / Average	54	7,053	72.7	124	\$65	75,948

Source: Golfcourse.com, Course websites

Cottonwoods at Grand Casino

The Cottonwoods at Grand Casino golf course is located adjacent to the Grand Casino Hotel in the northern section of the casino district just off of Old Highway 61. The course is affiliated with the Harrah's owned properties (Grand, Horseshoe and Sheraton) The Cottonwoods golf course, built in 1998, is a Hale Irwin designed championship course measuring about 7,000 yards. The course features numerous sand bunkers, various water hazards and decent level of mounding in a links-style setting. The rating and slope are currently 72.3 and 119, respectively, suggesting a relatively easy course.

Cottonwoods charges \$69 on weekdays and \$89 on weekends. Golf packages are available at about \$107 per person. The rate includes a hotel room (2-person occupancy), green fees with golf cart and some gaming and food vouchers. Cottonwoods' utilizes a higher price in order to present a less crowded golf environment for hotel guests. The golf course in combination with the convention center gives the Grand property more of a resort feel.

River Bend Links

River Bend Links is also an 18-hole championship Scottish-style links course built in 1998. Clyde Johnson designed the course. The course is located adjacent to the south casino cluster, which includes Resorts, Hollywood and Sam's Town. The course was developed by and is managed by these casino properties. The course is well manicured but lacks the extensive landscaping of some of the high-end course in the nation. The course utilizes decent mounding and numerous bunkers to increase difficulty. The course measures about 6,950 yards with a rating and slope of 72.6 and 128, suggesting that River Bend Links is the one of the harder courses in the Tunica area.

The \$55 green fee on weekends (\$45 weekdays) is the lowest in the area. The senior and twilight rate (after 2 PM) drops to \$25. For a weekday golf package, the green fee rate is about \$36.50, reflecting an approximately 20%.

Tunica National Golf & Tennis Club

Tunica National is located just west of Highway 61, between Casino Center Drive and Casino Strip Boulevard. The course is the most easily accessible course of the three when traveling from Memphis. This is the newest course in Tunica, built in 2004. The 7,210-yard course was designed by golf pro Mark McCumber and features rolling terrain, water hazards and numerous bunkers. The golf carts are equipped with GPS technology providing yard measurements. With a rating and slope of 73.2 and 126, respectively, the course difficulty is similar to River Bend Links.

The green fees are \$57 on weekends and \$47 on weekdays during the season (March – November). The off-season rate is about \$10 lower than the rates noted above. The course sells numerous memberships to the local market community, accounting for about 30% of the rounds played.

Potential New Courses

There has been only one new course added to the 0-25 mile ring in the last five years (Tunica National). In the 25-50 mile ring, a total of 3.5 courses were added (18-hole equivalents). The Myriad Botanical Golf Course was the only course in the planning stage according to the NGF.

Subject Demand Forecast

The Innovation Group determined that subject golf demand would generally be derived from three sources, including local market golfers, golf groups and hotel demand. The hotel demand includes casino, convention and resort leisure hotel guests. We estimated current golf round demand segregated by the different markets as seen in the following chart:

Golf Demand by Segment

	Annual Rounds	% of Total
Local - Public Play	15,190	20.0%
Hotel	49,366	65.0%
Golf Group	11,392	15.0%
Total	75,948	100.0%

Source: Tunica CVB

Local Market Demand

The proposed golf course is expected to realize golf demand from the existing local market segment in the region. The local market segment reflects golf rounds associated with day-trip customers living primarily in Memphis and the surrounding communities. These golfers are not guests of the casino hotels and gaming is not the primary reason for traveling to Tunica. The Innovation Group utilized a fair share analysis to estimate the potential capture of the public play segment by the subject course. The first step in the analysis was to estimate the number of annual public play rounds associated with the target market course. Based on conversations with local golf operators, we estimated that the public segment accounted for about 15,200 or 20% of the total rounds.

Next, we projected the estimated public play rounds out to 2008 assuming a conservative growth rate of only 2.0% over the next five years and incremental demand associated with the subject course of 15%. The 2010 public play rounds calculated to 19,300. We then calculated the fair share for the proposed golf course. By definition, fair share assumes each course will capture an equal share of the public play golf rounds. We then estimated that the subject would capture a discount to fair share of 90%. The discount was primarily reflects the premium pricing anticipated for the course. Generally, the local market segment is more price conscience in comparison to golf groups and leisure tourists.

The green fee pricing of the proposed course is an important consideration with regard to the to the fair share analysis, especially for the local market segment. The local market segment would be the most concerned with pricing in comparison to the group and hotel segments. The Innovation Group assumed that the green fees will be somewhat comparable to the existing course in the area. After compiling these factors, we estimated that the subject course would generate roughly 4,300 rounds from the public play segment. The following table details the calculation for public play capture by the proposed course.

Tunica Local Market Demand	
Current Rounds (2005)	15,190
CAGR (2005-2010)	2.0%
Baseline Rounds (2010)	16,771
Incremental Growth	15.0%
Adjusted Local Market Demand	19,287
Fair Share Penetration %	25%
Subject Fair Share Capture	4,822
Discount to Fair Share	0.90
Subject Local Market Capture	4,339

Source: The Innovation Group

Golf Group Segment

The golf group segment reflects golf groups that travel to a particular golf destination for an extended golf trip. The primary purpose of the trip is golf and the groups are generally comprised of 8 or more golfers. These golf groups target golf destinations with a variety of golf courses as they are generally interested in playing numerous golf courses during the trip.

The Innovation Group believes that the Tunica market is currently realizing a modest amount of golf business from the golf group segment. The Tunica CVB has been working hard to promote Tunica as a golf destination. The bureau regularly attends golf shows in the Midwest, often buying group business. However, the area does not offer the volume and variety of golf courses necessary to penetrate the golf group market in a significant way. The Innovation Group also believes that with the addition of the subject course, the area will offer the critical mass and quality of premium course necessary to grow the golf group market. This conclusion assumes that subject course reflects the concept described earlier; a unique destination golf course with full-service golf academy.

The Innovation Group estimated that the area could attract about 1,333 golf groups representing approximately 16,000 golfers in 2010. The estimate was based on an analysis of the nationwide core golfers that represent potential golf group golfers. We also estimated that each golfer would play 4.0 rounds while in Tunica, resulting in a total of 64,000 group rounds. Assuming that subject captures a premium to fair share of 10%,

the subject would realize 17,600 from the group segment. The calculation is detailed in the table below:

Golf Group Demand (2010)

	Golf Groups	Golfer / Group	Group Golfers	Rounds / Golfer	Group Rounds	Subject Capture	Group Rounds
Golf Group Segment	1,333	12.0	16,000	4.0	64,000	27.5%	17,600

Source: The Innovation Group

Hotel Demand Segment

The guests staying in the resort hotels will provide a significant source of golf round demand. This segment reflects the strongest potential for demand due primary to the volume of hotel rooms associated with the subject. The room night demand for the Casino Hotel and Convention Hotel was estimated at 328,000 and 271,800, respectively, for the first year of operation. The Innovation Group estimated participation for each hotel segment including casino, convention and resort leisure. The golf amenity was likely a factor in choosing the subject resort for these hotel guests. Based on primary research, The Innovation Group estimated the percentage of each category that would potentially utilize the golf course.

The weighted average golf propensity rate calculated to 12.0% for the hotel segment, roughly in line with the U.S. average. As one might expect, the propensity rate was the highest for the resort leisure segment at 16.6% and the lowest for the casino segment at 9.1%, generally reflecting the nature of the trip. The casino segment reflects mostly regional patrons as oppose to the convention and resort leisure patrons coming from greater distances. In total, we estimated that about 133,000 potential golfers would be staying at the resort in 2010. However, just because a potential golfer is staying at the property does not necessarily mean they will golf during their visit. The Innovation Group estimated the participation for each segment of hotel room demand. The participation rate for the casino segment is estimated to be the lowest at 6.5%, since the primary purpose for the visit was gaming and not other forms of leisure. The convention participation was estimated to be moderately higher at 9.0%. This segment often has considerable free time for leisure activities. The highest participation was estimated for the leisure segment. This segment would have the most free-time for leisure activities and likely choose the subject resort for the golf amenity. After combining the three hotel patron segments, the total number of golf rounds generated by the hotel was estimated at 15,200 in Year 1. The hotel golf round demand calculation is outlined in the table below:

Hotel Demand (2010)

	Hotel RND	Guests / Room	Hotel Guests	Propensity	Golfers	Participation	Total Rounds
Casino	328,004	1.7	562,678	9.1%	51,280	6.5%	3,333
Convention	122,079	1.7	207,534	12.3%	25,559	9.0%	2,300
Leisure Tourists	149,725	2.3	337,555	16.6%	56,122	17.0%	9,541
Total	599,808	1.8	1,107,767	12.0%	132,960	11.4%	15,174

Source: The Innovation Group

Total Demand

The total estimated annual demand for golf rounds for the proposed golf course after combining the local market, golf group and hotel demand was 37,100 in Year 1. We expect public play demand to increase at a slow rate over the next five years. Golf group and hotel demand are expected to increase at a higher rate of 1.7% and 5.2%. The strong growth in the hotel segment primarily reflects the ramp-up of the convention business. The number of golf rounds is expected to reach about 41,900 by Year 5. Based on our analysis of the available desirable rounds, the round total in Year 5 is at maximum capacity. The five-year summary for golf demand for the proposed course is outlined below:

Estimate Annual Rounds				
Year	Local	Group	Hotel Demand	Total
2010	4,339	17,600	15,134	37,074
2011	4,405	18,040	17,011	39,456
2012	4,471	18,491	18,140	41,101
2013	4,493	18,676	18,321	41,490
2014	4,515	18,863	18,504	41,882
CAGR	1.0%	1.7%	5.2%	3.1%

Source: The Innovation Group

Estimated Golf Demand Revenue

The estimated golf revenue reflects golf round demand times a green fee rate. The Innovation Group estimated the appropriate green fee based in part on the rate profile for the target market courses. The target market course exhibit an average rate of \$60 with a high rate of about \$80 (Cottonwoods). We believe the subject course would realize premium of 20% in comparison to the high-end course in the market. Nonetheless, The Innovation Group believes that the proposed course should be positioned from a pricing standpoint to generally sell out. The green fee rate was assumed to increase by 2.5% annually. After applying the green fee rate of \$103 to golf round demand, the total golf revenue for Year 1 was estimated \$3.8 million, increasing to \$4.7 million by Year 5. The golf demand revenue calculation is outlined in the table below:

Golf Course Revenue Summary			
Year	Rounds	Rate	Revenue
2010	37,074	\$103	\$3,807,471
2011	39,456	\$105	\$4,153,439
2012	41,101	\$108	\$4,434,795
2013	41,490	\$111	\$4,588,649
2014	41,882	\$113	\$4,747,852
CAGR		2.5%	

Source: The Innovation Group

Pro-forma Operating Statement – Golf Course Operation

The statement of prospective Earnings before Interest, Taxes, Depreciation & Amortization (“EBITDA”) for the proposed golf course and associated assumptions are presented below. The following pro forma operating statement calculates EBITDA for the subject golf for five years beginning in 2010. The estimates were primarily based on a premium golf course expense profile factored lower to reflect the level of course competition in the area. The pro forma analysis also assumed the golf course would be operated as a component of the entire resort and thus realizes efficiencies associated with the economies of scale.

Golf Course Operation 5-year Pro-forma Operating Statement

	2010	2011	2012	2013	2014
REVENUES					
Rounds	37,074	39,456	41,101	41,490	41,882
Green Fees Per Round	\$103	\$105	\$108	\$111	\$113
Green Fees	\$3,807,471	\$4,153,439	\$4,434,795	\$4,588,649	\$4,747,852
Pro Shop	329,215	359,129	383,456	396,760	410,525
Food and Beverage Sales	311,419	339,717	362,729	375,313	388,335
Range Revenues and Other	81,933	89,378	95,432	98,743	102,169
TOTAL REVENUES	\$4,530,038	\$4,941,663	\$5,276,413	\$5,459,465	\$5,648,881
EXPENSES					
COGS - Pro Shop	\$204,113	\$222,660	\$237,743	\$245,991	\$254,526
COGS - Food and Beverage	233,564	254,787	272,047	281,485	291,251
Golf Shop:					
Golf Pro	\$100,980	\$103,505	\$106,092	\$108,744	\$111,463
Assistant Golf Professional	56,835	58,256	58,256	58,256	58,256
Director of Golf	94,500	96,863	99,284	101,766	104,310
Labor	379,418	388,903	398,626	408,591	418,806
Cart Leasing	66,000	67,650	69,341	71,075	72,852
Cart Maintenance & Repairs	10,500	10,500	10,500	10,500	10,500
Other (materials, range balls, ect.)	20,000	20,500	21,013	21,538	22,076
S/T Golf Shop	\$728,233	\$746,176	\$763,111	\$780,470	\$798,263
Maintenance:					
Superintendent	\$129,600	\$132,840	\$136,161	\$139,565	\$143,054
Assistant Superintendent	62,370	63,929	65,527	67,166	68,845
Labor	693,792	711,137	728,915	747,138	765,817
Materials	650,000	666,250	682,906	699,979	717,478
Other	25,000	25,625	26,266	26,922	27,595
S/T Maintenance	\$1,560,762	\$1,599,781	\$1,639,776	\$1,680,770	\$1,722,789
Other:					
Advertising & Promotion	\$249,152	\$255,381	\$261,765	\$268,310	\$275,017

Utilities	135,901	139,299	142,781	146,351	150,009
General & Administrative	113,251	116,082	118,984	121,959	125,008
S/T Other	\$498,304	\$510,762	\$523,531	\$536,619	\$550,035
TOTAL DEPARTMENTAL EXPENSES	\$3,224,976	\$3,334,166	\$3,436,208	\$3,525,335	\$3,616,863
EBITDA	\$1,305,062	\$1,607,497	\$1,840,205	\$1,934,130	\$2,032,018
EBITDA %	28.8%	32.5%	34.9%	35.4%	36.0%

Source: The Innovation Group

Pro-forma Assumptions

Green fees

Revenue was computed based on the estimated annual number golf rounds played and the estimated green fee per round. The green fee rate per round includes golf cart rental.

Pro Shop

The Innovation Group estimated revenues from the pro shop at the resort facility to be approximately \$7.40 per round. The figure was based on the average for premium courses operating in the Sunbelt, as reported by the NGF, adjusted to reflect the customer base expected in the region.

Food & Beverage Sales

It is assumed that the golf course would operate a concession facility at the pro shop as well as a mobile concession cart on the course, offering light fare, snacks, soft drinks and cocktails. We have estimated food and beverage revenues at \$7.00 per round. The figure was based on the average for premium courses operating in the Sunbelt, as reported by the NGF, adjusted to reflect the customer base expected in the region.

Range Revenues, Lessons, and Other

This category includes items such as driving range revenues and other miscellaneous revenues. We have estimated revenues from this source at \$1.70 per round. The figure was based on the average for premium courses operating in the Sunbelt, as reported by the NGF, adjusted to reflect the customer base expected in the region.

Pro Shop COGS

The cost of goods sold and labor expenses associated with operating the pro shop were estimated at 66% of the associated revenue, based on margins at comparable golf courses, and surveys done by the NGF.

Food and Beverage COGS

The cost of goods sold and labor expenses associated with the food & beverage operation were estimated at 79% of associated revenue, again based on margins at comparable golf courses, and surveys done by the NGF.

Golf Pro Salary

The golf pro salary was based on an annual salary of approximately \$74,800 per year, factored higher for benefits. The figure reflects the top 5% for premium courses in the Sunbelt.

Director of Golf Salary

The Director of Golf is expected to receive an annual salary equivalent to approximately \$70,000 per year. The Director of Golf is responsible for managing the golf operation. The figure reflects the top 25% for premium courses in the Sunbelt.

Pro Shop Operational Payroll and Related Expenses

The operational payroll category includes all payroll costs for the hourly workers. These workers staff the front desk, organize the golf carts and work the driving range. The estimate was based on an hourly wage schedule for the jobs noted above.

Grounds Maintenance

Grounds Maintenance includes the payroll costs for a superintendent, an assistant superintendent, the grounds crew and materials. The estimates are comparable to other public premium Sunbelt courses, based on information released by the NGF.

Cart Leasing

Our estimate of cart leasing expense is based on the leasing of 60 carts at a lease rate of \$1000 per year. This figure was based on a preliminary estimate by a golf cart distributor in the Central Florida area.

Cart Maintenance and Repairs

Cart maintenance and repair for the resort course is estimated at \$175 per cart. These costs are comparable to other similar golf courses.

Advertising and Promotion

The golf course share of advertising and promotion expense is estimated to be 4.5% of total revenues during the first year of operation.

Utilities

Utilities expense is estimated to be 3.0% of total revenues, based on comparable golf courses in the region.

General and Administrative

General and administrative expenses include the salary and wages for administrative staff, such as accounting and legal. Also included are costs associated with credit card commissions, liability insurance, security costs, and other related expense items. This expense is estimated to be 2.5% of total revenues.

Pro-forma Operating Statement – TopGolf Operation

The statement of prospective Earnings before Interest, Taxes, Depreciation & Amortization (“EBITDA”) for the proposed TopGolf facility are presented below. The estimates were primarily based on a operating template provided by the Company. The pro-forma analysis also assumed the TopGolf operation would be operated as a component of the entire resort and thus realizes efficiencies associated with the economies of scale.

Pro-forma Operating Statement - TopGolf Facility					
	2010	2011	2012	2013	2014
Total Games	427,735	470,921	499,427	511,912	524,710
Charge / Game	\$4.50	\$4.61	\$4.73	\$4.85	\$4.97
TopGolf Revenue	\$1,924,808	\$2,172,124	\$2,361,196	\$2,480,732	\$2,606,319
Departmental Expenses:					
Equipment	211,135	232,413	248,141	257,498	267,248
Franchise Fee	173,233	195,491	212,508	223,266	234,569
Marketing Fee	28,872	32,582	35,418	37,211	39,095
Maintenance Contract	84,600	86,715	88,883	91,105	93,383
Salaries & Wages	465,000	476,625	488,541	500,754	513,273
Utilities	100,000	102,500	105,063	107,689	110,381
Marketing	86,616	97,746	106,254	111,633	117,284
G&A	48,120	54,303	59,030	62,018	65,158
Total	1,197,576	1,278,375	1,343,836	1,391,174	1,440,390
EBITDA	\$727,232	\$893,749	\$1,017,360	\$1,089,558	\$1,165,928
EBITDA %	37.8%	41.1%	43.1%	43.9%	44.7%

Source: The Innovation Group

Casino Hotel Market Assessment

The primary goal of the Casino Hotel Market Assessment was to forecast the potential room night demand and resulting room revenue associated with offering two 500-room casino hotels. The casino hotels are an important part of the subject development, designed to grow and capture a share of the existing Overnight Gamer segment.

Assumptions

- The casino hotels will be designed and situated to accommodate the Overnight Gamer segment with easy access from the parking lots and casinos.
- The casino hotels will be managed and staffed by competent personnel.
- The casino hotels will be professionally and aggressively marketed to the public.
- The hotel quality will be equivalent to a Triple-A four-diamond rating or higher.

Methodology

The initial objective of the Casino Hotel Market Assessment was to gain a thorough understanding of the existing casino hotel market in the Tunica area. The next step was to estimate the existing hotel demand associated with the Overnight Gamer segment. We then estimated the growth resulting from the proposed additional capacity. The growth potential primarily reflects the current lack of capacity on weekends and holidays as well as the need for additional high-end capacity. Information was obtained relating to hotel room supply, occupancy rates and Average Daily Rates (“ADR”) from Smith Travel Research and the Mississippi Gaming Commission.

The Innovation Group estimated the penetration by the subject casino hotels into the existing Overnight Gamer segment using a fair share model. The model establishes fair based on room count market share and then adjusts the fair share up or down after considering the quality and scope of the subject in comparison to the competition.

Finally, estimated ADR was applied to the room night demand for the proposed hotels in order to forecast room revenue. The appropriate ADR was established in conjunction with estimating penetration with the goal of maximizing room revenue. For example, the proposed hotel would realize a higher penetration rate at a lower price point. We analyzed the competitive environment for the purpose of finding the price point, which maximizes revenues for the resort. The room night demand and room revenues were forecasted out five years.

Regional Casino Hotel Market

The Innovation Group determined that the regional hotel market primarily serves the Overnight Gamer segment. We believe that lack of non-gaming recreation and entertainment options makes the area generally undesirable for true leisure tourists. The

current room inventory and non-gaming amenities are tailored to accommodate the gaming guests and the desire to keep them on the gaming floor.

The overnight gamers generally fall into two categories including the local market and gamer tourists. The local market category reflects gamers living in the Tunica Market Carve-out presented in the Gaming Market Assessment that generally stay at the area casino hotels out of convenience, exhibiting short stays of one to two nights. The gamer tourists reflect gamers coming to Tunica from outside the local market area, exhibiting longer stays of three to four nights or more.

Casino Hotel Inventory

The lodging industry in the Tunica features the nine casino hotels offering about 5,700 rooms and various non-casino hotels exhibiting about 1,000 rooms. The casino hotel offering in Tunica is generally marginal and unexciting. The room inventory is beginning to show its age as the last hotel was built in 1999. The majority of the hotels were built between 1994 and 1996. There are no true high-end hotels and only one three-diamond rated hotel (Gold Strike), although Smith Travel Research categorized the Bally’s and Sheraton above the rest. The following table highlights the casino hotel inventory in the Tunica market:

Property	Total	Market Share
Resorts	201	3.5%
Sam's Town	1,070	18.8%
Fitzgerald's	507	8.9%
Gold Strike	1,200	21.0%
Horseshoe	507	8.9%
Sheraton	130	2.3%
Bally's	238	4.2%
Grand Casino	1,356	23.8%
Hollywood	494	8.7%
Total	5,703	100.0%

Source: Casino Property Websites

The following discussion presents the relevant information regarding the accommodations at the nine casino hotels in the Tunica market.

Resorts

The Resorts Casino Hotel is a small 200-room facility built in 1996. This hotel only accounts for 3.5% of the casino room inventory in Tunica. The hotel offers only 19 suites, last renovated in early 2000. The standard room exhibits a typical one-bedroom setup. Although nicely appointed, there are few high-end features.

Sam's Town Casino Hotel

The 1,070-room Sam's Town Hotel is the third largest casino hotel in the area. The hotel was built in 1994 and is beginning to show its age. The hallways and lobby area were found by The Innovation Group to be drab and unexciting. The standard room is plainly appointed but the hotel offers several suit options. The standard suite features a Jacuzzi Tub and separate sitting area. The standard comes in a one and two room format. The signature suite does appear quite elaborate. The hotel offers a small outdoor pool in a nicely landscaped area.

Fitzgerald's Casino Hotel

The 507-room Fitzgerald's Hotel features an Irish Castle theme. The hotel is located in the center of the casino district, generally isolated from the other casinos. The hotel was built in 1996 and like most of the hotels, needs updating. The hotel offers a small indoor pool with Jacuzzi and an exercise facility.

Gold Strike Hotel

The 31-story 1,200-room Gold Strike is the largest single hotel in the market. The hotel is generally visible in and around Tunica, located in the northern casino cluster with garage parking available. The large lobby presents a good first impression. The guest rooms are fairly standard but nicely decorated. The rooms feature a separate dressing area with a vanity, telephone and computer hookup capabilities although only a three-fixture bath. The suite offering includes a standard suite with separate sitting area, while the Jacuzzi Suite features two-rooms with oversized master bedroom including a Jacuzzi tub, a king sized bed, a couch, and an upgraded bathroom. The second room is furnished with a couch, a bar, chairs and a half bath. The hotel offers a unique indoor pool and spa area complete with an outdoor deck. The facility includes exercise equipment and tanning beds with massages available. The Gold Strike Hotel is one of the nicer offerings in the area.

Horseshoe

The 14-story 500-room Horseshoe Hotel is located in between the Gold Strike and Sheraton and accounts for about 9% of the area room inventory. The hotel lobby also gives a nice first impression with marble and some woodwork. The Horseshoe offers the most suites in the market as over 60% of the rooms are described as suites. The suites are available with one king or two queen beds and include sectional sofa, three televisions, marble bathroom with an oversized tub and refrigerator. The newly renovated deluxe rooms are 380 square feet and feature an additional television in the bedroom area and an oversized tub in the bathroom. A small indoor/outdoor pool is available on the third level.

Sheraton

The 130-room Sheraton all-suite hotel is the smallest casino hotel in the area reflecting only 2.3% of the market. The hotel lacks a traditional lobby area. All the rooms come with a king bed and Jacuzzi Spa.

Bally's

The Bally's property offers a small 238-room hotel located about a mile from the casino property. Shuttle service is available 24/7. This two-story hotel features a barn motif consistent with the casino design. Like the Sheraton, a mini-refrigerator and Jacuzzi tub are standard. The Parlor Suites include a living room and separate bedroom. Parlor Suites also include a Murphy bed as well as a sleeper sofa, which can be transformed into an additional bedroom. The property offers a small outdoor pool with hot tub in a rather plain deck area.

Grand Casino

The Grand Casino offers the most rooms (1,356 rooms) in the market divided between three distinct hotels. The 568-room Veranda Resort overlooks the golf course and contains an outdoor deck area with swimming pool and whirlpool. The 600-room Terrace Resort includes a 16,000 square foot full-service spa and 45,000 square feet of functional convention space in an adjacent building. The Veranda and Terrace hotels are located about a half mile from the casino. A kid's arcade in a separate building is located in close proximity to these hotels. The remaining 188 rooms are located adjacent to the casino. The hotel complex only offers 117 suites or about 9% of the inventory.

Hollywood

The 494-room Hollywood hotel is located in the southern casino cluster, adjacent to the Resorts Casino and across the street from Sam's Town. The hotel promotes various movie models and props scattered throughout the lobby and casino, such as a miniature Titanic model and the Back to the Future car. The standard hotel rooms were unremarkable with basic appointments. The bathroom offered a one-basin setup with shower and tub combination. The Hollywood did contain one of the nicer pool areas. The indoor pool was nicely landscaped with various hot tubs.

Non-Casino Hotel Inventory

The Innovation Group analyzed the non-casino hotel room inventory within approximately 20 miles of Tunica and identified a total of about 1,000 relevant rooms. The rooms were split fairly evenly between independently owned and branded. We segregated the room inventory into three classes including upscale, mid-range and economy. Of the non-casino rooms, only about 13% (125 rooms) were considered by Smith Travel Research to be upscale. There were no branded upscale non-casino hotels in the area. The mid-range segment accounted for about 29% (290 rooms) of the inventory and included a couple of small Best Western hotels. The economy class accounted for the majority of the rooms (58%). The economy inventory contained 342 and 243 branded and

independent rooms, respectively. Some of the branded economy hotels included the Microtel Inn (102 rooms), Americas Best Value Inn (100 rooms) and the Motel 6 (96 rooms). The following chart summarizes the non-casino hotel room inventory in the Tunica area:

Non-Casino Hotel Room Summary

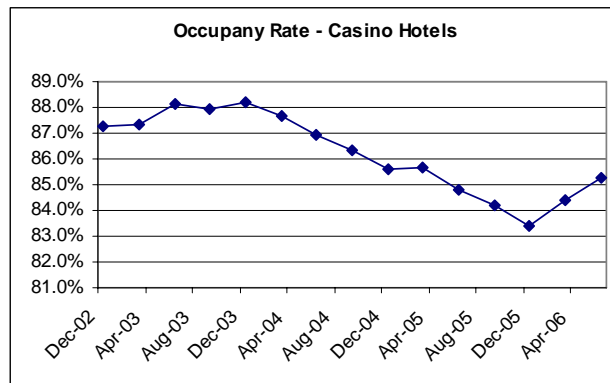
Hotel Class	Branded	Independent	Total	% of Total
Economy/Lower	342	243	585	58.5%
Mid-range	143	147	290	29.0%
Upscale	0	125	125	12.5%
Total	485	515	1,000	100%

Source: Smith Travel Research

Hotel Market Statistics

Occupancy Rate

Based on information obtained from the MGC, the occupancy rate for the casino hotels was estimated at 83.4% in 2005. The rate has been generally moderating over the last couple of years from a high of about 88% in late 2003. However, thanks to Hurricane Katrina, the rate for the first six months of 2006 was 88% compared to only 85% for the same period last year. The chart below shows the annualized occupancy rate for the casinos hotels over the last several years:



ADR

The ADR average daily rate for the casino hotels was \$54 in 2005 according to information provided by the Mississippi Gaming Commission. This rate reflects an adjusted rate which includes promotions and comps. The current rack rate structure (based on a sample week in October 2006) for the casino hotels showed an average weekday rate of about \$64 with the weekend rate (Friday & Saturday) more than doubling to \$133. The rate discrepancy shows the nature of the current market; attracting

local market gaming patrons on the weekend. During the week, the rates ranged from a low of \$49 (Sam's Town & Fitzgerald's) to a higher of \$89 (Hollywood). The rates varied more on the weekend generally ranging from about \$100 to \$180. However, the Horseshoe and Sheraton were quoting a non-promotional rate of \$418 on the weekend. The following chart displays the rack rate for the casino hotels based on a sample week in October 2006:

Rack Casino Hotel Rates - October 2006

Day of Week	Resorts	Sam's Town	Fitzgerald's	Gold Strike	Horseshoe	Sheraton	Bally's	Grand Casino	Hollywood
S	\$55	\$49	\$59	\$64	\$59	\$69	\$60	\$49	\$89
M	\$55	\$49	\$49	\$64	\$59	\$69	\$60	\$59	\$89
T	\$55	\$49	\$49	\$64	\$59	\$69	\$60	\$59	\$89
W	\$55	\$49	\$49	\$64	\$59	\$69	\$60	\$89	\$89
T	\$55	\$49	\$49	\$64	\$59	\$69	\$60	\$89	\$89
F	\$145	\$109	\$99	\$144	\$418	\$418	\$110	\$139	\$159
S	\$145	\$119	\$109	\$144	\$418	\$418	\$110	\$179	\$179

Source: Hotel Properties

Subject Demand

The Innovation Group used a fair share model to forecast the casino room night demand for the subject casino hotels. Again, the model calibrates fair share based on room count market share and adjusts the subject's market share based on the quality, scope and pricing of the proposed hotels in comparison to the target market.

The Overnight Gamer market is well established in Tunica. Based on market statistics outlined earlier, The Innovation Group estimated the current demand at 1.7 million room nights. The chart below displays the calculation:

Current Room Night Demand

Room Count	Available Room Nights	Market Occupancy	Room Night Demand
5,703	2,081,595	83.4%	1,735,616

Source: The Innovation Group; MGC

We also estimated that about one third of the room nights were generated by the local market area, as defined in the Gaming Market Assessment, with the balance reflecting primarily drive-in visitation from outside the local market area. The Innovation Group estimated that the room night demand would grow due to the addition of the subject high-end casino hotels as the subject hotels would provide much needed capacity on the weekend. Also, we believe the Overnight Gamer segment will increase incrementally as gamer tourists outside the local market area view Tunica as a gaming alternative due to the addition of the rooms associated with a comprehensive resort offering. We estimated that the local market and gamer tourist segments would grow by 5.9% and 22.1%,

respectively. The combined growth rate calculated to 16.8% on the 17.5% increase in room inventory. The following chart displays estimated room night demand for the casino segment segregated by local market and gamer tourist:

Casino Hotel Room Demand - Overnight Gamer

	2005	2010	% Increase
Local Market	565,432	598,617	5.9%
Gamer Tourist	1,170,184	1,428,999	22.1%
Total	1,735,616	2,027,616	16.8%

Source: The Innovation Group

Assuming the addition of the subject’s 1,000 casino hotel rooms, the adjusted room count was estimated 6,700 rooms. The subject’s fair share of the total calculates to 14.9%. In estimating the subject’s market share, we segregated the local market from the gamer tourist. We assumed that the subject would capture a premium to fair share of 3.5% and 10.5% for the local market and gamer tourist segments, respectively, resulting in an overall market share of 16.2%. The premium reflects the resort nature of the development but considers that this segment is mostly concerned with the casino offering and pricing. The premium to fair share was set higher for the gamer tourists as this segment would be less concerned with price. The following table displays the calculation for casino room night demand for the subject casino hotels:

Subject Room Night Demand - Overnight Gamer

	Total Room Night Demand (2010)	Room Count Fair Share - Subject	Premium to Fair Share	Market Share - Subject	Subject Demand (2010)
Local Market	598,617	14.9%	3.5%	15.4%	92,431
Gamer Tourist	1,428,999	14.9%	10.5%	16.5%	235,573
Total	2,027,616	14.9%	8.4%	16.2%	328,004

Source: The Innovation Group

Estimated Average Daily Rate

The Innovation Group estimated the potential ADR for the subject casino hotels. The estimate was generally based on the current ADR profile in the market, adjusted to reflect the high-end nature of the subject’s rooms and casinos as well as the scope of the amenities associated with the resort offering. Although, the Overnight Gamer segment is primary concerned with the casino offering as oppose to the hotel and amenities. In order to realize the market share penetration discussed earlier, the price point associated with the subject hotels needs to remain in line with the current market.

We calculated the baseline ADR based on the current profile escalated for inflation out to 2010 and diluted due to the additional supply. We then estimated the premium for the subject hotels at 10% and 30% for the weekdays and weekends, respectively. The higher

premium on the weekend reflects the current capacity constraints. The weighted average ADR calculated to \$114 for the subject. The following table details the ADR calculation:

ADR Forecast - Subject			
	Weekday	Weekend	Weighted
Baseline ADR	\$67	\$152	
Escalation - 2010	107.7%	107.7%	
Baseline ADR - 2010	\$72	\$163	
Supply Dilution Factor	92.0%	97.0%	
Adjusted ADR	\$66	\$158	
Subject Premium	10.0%	30.0%	
Subject ADR	\$72	\$206	\$114

Source: The Innovation Group

Estimated Hotel Room Revenues

After applying ADR to the room night demand, room revenue in Year 1 (2010) was estimated at \$37.4 million. Based on conservative growth rate for ADR and demand, Year 5 room revenue was estimated at \$41.3 million, reflecting an average annual increase of 2.5%. The occupancy rate was estimated at 89.9% in Year 1, reaching 93.8% by Year 5. The room revenue calculation is outlined in the table below:

Subject Casino Hotel Summary						
Year	Occupancy %	ADR	Local Market	Gamer Tourist	Total RND	Gross Revenue
2010	89.9%	\$114	92,431	235,573	328,004	\$37,403,946
2011	91.1%	\$117	93,355	239,107	332,462	\$38,860,111
2012	92.0%	\$118	94,289	241,498	335,787	\$39,641,199
2013	92.9%	\$119	95,232	243,913	339,144	\$40,437,987
2012	93.8%	\$120	96,184	246,352	342,536	\$41,250,791

Source: The Innovation Group

Pro-forma Operating Statement – Casino Hotels

The Pro Forma Operating Statement, which projects Earnings before Interest, Taxes, Depreciation & Amortization (“EBITDA”) for the proposed casino hotel is presented below. The projections were based on the operating characteristics of comparable hotels, and assumed the hotel will be in close proximity to the casino. The pro-forma analysis also assumed the hotel would be operated as a component of the entire resort and thus realizes efficiencies associated with the economies of scale.

Casino Hotel Operation

5-year Pro-forma

	2010	2011	2012	2013	2014
Revenue:					
Rooms	\$37,403,946	\$38,860,111	\$39,641,199	\$40,437,987	\$41,250,791
Telephone	820,010	831,155	839,466	847,861	856,340
Other Income	1,230,015	1,246,732	1,259,199	1,271,791	1,284,509
Total	\$39,453,971	\$40,937,998	\$41,739,865	\$42,557,639	\$43,391,640
Departmental Expenses:					
Rooms	\$12,156,282	\$12,376,945	\$12,373,207	\$12,495,690	\$12,619,385
Telephone	615,008	623,366	629,600	635,896	642,255
Other Income	799,510	810,376	818,480	826,664	834,931
Property Operations & Maintenance	1,200,000	1,230,000	1,260,750	1,292,269	1,324,575
Energy	2,393,853	2,487,047	2,537,037	2,588,031	2,640,051
Marketing	986,349	1,023,450	1,043,497	1,063,941	1,084,791
General and Administrative	591,810	614,070	626,098	638,365	650,875
Total	\$18,742,811	\$19,165,254	\$19,288,668	\$19,540,855	\$19,796,862
EBITDA	\$20,711,160	\$21,772,743	\$22,451,197	\$23,016,784	\$23,594,777
EBITDA %	52.5%	53.2%	53.8%	54.1%	54.4%

Source: The Innovation Group

Pro-forma Assumptions

Rooms Revenue

The room revenue forecast was derived from Casino Hotel Market Assessment.

Telephone Revenue

Telephone revenue was estimated at \$3.00 per occupied room based on statistics from comparable hotels with similar market segmentation.

Other Income

Other income includes net revenues from in-room movies, vending machines, guaranteed no-show charges, commissions and other sources. Other income was estimated net of cost of sales. The Innovation Group estimates Other Income at \$3.75 per occupied room.

Room Expense

Room expense includes labor and supply costs associated with operating the front desk and housekeeping. Room expense was estimated at approximately 32.5% of room venue.

Telephone Expense

Telephone expenses includes the cost of local and long distance calls, telephone company service charges, equipment maintenance, and staffing. With the advent of computerized telephone systems the Telephone Department has become a profit center for hotels. Telephone Expense was estimated at 75% of Telephone Revenue.

Property Operation & Maintenance Expense

This category reflects wages, contract services, and supplies associated with the maintenance expense of the building and grounds. This figure was estimated at \$1,200 per room in Year 1, increasing by 2.5% annually through Year 5.

Energy Cost

Energy costs include electricity, gas, water, and sewer charges. This expense was estimated at 6.4% of total revenues.

Marketing Expense

Marketing expenses include the cost of advertising and marketing collateral, brochures, local promotions and the staffing of the marketing department. Marketing expense was estimated at 2.5% of total revenue.

General & Administrative

G&A includes the salaries and wages of the managers, credit card and travel agent commissions, professional fees, bad debt, data processing, and executive office expenses. These expenses have been estimated at 1.5% of total revenues.

Convention Hotel Market Assessment

The primary objective of the Convention Hotel Market Assessment was to estimate the room revenue associated with offering a unique full-service convention hotel. The goal of the convention hotel is to establish several new markets in Tunica, including the convention, group golf and resort leisure markets. In our opinion, these market segments are currently absent from the Tunica market to any meaningful extent. For the purpose of the analysis, we assumed that the convention hotel will primary accommodate only these market segments, drawing a distinction in comparison to the casino hotels. The room night demand for the convention, group golf and resort leisure segments was estimated in Convention Facility, Golf Course and Resort Leisure market assessments, respectively.

Subject Property

The current plan for the Myriad Palace Convention Hotel exhibits a high-end full-service hotel offering specifically structured to accommodate the convention and resort leisure guests. The plan includes numerous restaurant offerings, various specialty pools and recreation areas and a full-service spa and fitness center. We assumed this hotel would situated to take full advantage of the numerous additional amenities including the Mississippi Eye, golf course and water/snow park and somewhat isolated from the gaming floors. As described in the Convention Facility Assessment, the convention facility offering is anticipated to be extremely elaborate, featuring roughly 600,000 square feet of functional space, equipped with the latest technology and convention style accommodations.

Methodology

The Innovation Group utilized an incremental demand approach as described in the Convention Facility, Group Golf and Resort Leisure market assessments. In other words, we estimated incremental demand based on the building program outlined by the development team. Since these market segments are currently non-existent in Tunica, an incremental demand approach was necessary.

Convention Demand

Again, convention demand relates to room demand generated by tourists that travel to the area for group business, conventions, meetings or other organized events. These gatherings are typically work related or reflect an event of a particular family or organization. Based upon statistics reported by the Tunica CVB and the existing meeting space offering, The Innovation Group finds the convention market in Tunica to be relatively undeveloped.

The Innovation Group identified the major convention markets in the Southeastern U.S. as the target markets, including Atlanta, Dallas, Orlando and Fort Lauderdale. These market feature hotels specifically designed to handle large and numerous conventions.

Note that the hotels in the target market often utilize the natural attractions in the area along with man-made attractions such golf courses, swimming pools and spas to attract convention business.

Based on the Convention Facility Assessment, we estimated that the subject convention facility would generate 91.3 million Gross Square Foot Days (“GSFD”) of demand during the first year of stabilized results (Year 3). The GSFD of demand translates into about 1,828 total events. Based on an average attendance of 448 people per event, total attendance calculated to 818,700. We estimated that on average each attendee would generate 0.23 room nights of demand, based on information provided in PwC survey. The resulting room nights of demand calculated to 190,300 in 2012 as seen in the table below:

**Convention Room Demand
Summary**

GSFD Demand	91,272,533
Average GSFD / Event	49,923
Event Count	1,828
Attendance / Event	448
Total Attendees	818,667
Room Nights / Attendee	0.23
Room Night Demand	190,315

Source: The Innovation Group

Group Golf Demand

As described in the Golf Market Assessment, the subject golf course is expected to create incremental demand associated with the group golf market. We estimated that the Tunica market would attract about 16,000 group golfers. Assuming an average stay of 3.5 nights per golfer, total room night demand calculated to 37,300. We estimated subject capture at 22.5%, slightly below fair share due to the pricing profile of the subject hotel. The resulting room night demand in Year 3 (first year of stabilized results) was estimated at 8,400 for the subject. The details of the calculation are outlined below:

**Group Golf Room Night
Demand**

Group Golfers	16,000
Guests / Room	1.5
Group Rooms	10,667
Average Stay	3.5
Total Room Nights	37,335
Subject Capture	22.5%
Subject Demand	8,400

Source: The Innovation Group

Resort Leisure Demand

In estimating penetration by the subject hotel into the leisure segment, The Innovation Group first conducted a Resort Leisure Market Assessment. The assessment analyzed the potential capture of the leisure segment based on an incremental demand model. The model identified primarily two sources of demand including the regional drive-in and the targeted fly-in markets. The regional drive-in market was defined as households living with an eight hour drive of the property. The target fly-in market reflects cities with greater than 650,000 households, are located between 250 miles and 500 miles from the subject development.

As explained in detail in the Resort Leisure Assessment and shown below in summary form, the subject is expected to realize leisure room night demand of 99,750 (2012) from the regional drive-in market.

Regional Drive-in Demand Summary	
Households	16,059,980
Leisure Trip Participation	34.8%
Annual Leisure Households	5,588,874
Resort Segment Capture	6.5%
Resort Leisure Households	365,765
Subject Capture	10.2%
Subject Households	37,210
Room Nights / Trip	2.7
Room Night Demand	99,750

Source: The Innovation Group

The targeted fly-in market was estimated to generate an additional 77,600 room nights of demand as summarized in the table below:

Targeted Fly-in Demand Summary	
Flights / Week	27
Annual Flights	1,389
Passengers / Flight	91
Fly-in Visitation	125,965
Subject Capture	35.0%
Subject Visitation	44,088
Occupancy / Room	1.8
Subject Households	24,493
Length of Stay	3.2
Room Night Demand	77,641

Source: The Innovation Group

Estimated Total Room Night Demand

After combining room night demand from all segments, The Innovation Group estimated demand for convention hotel at 278,900 room nights in 2010, increasing to 372,400 room nights by 2012. The jump between Years 1 and 3 reflects the ramp-up period needed to penetrate these segments to the extent assumed in the underlying assessments. The resulting occupancy rate in Year 1 was estimated at 63.7%, reaching 85.0% by Year 3.

Estimated Average Daily Rate

The Innovation Group estimated ADR for the convention hotel based on the current ADR profile exhibited by the target market. Recall that the target market includes the major convention resorts in the Southeastern U.S. The ADR for the subject was adjusted to reflect the location of the resort in relation to the target market. The target market hotels are better situated near established tourist destinations in Florida, Atlanta and the Gulf Coast, which offer a wider range entertainment and recreation amenities such as beaches, sightseeing and historical attractions.

The average ADR for the target market was estimated at \$188. We determined a discount in pricing would be necessary to penetrate these segments to the extent assumed in the assessment. Again, the discount primarily reflects the location of the subject in comparison to the target market. The Innovation Group assumed a discount of 15% was warranted resulting in an estimated ADR for the subject of \$172 in Year 1.

Estimated Hotel Room Revenues

Based on the current building plan for the convention hotel as described earlier, The Innovation Group estimated room revenue in Year 1 at \$48.5 million, reaching \$73.3 million by Year 5. The average annual growth rate of 11% reflects the increase in the occupancy rate associated with the ramp-up in convention business. The convention hotel room revenue calculation is outlined in the table below:

Convention Hotel Summary

Year	Occupancy %	ADR	Resort			Total RND	Gross Revenue
			Convention	Leisure	Golf		
2010	64.3%	\$172	123,705	150,782	7,140	281,627	\$48,482,083
2011	77.2%	\$178	161,768	168,521	7,980	338,269	\$60,271,158
2012	85.9%	\$183	190,315	177,391	8,400	376,105	\$68,687,993
2013	86.5%	\$187	192,218	178,278	8,442	378,938	\$70,935,349
2012	87.2%	\$192	194,140	179,169	8,484	381,793	\$73,256,685

Source: The Innovation Group

Pro-forma Operating Statement – Convention Hotel

The Pro-forma Operating Statement, which projects Earnings before Interest, Taxes, Depreciation & Amortization (“EBITDA”) for the proposed convention hotel is presented below. The projections were based on the operating characteristics of comparable hotels, and assumed the hotel will be in close proximity to the casino and remain independent. The pro forma analysis also assumed the hotel would be operated as a component of the entire resort and thus realizes efficiencies associated with the economies of scale.

Convention Hotel 5-year Pro-forma Operating Statement

	2010	2011	2012	2013	2014
Revenue:					
Rooms	\$48,482,083	\$60,271,158	\$68,687,993	\$70,935,349	\$73,256,685
Telephone	704,068	845,673	940,264	947,344	954,483
Other Income	1,056,101	1,268,509	1,410,395	1,421,016	1,431,725
Total	\$50,242,252	\$62,385,339	\$71,038,652	\$73,303,708	\$75,642,894
Departmental Expenses:					
Rooms	\$14,787,035	\$18,015,049	\$20,120,224	\$20,362,954	\$20,608,738
Telephone	528,051	634,254	705,198	710,508	715,862
Other Income	686,466	824,531	916,757	923,660	930,621
Property Operations & Maintenance	1,872,000	1,918,800	1,966,770	2,015,939	2,066,338
Energy	3,102,853	3,180,425	3,259,935	3,341,434	3,424,970
Marketing	1,256,056	1,559,633	1,775,966	1,832,593	1,891,072
General and Administrative	753,634	935,780	1,065,580	1,099,556	1,134,643
Total	\$22,986,095	\$27,068,472	\$29,810,430	\$30,286,643	\$30,772,245
EBITDA	\$27,256,157	\$35,316,867	\$41,228,221	\$43,017,065	\$44,870,649
EBITDA %	54.2%	56.6%	58.0%	58.7%	59.3%

Source: The Innovation Group

Pro-forma Assumptions

Rooms Revenue

The room revenue forecast was derived from Convention Hotel Market Assessment.

Telephone Revenue

Telephone revenue was estimated at \$3.00 per occupied room based on statistics from comparable hotels with similar market segmentation.

Other Income

Other income includes net revenues from in-room movies, vending machines, guaranteed no-show charges, commissions and other sources. Other income was estimated net of cost of sales. The Innovation Group estimates Other Income at \$3.75 per occupied room.

Room Expense

Room expense includes labor and supply costs associated with operating the front desk and housekeeping. Room expense was estimated at approximately 30.5% of room venue.

Telephone Expense

Telephone expenses includes the cost of local and long distance calls, telephone company service charges, equipment maintenance, and staffing. With the advent of computerized telephone systems the Telephone Department has become a profit center for hotels. Telephone Expense was estimated at 75% of Telephone Revenue.

Property Operation & Maintenance Expense

This category reflects wages, contract services, and supplies associated with the maintenance expense of the building. This figure was estimated at \$1,560 per room in Year 1, increasing by 2.5% annually through Year 5.

Energy Cost

Energy costs include electricity, gas, water, and sewer charges associated with only the hotel structure. This expense was estimated at 6.4% of total revenues.

Marketing Expense

Marketing expenses include the cost of advertising and marketing collateral, brochures, local promotions and the staffing of the marketing department. Marketing expense was estimated at 2.5% of total revenue.

General & Administrative

G&A includes the salaries and wages of the managers, credit card and travel agent commissions, professional fees, bad debt, data processing, and executive office expenses. These expenses have been estimated at 1.5% of total revenues.

Mississippi Eye Market Assessment

Introduction

The primary objective of the Mississippi Eye Market Assessment was to forecast the top-line revenue associated with offering the Mississippi Eye (“Eye”) attraction. Secondly, The Innovation Group estimated the incremental impact of the Eye on the other components of the project, including gaming. The Eye is an observation wheel or simply put, a very large Ferris wheel. We believe the inclusion of the Eye expands the reach of the resort and supports the goal of positioning the resort a true tourist destination.

Subject Eye

The proposed Mississippi Eye is expected to be a key entertainment component of subject development. The current plan outlines a 440-foot tall observation wheel. The Eye would be the tallest structure in Tunica, more than 120 feet taller than the Gold Strike Hotel (currently tallest). Note that the Gold Strike Hotel is visible from about 15 miles away. Also, the Eye would only be about 190 feet shorter than the Gateway Arch in St. Louis.

The Eye is expected to hold 69 gondolas with a capacity of 8 persons per gondola for a total capacity of 552 persons (annual capacity 4.8 million). The glass-bottom gondolas would provide exceptional views of the area with music, snacks, beverages and more available. Although the concept for the eye is not yet finalized, several ideas include a botanical learning experience or gaming environment among others.

International Market

The Eye would reflect the first such attraction in the U.S., although there are several international observation wheels in operation. The most exceptional one is found in London, called the London Eye. England seems to be the observation wheel capital of the world with 4 wheels currently in operation.

London Eye

The 135-metre (443 foot) London Eye is currently the tallest observation wheel in operation. The London Eye opened for business in 2000 and is very popular with tourists. It has 32 passenger capsules, each holding approximately 25 persons for a total capacity of 800. During the tourist season (June – September) the eye operates an 11-hour day. The Eye offers several unique riding options including a Private Capsule with attendee, Champagne Capsule serving Mimosas and the Primms & Strawberries Capsule with lemonade and chocolate dipped English strawberries.

The attraction costs the equivalent of \$24.50 for adults (\$12.30 for children). The London Eye hosted approximately 3.0 million visitors in 2005 reflecting an annual capacity of about 51%.

Sky Dream Fukuoka

The Fukuoka observation wheel is also a spectacular icon. The wheel measures about 112 meters (367 feet). The wheel is located in an urban entertainment district near the harbor of Fukuoka in Marinoa City, Japan. An outlet mall with restaurants and various other amusement attractions anchors the entertainment district.

Other Observation Wheels

There are numerous other observation wheels scattered throughout Europe including one in Sevilla, Spain, one in France and a couple in Germany and Great Brittan. These wheels are only about 60 meters, which appears to be the standard wheel height.

Other Comparable Venues

Gateway Arch

The Innovation Group believes that the Gateway Arch presents an additional comparable venue. The Arch features a “ride-to-the-top” attraction, whereby guests ride up the legs of the arch in a small 4-person capsule. At the top, windows allow for viewing the St. Louis riverfront area and the Mississippi area in general. The Arch is 630 feet high. While the Arch does not offer any food & beverages options during the “ride-to-the-top, a full-service museum and entertainment area with food & beverage and gift shop is presented at the base. The Arch attraction hosted approximately 3.0 million visitors in 2005, although we estimated that only about 50% or 1.5 million take the trip to the viewing area.

Mississippi Eye Demand

The Innovation Group believes that the Mississippi Eye would support the resort’s penetration of the resort leisure market as well distinguish the Myriad development as the premier destination in the Tunica area. The Eye positively impacted the capture rate assumptions contained in the Resort Leisure, Convention Facility and Hotel Market Assessments as the presence of the Eye enhances the overall attractiveness of the resort.

With regard to actual Eye attendance, we identified four sources of potential patronage including guests of the Myriad hotels, guests of other hotels in the area, national and international tourists visiting Memphis, and the local market.

Local Market

The Innovation Group believes that the Eye attraction will realize patronage from the local market segment, or residence living within a reasonable drive time of the facility. We identified the residences living within approximately 180 minutes of the property as the local market. We estimated the local market population at 3.6 million in 2010. We segregated the local market into two drive-time zones including 0-60 minutes and 60-180 minutes. We estimated the annual participation rate for these drive-time zones at 6.5% and 2.5%, respectively. These rates were based on an analysis of attendance figures at comparable attractions. Therefore, Eye admissions related to the local market segment were estimated at 139,400. The details of the calculation are displayed in the table below:

Eye Demand - Local Market			
	Population	Participation Rate	Admissions
0 - 60 minutes	1,214,493	6.5%	78,942
60 - 180 minutes	2,417,467	2.5%	60,437
Total	3,631,960	3.8%	139,379

Source: The Innovation Group

Memphis Tourism Diversion

The Innovation Group also believes that tourists visiting the Memphis area would be enticed to take a detour to visit the Eye attraction. The Memphis CVB estimated visitation to the Memphis area at about 9.0 million in 2005.

The visitors target such attractions as Graceland and the Beale Street Historic District. For example, annual attendance for Graceland was roughly 600,000 in 2005. Total attendance associated with area attractions was estimated at 2.75 million in 2005, a 6% decline over the prior year. Over the last five years, attraction attendance was relatively flat as seen in the table below:

Memphis Area Attraction Attendance		
	Attendance	% Change
2000	2,780,000	
2001	3,030,000	9.0%
2002	3,130,000	3.3%
2003	2,850,000	-8.9%
2004	2,930,000	2.8%
2005	2,750,000	-6.1%
AAG (5-year)	-0.2%	

Source: Memphis CVB; The Innovation Group

Despite that flat visitation trend, we estimated that by 2010 annual visitation would reach 9.5 million due in part to the subject development. We estimated the Eye participation rate for this segment at 5% based on visitation to other area attractions. The resulting Eye

admissions associated with this segment was estimated 473,000, as seen in the table below:

Eye Demand - Memphis Tourism Diversion

	Visitors	Incremental Growth Rate	Adjusted Visitors (2010)	Participation Rate	Admissions
Memphis Tourism	9,000,000	5.1%	9,459,090	5.0%	472,955

Source: The Innovation Group

Myriad Hotel Demand

The Innovation Group estimated Eye visitation associated with the Myriad hotels based on room night demand projections (see other assessments), segregated by the following market components:

1. Overnight Gamer – Local Market
2. Overnight Gamer – Gamer Tourist
3. Convention
4. Resort Leisure

We believe that the guests staying in the casino hotels would be less likely to participate in ancillary entertainment and recreation activities, as the primary reason for visiting the area, by definition, is gaming. In contrast, the conventioners would be more likely to patronize the Eye, as they would be generally interested in a broader range of activities. We envision convention groups utilizing the Eye attraction as part of the convention or meeting program. We estimated the resort leisure segment would yield the highest participation rate. This segment would be the most likely to participate in ancillary entertainment and recreation activities such as the Eye. These hotel guests likely choose the property due in part to the Eye attraction. This segment would also have the most time for added attractions.

In total, we estimated that the Myriad hotels would realize about 600,000 room nights of demand in Year 1, reflecting about 490,000 individual guests. We estimated that the Eye participation rates would range from a low of 10% for the overnight gamer (local market) segment to a high of 85% for the resort leisure segment, resulting in a weighted average participation rate of 46.5%. Therefore, Eye admissions associated with the Myriad hotels were estimated at 227,600. The details of the calculation are outlined below:

Eye Demand - Myriad Hotels

	Hotel Guests	Participation Rate	Admissions
Overnight Gamer - Local Market	86,052	10.0%	8,605
Overnight Gamer - Gamer Tourist	212,016	30.0%	63,605
Convention	75,107	75.0%	56,330
Resort Leisure	116,546	85.0%	99,064
Total	489,720	46.5%	227,604

Other Casino and Non-Casino Hotels

Due to the visibility and the publicity associated with the Eye, we believe that this attraction will generate demand related to the guests of the other hotels in the area. The participation rate will again reflect the gaming nature of the customer. Also, the attraction is less convenient for this hotel segment as compared to the subject hotel. The basis for the analysis was again the estimated number of hotel guests segregated by casino hotels and non-casino hotels. After multiplying the estimated 1.12 million hotel guests by the weighted average participation rate of 10.7%, the Eye admissions associated with this hotel segment calculated to 120,000. The details of the calculation are outlined below:

Eye Demand - Other Area Hotels

	Hotel Guests	Participation Rate	Admissions
Casino Hotels	850,473	13.5%	96,636
Non-Casino Hotels	274,358	8.5%	23,320
Total	1,124,831	10.7%	119,956

Source: The Innovation Group

Convention Facility Demand

The Innovation Group estimated that the Eye would realize admissions associated with convention business, specifically attendees not spending the night in area hotels. We estimated adjusted attendance at 359,800. Assuming a weighted average participation rate of 14.9%, the resulting Eye admissions were estimated at 53,500 for the convention facility segment. The details of the calculation are outlined below:

Eye Demand - Convention Facility Attendees

Segment	Attendance	Less:		Participation Rate	Admissions
		Overnight Guests	Adjusted Attendance		
Exhibit	227,517	-11,051	216,467	16.5%	35,717
Ballroom	148,876	-31,636	117,240	13.5%	15,827
Meeting	57,523	-31,432	26,091	7.5%	1,957
Total	433,916	-74,119	359,797	14.9%	53,501

Source: The Innovation Group

Total Demand and Revenue Forecast

Combining demand from all segments, Mississippi Eye attendance for 2010 was estimated at 1.01 million. Next, The Innovation Group estimated the admission fee for the Eye attraction at \$12.50 per person. The admission fee estimate was based on the current fee structure associated with the London Eye and the Gateway Arch as well as other amusement rides related to casinos. The base fee represents the general admission rate while various promotions will likely be available to hotel guests. After applying the rate, total Eye admission revenue calculated to \$12.7 million in Year 1 as seen in the table below:

Eye Demand Summary (2010)

	Admissions
Local Market	139,379
Tourism Diversion - Memphis	472,955
Myriad Hotels	227,604
Other Area Hotels	120,209
Convention Facility	53,501
Total	1,013,647
Admission Fee	\$12.50
Eye Admission Revenue	\$12,670,593

Source: The Innovation Group

Pro-forma Operating Statement – Convention Hotel

The Pro-forma Operating Statement, which projects Earnings before Interest, Taxes, Depreciation & Amortization (“EBITDA”) for the Eye attraction, is shown below. The projections were based on the operating characteristics of comparable attractions. The pro-forma analysis also assumed the Eye would be operated as a component of the entire resort and thus realizes efficiencies associated G&A including energy and insurance.

Mississippi Eye Operation 5-year Pro-forma Operating Statement

	2010	2011	2012	2013	2014
Admissions	1,013,647	1,069,731	1,111,367	1,126,630	1,142,114
Admission Fee Rate	\$12.50	\$12.81	\$13.13	\$13.46	\$13.80
Admission Revenue	\$12,670,593	\$13,705,925	\$14,595,375	\$15,165,716	\$15,758,502
F&B Revenue	886,941	959,415	1,021,676	1,061,600	1,103,095
Gift Shop/Photos Revenue	1,115,012	1,176,704	1,222,504	1,239,293	1,256,325
Total Revenue	\$14,672,547	\$15,842,044	\$16,839,555	\$17,466,609	\$18,117,923
Departmental Expenses:					
COGS - F&B	\$576,512	\$623,620	\$664,090	\$690,040	\$717,012
COGS - Gift Shop	557,506	588,352	611,252	619,647	628,163
Salaries & Wages	6,125,625	6,278,766	6,435,735	6,596,628	6,761,544
Energy	350,000	358,750	367,719	376,912	386,335
Maintenance	300,000	307,500	315,188	323,067	331,144
Marketing	366,814	375,984	385,384	395,018	404,894
G&A	220,088	225,590	231,230	237,011	242,936
Total	8,496,545	8,758,562	9,010,596	9,238,323	9,472,027
EBITDA	\$6,176,002	\$7,083,482	\$7,828,959	\$8,228,286	\$8,645,896
EBITDA %	42.1%	44.7%	46.5%	47.1%	47.7%

Source: The Innovation Group

Pro-forma Assumptions

Admission Revenue

The admission revenue was based on the analysis in the Eye Market Assessment. The general admission fee of \$12.50 was increased by 2.5% annually through 2014.

Food & Beverage Revenue

The food & beverage revenue reflects various snacks and drinks that we assumed will be available before and during the ride. We estimated that 35% of rider would partake in the concession spending an average of \$2.50.

Gift Shop/Photo Revenue

This revenue line item relates primarily to souvenir purchases in the eye gift shop and photos purchases. We estimated that 20% of riders would spend an average of \$5.50 on these items.

Cost of Goods Sold (“COGS”) F&B and Gift Shop/Photos

These costs relate to raw materials associated with providing the food & beverage, souvenir items and photos. The labor cost associated with these operations is in the salaries & wages line item.

Salaries & Wages

The salaries & wages line item relates to the operation of the Eye including the departments of Ride Control, Repair & Maintenance, Customer Service, Security & Surveillance, House Keeping as well as management and back office support. We estimated that the Eye would require a staff of about 64 persons while in operation.

Energy Costs

The Innovation Group estimated the energy cost associated with operating the Eye at \$350,000 in 2010, increasing by 2.5% annually. The estimate was based on the operating characteristics of the London Eye.

Maintenance

This cost category includes the equipment and material cost associated with keeping the Eye up and running. We estimated these costs at 1% of the cost to build the Eye and increased them at an average annual rate of 2.5%.

Marketing

The marketing costs reflect the marketing and advertising costs specifically associated with the Eye and include such things as brochures, mailings and other promotions.

G&A

G&A costs related to the cost of licenses, permits and supplies associated with operating the Eye, again, excluding labor.

Water/Snow Park and Family Center Market Assessment

Introduction

The primary objective of the Water/Snow Park and Family Entertainment Center (“FEC”) Assessment was to estimate the incremental top-line revenue associated with offering these attractions. In addition, The Innovation Group analyzed the incremental impact of these amenities on hotel room night demand and ADR. We believe these additional amenities better position the subject resort to penetrate the resort leisure market, especially with regard to the family segment. The Water/Snow Park and FEC are key components of the overall development and are expected to support the goal of making Myriad an attractive alternative for resort leisure travelers.

Subject Waterpark

The following discussion presents the current plan for the subject waterpark. The proposed 5-acre park contains various water attractions, ample sun bathing decks, various food & beverage venues and a gift shop all enclosed in a year-round climate controlled facility. The plan currently includes the following five major water attractions:

1. Lazy River – at 500 meters in length, the Lazy River will contain rapids themed in a tropical setting.
2. Wave Pool – an approximately 40 by 50 meter beach front will host the 25 meter long wave pool, capable of producing waves of up to 1.2 meters high.
3. Water Slide Area - a minimum of 10 slides ranging from the gently sloping open slide to several vertical drops featuring partially closed twisting slides.
4. Kids Play Area – includes roughly 400 square meters of fully supervised activities such as a plunge bucket and play house equipped with various water squirting contraptions.
5. Flow Rider – a constant stream of water creates a simulated waver which rider surf using a boogie board.

Subject Snow Park

The following discussion outlines the current plan for the subject snow park. The proposed snow park contains artificial slopes for both skiing and snowboarding as well as an ice skating rink. The snow park area would be enclosed in a 450,000 sq. ft. Snow Globe, featuring ice caverns designed for climbing and exploring. The Snow Globe is expected to host an annual Ice Carving Festival attracting sculptors from all over the world. The snow park would offer cafes and a variety of winter themed retail shops and restaurants.

The snow park concept originated from the Ski Dubai Development that recently opened in the United Arab Emirates. With Dubai's harsh summers reaching above 40C, the new Ski Dubai Resort has proved to be a unique tourism destination, especially popular with

the local residents. The resort offers various ski trails with chairlifts and includes a 90-meter long quarter pipe, a 3,000-meter interactive snow park. The longest ski run is approximately 400 meters. The snow is made by shooting water into an atmosphere maintained at around freezing point by coolers both below and above the slopes. Ski Dubai is currently the world's largest of the almost several dozen indoor ski resorts, and the only one in the desert or the Middle East.

Subject Family Entertainment Center

The proposed Family Entertainment Center features an array of interactive games, rides and attractions housed in a 100,000 sq. ft. facility. The FEC will offer some of the latest rides in a fully themed environment together with traditional interactive attractions such as a go-kart track, skateboard park and bowling alley. An elaborate arcade featuring video games and simulator rides would also be available. The plan includes several food and beverage outlets and a souvenir shop.

Waterpark Market

Top U.S. Waterparks

The following discussion outlines the top waterparks in the U.S. according to [REDACTED]. These waterparks have set the standard for future developments and exhibit what is possible regarding waterpark development.

Schlitterbahn Galveston Island Waterpark in New Braunfels, Texas was rated the top waterpark in America. The waterpark encompasses about 65 acres and includes more than 40 rides. One of the feature attractions is the Master Blaster uphill coaster. The general admission fee is about \$35. **Disney's Blizzard Beach** in Kissimmee, Florida came in at number 2 featuring more than 14 major attractions. The park currently features the highest waterslide in the county called the Summit Plummet. The admission fee for a one-day pass is about \$45. **Raging Waters** in San Dimas, California was number 3 on the list. Raging Waters offers about 17 rides upon approximately 50 acres. The main attractions include the High Extreme, Neptune's Furry, Dropout, and Dragons Den. A season pass is \$65 while a general admission ticket is \$32. Next was **Water Country USA** in Williamsburg, Virginia. Upon 25 acres lay 45 water rides, featuring the Hubba Bubba Highway. A general admission pass is \$38 per day. **Splish Splash** in Long Island, New York was number 5 on the list. With 96 acres of land, Splish Splash has 30 water rides. The main water ride is the Cliff Diver, which is an 80-foot speed slide. The general admission ticket price is \$31. **Soak City** was number 6 on the list, located in Buena Park, California. The park offers about 21 attractions including the Pacific Spin, which opened in 2006. A general admission pass is \$27, while season passes are available for \$75. The number 7 waterpark in the U.S. was **Water World** in Denver, Colorado. With 64 acres of land, Water World has over 20 attractions. The feature attractions include Voyage to the Center of the Earth and the Revolution. The general admission ticket price is \$25. **Six Flag's Whitewater** was number 8. The park is located in Marietta, Georgia and features 7 major attractions. The general admission is \$35 with season passes available for \$60. Number 9 on the list was **Noah's Ark in Wisconsin Dells**, Wisconsin. The park has 9 attractions including the Time Warp. The park offers over 12 restaurants and outdoor lounges. A one day pass and season pass is \$30 and \$90, respectively.

Hotel Waterparks

Hotel waterparks are becoming a major component of resort destinations around the country and internationally. The Knowledge Group via the Hotel Online Report noted that the success of indoor water parks is due in part to the year-around appeal, the popularity of major outdoor waterparks, and the desire for short-term vacations. According to the Water Park Association, water park attendance has increased at an average annual rate of about 4.6% over the last ten years, reaching 72.0 million in 2003.

The hotel waterpark concept is rapidly expanding in the U.S. According to Hotel Waterpark Resort Research & Consulting, there were 108 hotel waterparks in operation at the end of 2005. A total of 27 parks were opened during 2005, an increase of 33% over 2004. The growth rate has been over 20% for the last five years. The consulting firm also

noted that there were 52 waterparks under construction and an additional 121 in the planning stage which means that the number of waterparks could easily double over the next several years. As of 2005, there were a total of 18,385 hotel rooms associated with waterpark resorts, reflecting an average of 170 rooms per resort. According to the Waterpark Report, the average is expected to exceed 200 rooms per resort by 2007.

Wisconsin Dells, [Wisconsin](#), proclaims itself the "Water Park Capital of the World" and contains the largest outdoor waterpark in the U.S. as well as the nation's largest indoor waterpark resort. With 18 indoor and 3 outdoor [water parks](#) in "the Dells" region, Wisconsin Dells has the highest concentration of waterpark facilities in the world. However, despite their popularity with leisure travelers and tourists, the waterpark hotels at Wisconsin Dells focus heavily on the convention business. In fact, the Dells offer more than 250,000 square feet of meeting and conference space, hosting over 2,500 meetings annually.

Based on the report referenced in the table below, hotels with waterparks generally achieve a higher occupancy rate and realize a higher average daily rate. In 2003, hotels with indoor waterparks exhibited an annual average occupancy rate of 66.2%, outperforming non-waterpark hotels by over 23 basis points. The average daily rate for waterpark hotels was \$120 in 2003, nearly double the ADR of hotels with no waterpark. The disparity also reflects, to a large extent, the underlying class of the hotel. A detailed summary of the Wisconsin Dells properties for the years 2001 through 2003 is presented below.

Wisconsin Dells Hotel Trends 2001 through 2003

<i>2001</i>							
<i>Hotels</i>	<i>Rooms</i>	<i>Avail. Room Nights</i>	<i>Occupancy %</i>	<i>Occupied Room Nights</i>	<i>ADR</i>	<i>Room Revenue</i>	<i>RevPar</i>
With Indoor Waterparks	18	3,064	66.60%	744,828	\$114.30	\$85,133,813	\$76.12
Without Indoor Waterparks	44	2,402	49.80%	436,612	\$65.76	\$28,711,575	\$32.75
Total	62	5,466	59.20%	1,181,439	\$96.36	\$113,845,388	\$57.06
<i>2002</i>							
<i>Hotels</i>	<i>Rooms</i>	<i>Avail. Room Nights</i>	<i>Occupancy %</i>	<i>Occupied Room Nights</i>	<i>ADR</i>	<i>Room Revenue</i>	<i>RevPar</i>
With Indoor Waterparks	18	3,064	69.90%	781,734	\$117.09	\$91,533,192	\$81.85
Without Indoor Waterparks	44	2,402	48.10%	421,707	\$66.62	\$28,094,129	\$32.04
Total	62	5,466	60.30%	1,203,441	\$99.40	\$119,627,321	\$59.96
<i>2003</i>							
<i>Hotels</i>	<i>Rooms</i>	<i>Avail. Room Nights</i>	<i>Occupancy %</i>	<i>Occupied Room Nights</i>	<i>ADR</i>	<i>Room Revenue</i>	<i>RevPar</i>

			<i>Nights</i>	<i>%</i>	<i>Room Nights</i>		<i>Revenue</i>	
With Indoor Waterparks	18	3,454	1,260,710	66.20%	834,590	\$120.24	\$100,351,104	\$79.60
Without Indoor Waterparks	44	2,402	876,730	43.10%	377,871	\$61.20	\$23,125,683	\$26.38
Total	62	5,856	2,137,440	56.70%	1,212,461	\$101.84	\$123,476,787	\$57.77

Source: Hotel Waterpark Resort Research & Consulting, CVB, lodging tax records and property records.

Regional Market

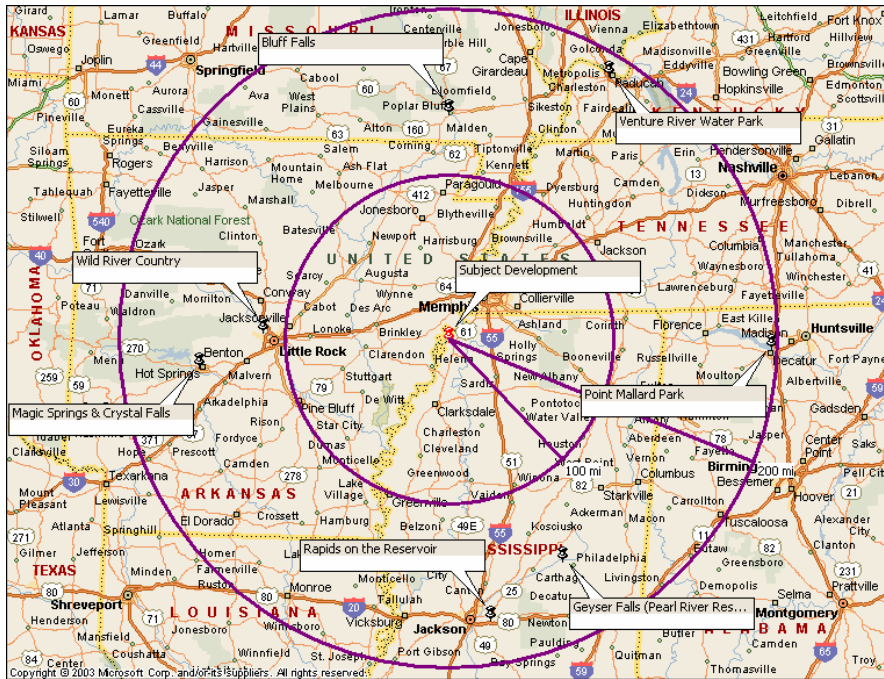
Most major metropolitan areas have at least one or two significant outdoor waterpark developments. Waterparks are often a component of a larger theme park. In addition, municipalities often develop a waterpark on behalf of the area residents. The Innovation Group identified a total of eight significant waterparks within 200 miles of the subject development. The nearest major water park was just over 100 miles away in the Little Rock, Arkansas metropolitan area. Note that Memphis area has no major waterparks in operation. The following chart summarizes information regarding the eight parks within the 200-mile market:

Regional Water Park Market

Property	Location	Relative to Subject	Acres	Major Attractions	Pricing		
					General	Junior	Season
Geyser Falls (Pearl River Resort)	Philadelphia, MS	150 miles SE	23	9	\$25	\$18	\$80
Rapids on the Reservoir	Jackson, MS	175 miles S	25	8	\$20	\$17	\$70
Bluff Falls	Poplar Bluff, MO	140 miles N	10	5	\$16	\$9	n/a
Magic Springs & Crystal Falls	Hot Springs, AK	150 miles W	20	10	\$40	\$30	\$60
Wild River Country	Little Rock, AK	100 miles W	NA	11	\$25	NA	NA
Point Mallard Aquatic Center	Decatur, AL	200 miles E	NA	8	\$15	\$10	\$65
Venture River Water Park	Paducah, KT	200 miles NE	NA	9	\$18	\$15	\$70

Source: Water Park Websites; Waterpark Association

Regional Waterpark Map:



The following discussion presents a description of the more comprehensive water parks in the region including Geyser Falls, Rapids on the Reservoir, Magic Springs & Crystal Falls and Wild River Country.

Geyser Falls

Geyser Falls is a decent 23-acre water park development located in the Pearl River Resort near Philadelphia, Mississippi. The Pearl River Resort is a comprehensive Native American casino resort owned by the Choctaw Tribe. The casino features 3,083 slot machines and 46 table games as well as two hotels with over 1,070 rooms. The Pearl River Resort primarily serves the Jackson, Mississippi market and secondarily, the Columbus, Ohio market.

Geyser Falls water park features 9 major attractions including an 8-acre beach and pool area, a lazy river, a wave pool and several 4½-story water slides. The park include 12 cabanas for daily rental, a retail shop and offers a beach club with live entertainment as well as other food & beverage cafes. The facility can host both group picnics and birthdays. Geyser Falls is moderately priced at \$25 for general admission and \$18 for junior admission.

Magic Springs & Crystal Falls

Magic Springs & Crystal Falls is a major amusement park located in Hot Springs, Arkansas, about 150 miles west of the subject development. The park was named one of the top three “family friendly” amusement parks in the U.S. by Better Homes & Gardens. The water park, called Crystal Falls is just one component of the Magic Springs Park, a typical configuration for major amusement parks. Crystal Falls offers many attractions featuring a 350,000-gallon wave pool, 320,000-gallon Lazy River a multi-slide tower and 77,000-gallon themed play area. The general admission pricing of \$40 includes both the thrill-ride park and the water park. Children under 52 inches tall and seniors over 55 pay \$30 for a daily admission, while kinds two and under are free. Magic Springs & Crystal Falls offers discounted group pricing for groups of 50 or more, and it offers planned group activities and catering.

Rapids on the Reservoir

The Rapids on the Reservoir is a family-oriented 25-acre water park that is located on the Ross Barnett Reservoir in Jackson, Mississippi. Rapids Waterpark features over 3 acres of sun tanning decks and includes changing rooms, snack stands, air conditioned gift shop and arcade, lockers, and shaded picnic areas. Rapids on the Reservoir has 8 major water attractions including a lazy river, a 560,000 water gallon wave pool, a 40 foot drop Black-hole slide, a kids pool and free fall slides, among other attractions. Along with many water slides, Rapids also has horseshoe pits, beach volleyball, basketball court, bingo, and many other activities. The waterpark also specializes in group outings. An individual season pass sells for \$70, while a senior citizen pass is \$32. A pass for a child under two years of age is \$21 for the season. Rapids' paved parking lot includes over 1,600 spaces.

Wild River Country

The nearest major water park in relation to the subject development is found in Little Rock, Arkansas called Wild River Country. Little Rock is only about 100-miles west of Tunica, although the travel time is over 2 hours. The park offers 11 major attractions with a large selection of large tube and single person tube slides. Additionally, a hydration station, an arcade and several food and beverage options are offered at the park. Besides regular visitors, Wild River Country accommodates birthday parties, groups and corporate picnics. A regular daily admission rate is \$28, \$13 for seniors and \$20 for kids 8 and under.

Proposed Developments

In 2004, the Mississippi Business Journal reported that the Grand Casino Resort in Tunica was planning a \$65 million, 30-acre waterpark featuring indoor and outdoor pools, slides, and rides, along with food and beverage facilities. However, the casino property was recently sold by Harrah’s Entertainment to a private company. As a result of the change in ownership, the waterpark project is thought to be under review. As of this time, The Innovation Group does not believe that the proposed waterpark will materialize on the Grand Casino property in the foreseeable future.

Subject Water/Snow Park Demand

Based on the capacity constraints associated with the water/snow park, The Innovation Group assumed that this amenity would only be available to guests of the Myriad hotels. This strategy would allow the resort to realize a higher hotel occupancy rate and ADR, preventing potential patrons from utilizing alternative accommodations while still enjoying this unique amenity. This strategy is consistent with other hotel waterpark facilities, including the Wisconsin Dells market as the majority of the hotels employ a guests-only policy. Therefore, demand for the water/snow park was estimated based on the room night demand associated with the Myriad casino hotels and the Myriad Palace Convention Hotel.

Myriad Casino Hotel Demand

Based on the Casino Hotel Market Assessment, we estimated that the casino hotels would generate about 328,000 room nights of demand, resulting in about 562,700 annual guests in 2010. The guest room nights include approximately 138,600 local market gamers and 424,000 gamer tourists. Again, the local market gamers are generally utilizing the hotel out of convenience while the gamer tourists are coming from farther away looking at the trip as a mini-vacation. The Innovation Group estimated the water/snow park participation rate for the local market and gamer tourist at 3.5% and 13.0%, respectively. The weighted participation rate for the casino hotels calculated to 10.7%, resulting in 60,000 water/snow park admissions. The following table details the calculation:

Market Segments	Room Night Demand	Guests / Room	Guest Room Nights	Participation Rate	Total Waterpark Visits
Local Market Gamers	92,431	1.5	138,647	3.5%	4,853
Gamer Tourists	235,573	1.8	424,031	13.0%	55,124
Total	328,004	1.7	562,678	10.7%	59,977

Source: The Innovation Group

Convention Hotel Demand

We estimated that the convention hotel would generate about 271,800 room nights of demand, resulting in 545,000 guest room nights in 2010. The guest room nights include approximately 207,500 convention guests and 337,600 resort leisure travelers. The Innovation Group estimated the water/snow park participation rate for each of these segments. The estimated rate for the resort leisure segment was 74.5% reflecting the nature of the trip and the fact that families occupy a large percentage of these rooms. The weighted participation rate for the convention hotel calculated to 55% on a daily basis, resulting in about 310,500 water/snow park admissions. The participation rate was over 5 times the rate estimated for the casino hotels. The following table details the calculation:

WATER/SNOW PARK DEMAND - CONVENTION HOTEL

Market Segments	Room Night Demand	Guests / Room	Guest Room Nights	Participation Rate	Total Waterpark Visits
Convention	123,705	1.7	210,299	23.5%	49,420
Leisure Tourists	150,782	2.2	335,058	74.5%	249,618
Total	274,487	2.0	545,356	54.8%	299,038

Source: The Innovation Group

Water/Snow Park Revenue Forecast

Combining both hotel segments, water/snow park admissions summed to about 359,000. Based on a daily capacity of 1,500 persons, the occupancy rate was estimated at 66% in Year 1, reaching 80% by Year 5. The growth was based on room night demand growth for each hotel segment.

Assuming a rack rate admission fee of \$17.50 based on our analysis of the hotel waterpark market, water/snow park admission revenue totaled \$6.3 million. Obviously promotional rates would be available for various hotel guests, but not considered in the water/snow park revenue calculation. The details of the revenue calculation are shown below:

Water/Snow Park Summary

Market Segments	Admissions
Overnight Gamers - Local Market	4,853
Overnight Gamers - Gamer Tourists	55,124
Convention Hotel Guests	49,420
Resort Leisure Hotel Guests	249,618
Total Admission	359,015
Admission Fee	\$17.50
Admission Revenue	\$6,282,763

Source: The Innovation Group

Family Entertainment Center Revenue Forecast

The Innovation Group also estimated the number of patrons that would utilize the FEC. The participation rate was based on water/snow park rates as we believe water/snow park patrons would also exhibit a propensity to use the FEC. We estimated FEC patrons at 197,500 in 2010 or 55% of water/snow park admissions. Assuming an average spend of \$12.50, FEC revenue calculated to about \$2.5 million as exhibited in the table below:

FEC Revenue

Market Segment	Patrons
Overnight Gamers - Local Market	2,669
Overnight Gamers - Gamer	
Tourists	30,318
Convention Hotel Guests	27,181
Resort Leisure Hotel Guests	137,290
Total Patrons	197,458
Spend / Patron	\$12.50
Total Revenue	\$2,468,228

Source: The Innovation Group

Pro-forma Operating Statement – Water/Snow Park

The statement of prospective Earnings before Interest, Depreciation & Taxes (“EBITDA”) for the proposed water/snow park and FEC is displayed below. The prospective financial statement is based upon operating characteristics of comparable facilities and takes into consideration existing and assumed future market dynamics.

Water/Snow Park and Family Entertainment Center Operation					
5-year Pro-forma Operating Statement					
	2010	2011	2012	2013	2014
Revenue:					
Park Revenue	\$6,282,763	\$7,255,055	\$7,900,897	\$8,151,922	\$8,410,985
FEC	2,468,228	2,780,684	2,954,356	2,973,876	2,993,540
F&B	942,414	1,061,715	1,128,028	1,135,481	1,142,991
Gift Shop	612,569	690,115	733,218	738,062	742,944
Total	10,305,974	11,787,570	12,716,500	12,999,341	13,290,460
Departmental Expenses:					
COGS - F&B	640,842	721,966	767,059	772,127	777,234
COGS - Gift Shop	336,913	379,563	403,270	405,934	408,619
Salaries & Wages	3,906,828	4,401,450	4,677,086	4,733,303	4,815,108
Water	282,724	326,477	355,540	366,836	378,494
Energy	476,339	550,055	599,020	618,052	637,694
Maintenance	596,862	689,230	750,585	774,433	799,044
Marketing	390,683	446,848	482,062	492,784	503,820
G&A	257,649	294,689	317,912	324,984	332,262
Total	6,888,841	7,810,280	8,352,536	8,488,453	8,652,274
EBITDA	\$3,417,133	\$3,977,290	\$4,363,964	\$4,510,888	\$4,638,186
EBITDA %	33.2%	33.7%	34.3%	34.7%	34.9%

Source: The Innovation Group

Pro-forma Assumptions

Admissions Revenue

The admission revenue estimates were based on the analysis contained in the Water/Snow Park Assessment.

Family Entertainment Center Revenue

It was estimated that a percentage of water park/snow park patrons will also visit the Family Entertainment Center. The Innovation Group assumed that an additional \$2.0 million will be generated at the FEC through arcade games and other family attractions in during the first full year of operations.

F&B

Food & beverage revenues were estimated based upon projected dining needs for the facility. The projections assumed that food & beverage outlets would include several small snack shops and a Tiki Bar area serving appetizers and short order entrées.

Retail & Other (Gift Shop)

Retail and other revenues include retail sales in the gift shop, tube rentals and other miscellaneous income. Retail sales have been estimated at an average of 2% of the overall guest expenditures and tube rentals were projected also as 4% of the total visitor expenditures based on information obtained from the Waterpark Association.

Salaries & Wages

The salaries & wages line item relates to the labor associated with operating the park including the departments of Safety, Repair & Maintenance, Customer Service, Security, House Keeping as well as management and back office support. We estimated that the waterpark and FEC will require a staff of about 75 persons during operating hours.

Water

Clearly, water will be a considerable expense for the indoor water/snow park. A five-acre water park was projected to spend near 9% of its operating expenses on water.

Energy

Heating and cooling the indoor space as well as the water are major expenses to the water/snow park and are projected as 10% of the total expenses. This line item includes HVAC systems of indoor waterparks, humidity control, and expenses for electricity, gas and other energy sources.

Maintenance

Maintenance expenses are based upon estimates for maintaining and repairing the facility and related grounds. This figure includes the costs of cleaning the facility on a daily basis and assumes that a full complement of maintenance workers is on staff thereby eliminating the need for any significant outside services.

General & Administrative

General & administrative expenses include all expenses associated with permitting and licensing as well as the back office operation. The back office operation includes expenses such as supplies, travel, outside audit fees, and miscellaneous professional services.

Spa Market Assessment

Introduction

The primary objective of the Spa Market Assessment (“Spa Assessment”) was to forecast the top-line revenue associated with offering a full-service spa and fitness center. The Innovation Group also considered the incremental impact of the Spa facility on the demand factors associated with other components of the project, including the convention facility and resort leisure component. We believe the spa amenity is particularly supportive of the goals of the Myriad development, offering an alternative recreation activity for the convention and leisure guests. The fitness and spa facilities are important elements for the resort concept, particularly when attempting to attract group tourists. Spas have become increasing in popularity with leisure tourists, as 34% of leisure travelers cited a spa as extremely or very desirable, according to the Travel Monitor Study.

Subject Spa

The spa facilities are anticipated to be an integral part of the subject development featuring several unique offerings. The current plan includes a full-service spa associated with the convention hotel and a high-end secluded spa/wellness center (Atium Spa) in a separate facility segregated from the high traffic areas. The convention hotel spa would offer the typical spa treatments such as massage therapy, body treatments and other hydrotherapy, while the secluded spa would offer an extended, elaborate spa experience.

Spa Market Background

Industry Trends

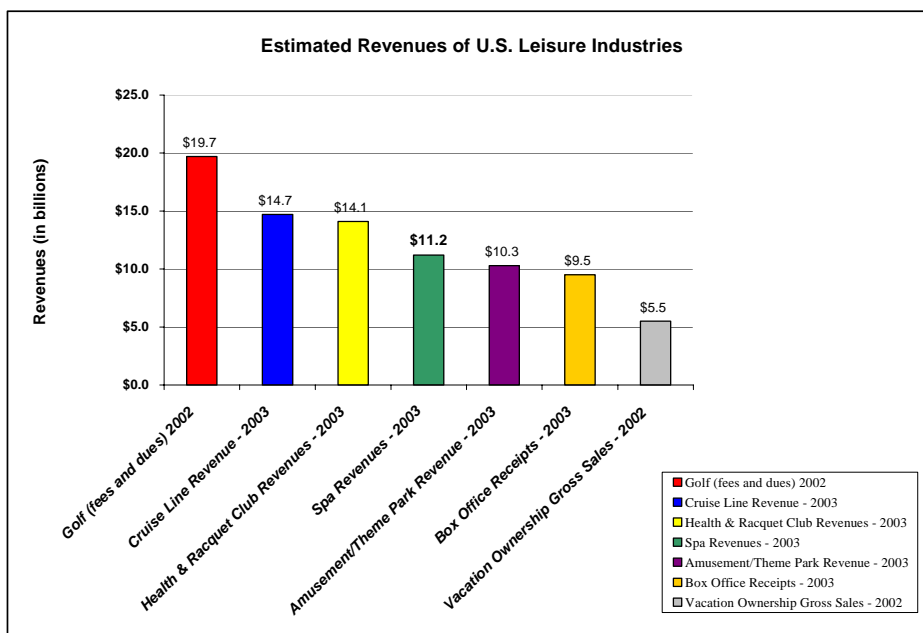
The Innovation Group believes that social trends in the U.S. have increased the demand for spas. One of the outlets that Americans are flocking to in order to reduce stress is the spa experience. According to the 2005 Travel Monitor, one-third of leisure travelers find a spa to be an extremely or very desirable attribute of the overall travel experience. Interestingly, this reaction to spas did not vary materially between income segments, as 28% of respondents making less than \$30,000 in income cited spas as an important part of a vacation compared to 24% for \$100,000 and over income earners. More women (35%) as opposed to men (11%) consider a spa as a desirable part of a vacation. Also, an emerging segment of the leisure travel market cites spas as the primary purpose of the leisure trip.

The aging of the Baby Boomer generation in the U.S. should also support the spa industry. Over the next 8 years, the fastest growing segment of the U.S. population is expected to be those Americans in the 50-59 age cohort (up 25%) and the 60-69-age cohort (up 36%). More and more of the people in these age brackets are utilizing spa

services. A 2001 ISPA survey indicates that approximately 50% of spa users are the aging “Baby Boomers”.

The spa experience has evolved from a pampering experience for the wealthy to a way to relax and stay healthy for everyday Americans. The Innovation Group believes that the spa experience will stay in the mainstream. Our research finds that 78% of people over the age of 18 claimed to have gone to a spa in an effort to relax and that 9% of women have patronized a day spa in the last 6 months. Some industry executives contend that once consumers visit a day spa, they will tend to become more interested in trying new types of spa experiences and hence, will start incorporating these experiences into their hotel and resort travel plans.

This popularity has fueled growth in the number of outlets while continuing to expand revenues in order to accommodate the new comers. In 2003, the spa industry had larger revenues than amusement parks and box office gross receipts as the following chart demonstrates:



The spa industry has experienced significant growth since 2000 with number of spa locations doubling. The cumulative growth during the period 1994 through June of 2004 has been 353%. The following table displays the growth in spa locations in the U.S. for the period 1994 through June of 2004:

Growth in U.S. Spa Locations

Year	Number of Spas	Annual Growth Rate
1994	2,674	19%

1995	3,068	15%
1996	3,817	24%
1997	4,557	19%
1998	5,300	16%
1999	5,300	16%
2000	8,025	51%
2001	9,186	14%
2002	10,496	14%
2003	11,743	12%
2004 (June)	12,102	3%*

Source: ISPA 2004 Spa Industry Study

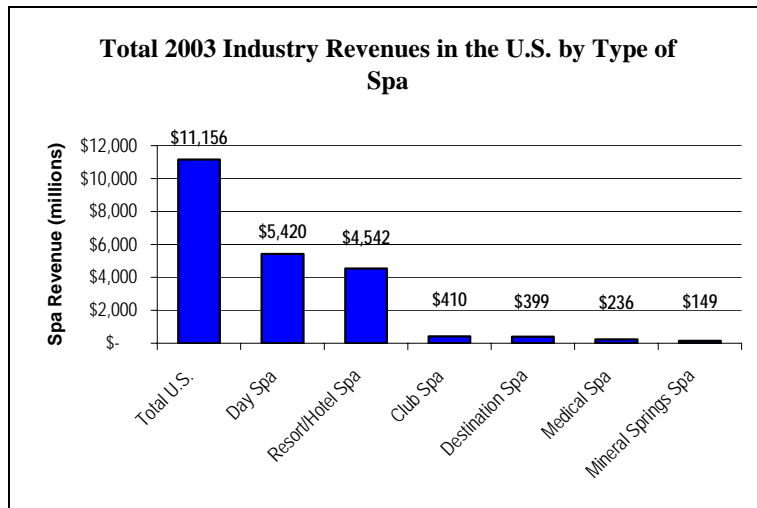
* Growth rate for 2004 represents growth for 6 months

Spa Industry Overview

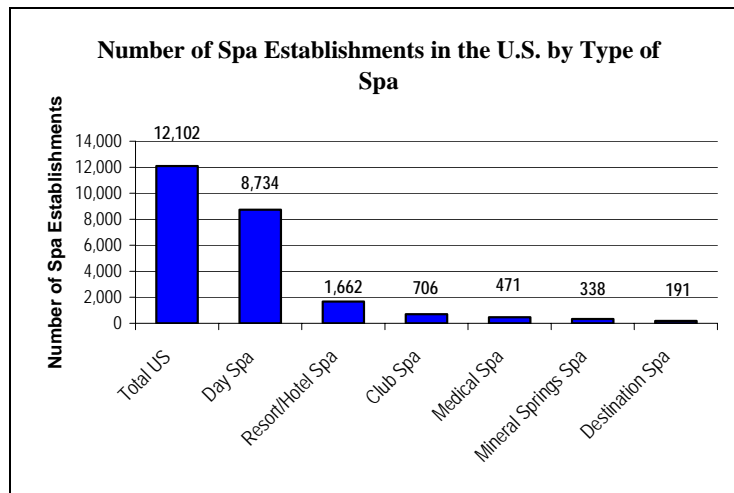
The wellness and spa industries and their related professions are enjoying explosive growth in response to the increased stress attenuation, relaxation, and pain relief needs of the American public. Every year, spas become more relevant to everyday Americans, as greater percentage of Americans embrace spas to improve the way they look and feel. Record visitation and broadening socioeconomic appeal led to estimated spa revenue exceeding \$13 billion in 2005. Many of the statistics provided on the performance of spas were reported by the International Spa Association, which performs bi-annual surveys. The last detailed study, performed in 2004, summarizes operating statistics from 2003. In every case, the most recent, reliable data is provided.

The aging population in the United States has significantly increased the growing popularity of spas, driving new customers and spurring industry growth. Employment in the spa industry grew from 151,000 people in 1999 to 280,700 people in 2003. Consumers see spas as a way to relax and temporarily escape their otherwise hectic lives. Furthermore, they no longer see spas as pampering and now consider spas to be a necessity in order to stay healthy. This popularity has fueled growth in the number of outlets while continuing to expand revenues in order to accommodate new patrons. In 2003, the spa industry had larger revenues than amusement/theme parks and box office gross receipts.

Between 1997 and 2001, aggregate spa revenue was doubling every 2 years. However in 2002, the industry saw a more moderate growth rate of 6.5%, bringing industry revenue to \$11.4 billion. In 2003, the spa industry's \$11.2 billion in revenue represents a slight decline of 1.8%. The weak results in 2002 and 2003 likely reflect the travel slowdown resulting from the 9/11 tragedy. Industry revenue growth averaged 7.5% between 1997 and 2003. The 2003 revenues by spa type can be found in the following graph:



The number of spa locations continued to grow between the 2002 and 2004 at an average annual rate of 12%. Interestingly, the growth rate in the number of spas has gradually moderated since its peak at 51% in 2000. Between 2002 and 2004, the medical spa segment expanded faster than any other segment, with the number of medical spas growing by 109% compared to 26% for the U.S. spa industry as a whole. Resort/hotel spas have also grown faster than the industry average. The following chart shows the estimated number of spas as of June 2004:

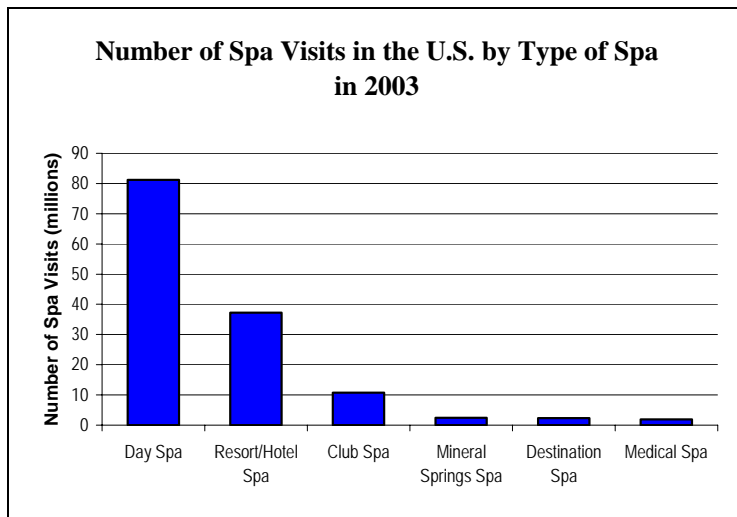


There are an estimated 12,100 spas throughout the U.S and 2,100 in Canada. In the U.S., the largest spa category, accounting for seven of every ten spas, is the day spa. Resort/hotel spas are the second largest group, followed by club spas, medical spas, mineral springs' spas, and destination spas. Geographically, the distribution of spas in the U.S. generally reflects the distribution of the population, with the North East having

the largest concentration. According to the ISPA 2004 Spa Industry Study, on average, 14% of all spas in the U.S. are Resort/Hotel spas. In the Southeast and Southwest, however, the average distribution of Resort/Hotel spas is 21% and 23%, respectively. All other regions in the country vary range between 6%-9% of all spas being Resort/Hotel spas. In the North-central part of the country, 7% of the spas fall in that category, indicating that there is an opportunity for growth in the Resort/Hotel spa segment. This potential opportunity, however, must be balanced with the widespread perception that resort spas are located in destinations featuring mild climates.

Comment [PG1]: Is this relevant to Tunica?

There were approximately 136 million spa visits made in the U.S. in 2003. Sixty-percent (60%) of these were to day spas while 27% were to resort/hotel spas. The remaining 13% are spread across the other 4 spa types. As in any industry, demand is the driving force that determines how well the industry performs. Between 2001 and 2003, the industry saw a drop in visits of approximately 13%.



The average price of a spa treatment in the U.S. is \$75. The average cost per massage is \$76, while the average cost per facial is \$80. U.S. spas earn an average of \$172 per square foot, \$52,163 per treatment room, (only treatment room revenue is included), \$143 per spa visit and \$277 per client. Such revenues can be explained by the fact that there has been a “revolution” in cosmetic procedures and consumers can seek to “look better without the need for cosmetic surgery.” Included has been an increased interest in cellulite treatments, glycolics, and skin care products. The Eastern/Asian influence continues to be very strong in the industry, and there is a general desire for natural as opposed to artificial products. The trend towards medically based products has also continued. A newer trend in the industry is spa influenced products such as clothing, home-spas, spa-like tubs, and home massage tables. Because spas are broadening their consumer appeal to a larger-than-ever market, they continue to lose the “pampering factor.” The emphasis is now increasingly on self-preservation, and this has gained spas a new aura of respectability. A key driver in this trend is that people want to reward

themselves for working hard. Another key trend is the continued increase in the number of men visiting spas. Male-only spas are commonplace in Europe however they are still rare in the United States. In 2003, men made up 21.4% of spa clientele in the United States. Operators continue to enter the marketplace, seeking brand recognition and customer loyalty.

Other consumer trends are also in action. Manicures and pedicures are the two top services requested at day spas, which are steering customers into other treatments. Services are being developed to accommodate consumers' busy schedules with many day spas now offering massages that can be taken during a person's lunch break with time to take a shower and return to work within an hour. Another trend is the mix of clients that are going to spas. While visiting spas used to be a predominately "white" activity, more ethnically and racially different individuals are beginning to see the benefits of spas.

U.S. Spa Industry Statistics

Spa Type (% of total)	
Club Spa	6%
Day Spa	72%
Destination Spa	2%
Medical Spa	4%
Mineral Springs Spa	3%
Resort/Hotel Spa	14%
Total	100%
Ownership Structure (% of total)	
Sole Proprietor	33%
Partnership	10%
Small Corporation	42%
Major Corporation	12%
Limited Liability Company	2%
Other	1%
Total	100%
Number of Years in Business (% of total)	
Less than 2 years	13%
2 to 5 years	30%
6 to 9 years	25%
10 to 15 years	12%
More than 15 years	20%
Total	100%
Products Offered	
Treatment Rooms	98%
Exercise Programs/Facilities	28%
Educational/Nutritional Classes	30%
Lodging	13%
Restaurants	15%
Sports Activities	13%
Retail	94%

Beauty Salon	58%
Dedicated Relaxation Area	64%
Locker Rooms	45%
Other	4%
Indoor Square Footage – Mean	7,167
Indoor Square Footage – Median	3,000
Revenue in Thousands – Mean	\$950
Revenue in Thousands – Median	\$375
Annual Spa Visits – Mean	11,577
Annual Spa Visits – Median	5,000
% Visits by New Clients – Mean	43.0%
% Visits by Male Clients – Mean	22.9%
Full-time Employees – Mean	11.9
Full-time Employees – Median	6.0
Part-time Employees – Mean	7.9
Part-time Employees – Median	3.0
Contract Employees – Mean	3.4
Contract Employees – Median	0.0
Profit Margin – Mean	8.0%
% of Revenue to Payroll – Mean	43.7%
Average Price/Service – Mean	\$75
Average Price/Massage – Mean	\$76
Average Price/Facial – Mean	\$80
Revenue/Sq. Ft. – Mean	\$172
Revenue/Treatment Room – Mean	\$52,163
Revenue/Visit (Resort) – Mean	\$143
Revenue/Client – Mean	\$277

Source: International Spa Association

Regional Spa Market

The most popular leisure travel destinations feature some of the best resort spas in the country. These travel destinations cater primarily to the group and leisure travel segment. The subject spa would compete to some extent with these markets in an attempt to penetrate the group and leisure market. The following discussion presents a description of premier spas in various major leisure markets in Florida including Orlando, Palm Beach, Fort Lauderdale and Fort Myers / Naples.

Gaylord Palms Resort, Orlando

The Canyon Ranch Spa Club is located within the 1,406-room Gaylord Palms Resort in Orlando. The spa offers ten different packages including a package for two, mother to be, gentleman's package, ladies retreat and a variety of personal creation packages that cater to the unique needs of the client. The Canyon Spa offers a fully equipped 4,000 square foot exercise facility with available one-on-one training, yoga, weight loss exercises, and private group classes. Nutrition consultation, metabolism weight loss and healing foods are also offered at the spa. The Canyon Ranch is a 20,000 sq. ft. dedicated spa facility

that includes 25 treatment rooms, a Tea Relaxation Room, men's and women's locker rooms offering steam, sauna and a full complement of amenities as well as an outdoor hot tub and pool. In addition, a Canyon Ranch Spa Club Salon offers professional salon services such as hair cuts and styles, manicures, pedicures and makeup applications. The facility provides other services that include body wraps, facials, a variety of massages and Ayurveda body treatments.

Boca Raton Resort, Boca Raton

The Spa Palazzo is situated inside the 1,043-room and suite Boca Raton Resort. The resort features two 18-hole golf courses, 30 tennis courts, and a 32-slip marina. The 44 treatment rooms within the spa facility are reserved exclusively for overnight guests and premier club members. The spa includes relaxation areas such as saunas, steam rooms, inhalation rooms, Deluge and Swiss showers, whirlpools and soaking tubs. In addition, a private pool surrounded by a terrace and a fully-equipped fitness center are also available for spa guests. Palazzo Spa day programs are offered at the facility and include packages including half day to full day services. The Palazzo Spa offers signature treatments that come with a Ritual Bath, and include unique treatments such as Servuga Caviar Facial, Sugar Cane Scrub, and Citrus Cellulite Treatment. A variety of massages, such as the aromatherapy, Swedish, hot stone, deep tissue and craniosacral massages are offered by spa professionals as well as reflexology, Reiki and Shiatsu. Other services available include facials, body wraps, scrubs, exfoliation, and hydrotherapy. The Palazzo Spa has also created a unique Trilogy program that combines three treatments (usually a wrap, bath soak and massage) into one in order to re-mineralize, balance and nourish the body. Finally, the facility includes a full-service beauty salon that offers hair services such as cuts, shampooing, styling, coloring, perms, highlights and brow/eyelash tinting. The beauty salon also performs manicures, pedicures, cosmetic application and waxing procedures. The Boca Raton Resort offers a plethora of vacation packages, many of which include spa services coupled with golf and other leisure activities.

Westin Diplomat, Fort Lauderdale

The Spa at the Westin Diplomat is located at The Diplomat Country Club & Spa where a shuttle delivers guests from the hotel. The club offers 60 luxurious guest rooms, tennis and spa facilities, and an award-winning golf course. Guests visiting the 30,000 sq. ft. spa select from a variety of signature Everglades facial and body treatments as well as half and full-day packages. The facility provides men's and women's lounge areas, each with steam rooms, whirlpools, private patios, and a personal attendant. Daily admission is also available to local residents or non-hotel guests. The Spa at the Diplomat provides co-ed private outdoor pool and fitness center with a variety of daily fitness classes such as Yoga, Pilates and Spinning. Nine different day-spa packages are available to choose from, including a gentleman's, bridal, mommy-to-be, and several spa ritual packages. Other spa services include massages such as deep tissue, aromatherapy, reflexology, hot stone, prenatal, and duet massages as well as body exfoliation, body wraps and scrubs and renewal body treatments. Furthermore, facials, micro-dermabrasion, anti-aging treatments, peels, and full beauty salon services are also offered. The salon performs eye

treatments, eyelash tinting, waxing, makeup application and other procedures. Finally, body consultation, personal training and private Yoga and Pilates lessons can also be rendered upon request.

Sanibel Harbour Resort, Fort Myers

The Sanibel Harbor Spa is located in the Sanibel Harbour Resort, in Fort Myers. The spa encompasses 40,000 sq. ft. facility with 29 treatment rooms. The services include massage and skin care, body treatments, full beauty salon services, and men's and women's whirlpools, sauna, steam rooms, showers, locker rooms and lounges. The fitness facilities has a heated indoor exercise pool, aerobics room, outdoor basketball court, five tennis courts, cardio-theater, pilates/yoga studio and provide aerobics, strength and aqua classes, personal training and other fitness services. The spa includes a state-of-the-art gym that is fully equipped with treadmills, stair master machines, lifecycles, elliptical trainers, weights and more. A Bio Energetic Transduction Aided Resonance bed, which according to the resort is one of only 16 such systems in the world. Condé Nast Traveler named the Sanibel Harbour Spa one of the Top 10 Spa Resorts in the U.S. due to its unique focus on water therapies and fitness as well as its emphasis of the science of Thalassotherapy, which focuses on the application of sea-derived products to nurture and purify the skin.

Hyatt Coconut Point Resort, Fort Myers

The Stillwater Spa is located in the Hyatt Coconut Point Resort and utilizes the principles of the Ayurveda in combination with the Sundari botanical products to create a unique experience for its guests. The spa offers four different packages ranging from \$240 to \$580 lasting anywhere from two to four and a half hours. The muscle soothing and rejuvenation massages offered at the spa last 50, 80 and 110 minutes, and 80-minute body soaks, wraps and scrubs are also offered. A couple's massage allows a person and another companion to experience a relaxing massage together in one treatment room. Furthermore, Asian massages such as Thai Body Massage and Shiatsu are available. Facials and skin treatments, along with a full service beauty salon that provides waxing and hair removal treatments, manicures, pedicures, hairdos and hair styling, highlights and perms, as well as coloring and hair straightening are all offered at the spa. Merchandise and body products that are utilized by Stillwater Spa beauticians can be purchased directly at the resort.

Tunica Market

There are a couple decent spas currently operating in Tunica. The spas are generally structure to accommodate the Overnight Gamer segment. The Innovation Group described the spas offered at Grand Casino and Horseshoe Casino below.

Grand Casino Bellissimo Spa & Salon

The Bellissimo Spa & Salon is located inside the Grand Casino Terrace Resort. The spa encompasses about 16,000 square feet and offers ten treatment rooms. The spa offers a variety of treatments, including aromatherapy, massages, facials, deep cleaning treatments and self-tanning. The massage choices include Swedish, reflexology, upper body and stone massages. The various facials and body treatments utilize salt glow, algae, sea mud and herbal wraps featuring a Moroccan cocoon body scrub. In addition, there is a tanning bed within the spa, and the Bellissimo Salon offers nail services, makeup application, hair styling and waxing. The spa packages range from a sampler package to half day, full day and signature packages. The facility features locker rooms, showers, steam rooms, saunas and immersion pools.

Horseshoe Spa & Health Club

The Spa & Health Club that is located in the Horseshoe Casino features a sauna, private showers, lockers, massage services and a fitness center. The exercise room includes stationary bicycles, stair-climbers, treadmills, free weights and a variety of other weight machines. The Health Spa offers treatments such as Swedish, aromatherapy, deep tissue and craniosacral massages, lymph drainage therapy, body polishes, wraps, and facials. Gift baskets and the facial and massage products that are utilized in the spa are available for sale. The cost of using the spa is \$5 for registered guests and \$10 for non-registered guests.

Subject Spa Demand

The Innovation Group identified several sources of demand for the subject spa including the local market casino patrons, the subject casino hotels, the subject convention hotel and the other casino hotels in the area. We believe the primary source of spa patronage will be the convention and resort leisure guests of the Myriad Palace Convention Hotel. With roughly 2,200 hotel rooms on site, marketing efforts directed at the other patron segments will be less necessary. The propensity and capture rates associated with the spa demand estimates were based on our study of the regional spa industry.

Local Market Segment

The Innovation Group believes that local market or day-trip casino patrons represent a potential source of patronage for the subject spa. As discussed earlier, 29% of casino gamblers cited spa facilities as an extremely or very important attribute of a casino development. The percentage was moderately higher (32%) for the Southern U.S. region. For casino gamblers, the younger age cohorts and the higher income brackets generally considered spas to be more important.

In the *Gaming Market Assessment* section of this report, we estimated that the casino will capture about 1.6 million local market gaming visits. We further estimated the number of potential spa patrons at 391,900, assuming a propensity factor of 24%. Assuming a

capture rate of 1.5%, spa admission from the local market segment calculated to about 5,900. The following table details these calculations:

Comment [PG2]: How did we derive this rate

Spa Demand - Local Market

	Gamer Visits	Propensity	Potential Spa Patrons	Capture %	Spa Admissions
Local Market Spa Admissions	1,614,332	24%	391,893	1.5%	5,878

Source: The Innovation Group

Myriad Hotels

The guests staying in the Myriad hotels represent potential customers for the spa facilities. We believe that the majority of the spa admissions will come from this segment. These hotel guests will have a greater opportunity in terms of a time and likely selected the property for its amenity offerings.

Comment [PG3]: Sentence seems unweildy

Based on the Casino Hotel Market Assessment, The Innovation Group estimated that the casino hotels would host about 298,100 guests, reflecting 86,100 and 212,000 local market gamers and gamer tourists, respectively. For the local market gamers, we assumed a propensity and capture rate of 25% and 3.5%, respectively. The rates for the gamer tourists segment were somewhat higher at 29% and 5.5%, respectively. Based on these factors, total spa admissions generated by the casino hotels were estimated at approximately 4,200, as seen in the table below:

Spa Demand - Myriad Casino Hotels

	Hotel Guests	Propensity	Potential Spa Patrons	Capture %	Admissions
Overnight Gamer - Local Market	86,052	25%	21,934	3.5%	768
Overnight Gamer - Gamer Tourist	212,016	29%	62,148	5.5%	3,418
Total	298,067	28%	84,083	5.0%	4,186

Source: The Innovation Group

The guests staying in the Myriad Palace convention hotel also represent potential patronage for the Spa. This hotel is expected to accommodate both convention guests and resort leisure guests. The spa participation is expected to be significantly higher for this hotel segment in comparison to the casino hotels. The convention guests staying at the hotel are often looking for leisure amenities to occupy free time. Additionally, the resort leisure segments will likely selected the subject hotel due in part to the spa amenity. According to the 2005 Leisure Travel Monitor, 34% of leisure travelers consider a spa to be extremely or very desirable.

In the previous sections of this report, The Innovation Group estimated that the convention hotel would accommodate 193,000 guests annually in 2010. The propensity

to utilize a spa was estimated at 34% for the convention guests and 39% for the resort leisure guests. Based on a capture rate of 15% for the convention guests and 22.5% for the resort leisure guests, this hotel segment was estimated to yield about 14,200 spa admissions. The details of the calculation are outlined below:

Spa Demand - Myriad Casino Hotels

	Hotel Guests	Propensity	Potential Spa Patrons	Capture %	Admissions
Convention	75,107	34%	25,536	15.0%	3,830
Resort Leisure	117,858	39%	46,083	22.5%	10,369
Total	192,965	37%	71,619	19.8%	14,199

Source: The Innovation Group

Other Casino Hotels

To a much lesser extent, the other casino hotels in the area are expected to provide a source of patronage for the subject spa facilities, although several of these hotels currently offer spa facilities of their own. The subject spa is expected to present an attractive alternative for guests at other casino hotels. We estimated that the hotels in this segment would host about 1.12 million visitors annually. Assuming a subject spa capture rate of less than 1%, annual spa admissions to the subject spa facilities calculated to approximately 7,600 as displayed in the table below:

Spa Demand - Other Area Hotels

	Total Guests	Propensity	Potential Spa Patrons	Capture %	Spa Admissions
Casino Hotels	850,473	17.8%	151,748	1.0%	7,013
Non-Casino Hotels	274,358	14.3%	39,162	0.2%	549
Total	1,124,831	17.0%	190,910	0.7%	7,562

Source: The Innovation Group

Comment [PG4]: Seems high in relation to other demand segments

Total Spa Demand and Revenue

Total estimated spa admissions are 31,850. Next, The Innovation Group segregated the admissions into service categories including hourly service and extended service. The hourly service reflects pre-determined treatments at a set price. The extended service reflects visits to the Otium Spa (extended spa experience) featuring various specialized services in the unique secluded setting. In total, we estimated that 91% or 28,800 admissions would reflect the hourly service, with the remaining 3,000 relate to the extended service. The table below details spa admission by service category:

Spa Demand (2010)

	Spa Admissions	Hourly Service %	Extended Service %	Hourly Service Patrons	Extended Service Patrons
Local Market	5,878	98%	2%	5,760	118
Myriad Casino Hotels	4,186	90%	10%	3,767	419
Myriad Convention Hotel	14,199	85%	15%	12,069	2,130
Other Area Hotels	7,587	96%	4%	7,284	303
Total	31,850	91%	9%	28,880	2,970

Source: The Innovation Group

Based on a fee of \$115 for the hourly service and \$600 for the extended service, total spa revenue calculated to \$5.1 million in 2010, as displayed in the table below. Spa revenue was forecasted to increase to \$6.3 million by 2014 reflecting the ramp-up in room night demand primarily associated with the convention hotel:

Spa Summary (2010)

	Hourly Service Patrons	Extended Service Patrons	Total
Spa Demand	28,880	2,970	31,850
Fees	\$115	\$600	\$160
Revenues	\$3,321,200	\$1,782,223	\$5,103,423

Source: The Innovation Group

Pro-forma Operating Statement - Spa

The Pro-forma Operating Statement, which projects Earnings before Interest, Taxes, Depreciation & Amortization (“EBITDA”) for the proposed spa is presented below. The projections were based on the operating characteristics of the proposed spa and assumed the hotel would be operated as a component of the entire resort and thus realizes efficiencies associated with the economies of scale.

Spa Operation					
Pro-forma Operating Statement					
	2010	2011	2012	2013	2014
Revenues:					
Spa Treatment	5,103,423	5,621,822	6,003,864	6,166,681	6,334,521
Salon	63,701	69,134	72,741	73,610	74,496
Products Sales	199,065	216,045	227,317	230,031	232,800
Total	5,366,189	5,907,001	6,303,922	6,470,322	6,641,817
Departmental Expenses:					
COGS - Products	119,439	129,627	136,390	138,019	139,680
Salaries & Wages	2,583,562	2,788,569	2,917,986	2,951,639	2,985,974
Supplies	775,069	853,643	911,491	936,044	961,353
Marketing	241,479	265,815	283,677	291,164	298,882
Repair & Maintenance	100,000	101,500	103,023	104,568	106,136
G&A	134,155	147,675	157,598	161,758	166,045
Total Expenses	3,953,703	4,286,829	4,510,164	4,583,192	4,658,070
EBITDA	1,412,486	1,620,172	1,793,758	1,887,130	1,983,747
EBITDA %	26.3%	27.4%	28.5%	29.2%	29.9%

Source: The Innovation Group

Pro-forma Assumptions

Revenues

The spa treatment revenue reflects the analysis outlined in the Spa Market Assessment. The salon revenue was based on a participation rate of 5% and an average spend of \$40. The product sales revenue was based on a participation rate of 25% and an average spend of \$25. Total revenue per admission in Year 1 calculated to about \$168, substantially above the average of \$143 for resort spas in the U.S.

COGS - Products

The cost of spa products sales was estimated at 60% of spa product revenue.

Salaries & Wages

Salaries & wages were estimated at 50% of spa treatment revenue. Efficiencies in this cost category were assumed over time.

Entertainment Facility Market Assessment

Introduction

The primary objective of the Entertainment Facility Market Assessment (“Entertainment Facility Assessment”) was to forecast the top line revenue associated with offering a state-of-the-art entertainment venue. The entertainment facility is a critical component of the development. This venue allows the property to offer nightlife entertainment, crucial in exploiting the resort strategy. Nightlife entertainment is also very popular with the gaming segment. The entertainment facility would primarily realize demand from hotel guests in the area as well as local market casino patrons.

Subject Entertainment Facility

The current plan exhibits a 2,500-seat venue capable of hosting live headliner entertainment, including concerts, production show and boxing events among others. The proposed size of the venue is in line with the benchmark for casino resort offerings, likely relative to the typical gamer database. The Innovation Group assumed that the venue will be structured to accommodate other group events featuring retractable tiered seating, a sound booth and stage. This plan is consistent with the entertainment facilities in operation at other major gaming destinations such as Green Valley Ranch in Henderson, Nevada and other high-end casino projects such L’Auberge de Lac Hotel and Casino in Lake Charles.

Gaming and Entertainment

Nightlife and live entertainment scored high as an important casino attribute for gamers in the south region of the U.S. as reported in the Portrait of American Gambler. Approximately 50% of regional gamers responded that live entertainment is an extremely or a very important casino attribute. More specifically, concerts were rated extremely or very important by 35% of respondents. Activities such as production shows, boxing events and adult revue shows were each deemed extremely or very important by about 30%, 16% and 14% of respondents, respectively. Nearly 82% of local market gamers attend at least one live entertainment show a year, with 24% attending 7 times or more. The south region in particular showed a high propensity to utilize entertainment venues.

Tunica Market

Currently only four of the nine casinos feature an entertainment venue capable of hosting major live headliner entertainment. These venues include the Grand Events Center (Grand Casino), Millennium Theater (Gold Strike Casino), Bluesville Nightclub (Horseshoe Casino) and the River Place Entertainment Center (Sam’s Town Casino). The following discussion presents a description of each venue.

Grand Events Center

The Grand Casino offers a 2,500-seat events center featuring headliner entertainment and boxing. Recent headliners included Styx and Howie Mandel. The average ticket price for the shows was estimated at about \$45, reflecting mid-range headliner entertainment.

Millennium Theater at the Gold Strike

The Millennium Theater offers the occasional headliner act. As of the date of this report, only one event was planned (Charlie Wilson of the Gap Band). The average ticket price was estimated at \$45, again reflecting mid-range headliner entertainment.

Horseshoe Bluesville Showcase Nightclub

The 1,400-seat Bluesville Showcase Nightclub is one of the more active venues in Tunica offering more than two shows per month. The acts included a mixture of high-end headliners like Leane Rimes, Hank Williams Jr., Kenny G. and Jewel as well as some regional attractions. Shows at the level of Hank Williams Jr. and Jewel typically sell out weeks in advance. The estimated average ticket price at the Horseshoe was estimated at \$58, the highest in the market.

River Palace Entertainment Center at Sam’s Town

The 1,600-seat River Place is also relatively active. This venue hosts about 24 shows annually, although the level of entertainment is generally lower than the other venues. Some recent acts included Foreigner, Kool & the Gang and Ronnie Milsap generating an average ticket price of about \$38. George Jones is scheduled to perform in February 2007 garnering a ticket price of \$50.

Tunica Market Summary

The Innovation Group estimated total attendance and revenue associated with live entertainment in Tunica. Combined seating capacity for the four venues highlighted above is about 6,300 seats. On average, each venue presents about 21 major shows per year, or less than two shows per month. We estimated average occupancy and ticket price at about 81% and \$45, respectively. Based on these factors, total annual attendance and ticket revenue was estimated 108,100 and \$4.8 million, respectively. The table below summarizes the entertainment venue estimates for the Tunica market:

Tunica Entertainment Center Summary

Major Venues	Casino	Capacity	Annual Shows	Tickets Available	Occupancy	Tickets Sold	Avg Ticket Price	Revenue
Grand Events Center	Grand	2,500	18	45,000	80%	36,000	\$45	\$1,620,000

Millennium Theater	Gold Strike	766	18	13,788	90%	12,409	\$45	\$558,414
Bluesville Nightclub	Horseshoe	1,400	26	36,400	85%	30,940	\$58	\$1,794,520
River Palace Events Center	Sam's Town	1,600	24	38,400	75%	28,800	\$30	\$864,000
Total		6,266	86	133,588	81%	108,149	\$45	\$4,836,934

Source: Property Websites; The Innovation Group

Subject Demand

The Innovation Group believes that the subject development will enhance the live entertainment potential of the Tunica market. The Myriad Resort is expected to attract new customer segments that are more interested in live entertainment including convention and resort leisure tourists. The market will be able to support bigger name acts and more shows. As the overall level of live entertainment in Tunica improves, the market will likely generate more attendance from other customer segments as well.

We identified several source of demand for the subject entertainment facility including the Local Market, Overnight Gamer Segment and the incremental visitation associated with the Myriad Palace Convention Hotel. Again, this hotel is structured to primarily accommodate the convention and resort leisure tourists. The Local Market demand was based on the adult population living within 150 miles of Tunica. For the Gamer Segment, we based demand on the operating dynamics of the current market. We applied these dynamics to the estimated gaming patrons utilizing the Myriad casino hotels. Regarding the Myriad Palace Convention Hotel demand, we utilized an incremental demand model which forecasts the level of new demand associated with convention and resort leisure guests.

Local Market

With more major headliner name acts, we expect that residence living in the local market will be enticed to patronize the entertainment scene in Tunica. Currently, due to the limited number of major shows and the capacity of the existing venues, the local market is likely not visiting Tunica for live entertainment. Typically, the big shows in Tunica are booked with high-end gamers associated with the relevant casino databases.

We estimated that local market contains about 2.6 million adults (2010). Assuming a conservative weighted average participation of about 0.8%, admissions from the local market segment totaled about 21,200 in Year 1.

Entertainment Demand - Local Market			
	Population	Participation Rate	Admissions
0 - 60 minutes	837,906	1.5%	12,569
60 - 180 minutes	1,718,055	0.5%	8,590
Total	2,555,961	0.8%	21,159

Source: The Innovation Group

Overnight Gamer Segment

The current Tunica entertainment offering is structured to accommodate the Gamer Segment. As discussed above, we estimated current demand in terms of admission at 108,100, or a simple average 10.4% per occupied room night. Assuming an incremental growth rate of 30% associated with the improved attitude with regard to live headliner entertainment in Tunica, the adjusted gamer participation rate per occupied room night calculated to about 13.5%. The growth rate reflects bigger name acts and more availability in terms of the number of acts. After applying this factor to the estimated room night demand for the subject casino hotels of 328,000, entertainment admissions for the subject calculated to 44,400. The calculation is detailed in the table below:

Entertainment Venue Demand - Casino Hotels			
	Room Night Demand	Participation Rate	Subject Admissions
Gamer Segment	328,004	13.5%	44,377

Source: The Innovation Group

Convention Hotel Demand

The guests staying in the Myriad Place Convention Hotel also represent potential demand for the entertainment venue. As discussed, these guests reflect convention and leisure tourists that are often looking for recreation and entertainment activities. We believe these guests would be more likely to utilize the entertainment venue in comparison to the Gamer Segment.

Based on the Convention Hotel Market Assessment, The Innovation Group estimated Convention Hotel room night demand at 122,100 and 149,700 for the convention and resort leisure segments, respectively. We estimated the participation rate for each segment based on our entertainment interest levels as outlined in various leisure travel studies. These participation rates estimates of 24.8% and 32.0% for the convention and resort leisure segments, respectively, are moderately higher than the Overnight Gamer Segment. The higher rates reflect the nature of these trips in comparison to the Overnight Gamer as well as the added opportunity in terms of spare time. After applying these rates to room night demand, entertainment venue admissions for these segments were estimated at 78,500. The following chart details the calculation:

Entertainment Venue Demand - Convention Hotel			
	Room Night Demand	Participation Rate	Admissions
Convention	122,079	24.8%	30,215
Resort Leisure	150,782	32.0%	48,250
Total	272,861	28.8%	78,465

Source: The Innovation Group

Total Demand and Revenue

Total estimated entertainment venue admissions summed to 144,000. Assuming an average ticket of \$65, total ticket revenue associated with the entertainment venue calculated to \$9.4 million. Based on a desired occupancy rate of about 95%, the subject facility would present about 72 live headliner shows by Year 3. The revenue calculation is detailed in the table below:

Entertainment Venue Summary	
<u>Market Segment</u>	<u>Admissions</u>
Local Market	21,159
Overnight Gamer	44,377
Myriad Convention Hotel	78,465
Total Admissions	144,001
Average Ticket Price	\$65
Ticket Revenue	\$9,360,065

Source: The Innovation Group

Pro-forma Operating Statement – Entertainment Venue

The Pro-forma Operating Statement, which projects Earnings before Interest, Taxes, Depreciation & Amortization (“EBITDA”) for the entertainment venue is presented below. The pro-forma analysis also assumed the venue would be operated as a component of the entire resort and thus realizes efficiencies associated with the economies of scale.

Entertainment Venue Operations					
Pro-forma Operating Statement					
	2008	2009	2010	2011	2012
Show Count	65	70	72	73	74
Total Capacity	162,500	175,000	180,000	182,500	185,000
Occupancy %	88.6%	91.3%	94.6%	94.7%	94.8%
Ticketed Admission	144,001	159,789	170,263	172,817	175,410
Revenues:					
Ticket	\$9,360,065	\$10,645,915	\$11,627,387	\$12,096,843	\$12,585,253
Food & Beverage	1,440,010	1,917,463	2,043,160	2,073,807	2,104,914
Other Concessions	360,003	319,577	340,527	345,634	350,819
Total	\$11,160,078	\$12,882,955	\$14,011,073	\$14,516,284	\$15,040,986
Departmental Expenses:					
Talent Costs	\$8,125,000	\$8,968,750	\$9,455,625	\$9,826,627	\$10,210,269
Other Operating Costs	2,193,750	2,421,563	2,553,019	2,653,189	2,756,773
Cost of F&B	792,006	1,054,605	1,123,738	1,140,594	1,157,703
Cost of Other Concession	126,001	111,852	119,184	120,972	122,787
Marketing	279,002	322,074	350,277	362,907	376,025
G&A	223,202	257,659	280,221	290,326	300,820
Total	\$11,738,960	\$13,136,502	\$13,882,064	\$14,394,615	\$14,924,376
EBITDA	-\$578,882	-\$253,547	\$129,009	\$121,669	\$116,610
EBITDA %	-5.2%	-2.0%	0.9%	0.8%	0.8%

Source: The Innovation Group

Pro-forma Assumptions

Ticket Revenue

The ticket revenue reflects annual admissions times an average ticket price. The admissions estimate reflects the Entertainment Venue Assessment, while the ticket price estimate considered the reality of the Tunica market.

Food & Beverage Revenue

The food & beverage revenue was based on a rate of \$10 per admission. The figure assumes a show duration of approximately 4 hours which includes warm-up bands and other entertainment.

Other Concession

The other concession line item relates primarily to souvenir purchases such as tee shirts and hats. The revenue figure was based on a rate of \$2.50 per admission. This estimate was in line with information presented in a Price Waterhouse Coopers study.

Talent Cost

The talent cost per show assumption was based on the level of entertainment mix.

Other Operating Costs

Other operating cost was based on a percentage of talent cost. This estimate was in line with information presented on a Price Waterhouse Coopers study, adjusted to reflect the operating characteristics of the venue.

Food & Beverage Costs

The food & beverage cost was estimated at 55% of associated revenue. This figure assumes the food & beverage operation would be supported in part by labor from charitable organizations.

Other Concession

The other concession costs were estimated at 30% of associated revenue. This figure again assumes the food & beverage operation would be supported in part by labor from charitable organizations.

Disclaimer

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

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

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