
Myriad Resort Market Assessment

Revised Building Program – July 2007

Tunica, Mississippi

Prepared for:
Myriad Entertainment & Resorts

July 2007



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Executive Summary

The Innovation Group was engaged by Myriad World Resorts of Tunica, LLC (“Company”) to provide a Gaming Resort Market Assessment (“Assessment”) for a proposed resort development in Tunica, Mississippi. The primary objective of the Assessment was to estimate revenue and Earnings before Interest, Taxes, Depreciation & Amortization (“EBITDA”) for each component of the project and the resort as a whole. The current development plan, as revised in July 2007, includes a 160,000 square foot casino with 1,000-room casino hotel, a 600-room convention hotel, golf course, spa, water/snow park, and 5,000-seat multi-use sport venue, complete with numerous food & beverage venues.

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 one large casino floor with about 5,000 positions;
- The development will generally include the components as described in the in the Project Description section of the report;
- The new I-69 inter-change providing direct access to the subject will complete by opening;
- The airport will be expanded to include a control tower and the subject development will spur regional air traffic, as outlined in the Resort Leisure Market Assessment;
- Active marketing and targeted promotional programs will be employed;
- A professional and experienced management team will operate the property;
- The pro-forma operating statement does not include the cost of operating a public company. In other words, the EBITDA projection relates to “Property EBITDA”;
- The pro-forma assumes significant property tax abatement;

Project Strengths

The Innovation Group identified the following strengths of the development:

- Highest quality in the market
- Most extensive scope in the market
- Most gaming positions in the market
- Introduces a high-end hotel to the market
- Newest construction in the market
- Features a distinct icon – Mississippi Eye
- Utilizes a comprehensive theme
- Offers family friendly amenities
- Establishes a meaningful convention market
- Contains a substantial retail component
- Enhances Tunica as a golf destination market
- Introduces personalized club style service

The gaming component generates a significant portion of the resort revenue, estimated at \$396.5 million in Year 1 (2010), about 66% of the total. The Innovation Group identified five primary sources of gaming revenue reflecting the extensive resort offering. The following table displays gaming revenue by source:

Total Gaming Revenue - Subject (2010)

Market Segment	Gamer Visits *	Win per Visit *	Gaming Revenue	% of Total
Local Market	2,955,941	\$88	\$260,564,841	65.7%
Overnight Gamer - Casino Hotels	323,686	\$348	112,642,592	28.4%
Convention Facility	103,357	\$155	16,003,715	4.0%
Golf Course	5,712	\$275	1,570,800	0.4%
Resort Leisure	49,676	\$115	5,712,745	1.4%
Total	3,438,372	\$115	\$396,494,692	100.0%

* Hotel component figures are based on gamer room nights.

Source: The Innovation Group

The following pro-forma operating statement calculates Earnings before Interest, Taxes, Depreciation and Amortization (“EBITDA”) for the entire resort. The projection was based on the \$1.31 billion building program as described in the Project Description section and considers the assumptions outlined in the Introduction section. The operating statement consolidates the nine sub-assessments contained in the Assessment.

Myriad Casino Resort - Revised Building Program (July 2007)

5-year Pro-forma Operating Statement

	2010	2011	2012	2013	2014
REVENUES:					
Table Revenues	\$57,491,730	\$59,437,772	\$61,211,142	\$62,567,793	\$63,955,809
Slot Revenues	339,002,962	350,477,899	360,934,665	368,934,227	377,118,738
Gross Gaming Revenues	\$396,494,692	\$409,915,671	\$422,145,807	\$431,502,020	\$441,074,547
Casino Hotel & Related	41,759,014	43,340,260	44,190,685	45,057,997	45,942,533
Convention Hotel & Related	31,580,565	37,750,801	41,799,150	43,135,518	44,515,610
Food & Beverage	87,646,890	94,717,981	99,792,798	103,293,290	106,917,044
Golf Course & Related	3,628,738	3,877,130	4,092,538	4,230,356	4,372,870
TopGolf Facility					
Convention Facility	4,284,064	5,602,237	6,590,867	6,656,776	6,723,344
Waterpark	5,033,989	5,534,198	5,811,697	5,956,989	6,105,914
Event Center	14,238,587	15,447,292	16,195,088	16,784,024	17,395,765
Spa	4,905,491	5,188,629	5,417,179	5,591,643	5,771,762
Mississippi Eye					
Other	5,822,376	5,985,609	6,134,358	6,257,045	6,382,802
Retail					
Total Gross Revenues	\$595,394,407	\$627,359,807	\$652,170,167	\$668,465,658	\$685,202,191
Less: Promotional Allowances	71,369,045	73,784,821	75,986,245	77,670,364	79,393,418
NET REVENUES	\$524,025,362	\$553,574,986	\$576,183,922	\$590,795,295	\$605,808,773
DEPARTMENTAL EXPENSES:					
Casino	148,032,821	151,983,740	155,807,251	158,806,026	161,866,391
Casino Hotel	20,279,854	20,738,387	20,866,277	21,136,708	21,411,192
Convention Hotel	14,614,023	16,727,429	18,011,525	18,297,290	18,588,640
Food & Beverage	60,914,589	64,841,562	67,290,920	69,303,067	71,375,698
Golf Course	3,057,875	3,150,125	3,239,230	3,322,110	3,407,188
TopGolf					
Convention Facility	2,633,145	3,391,693	3,930,374	3,949,830	3,969,381
Waterpark	3,602,764	3,929,289	4,093,762	4,174,197	4,267,435
Event Center	9,982,814	9,982,814	9,982,814	9,982,814	9,982,814
Spa	3,620,449	3,775,826	3,888,670	3,973,775	4,060,929
Mississippi Eye					
Other	1,580,276	1,626,052	1,668,978	1,707,331	1,746,643
General & Administrative	79,404,169	82,712,807	85,347,154	87,107,409	88,912,746
Total	\$347,722,780	\$362,859,724	\$374,126,957	\$381,760,557	\$389,589,059
EBITDA	\$176,302,582	\$190,715,262	\$202,056,965	\$209,034,738	\$216,219,714
EBITDA %	33.6%	34.5%	35.1%	35.4%	35.7%
Source: The Innovation Group					

Introduction

The Innovation Group was engaged by Myriad Entertainment and Resorts (“Company”), formerly World Resorts of Tunica, LLC to conduct a Market Assessment (“Assessment”) for a proposed casino resort development in Tunica, Mississippi. This Assessment updates a previous assessment based on the revised building program dated July 2007. The revised building program considers a large one-casino format with adjacent 1,000-room casino hotel and adjusts the amenity package to better accommodate the market. This report should be utilized in conjunction with the prior reports as the prior reports contain background information crucial to the study.

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 a casino hotel center, a convention hotel, golf course, spa, waterpark, and sports venue, 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 eight 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 Market Assessment
8. Spa Market Assessment
9. Event Center 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 a 160,000 square foot casino with about 5,000 positions;
- The development will generally include the components as described in the in the Project Description section of the report;
- The new I-69 inter-change providing direct access to the subject will complete by opening;
- The airport will be expanded to include a control tower and the subject development will spur regional air traffic, as outlined in the Resort Leisure Market Assessment;
- Active marketing and targeted promotional programs will be employed;

- A professional and experienced management team will operate the property;
- The pro-forma operating statement does not include the cost of operating a public company. In other words, the EBITDA project relates to “Property EBITDA”;
- The pro-forma assumes significant property tax abatement.

Project Description

Per the current plan, the \$1.3 billion Myriad Botanical Resort would 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. Highway 61, the main north/south thoroughfare in the area, is expected to provide direct access to the property via a primary access road (Prichard Road).

The plan exhibits a large high-end casino center with 160,000 square feet of gaming space, containing roughly 3,000 slot machines, 120 table games and a full-service poker room, with quality standards and a theme consistent with the entire resort. The 1000-room casino hotel would be structured to accommodate the overnight gaming patron with oversized standard rooms, upgraded baths and various suite options.



The property is expected to offer a 1500,000 square foot convention center located in the Myriad Palace Convention Hotel. A professional meeting-planning department offering state-of-the-art production and audio/visual equipment will support the space. The 600-room convention hotel would 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, spa and golf course complex.



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, 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.



In order to penetrate the resort leisure market segment, the development is expected to offer a water/snow park. The proposed 5-acre waterpark includes about 5 major water attractions enclosed in a climate controlled facility open 365 days of the year. The proposed 450,000 square foot snow park would feature artificial slopes for skiing and snowboarding as well as an ice skating rink. Additionally, the property is expected to offer a full-service spa and fitness facility in connection with the convention hotel. The convention hotel spa would offer the typical treatments such as massage therapy, body treatments and other hydrotherapy.

Finally, the plan features exhibits that appeal to the various senses including the gardens, arboretums and conservatoires located throughout the resort, designed to enhance the synergy between the components. The developers also 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 in subsequent phases of the development.

Gaming Market Assessment

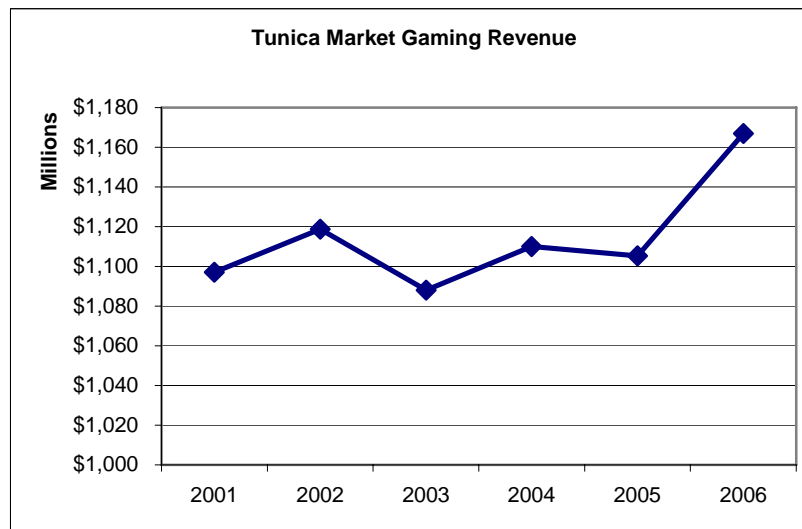
Tunica Market Analysis

The Tunica gaming market is one of the premier markets in the country, generating annual gaming revenue of approximately \$1.17 billion. The market showed decent growth in 2006, increasing 5.6% on a year over year basis. The growth was likely due to the displacement of Gulf Coast gaming revenue. 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. Over the last five years, the market posted an average annual growth rate of 1.2%. An 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. The following table displays annual gaming revenue for the Tunica market segregated by tables and slots:

Tunica Gaming Revenue Summary

	Tables	Slots	Total
2001	\$173,476,475	\$923,625,059	\$1,097,101,534
2002	\$170,651,451	\$947,996,436	\$1,118,647,887
2003	\$160,735,004	\$927,310,214	\$1,088,045,218
2004	\$161,387,310	\$948,563,516	\$1,109,950,826
2005	\$160,568,637	\$944,765,883	\$1,105,334,520
2006	\$167,544,424	\$999,443,458	\$1,166,987,881
AAG (1-year)	4.3%	5.8%	5.6%
AAG (3-year)	1.4%	2.5%	2.4%
AAG (5-year)	-0.7%	1.6%	1.2%

Source: Tunica County



Through June 2007, annualized gaming revenue has been relatively steady as the market continues to hold the gain from 2006.

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 15,800 gaming positions as of December 2006, comprising about 13,000 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 2.9%. Over the last year, the position count fell 3.9%. The slot position count has been declining at a slightly higher rate than slots. Currently, slot positions represent 82.5% of total positions down from 83.1% in 2001. The following table displays the gaming position statistics for the Tunica market:

Gaming Position Summary			
	Tables	Slots	Total
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
2006	2,763	13,005	15,768
AAG (1-year)	-0.1%	-4.7%	-3.9%
AAG (3-year)	-2.5%	-2.9%	-2.8%
AAG (5-year)	-2.2%	-3.0%	-2.9%

Source: Mississippi Gaming Commission; The Innovation Group

Win per Position

The daily “win per position” in the Tunica gaming has improved from \$165 in 2001 to \$203 in 2005, an average annual increase of 4.3%. The improvement reflects the declining position count, discussed earlier, leverage over increasing revenue gaming revenue. Slot “win per position” was \$211 in 2005, an increase of 11.2% over the prior year on the jump in slot revenue discussed earlier. The following table displays the “win per position” data the Tunica gaming market:

Daily Win per Position Summary			
	Tables	Slots	Total
2001	\$154	\$167	\$165
2002	\$159	\$182	\$178
2003	\$148	\$179	\$174
2004	\$155	\$184	\$179
2005	\$159	\$190	\$185
2006	\$164	\$211	\$203
AAG (1-year)	3.0%	11.2%	9.9%
AAG (3-year)	3.5%	5.6%	5.3%
AAG (5-year)	1.3%	4.8%	4.3%

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			Hotel
	Sq. Ft.	Slots	Tables	Rooms
Resorts	35,000	1,170	17	201
Sam's Town	74,200	1,338	53	1,070
Fitzgeralds	38,100	1,286	34	507
Gold Strike	50,500	1,283	72	1,200
Horseshoe	63,000	1,830	92	507
Sheraton	32,800	1,098	36	130
Bally's	46,500	1,315	22	238
Grand Casino	136,000	2,178	91	1,356
Hollywood	54,000	1,354	38	494
Total	530,100	12,852	455	5,703

Source: MGC; Casino City; Casino Property Websites

In total, these properties offer about 12,900 slot machines and about 390 table games as well as 6 poker rooms with 65 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 building 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. 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 2006. The model calibration provides a baseline from which to forecast the impact of the proposed resort project.

For the new market segments (convention, golf, 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.

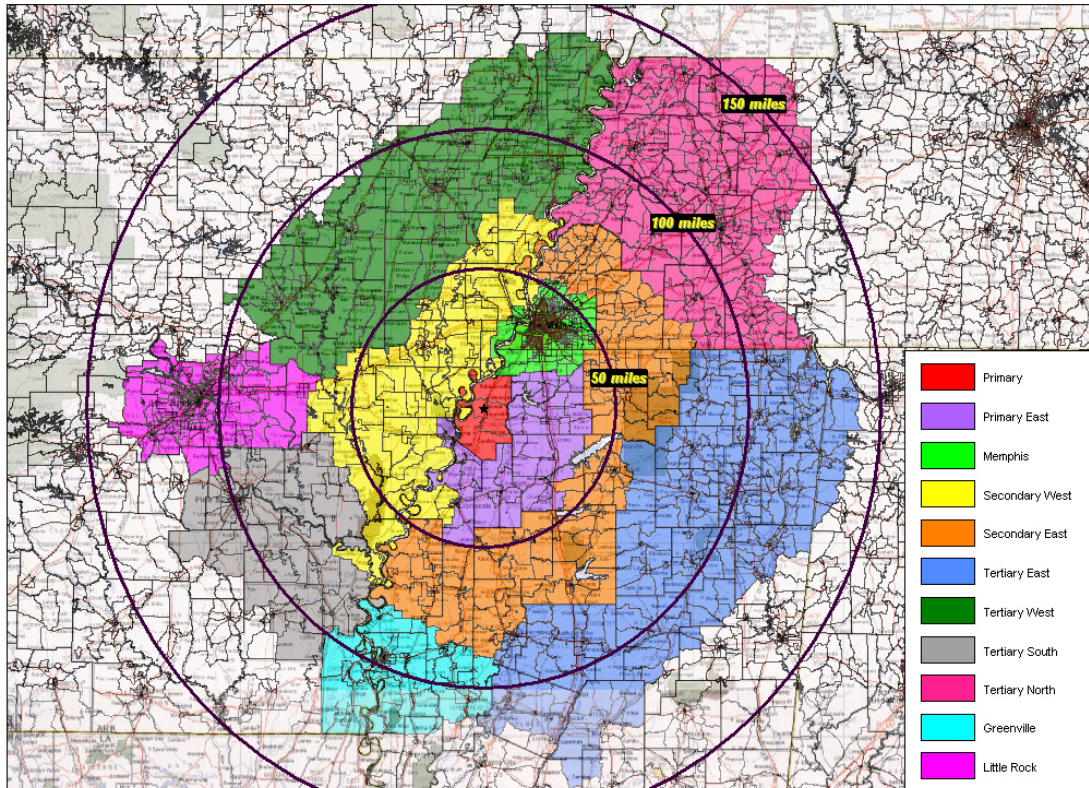
Win Per Visit (“WPV”) - WPV reflects the casino’s average gaming win for each customer visit for a given market or market segment. Win per visit tends to increase in proportion to distance traveled as the gamers make fewer trips per year with a higher budget. Win per visit also varies based on income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

Gamer Population Summary			
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

Local Market Gaming Revenue

The Innovation Group estimated that the 9 casinos generated about \$665.8 million in local market gaming revenue, or about 57% of the total. As one might expect, the greater Memphis area generated over 64% of the local market. 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 (2006)

Market Segments	Adult Population	Propensity	Frequency	Gamer Visits	Win Per Visit	Gaming Revenue
Primary	5,238	53%	22.2	61,686	\$51	\$3,153,255
Primary East	81,476	46%	18.5	685,198	\$62	\$42,439,907
Memphis	719,116	47%	19.2	6,485,919	\$65	\$422,946,078
Secondary East	213,632	34%	12.1	867,387	\$73	\$63,154,838
Secondary West	78,653	39%	15.2	458,764	\$65	\$29,809,072
Tertiary East	310,603	20%	4.0	244,693	\$88	\$21,455,396
Tertiary West	250,129	19%	3.4	158,905	\$90	\$14,275,656
Tertiary North	318,289	22%	5.6	388,981	\$85	\$33,002,461
Tertiary South	101,044	19%	3.6	69,805	\$89	\$6,212,169
Little Rock	355,116	19%	3.5	232,237	\$97	\$22,474,184
Greenville	64,354	23%	5.9	84,822	\$81	\$6,912,176
Total	2,497,650	30%	12.9	9,738,396	\$68	\$665,835,192

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 \$732.5 million, reflecting average annual increase of 2.4% in comparison to 2006 (recall the 5.6% increase in 2006).

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 support the growth in the market. Adjusted gaming factors were applied to the 2010 adult population base yielding local market gaming revenue of \$867.0 million for 2010, an 18.4% increase over the baseline forecast. The gain reflects a discount relative to 22% increase in gaming positions. 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	54%	22.6	72,477	\$54	\$3,900,838
Primary East	84,077	47%	20.1	791,405	\$66	\$52,595,639
Memphis	747,838	48%	20.6	7,455,755	\$69	\$513,002,817
Secondary East	222,278	35%	14.2	1,106,019	\$78	\$86,577,371
Secondary West	77,011	40%	17.0	523,619	\$69	\$36,193,787
Tertiary East	315,339	21%	5.8	389,863	\$93	\$36,406,368
Tertiary West	253,019	20%	5.2	266,357	\$95	\$25,376,654
Tertiary North	323,323	24%	7.5	576,116	\$90	\$51,848,226
Tertiary South	99,943	21%	5.4	112,008	\$95	\$10,584,981
Little Rock	365,069	20%	5.3	391,562	\$103	\$40,411,719
Greenville	62,073	24%	7.8	117,741	\$86	\$10,120,069
Total	2,555,961	32%	14.5	11,802,923	\$73	\$867,018,468

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, theme, 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, size fair share is defined as gaming position market share relative to the Target Market casinos or roughly 25.5%. The analysis assumed that one underperforming casino in the market would close due to the magnitude of the new development.

Next, The Innovation Group analyzed the assumed attributes of the subject development in comparison to the existing casinos, focusing again on the gaming product, location, 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 30% of the local market gaming revenue (2010), a modest premium to size fair share (25%). We believe the premium is warranted due to the newness, quality and scope of the project relative to the competition. We identified several major projects in other market with similar position market share characteristics that are achieving a significant premium to fair share. Therefore, based on the total local market gaming revenue of \$867 million exhibited above, the capture for the subject was estimated at \$260.6 million. The local market gaming revenue calculation for the subject is outlined as follows:

Subject Local Market Gaming Revenue

	Total Local Market	Subject Market Share	Subject Gaming Revenue
Local Market	\$867,018,468	30%	\$260,564,841
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 86% for the trailing four quarters ended March 2007. The annualized occupancy rate has increased in four of the last five quarters after 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 (2006) generates about 43% of Tunica market gaming revenue or \$501.2 million, with about 94% of the total coming from the casino hotel rooms. The Innovation Group estimated that the addition of the 1000-room casino hotel associated with the subject development would grow the overnight gamer segment significantly. As indicated by the high occupancy rate, the current casino hotel inventory is constrained in terms of capacity. On weekends, we believe the hotels are generally sold out.

The Innovation Group forecasted that the Overnight Customer segment would grow by \$111 million or 22% due primarily to the expansion in the high-end casino hotel segment associate with the subject. 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:

	Overnight Summary					
	Room	Available		Room	Win /	
	Count	Room	Occupancy	Demand	Room	Gaming
		Nights			Night	Revenue
2006 Calibration	5,703	2,081,595	86.5%	1,800,580	\$278	501,164,808
2010 Baseline	5,703	2,081,595	87.5%	1,821,396	\$290	528,204,731
% Change	0.0%	0.0%	1.2%	1.2%	4.2%	5.4%
2010 Pro-forma	6,465	2,359,725	84.2%	1,986,888	\$308	611,961,643
% Change	13.4%	13.4%	-3.8%	9.1%	6.2%	15.9%

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 high-end casino hotel as it captures a significant share of the overnight gamer segment. The 1,000 rooms would give the subject a 15% share of the room inventory in the market. We expect the subject hotel to again capture a premium to fair share of market room night demand of about 19%, yielding an occupancy rate of about 89%. We also believe the subject rooms would realized a high win per room night of \$348, roughly 20% higher than the baseline market average of \$290. The win per room night estimate reflects the high-end nature of the rooms as well as the scope of the overall development in comparison to the existing casino properties. After compiling the factors, we estimated that the subject would generate \$112.6 million from the overnight gamer segment, as displayed by the following chart:

	Subject Overnight Gaming Revenue					
	Room	Available		Room	Win /	
	Count	Room	Occupancy	Demand	Room	Gaming
		Nights			Night	Revenue
Subject Hotel	1,000	365,000	88.7%	323,686	\$348	112,642,592

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 70,300 room nights of demand in 2010. The room night demand stabilizes in 2012 at about 93,800 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 events 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 35% of attendees would participate in gaming, spending an average of \$88 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 \$4.3 million.

We assumed that the convention hotel guests are more likely to participate in gaming due to extra free time. We estimated the gaming participation rate for this segment at 71% and the win per visit at \$226. After compiling these factors, incremental gaming revenue associated with the convention room night demand calculated to \$11.3 million. Combining the convention attendee and convention hotel guest segments, incremental gaming revenue associated with the convention facility was estimated at \$16.0 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	140,597	38%	53,427	\$88	\$4,709,540
Convention Hotel Room Nights	70,324	71%	49,930	\$226	\$11,294,175
Total	210,921	49%	103,357	\$155	\$16,003,715

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

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 waterpark, 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 73,100 in 2010. Next, we estimated the gaming participation rate at 68%, reflecting a premium over the national gaming propensity rate as the resort guests likely chose 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 \$5.7 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	73,053	68%	49,676	\$115	\$5,712,745

Source: The Innovation Group

Total Gaming Revenue

Combining revenues from all sources, The Innovation Group forecasted gaming revenue for the subject property at \$396.5 million in 2010. Roughly 94% or \$373 million of the total reflects the local market and overnight gamer components. 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	2,955,941	\$88	\$260,564,841	65.7%
Overnight Gamer - Casino Hotels	323,686	\$348	112,642,592	28.4%
Convention Facility	103,357	\$155	16,003,715	4.0%
Golf Course	5,712	\$275	1,570,800	0.4%
Resort Leisure	49,676	\$115	5,712,745	1.4%
Total	3,438,372	\$115	\$396,494,692	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 the 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 \$422 million. The following table displays projected gaming revenue for the first five years of operation:

5-year Gaming Revenue Forecast

	2010	2011	2012	2013	2014
Local Market	\$260,564,841	\$267,078,962	\$273,755,936	\$280,599,835	\$287,614,831
Overnight Gamer	112,642,592	114,332,230	116,047,214	117,787,922	119,554,741
Convention Facility	16,003,715	20,204,463	23,433,575	24,019,415	24,619,900
Golf Course	1,570,800	1,755,600	1,848,000	1,857,240	1,866,526
Resort Leisure	5,712,745	6,544,415	7,061,082	7,237,609	7,418,549
Total	\$396,494,692	\$409,915,671	\$422,145,807	\$431,502,020	\$441,074,547
<i>% Change</i>		3.4%	3.0%	2.2%	2.2%

Source: The Innovation Group

Pro-forma Operating Statement – Gaming Operation

The pro-forma operating statement projects the potential Earnings before Interest, Taxes, Depreciation and Amortization (“EBITDA”) for the proposed casino operations. The estimates outlined in the operating statement were based on a detailed analysis of the income and costs elements associated with the casinos. The analysis assumes that a substantial portion of the overhead costs, such as insurance, property taxes, IT, maintenance and marketing, are contained in the consolidated G&A estimates. We segregated these elements, as we believe the resort can realize savings associated with the economies of scale.

	Gaming Operation 5-year Pro-forma				
	2010	2011	2012	2013	2014
REVENUES:					
Table Revenues	\$57,491,730	\$59,437,772	\$61,211,142	\$62,567,793	\$63,955,809
Slot Revenues	339,002,962	350,477,899	360,934,665	368,934,227	377,118,738
Gross Gaming Revenues	\$396,494,692	\$409,915,671	\$422,145,807	\$431,502,020	\$441,074,547
DEPARTMENTAL EXPENSES:					
Tables	19,014,904	19,403,164	19,802,938	20,116,388	20,434,951
Slots	16,924,838	17,300,893	17,725,363	18,116,219	18,516,065
Poker/Other	3,293,096	3,358,957	3,426,137	3,477,529	3,529,692
Gaming Taxes	47,579,363	49,189,881	50,657,497	51,780,242	52,928,946
Cage/ Count	10,027,771	10,228,326	10,432,893	10,589,386	10,748,227
Information Systems	4,310,157	4,396,360	4,484,287	4,551,551	4,619,824
Security/Surveillance	8,633,399	8,806,067	8,982,189	9,116,921	9,253,675
Energy	2,400,000	2,448,000	2,496,960	2,534,414	2,572,431
Marketing	25,411,851	26,205,899	26,939,873	27,501,372	28,075,247
General and Administration	\$10,437,443	\$10,646,192	\$10,859,116	\$11,022,003	\$11,187,333
Total	\$148,032,821	\$151,983,740	\$155,807,251	\$158,806,026	\$161,866,391
EBITDA	\$248,461,871	\$257,931,931	\$266,338,556	\$272,695,994	\$279,208,156
EBITDA %	62.7%	62.9%	63.1%	63.2%	63.3%
Source: The Innovation Group					

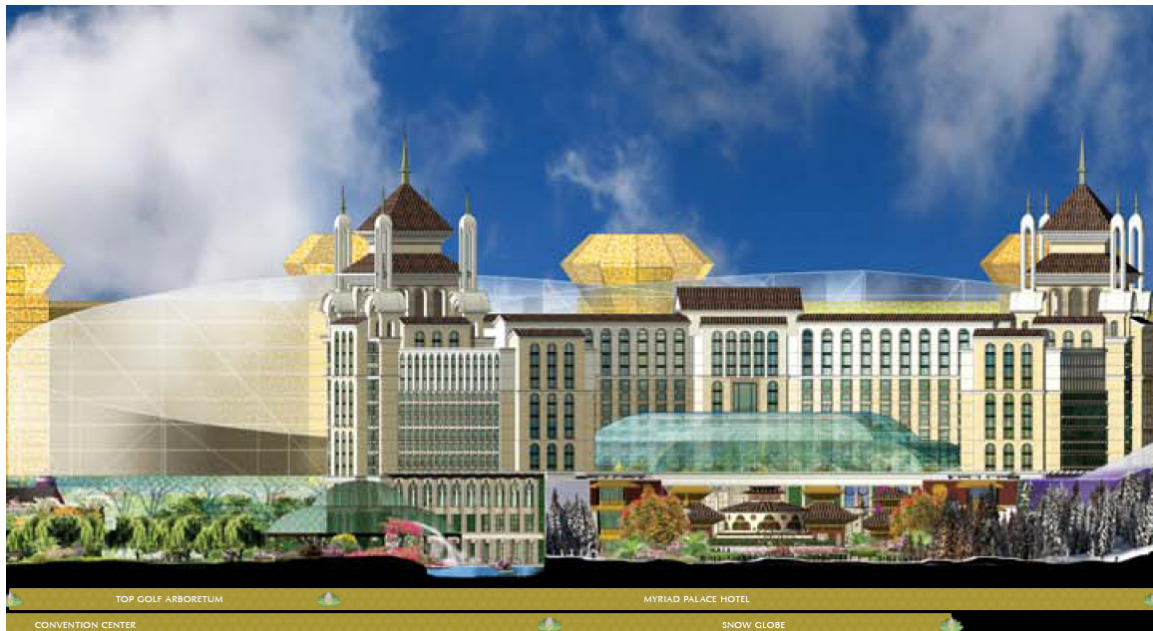
Convention Facility Market Assessment

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 150,000 sq. ft. of functional meeting space. The Innovation Group assumed that the space would feature a major ballroom, a junior ballroom and ample meeting room (breakout room). These functional areas will also be supported by pre-function space, possibly including some outdoor venues. 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 600-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 150,000 square feet of convention space:

Subject Convention Facility Supply			
	Supply	Annual Supply	% of Total
Exhibit	0	0	0.0%
Ballroom	97,500	35,587,500	78.0%
Meeting Room	27,500	10,037,500	22.0%
Subtotal	125,000	45,625,000	100.0%
Pre-function/Misc.	25,000		
Total	150,000		

Source: The Innovation Group

Existing Tunica Market

In our opinion, the convention and meeting market in Tunica is severely under-developed. 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:

Tunica Convention Statistics	
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:

Meeting Space Summary			
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. The convention hotels represent about 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 valet 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.

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 125,000 sq. ft. of proposed functional space (excludes pre-function), estimated supply in the target market increases to about 3.86 million. The subject's share of the adjusted ballroom and meeting room supply calculated to about 17.0% and 4.1%, respectively.

Supply Growth - Target Market				
	Existing Supply	Subject Supply	Adjusted Supply	Subject Market Share
Exhibit	2,618,104	0	2,618,104	0.0%
Ballroom	475,026	97,500	572,526	17.0%
Meeting Room	646,242	27,500	673,742	4.1%
Total	3,739,373	125,000	3,864,373	3.2%

Source: The Innovation Group

The Innovation Group assumed that target market demand would increase by 7.5% due to the addition of the Mississippi Blossoms Convention Center. Due to the size of the 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 1.80 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	0	1,149,653
Ballroom	292,870	21,965	314,835
Meeting Room	315,427	23,657	339,084
Total	1,677,742	45,622	1,803,572

Source: The Innovation Group

Furthermore, The Innovation Group assumed that the subject convention center would capture its fair share or 17% of the ballroom market and 4% of the meeting room market. We assumed that the subject would compete effectively with the major markets due to the high-end and innovative nature of the proposed convention space as well as the comprehensive resort offering available to convention guests, which includes gaming. Based on this assumption, subject demand was estimated at 67,500 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
Exhibit	1,149,653	0.0%	0
Ballroom	314,835	17.0%	53,616
Meeting Room	339,084	4.1%	13,840
Total	1,803,572	3.7%	67,456

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 54% is moderately higher than current target market rate, reflecting the emphasis on ballroom space.

Subject Convention Facility Summary

Category	Subject Supply (sqft.)	Subject Demand (sqft)	Occupancy Rate	Memo: Demand in GSFD
Exhibit	0	0	NM	0
Ballroom	97,500	53,616	55.0%	19,569,741
Meeting Room	27,500	13,840	50.3%	5,051,717
Total	125,000	67,456	54.0%	24,621,458

Source: The Innovation Group

Room Night Demand

The convention facility demand is expected to generate room night demand for the convention hotel. The 24.6 million in GSFD demand was estimated to reflect about 750 events. The conversion was based on square feet utilization estimates for each event category, based on information outlined in the PwC survey. Assuming an average attendance of 750 and 65 for ballroom and meeting events, respectively, total attendance calculated to about 216,300 people. We assumed 0.43 room nights of demand for each attendee, again based on information provided in PwC survey, resulting in 93,800 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, as displayed 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
Ballroom	19,569,741	80,000	245	750	183,466	0.35	64,213
Meeting Room	5,051,717	10,000	505	65	32,836	0.90	29,553
Total	24,621,458	32,838	750	288	216,302	0.43	93,766

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	0	0	0	0	0
Ballroom	12,720,332	16,634,280	19,569,741	19,765,439	19,963,093
Meeting Room	3,283,616	4,293,960	5,051,717	5,102,234	5,153,257
Total	16,003,948	20,928,240	24,621,458	24,867,673	25,116,350
Convention Attendees:					
Exhibit	0	0	0	0	0
Ballroom	119,253	155,946	183,466	185,301	187,154
Meeting Room	21,344	27,911	32,836	33,165	33,496
Total	140,597	183,857	216,302	218,466	220,650
Revenues:					
Convention Space Rental	1,364,477	1,784,316	2,099,195	2,120,187	2,141,389
Audio/Visual Rental	682,238	892,158	1,049,598	1,060,094	1,070,695
Catering	2,237,348	2,925,763	3,442,074	3,476,495	3,511,260
Total	4,284,064	5,602,237	6,590,867	6,656,776	6,723,344
Departmental Expenses:					
Convention Space Rental	545,791	703,020	814,677	818,709	822,762
Audio/Visual Rental	409,343	527,265	611,008	614,032	617,071
Catering	1,678,011	2,161,408	2,504,690	2,517,088	2,529,548
Total	2,633,145	3,391,693	3,930,374	3,949,830	3,969,381
EBITDA	1,650,919	2,210,544	2,660,493	2,706,946	2,753,963
EBITDA %	38.5%	39.5%	40.4%	40.7%	41.0%
Source: The Innovation Group					

Pro-forma Operating Statement – Convention Facility 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 opposed 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, championship golf course, water/snow park 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 and botanical displays in order to establish the resort feel.

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	65,000
Nickelodeon Family Suites	Orlando	NA	777	4 / 3	Spa; Show Room	NA
Gaylord Palms Resort	Kissimmee	Four	1,400	5 / 3	Pool; Golf; Kids Station; Spa & Fitness Center	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 boardrooms 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)

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 6.0% was applied. The resulting total resort style / theme park leisure trips were estimated at 338,400 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 40%, as alternative destinations are generally more than eight hours away. Furthermore we estimated that the subject's capture rate would decrease by a factor of about 43% for every two-hour drive-time increment. Based on the compilation of these factors, The Innovation Group estimated that the subject resort would capture 25,100 leisure household trips, resulting in 56,800 annual 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 Rate	Subject Capture	Length of Stay	Room Nights
0 - 2 hours	698,505	35.0%	244,477	6.0%	14,720	40.0%	5,888	1.4	8,508
2 - 4 hours	1,530,056	35.0%	535,520	6.0%	32,243	17.4%	5,610	2.0	11,444
4 - 6 hours	4,433,176	35.0%	1,551,612	6.0%	93,422	7.6%	7,071	2.6	18,031
6 - 8 hours	9,398,243	35.0%	3,289,385	6.0%	198,052	3.3%	6,521	2.9	18,846
Total	16,059,980	35.0%	5,620,994	6.0%	338,437	7.4%	25,090	2.3	56,829

Source: The Innovation Group

Targeted Fly-In

The Innovation Group believes that a target fly-in market would increase 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 250 miles and less than 500 miles. Assuming an average household participation rate of about 0.31% and 1.8 guests per household, total visitation for the targeted fly-in segment calculated to about 63,000. Weekly traffic into Tunica airport would thus increase to about 13 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	0.25%	7,635	1.8	13,743	100	137	2.6
Atlanta	1,580,000	0.38%	5,925	1.8	10,665	100	107	2.1
Dallas/Fort Worth	1,980,000	0.38%	7,425	1.8	13,365	100	134	2.6
Houston	1,512,000	0.25%	3,780	1.8	6,804	90	76	1.5
St. Louis	1,026,000	0.38%	3,848	1.8	6,926	90	77	1.5
Kansas City	710,000	0.30%	2,130	1.8	3,834	70	55	1.1
Cincinnati	658,000	0.33%	2,139	1.8	3,849	70	55	1.1
Indianapolis	649,000	0.33%	2,109	1.8	3,797	70	54	1.0
Total	11,169,000	0.31%	34,990	1.8	62,982	91	694	13.4

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 38%, resulting in approximately 28,700 visitors. Assuming a guest per room factor of 1.8 and a weighted average length of stay of 2.9 days, the room night demand calculated to 45,500. 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	13,743	35%	4,810	1.8	2,672	2.6	7,015
Atlanta	10,665	35%	3,733	1.8	2,074	2.3	4,666
Dallas/Fort Worth	13,365	35%	4,678	1.8	2,599	2.3	5,847
Houston	6,804	35%	2,381	1.8	1,323	2.3	2,977
St. Louis	6,926	35%	2,424	1.8	1,347	2.3	3,030
Kansas City	3,834	35%	1,342	1.8	746	2.6	1,957
Cincinnati	3,849	35%	1,347	1.8	748	2.4	1,824
Indianapolis	3,797	35%	1,329	1.8	738	2.4	1,799
Total	62,982	35%	22,044	1.8	12,247	2.4	29,115

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 85,900 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 219,000, 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	62,725	2.5	25,090	2.3	56,829
Fly-in	22,044	1.8	12,247	2.4	29,115
Total	84,769	2.3	37,337	2.3	85,944

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.

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

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.

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%
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 was applied to the National Participation Rate, 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.

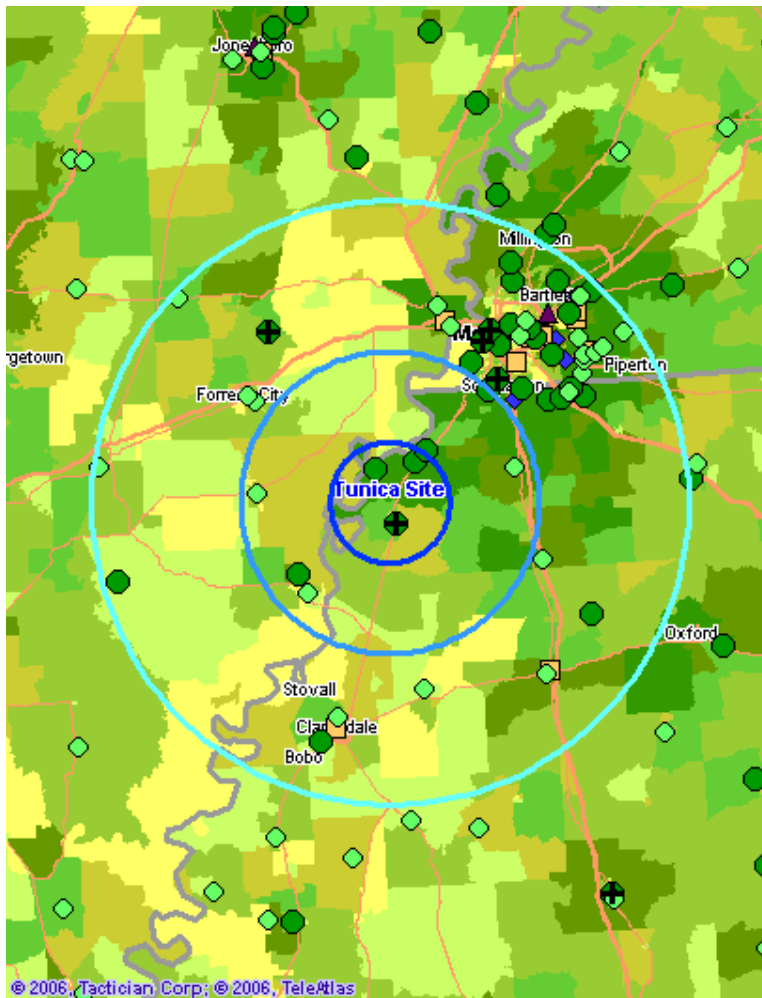
Area Golf Course Supply			
	10 Miles	25 Miles	50 Miles
Public	3	5	25
Private	0	3	23
Total	3	8	48
Public by Price:			
Premium	1	1	1
Standard	2	3	11
Value	0	1	13
Total	3	5	25

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



Target Golf Market

The Innovation Group defined the target market as the three championship courses that currently exist 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 2010 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 generally fair share with quality of the course offset by pricing. 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 would be somewhat comparable to the existing course in the area. After compiling these factors, we estimated that the subject course would generate roughly 5,100 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
Premium to Fair Share	1.05
Subject Local Market Capture	5,063

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 would provide a significant source of golf round demand due primary to the volume of hotel rooms associated with the subject. The room night demand for the Casino Hotels and Convention Hotel was estimated at 643,800 and 231,200, respectively, for the first year of operation (2010). 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 the golfing 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 11% for the hotel segment, roughly in line with the U.S. average. As one might expect, the propensity rate was judged highest for the resort leisure segment at 16.6% and the lowest for the casino segment at 9%, 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 92,300 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 5.5%, 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 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 8,700 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	Participati on	Total Rounds
Casino	323,686	1.7	558,358	9.1%	50,886	5.5%	2,799
Convention	70,324	1.7	119,551	12.3%	14,723	9.0%	1,325
Leisure Tourists	73,053	2.2	160,301	16.6%	26,652	17.0%	4,531
Total	467,063	1.8	838,209	11.0%	92,261	9.4%	8,655

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 31,300 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 as a higher rate of 1.7% and 4.1%. 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 34,200 by Year 5, generally

considered at capacity for this region. The five-year summary for golf demand for the proposed course is outlined below:

Estimate Annual Rounds

Year	Local	Group	Hotel Demand	Total
2010	5,063	17,600	8,655	31,317
2011	5,113	18,040	9,492	32,645
2012	5,165	18,491	9,963	33,618
2013	5,165	18,676	10,062	33,903
2014	5,165	18,863	10,163	34,190
CAGR	0.5%	1.7%	4.1%	2.2%

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 22% 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 \$96 to golf round demand, the total golf revenue for Year 1 was estimated \$3.0 million, increasing to \$3.6 million by Year 5. The golf demand revenue calculation is outlined in the table below:

Golf Course Revenue Summary

Year	Rounds	Rate	Revenue
2010	31,317	\$96	\$3,018,364
2011	32,645	\$99	\$3,224,975
2012	33,618	\$101	\$3,404,149
2013	33,903	\$104	\$3,518,785
2014	34,190	\$106	\$3,637,328
CAGR		2.5%	

Source: The Innovation Group

Pro-forma Operating Statement – Golf Course Operation

The statement of prospective 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	31,317	32,645	33,618	33,903	34,190
Green Fees Per Round	\$96	\$99	\$101	\$104	\$106
Green Fees	\$3,018,364	\$3,224,975	\$3,404,149	\$3,518,785	\$3,637,328
Pro Shop	278,098	297,134	313,642	324,204	335,126
Food and Beverage Sales	263,066	281,073	296,689	306,680	317,011
Range Revenues and Other	69,211	73,949	78,057	80,686	83,404
TOTAL REVENUES	\$3,628,738	\$3,877,130	\$4,092,538	\$4,230,356	\$4,372,870
EXPENSES					
COGS - Pro Shop	\$172,421	\$184,223	\$194,458	\$201,007	\$207,778
COGS - Food and Beverage	197,299	210,805	222,517	230,010	237,759
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	\$199,581	\$204,570	\$209,684	\$214,926	\$220,300
Utilities	108,862	111,584	114,373	117,233	120,163
General & Administrative	90,718	92,986	95,311	97,694	100,136
S/T Other	\$399,161	\$409,140	\$419,369	\$429,853	\$440,599
TOTAL DEPARTMENTAL EXPENSES	\$3,057,875	\$3,150,125	\$3,239,230	\$3,322,110	\$3,407,188
EBITDA	\$570,863	\$727,006	\$853,307	\$908,246	\$965,682

Pro-forma Assumptions – Golf Course Operation

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.

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 a 1000-room casino hotel. The casino hotel is an important part of the subject development, designed to grow and capture a share of the existing Overnight Gamer segment.

Assumptions

- The casino hotel will be designed and situated to accommodate the Overnight Gamer segment with easy access from the parking lots and casinos.
- The casino hotel will be managed and staffed by competent personnel.
- The casino hotel 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 hotel 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 hotel 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:

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

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 86% over the last year. The rate increase in 2006 displayed the strength, primarily due to Hurricane Katrina. 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 1.8 million room nights. The chart below displays the calculation:

Current Room Night Demand (2006)

Room Count	Available Room Nights	Market Occupancy	Room Night Demand
5,703	2,081,595	86.5%	1,800,580

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 overnight gamer market would grow by 9.1% due to the estimated 13.4% increase in supply.

Casino Room Night Demand

	Room Count	Available Room Nights	Occupancy	Room Demand
2010 Baseline	5,703	2,081,595	87.5%	1,821,396
2010 Pro-forma	6,465	2,359,725	84.2%	1,986,888
% Change	13.4%	13.4%		9.1%

Source: The Innovation Group

Based on the proposed 1000-room casino hotel, we estimated that the subject would control 16% of the supply. The analysis assumed that a small number of rooms would exit the market. We assumed that the subject would generally capture its fair share based on size. The capture estimate reflects the quality and scope of the project offset by premium pricing and size of the facility relative to the market. The analysis also considers that this segment is mostly concerned with the casino offering and pricing. The resulting occupancy rate was 88.7%. The following table displays the calculation for casino room night demand for the subject casino hotels:

Subject Room Night Demand

	Market Demand	Subject Share	Subject Demand	Subject Supply	Occupancy Rate
Subject (1000 rooms)	1,986,888	16.3%	323,686	365,000	88.7%

Source: The Innovation Group

Estimated Average Daily Rate

The Innovation Group estimated the potential ADR for the subject casino hotel. 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 opposed 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 20% and 35% for the weekdays and weekends, respectively. The higher premium on the weekend reflects the current capacity constraints. The weighted average ADR calculated to \$123 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	95.0%	98.0%	
Adjusted ADR	\$68	\$160	
Subject Premium	20.0%	35.0%	
Subject ADR	\$82	\$216	\$123

* Reflects an average annual increase of 1.5%.

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 \$39.7 million. Based on conservative growth rate for ADR and demand, Year 5 room revenue was estimated at \$43.8 million, reflecting an average annual increase of 2.5%. The occupancy rate was estimated at 88.7% in Year 1, reaching 92.6% 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	88.7%	\$123	80,921	242,764	323,686	\$39,735,979
2011	89.9%	\$126	81,731	246,406	328,136	\$41,289,408
2012	90.8%	\$127	82,548	248,870	331,418	\$42,119,325
2013	91.7%	\$128	83,373	251,358	334,732	\$42,965,923
2012	92.6%	\$130	84,207	253,872	338,079	\$43,829,538

Source: The Innovation Group

Pro-forma Operating Statement – Casino Hotels

The Pro Forma Operating Statement, which projects EBITDA for the proposed casino hotel component 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	\$39,735,979	\$41,289,408	\$42,119,325	\$42,965,923	\$43,829,538
Telephone	809,214	820,341	828,544	836,830	845,198
Other Income	1,213,821	1,230,511	1,242,816	1,255,244	1,267,797
Total	\$41,759,014	\$43,340,260	\$44,190,685	\$45,057,997	\$45,942,533
Departmental Expenses:					
Rooms	\$13,470,497	\$13,717,167	\$13,713,025	\$13,848,770	\$13,985,859
Telephone	606,911	615,256	621,408	627,622	633,898
Other Income	788,984	799,832	807,831	815,909	824,068
Property Operations & Maintenance	1,200,000	1,230,000	1,260,750	1,292,269	1,324,575
Energy	2,543,103	2,642,522	2,695,637	2,749,819	2,805,090
Marketing	1,043,975	1,083,506	1,104,767	1,126,450	1,148,563
General and Administrative	626,385	650,104	662,860	675,870	689,138
Total	\$20,279,854	\$20,738,387	\$20,866,277	\$21,136,708	\$21,411,192
EBITDA	\$21,479,160	\$22,601,872	\$23,324,408	\$23,921,289	\$24,531,341
EBITDA %	51.4%	52.1%	52.8%	53.1%	53.4%
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 33.9% 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 a meaningful extent. For the purpose of the analysis, we assumed that the convention hotel would 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 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 150,000 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 24.6 million Gross Square Foot Days (“GSFD”) of demand during the first year of stabilized results (Year 3). The GSFD of demand translates into about 750 total events. Based on an average attendance of 288 people per event, total attendance calculated to 216,300. We estimated that on average each attendee would generate 0.43 room nights of demand, based on information provided in PwC survey. The resulting room nights of demand calculated to 93,800 in 2012 as seen in the table below:

**Convention Room Demand
Summary**

GSFD Demand	24,621,458
Average GSFD / Event	32,838
Event Count	750
Attendance / Event	288
Total Attendees	216,302
Room Nights / Attendee	0.43
Room Night Demand	93,766

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 56,800 (2012) from the regional drive-in market.

Regional Drive-in Demand Summary

Households	16,059,980
Leisure Trip Participation	35.0%
Annual Leisure Households	5,620,994
Resort Segment Capture	6.0%
Resort Leisure Households	338,437
Subject Capture	7.4%
Subject Households	25,090
Room Nights / Trip	2.3
Room Night Demand	56,829

Source: The Innovation Group

The targeted fly-in market was estimated to generate an additional 29,100 room nights of demand as summarized in the table below:

Targeted Fly-in Demand Summary

Flights / Week	13
Annual Flights	694
Passengers / Flight	91
Fly-in Visitation	62,982
Subject Capture	35.0%
Subject Visitation	22,044
Occupancy / Room	1.8
Subject Households	12,247
Length of Stay	2.4
Room Night Demand	29,115

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 150,500 room nights in 2010, increasing to 188,100 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, primarily related to group business. The resulting occupancy rate in 2010 was estimated at 68.7%, reaching 85.9% by 2012.

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. Therefore, the discount would the subject an attractive alternative and justify the capture rate assumed in the analysis.

The average ADR for the target market was estimated at about \$190. We escalated this rate through 2010 at 1.5% per year to account for inflation. We also 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 10% during the week and 2% on weekend resulting in an estimated ADR for the subject of \$204 (2010).

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 \$30.7 million, reaching \$43.3 million by Year 5. The average annual growth rate of 9% 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:

600-room Resort Convention Hotel Summary

Year	Occupancy %	ADR	Conventi on	Resort Leisure	Golf	Total RND	Gross Revenue
2010	68.7%	\$204	70,324	73,053	7,140	150,517	\$30,639,833
2011	79.5%	\$211	84,389	81,647	7,980	174,016	\$36,663,201
2012	85.9%	\$216	93,766	85,944	8,400	188,110	\$40,623,462
2013	86.5%	\$221	94,703	86,374	8,442	189,519	\$41,951,021
2014	87.2%	\$227	95,650	86,806	8,484	190,940	\$43,322,232

Source: The Innovation Group

Pro-forma Operating Statement – Convention Hotel

The Pro-forma Operating Statement, which projects 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	\$30,639,833	\$36,663,201	\$40,623,462	\$41,951,021	\$43,322,232
Telephone	376,293	435,040	470,275	473,798	477,351
Other Income	564,439	652,560	705,412	710,698	716,027
Total	\$31,580,565	\$37,750,801	\$41,799,150	\$43,135,518	\$44,515,610
Departmental Expenses:					
Rooms	\$9,804,747	\$11,497,580	\$12,484,727	\$12,634,869	\$12,786,895
Telephone	282,219	326,280	352,706	355,349	358,013
Other Income	366,885	424,164	458,518	461,953	465,417
Property Operations & Maintenance	936,000	959,400	983,385	1,007,970	1,033,169
Energy	1,960,949	2,009,973	2,060,222	2,111,728	2,164,521
Marketing	789,514	943,770	1,044,979	1,078,388	1,112,890
General and Administrative	473,708	566,262	626,987	647,033	667,734
Total	\$14,614,023	\$16,727,429	\$18,011,525	\$18,297,290	\$18,588,640
EBITDA	\$16,966,541	\$21,023,372	\$23,787,624	\$24,838,228	\$25,926,969
EBITDA %	53.7%	55.7%	56.9%	57.6%	58.2%
Source: The Innovation Group					

Pro-forma Assumptions – Convention Hotel

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 32% of room venue (Year 1).

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.

Water/Snow Park Market Assessment

Introduction

The primary objective of the Water/Snow Park Assessment was to estimate the incremental top-line revenue associated with offering this attraction. In addition, The Innovation Group analyzed the incremental impact of the amenity on hotel room night demand and ADR. We believe this amenity better position the subject resort to penetrate the resort leisure market, especially with regard to the family segment. The water/snow park is key component of the overall development, 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 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 exhibits 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.

U.S. Waterpark Market

Top U.S. Waterparks

The following discussion outlines the top waterparks in the U.S. according to the Travel Channel. 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 Fury, 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 waterparks 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

2001								
Hotels		<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	1,118,360	66.60%	744,828	\$114.30	\$85,133,813	\$76.12
Without Indoor Waterparks	44	2,402	876,730	49.80%	436,612	\$65.76	\$28,711,575	\$32.75
Total	62	5,466	1,995,090	59.20%	1,181,439	\$96.36	\$113,845,388	\$57.06
2002								
Hotels		<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	1,118,360	69.90%	781,734	\$117.09	\$91,533,192	\$81.85
Without Indoor Waterparks	44	2,402	876,730	48.10%	421,707	\$66.62	\$28,094,129	\$32.04
Total	62	5,466	1,995,090	60.30%	1,203,441	\$99.40	\$119,627,321	\$59.96
2003								
Hotels		<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	3,454	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

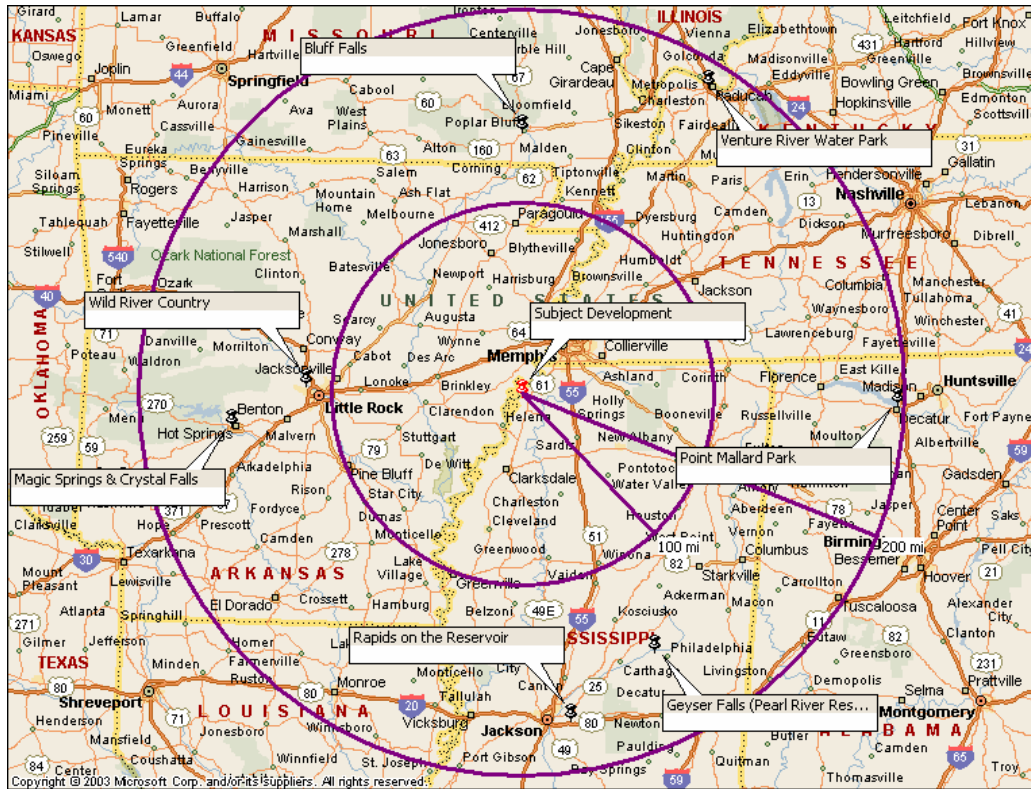
Most major metropolitan areas have at least one or two significant outdoor waterpark developments. Waterparks are often a component of a larger theme park. In addition, municipalities often develop a waterpark on behalf of the area residents. The Innovation Group identified a total of eight significant 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 waterpark 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 includes 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 kids 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 Waterpark 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 waterpark was estimated based on the room night demand associated with the Myriad casino hotels and the Myriad Palace Convention Hotel.

Based on the hotel assessments, we estimated that the hotels would generate about 467,100 room nights of demand, resulting in about 838,200 annual guest nights (2010). Again, the gaming segment participation rate would be relatively low, generally utilizing the hotel out of convenience. We estimated that the participation rates for the convention hotel segments would be considerable higher. Innovation Group estimated the average water/snow park participation rate for the overall hotel segment at 23.1%, resulting in approximately 193,800 visits.

Water/Snow Park Demand

Market Segments	Room Night Demand	Guests / Room	Guest Room Nights	Participati on Rate	Total Demand
Gaming	323,686	1.7	558,358	9.9%	55,110
Convention	70,324	1.7	119,551	22.1%	26,409
Leisure	73,053	2.2	160,301	70.0%	112,259
Total	467,063	1.8	838,209	23.1%	193,778

Source: The Innovation Group

Water/Snow Park Revenue Forecast

Assuming a rack rate admission fee of \$22.50 based on our analysis of the hotel waterpark market and the uniqueness of this attraction, waterpark admissions revenue totaled \$4.4 million. Obviously promotional rates would be available for various hotel guests, but not considered in the water/snow park revenue calculation.

Waterpark Summary

Market Segments	Admissions
Casino Hotel Guests	55,110
Convention Hotel Guests	26,409
Resort Leisure Hotel Guests	112,259
Total Admission	193,778
Admission Fee	\$22.50
Admission Revenue	\$4,360,005

Source: The Innovation Group

Pro-forma Operating Statement – Water/Snow Park

The statement of prospective EBITDA for the proposed waterpark 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 Operation					
5-year Pro-forma Operating Statement					
	2010	2011	2012	2013	2014
Revenue:					
Park Revenue	\$4,360,005	\$4,793,243	\$5,033,588	\$5,159,428	\$5,288,413
F&B	508,667	559,212	587,252	601,933	616,982
Gift Shop	165,317	181,744	190,857	195,628	200,519
Total	5,033,989	5,534,198	5,811,697	5,956,989	6,105,914
Departmental Expenses:					
COGS - F&B	345,894	380,264	399,331	409,315	419,547
COGS - Gift Shop	90,924	99,959	104,971	107,596	110,285
Salaries & Wages	1,908,304	2,066,456	2,137,522	2,169,051	2,212,161
Water	196,200	215,696	226,511	232,174	237,979
Energy	330,562	363,408	381,630	391,171	400,950
Maintenance	414,200	455,358	478,191	490,146	502,399
Marketing	190,830	209,793	220,312	225,820	231,465
G&A	125,850	138,355	145,292	148,925	152,648
Total	3,602,764	3,929,289	4,093,762	4,174,197	4,267,435
EBITDA	\$1,431,225	\$1,604,909	\$1,717,935	\$1,782,792	\$1,838,479
EBITDA %	28.4%	29.0%	29.6%	29.9%	30.1%
Source: The Innovation Group					

Pro-forma Assumptions – Waterpark Operation

Admissions Revenue

The admission revenue estimates were based on the analysis contained in the Waterpark Assessment.

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 alcohol, 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 would 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 waterpark 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 in a 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.

Spa Market Background

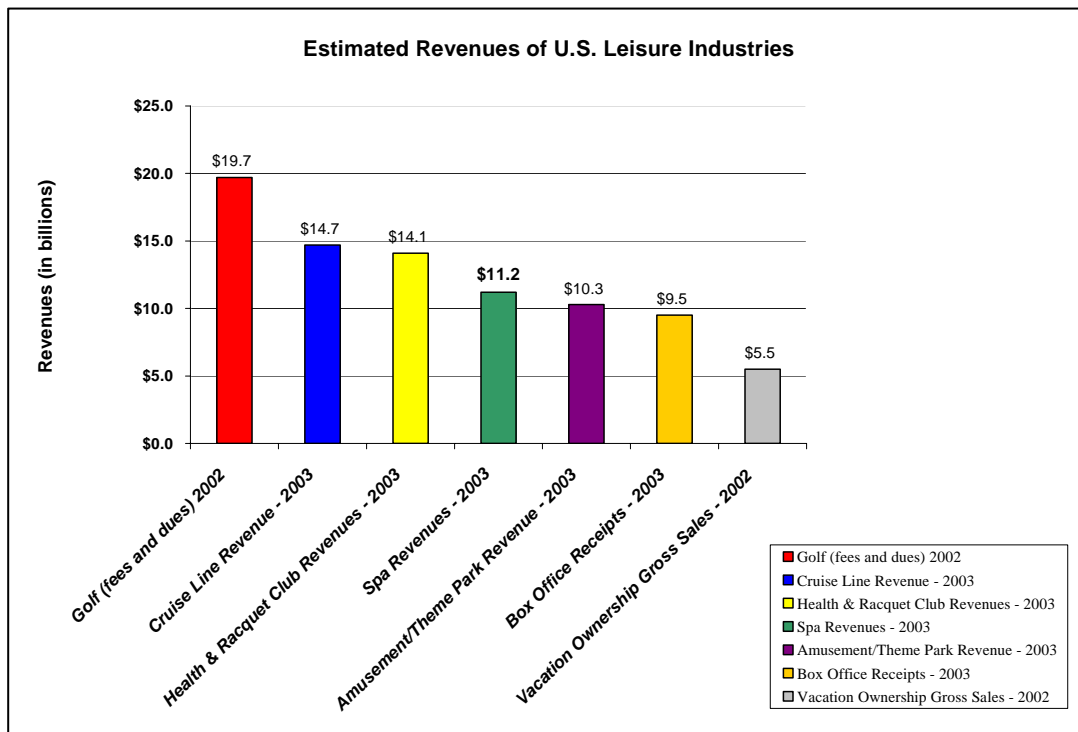
Industry Trends

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

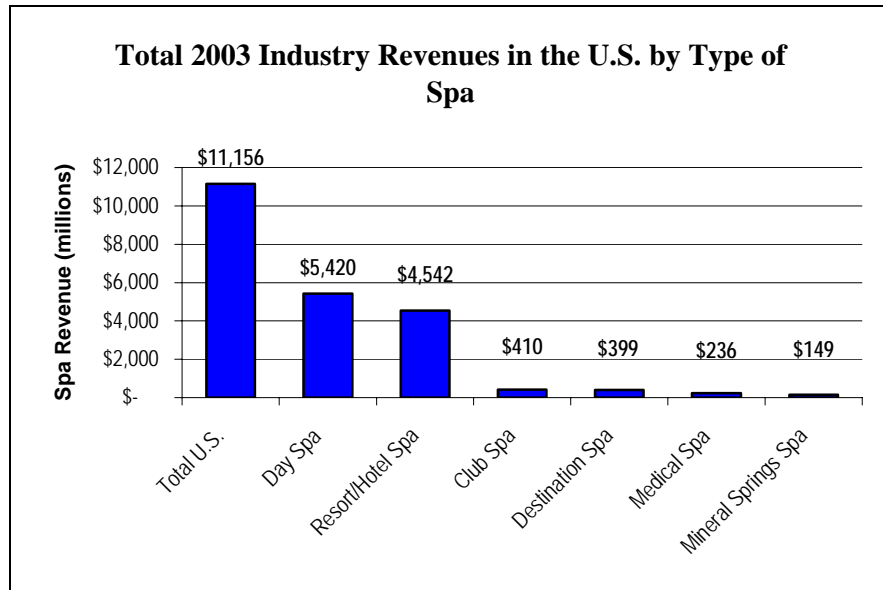
* Growth rate for 2004 represents growth for 6 months

Spa Industry Overview

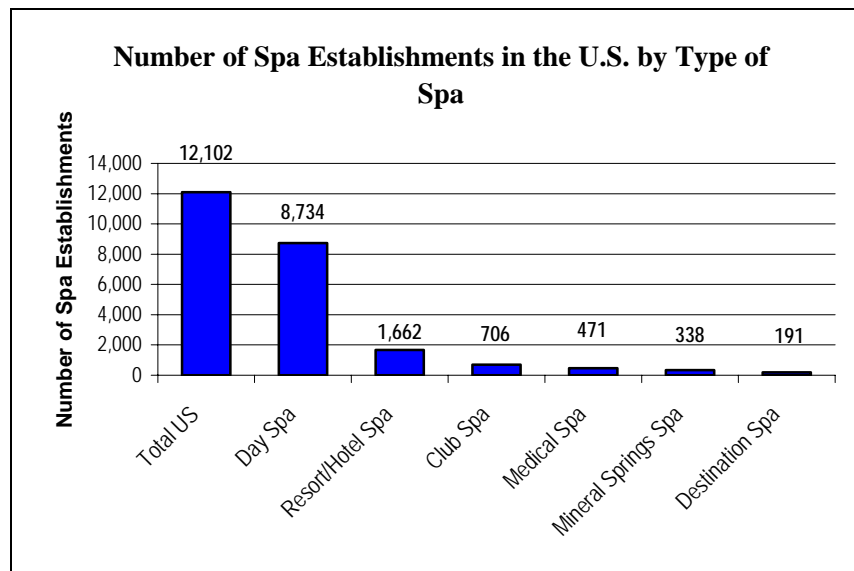
The wellness and spa industries and their related professions are enjoying explosive growth in response to the increased stress attenuation, relaxation, and pain relief needs of the American public. Every year, spas become more relevant to everyday Americans, as greater percentage of Americans embrace 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:



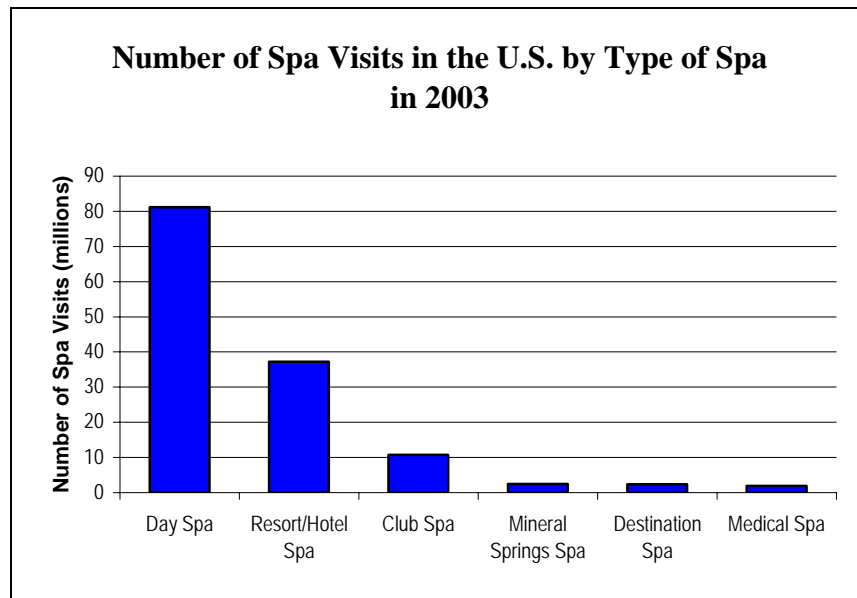
The number of spa locations continued to grow between the 2002 and 2004 at an average annual rate of 12%. Interestingly, the growth rate in the number of spas has gradually moderated since its peak at 51% in 2000. Between 2002 and 2004, the medical spa segment expanded faster than any other segment, 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.

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, 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 haircuts 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 is 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, is available. 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 1,600 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 would capture about 2.9 million local market gaming visits. We further estimated the number of potential spa patrons at 715,100, assuming a propensity factor of 24%.

Assuming a capture rate of 1.5%, spa admission from the local market segment calculated to about 10,700. The following table details these calculations:

Spa Demand - Local Market					
	Gamer Visits	Propensity	Potential Spa Patrons	Capture %	Spa Admissions
Local Market Spa Admissions	2,945,795	24%	715,117	1.5%	10,727
Source: The Innovation Group					

Myriad Hotels

The guests staying in the Myriad hotels represent potential customers for the spa facility. We believe that a significant number of the spa admissions would come from this segment. These hotel guests would have a greater opportunity in terms of a time, and likely selected the property for its amenity offerings. This is especially true for guests of the resort convention hotel. 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. According to the 2005 Leisure Travel Monitor, 34% of leisure travelers consider a spa to be extremely or very desirable.

The weighted average propensity to utilize a spa was estimated at 28% for hotel guests. Based on a capture rate of 5%, 15% and 22.5% for the casino hotel, convention and resort leisure guests, respectively, total spa admissions calculated to 11,100, as displayed in the table below.

Spa Demand - Myriad Hotels					
Market Segments	Hotel Guests	Propensity	Potential Spa Patrons	Capture %	Admissions
Gaming	294,399	25%	75,041	5.0%	3,752
Convention	42,697	34%	14,517	15.0%	2,178
Resort Leisure	58,433	39%	22,847	22.5%	5,141
Total	395,529	28%	112,405	9.8%	11,071
Source: The Innovation Group					

Other Casino Hotels

The other casino hotels in the area are also expected to provide a source of patronage for the subject spa facilities, although several of these hotels currently offer spa facilities of their own. We believe the subject spa would present an attractive alternative for guests at other casino hotels. We estimated that the hotels in this segment would host about 1.72 million visitors annually. Assuming a propensity rate of around 17.3% and a capture rate of less than 1%, spa admissions from this customer segment calculated to about 15,000.

Spa Demand - Other Area Hotels

	Total Guests	Propensity	Potential Spa Patrons	Capture %	Spa Admissions
Casino Hotels	1,446,896	17.8%	258,166	1.0%	14,469
Non-Casino Hotels	274,358	14.3%	39,162	0.2%	549
Total	1,721,254	17.3%	297,329	0.9%	15,018

Source: The Innovation Group

Total Spa Demand and Revenue

Total estimated spa admissions summed to 36,800. Based on a fee of \$125 for the hourly service, spa revenue calculated to \$4.6 million in 2010, as displayed in the table below. Spa revenue was forecasted to increase to \$5.4 million by 2014 reflecting the ramp-up in room night demand primarily associated with the convention hotel:

Spa Summary (2010)

	Spa Revenue
Local Market	10,727
Myriad Hotels	11,071
Other Hotels	15,018
Total Spa Demand	36,816
Fees	\$125
Revenues	\$4,601,959

Source: The Innovation Group

Pro-forma Operating Statement - Spa

The Pro-forma Operating Statement, which projects 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	4,601,764	4,871,829	5,091,019	5,259,658	5,433,851
Salon	73,631	76,800	79,069	80,481	81,918
Products Sales	230,096	240,000	247,091	251,503	255,993
Total	4,905,491	5,188,629	5,417,179	5,591,643	5,771,762
Departmental Expenses:					
COGS - Products	138,058	144,000	148,255	150,902	153,596
Salaries & Wages	2,337,698	2,424,828	2,482,676	2,525,870	2,569,808
Supplies	701,309	742,294	775,513	801,021	827,365
Marketing	220,747	233,488	243,773	251,624	259,729
Repair & Maintenance	100,000	101,500	103,023	104,568	106,136
G&A	122,637	129,716	135,429	139,791	144,294
Total Expenses	3,620,449	3,775,826	3,888,670	3,973,775	4,060,929
EBITDA	1,285,042	1,412,802	1,528,510	1,617,867	1,710,833
EBITDA %	26.2%	27.2%	28.2%	28.9%	29.6%
Source: The Innovation Group					

Pro-forma Assumptions – Spa Operation

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.

Multi-use Event Center

Introduction

The primary objective of the Event Center 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 and sport related 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 5,000-seat venue capable of hosting live headliner entertainment, including concerts, production show, boxing and other sports related events. The proposed size of the venue is large in comparison with the benchmark for casino resort offerings. 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/event 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 events. 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 weighted average participation of about 3.3%, admissions from the local market segment totaled about 84,800 in Year 1. This participation rate reflects major market headliner events and a pricing structure that would accommodate local market patrons.

Event Center Demand - Local Market

	Population	Participation Rate	Admissions
0 - 60 minutes	837,906	5.0%	41,895
60 - 180 minutes	1,718,055	2.5%	42,951
Total	2,555,961	3.3%	84,846

Source: The Innovation Group

Myriad Hotel 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. The guests staying in the convention would yield a higher participation as convention and leisure tourists that are often looking for entertainment activities. We believe these guests would be more likely to utilize the entertainment venue in comparison to the Gamer Segment. Therefore, based on participation rates ranging from 15% for casino guests to 47.5% for leisure guests, admissions to the event center summed to about 85,800.

Event Center Demand - Myriad Hotels

	Hotel Guests	Participation Rate	Subject Admissions
Gamer Segment	294,399	15.0%	44,160
Convention	42,697	32.5%	13,876
Resort Leisure	58,433	47.5%	27,756
Total	395,529	21.7%	85,792

Source: The Innovation Group

Total Demand and Revenue

Total estimated entertainment venue admissions summed to 170,600. Assuming an average ticket of \$71, total ticket revenue associated with the entertainment venue calculated to \$12.1 million. Based on 52 major shows per year, the occupancy rate by Year 3 was estimated at about 70%. The revenue calculation is detailed in the table below:

Event Center Summary

Market Segment	Admissions
Local Market	84,846
Overnight Gamer	44,160
Myriad Convention Hotel	41,632
Total Admissions	170,638
Average Ticket Price	\$71
Ticket Revenue	\$12,115,298

Source: The Innovation Group

Pro-forma Operating Statement – Event Center

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	52	52	52	52	52
Total Capacity	260,000	260,000	260,000	260,000	260,000
Occupancy %	65.6%	68.5%	70.4%	71.4%	72.5%
Ticketed Admission	170,638	178,133	182,919	185,663	188,448
Revenues:					
Ticket	\$12,115,298	\$12,963,663	\$13,644,759	\$14,195,666	\$14,768,816
Food & Beverage	1,706,380	2,137,602	2,195,033	2,227,958	2,261,378
Other Concessions	426,595	356,267	365,839	371,326	376,896
Total	\$14,248,273	\$15,457,531	\$16,205,630	\$16,794,951	\$17,407,090
Departmental Expenses:					
Talent Costs	\$6,500,000	\$6,662,500	\$6,829,063	\$6,999,789	\$7,174,784
Other Operating Costs	1,755,000	1,798,875	1,843,847	1,889,943	1,937,192
Cost of F&B	938,509	1,175,681	1,207,268	1,225,377	1,243,758
Cost of Other Concession	149,308	124,693	128,044	129,964	131,914
Marketing	356,207	386,438	405,141	419,874	435,177
G&A	284,965	309,151	324,113	335,899	348,142
Total	\$9,983,990	\$10,457,338	\$10,737,474	\$11,000,846	\$11,270,966
EBITDA	\$4,264,283	\$5,000,193	\$5,468,156	\$5,794,104	\$6,136,124
EBITDA %	29.9%	32.3%	33.7%	34.5%	35.3%

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 Event Center Assessment, while the ticket price estimate assumes major headliner shows and events while considering 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/Production 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.