

CBRE Investment Banking

Winning With Knowledge

New Haven casino analysis
Prepared for Full House Resorts Inc.

September 2024



Executive Summary



Item	Phase I Value	Phase II Value
Minimum investment amount		\$500 million
Annual revenue		
Casino	\$242.4 million	\$288.7 million
Non-gaming	\$24.2 million	\$52.2 million
Total annual revenue	\$266.6 million	\$341.0 million
Jobs created		
Construction phases	2,760	2,760
Operations phases	2,426	463
Gaming taxes		
Wagering tax	\$65.4 million	\$81.7 million
Supplemental wagering tax	\$7.0 million	\$8.4 million
Total gaming taxes	\$72.4 million	\$90.0 million
Non-gaming taxes	\$10.4 million	\$19.4 million
Total taxes and tax distribution		
Indiana	\$53.5 million	\$67.5 million
Allen County	\$0.9 million	\$1.8 million
New Haven	\$18.3 million	\$24.3 million
Other governing bodies and stakeholders	\$10.2 million	\$15.9 million
Total	\$82.8 million	\$109.5 million

Notes:

Phase I and Phase II values are given at stabilization (Years 3 and 5, respectively)

Totals may not sum due to rounding

New Haven
revenue
opportunity

New Haven area gaming market

- 1 A relocated Rising Star license to New Haven would grow the Indiana gaming market (and resulting gaming tax revenues)
 - The New Haven area is isolated from nearby competition
 - The second-most populous area in Indiana is primarily serviced by out-of-state casinos
 - Existing Indiana casinos pull only a small percentage of customers from the greater Fort Wayne area (see New Haven impact on competitor GGR section)
 - Proximity to major interstate highways increases out-of-town visitation via traffic intercept
- 2 Ultimately, and as detailed herein, the relocation of the Rising Star license to New Haven results in a significantly positive economic and fiscal impact to Indiana and Allen County

Property	Slots	Tables	Hotel Rooms
FireKeepers Casino Hotel	2,900	63	446
Harrah's Hoosier Park Casino	1,126	40	0
Four Winds Casino South Bend	1,900	27	400
Hollywood Casino Toledo	1,760	57	0
Hollywood Gaming at Dayton Raceway	1,028	0	0
Hollywood Columbus	1,703	85	0
New Haven Casino (proposed)	1,439	50	200

Drive time map of New Haven to competitors



New Haven revenue opportunity

1 Based primarily on our gaming demand model (a gravity model which considers populations, per capita incomes, property attractiveness/development costs, and distances from the project and its competitors), the gross gaming revenue, or “GGR,” attributable to a New Haven casino is \$242.4 million in the stabilized year (Year 3)

- Using available data from the Indiana Department of Transportation (INDOT), we included incremental GGR from out-of-market visitors (traffic intercept due to proximity to major highways)
- We also ran regression models to cross check results against the gravity model. The gravity model was bookended by our regression models, as well as results from comparable properties in other locations

2 Including non-gaming amenities, total revenue in Year 3 is projected at \$266.6 million from the initial \$250 million Phase I development

- A second phase includes a 200-room hotel as well as an event center, which provides additional gaming and non-gaming revenue uplift

3 As highlighted elsewhere herein, the effects of cannibalization are minimal while the net positive impact to Indiana is significant

Gross revenue summary, by year and phase (Phase II denotes an expanded property with integrated hotel)

Revenue	Phase I			Phase II	
	Year 1	Year 2	Year 3	Year 4	Year 5
Casino	206.0	230.2	242.4	280.3	288.7
Hotel	0.0	0.0	0.0	14.3	14.7
Food and Beverage	16.5	18.4	19.4	25.2	26.0
Other	4.1	4.6	4.8	11.2	11.5
Total Revenue	226.6	253.3	266.6	331.0	341.0

1 Phase II will increase gaming revenue as well as non-gaming revenue by allowing customers to stay overnight on property

2 This will also allow the developer to market to a wider range of customers

Income allocation comparable analysis

- 1 We tested our stabilized revenue forecast for reasonableness by analyzing casino spending as a percentage of total income across a variety of regional casino markets in the United States, focusing on locations with a similar population size to the New Haven market within a one-hour drive
- 2 The weighted average income allocation to gaming is 0.52% across our comparable set, and the New Haven projection is bookended within the results
- 3 Generally, markets with more gaming supply per capita also have higher income allocations, which could yield upside to our forecast

Gaming revenue reasonableness testing

Property	Total GGR (\$mm)	Income Allocation	One-hour drive Population	Total Income (\$mm)	Gaming Positions per Population
Horseshoe Council Bluffs (IA)	\$196.9	0.41%	1,177,103	\$47,978	1.33
Rivers Schenectady (NY)	\$207.8	0.41%	1,144,762	\$50,597	1.34
L'Auberge Baton Rouge (LA)	\$179.8	0.51%	1,003,044	\$34,927	1.35
Oak Grove (KY)	\$153.1	0.55%	824,373	\$27,775	1.49
Prairie Meadows (IA)	\$245.0	0.62%	964,782	\$39,337	1.57
Mohegan Sun Pocono (PA)	\$213.9	0.68%	896,548	\$31,516	2.29
Total/average	\$1,196	0.52%	6,010,612	\$232,129	1.54
New Haven casino (Year 3)	\$242.4	0.58%	973,688	\$41,686	1.95

New Haven
impact on
competitor GGR

Rising Star - impact of closure

Rising Star GGR absorbed by nearby competitors

- 1 We utilized a gravity model to assess the redistribution of gaming revenue following the closure of Rising Star
- 2 Most revenue (\$39.3 million, or 91.4%) of Rising Star's TTM GGR of \$43.0 million is expected to be captured by nearby competitors (in Indiana, Kentucky, and Ohio)
 - Put another way, less than 9%, or an estimated \$3.7 million, is likely to disappear
- 3 Of the \$39.3 million captured by nearby competitors, we estimate \$28.1 million (or 71.6%) would be captured by Indiana casinos
 - This is primarily a function of Rising Star's two closest competitors being in Indiana (see map to right)
 - Convenience should be the leading driver of displaced Rising Star customers, hence greater capture at Indiana casinos

Drive time map of Rising Star to competitors



State	GGR retained	% of Rising Star retained
Indiana casinos	\$28.1	71.6%
Ohio casinos	\$5.6	14.2%
Kentucky casinos	\$5.6	14.2%
Total	\$39.3	100.0%

Economic and fiscal impacts

Economic Impact – a significant net positive for Northeast Indiana (construction phases)

1 We assessed the economic impact of the relocation of Rising Sun to New Haven by using RIMS II multipliers (a tool developed by the US Bureau of Economic Analysis to assess the potential economic impacts of development projects) for both the construction and operational phases of the project

2 Total economic output and total jobs are a significant positive for Northeast Indiana during the construction phases:

- Total construction output – for each phase – is projected at ~\$563 million and 2,760 jobs created
- The impact of each construction phase is similar given each phase is anticipated to have a development cost of ~\$250 million
- This means that at full build out (Phases I and II), total construction output should collectively exceed \$1.1 billion with over 5,500 jobs created

Economic impact to Indiana – construction phase (for each of Phases I and II)

Phase I	Total Output (\$mm)	Wages (\$mm)	Employment
Direct/Indirect	415.5	120.0	1,859
Induced	147.5	42.3	901
Total	563.0	162.3	2,760

Phase II	Total Output (\$mm)	Wages (\$mm)	Employment
Direct/Indirect	415.5	120.0	1,859
Induced	147.5	42.3	901
Total	563.0	162.3	2,760

Full build out	Total Output (\$mm)	Wages (\$mm)	Employment
Direct/Indirect	831.0	240.0	3,717
Induced	294.9	84.6	1,803
Total	1,125.9	324.6	5,520

Note that RIMS II multipliers do not break out direct and indirect impacts. As such, they are combined on this page relative to the next page where we have direct impacts at hand because of our modeling elsewhere herein. This allows us to bifurcate the direct and indirect impacts for the operational phases.

Economic Impact – a significant net positive for Northeast Indiana (operations phases)

1 We assessed the economic impact of the relocation of Rising Sun to New Haven by using RIMS II multipliers (a tool developed by the US Bureau of Economic Analysis to assess the potential economic impacts of development projects) for both the construction and operational phases of the project

- 2** Total economic output and total jobs are a significant positive for Northeast Indiana during the operational phases:
- Total operational output of Phase I is projected to be \$442.8 million with the creation of 2,426 jobs
 - Phase II, while broadly equal in development cost to Phase I, is expected to have a more modest impact as Phase I will have done most of the heavy lifting as highlighted in the revenue summary elsewhere herein
 - At full build out of Phases I and II, operational output is estimated at \$569.7 million with 2,890 jobs created

Economic impact to Indiana – operations phase (at stabilization for each of Phases I and II)

Phase I	Total Output (\$mm)	Wages (\$mm)	Employment
Direct	243.9	62.0	1,242
Indirect	96.9	33.6	539
Induced	102.1	33.7	646
Total	442.8	129.4	2,426
Phase II (incremental benefit)			
Direct	69.9	11.8	237
Indirect	27.8	6.4	103
Induced	29.2	6.4	123
Total	126.9	24.7	463
Full build out			
Direct	313.7	73.9	1,480
Indirect	124.7	40.1	641
Induced	131.3	40.2	769
Total	569.7	154.2	2,890

Fiscal Impact - gaming

- 1 Based on our proforma revenue projections, we estimated wagering taxes associated with the New Haven property.
- 2 The bulk of taxes are generated from wagering taxes on GGR (e.g. ~\$72.4 million in the stabilized Phase I, Year 3), most of which accrues to the State of Indiana, but also has significant contributions to Allen County and the City of New Haven
- 3 Gaming tax revenues experience a notable uptick in Year 4, which is attributable to the Phase II development generating a significant increase in revenues

State, county, and city-level fiscal impacts, by year

	Year 1	Year 2	Year 3	Year 4	Year 5
Gaming revenue					
GGR	206.0	230.2	242.4	280.3	288.7
Promo tax allowance	-9.0	-9.0	-9.0	-9.0	-9.0
AGR after promo tax allowance	197.0	221.2	233.4	271.3	279.7
Graduated wagering tax					
Indiana	39.5	45.9	49.1	59.0	61.2
New Haven	13.2	15.3	16.4	19.7	20.4
Total	52.7	61.2	65.4	78.7	81.7
Supplemental wagering tax					
Other governing bodies and stakeholders	5.9	6.6	7.0	8.1	8.4
Total wagering taxes					
Indiana	39.5	45.9	49.1	59.0	61.2
New Haven	13.2	15.3	16.4	19.7	20.4
Other governing bodies and stakeholders	5.9	6.6	7.0	8.1	8.4
Total	58.6	67.8	72.4	86.8	90.0

CBRE used publicly available tax information to estimate total taxes paid by a New Haven casino

At the time of writing, CBRE does not know how supplemental wagering tax funds will be allocated

Totals may not sum due to rounding

Fiscal Impact – beyond gaming

- 1 We also estimated taxes across an array of categories, including room taxes, sales taxes, property taxes, and corporate income taxes
 - As noted on the prior page, the bulk of taxes are generated from wagering taxes on gaming revenue, much of which accrues to the State of Indiana
- 2 Tax revenues experience a notable uptick in Year 4, which is attributable to the Phase II portion (hotel, event center, etc.) coming online and generating significant related tax revenues
- 3 The figures herein do not include personal income taxes generated from the thousands of jobs created during the construction and operational phases

CBRE used publicly available tax information to estimate total taxes paid by a New Haven casino

At the time of writing, CBRE does not know how supplemental wagering tax funds will be allocated

“Other governing bodies and stakeholders” also includes the Allen County Fort Wayne Capital Improvement Board, as well as all line items listed within the “Property tax distribution” section except for those labeled “Allen County” and “New Haven”

Totals may not sum due to rounding

State, county, and city-level fiscal impacts, by year

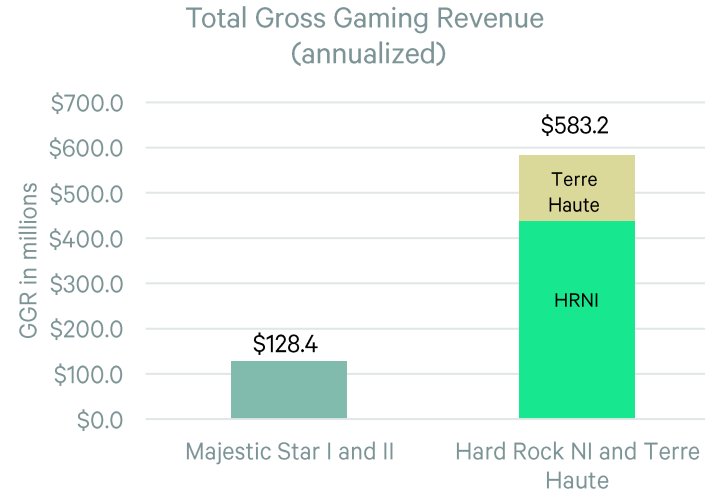
Category/Recipient	Year 1	Year 2	Year 3	Year 4	Year 5
Food and Beverage (FAB) tax, Innkeeper’s tax					
Allen County Fort Wayne Capital Improvement Board (CIB)	0.2	0.2	0.2	1.4	1.4
Sales tax					
Indiana	1.4	1.5	1.6	3.1	3.2
Property tax					
Allen County	0.8	0.8	0.9	1.7	1.8
New Haven	1.8	1.8	1.9	3.7	3.9
East Allen County Schools	1.7	1.8	1.8	3.6	3.7
East Central Fire Department	0.6	0.6	0.6	1.2	1.3
Allen County Public Library	0.3	0.3	0.3	0.6	0.6
Public Transit	0.1	0.1	0.1	0.2	0.2
Jefferson Township	0.1	0.1	0.1	0.1	0.1
Allen County Airport	0.1	0.1	0.1	0.1	0.1
Total	5.4	5.6	5.8	11.4	11.7
Corporate income tax					
Indiana	2.3	2.7	2.8	2.9	3.0
Tax distribution by jurisdiction (inc. wagering taxes)					
Indiana	43.2	50.1	53.5	65.1	67.5
Allen County	0.8	0.8	0.9	1.7	1.8
New Haven	15.0	17.1	18.3	23.4	24.3
Other governing bodies and stakeholders	8.9	9.7	10.2	15.4	15.9
Total	67.9	77.8	82.8	105.7	109.5

Case study:
Hard Rock
Northern Indiana
and Terre Haute

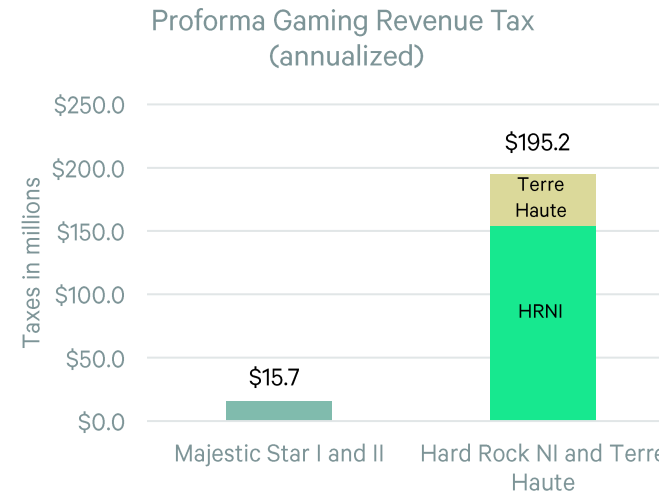
Case Study: impact to Indiana of license relocation (Hard Rock Northern Indiana and Terre Haute)

- 1 Herein we assess the impact of GGR and related tax receipts following the relocation of the two Majestic Star licenses to inland locations in Gary and Terre Haute
 - One license is now operating as Hard Rock Northern Indiana, approximately five miles south of the original Buffington Harbor location, on I-94
 - The other license is currently operating as the Terre Haute Casino Resort, approximately 170 miles south
- 2 The tables herein are presented on an annualized basis
 - The Majestic Star boats were open approximately nine full months between the COVID-related closures and their cessation of business
 - Terre Haute Casino opened April 2024
 - Hard Rock's tax receipts are adjusted for the elimination of the dual license tax structure that is scheduled to end in June 2025
- 3 Importantly, both gaming revenue and gaming tax receipts are significantly higher than on a pre-relocation basis
 - Annualized GGR is ~4.5 times higher post-relocation
 - Given Indiana's graduated tax rates, proforma gaming taxes on a stabilized/annualized basis are ~12.4 times higher compared to the Majestic Star era

Proforma GGR before and after license relocations



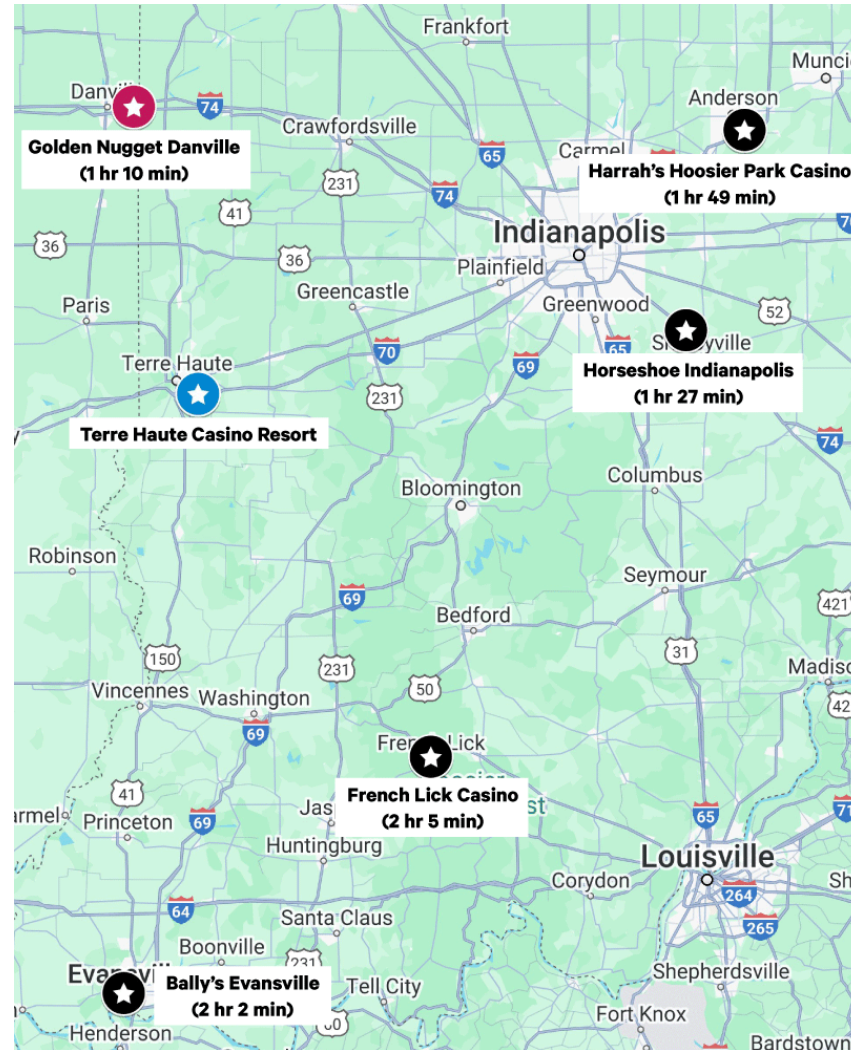
Total proforma gaming tax receipts before and after license relocations



Case Study: impact to Indiana of license relocation (Terre Haute Casino Resort)

- 1 Herein we assess the impact on market-area GGR following the relocation of one of the two Majestic Star licenses to Terre Haute
- 2 The license is now operating as Terre Haute Casino Resort
- 3 We highlight that the closest Indiana casino to Terre Haute is Horseshoe Indianapolis at nearly one and a half hours away. Most other Indiana casinos are closer to two hours (or more)
 - Importantly New Haven will enjoy a similar dynamic with Terre Haute insofar as it is in a pocket without any competition within a similar drive time
- 4 Not only has Terre Haute grown gaming revenue in the southwest quadrant of Indiana, but the other casinos within the southwest quadrant have also outperformed their Indiana peers
 - The four legacy casinos in southwest Indiana have demonstrated a 122-bps growth rate advantage over all other Indiana casinos
 - This suggests that Terre Haute has not materially impacted any other Indiana casino

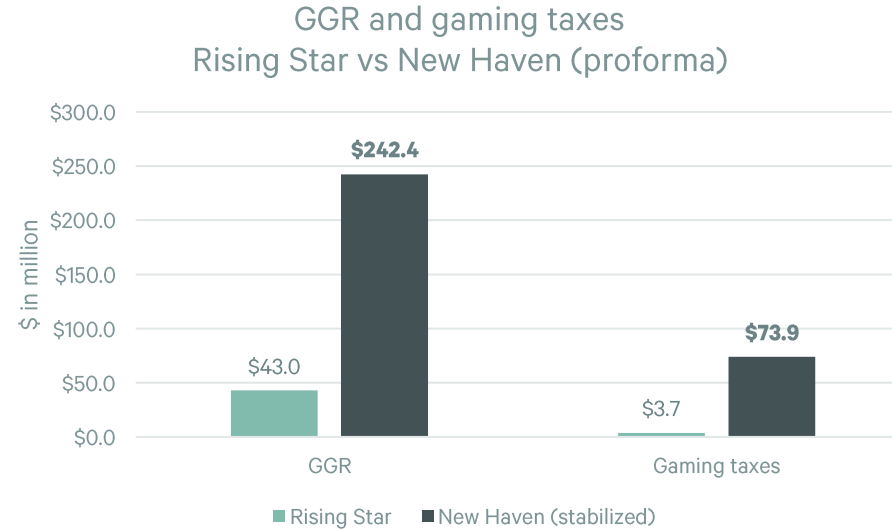
Drive time maps: Terre Haute to competitors and New Haven to competitors (note: Danville, IL casino in red)



Proforma GGR and gaming revenue taxes following license relocation from Rising Star to New Haven

- 1 As we've outlined in our demand modeling and case studies, the potential for new gaming revenue and gaming taxes at New Haven is significantly greater than current operations at Rising Sun
 - Proforma GGR is ~5.6 times higher post-relocation
 - Given Indiana's graduated tax rates, proforma gaming taxes on a stabilized/annualized basis are ~20 times higher compared to receipts from Rising Star
- 2 The absorption of Rising Star gaming revenue by other Indiana casinos will result in higher gaming revenue taxes to Indiana (recaptured GGR would be taxed at higher graduated rates)
 - Rising Star is the only casino currently operating under the distressed gaming tax rate, hence the outsized increase in gaming tax receipts following relocation

Proforma GGR and taxes before and after license relocations



Limiting Conditions

Limiting Conditions

This confidential gaming market study (this “Study”) is being provided to Full House Resorts, Inc. (the “Company”) by Union Gaming Analytics, LLC (“CBRE”) in order to assist the Company in evaluating the feasibility of a possible casino development in or around New Haven, IN (the “Project”). This Study has been prepared by CBRE pursuant to the letter agreement, dated September 13, 2024, between the Company and CBRE (the “Letter Agreement”). This Study is subject to all of the terms, conditions, assumptions, qualifications and limitations set forth herein and in the Letter Agreement.

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This Study (i) necessarily makes numerous assumptions, many of which are beyond anyone’s control and which may prove not to be accurate, either as of the date hereof or in the future, (ii) is not necessarily indicative of current prices or values or future performance, all of which may be significantly more favorable or less favorable than as set forth herein and (iii) should not be regarded as a guarantee, representation or warranty by CBRE that any of the business, financial, economic, market and other conditions (including prices and valuations) and/or financial results described in this Study will be achieved.

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Thank you

CBRE