

Enid Gaming Market Assessment

**Enid, OK
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Prepared for:
Garfield Investment Holdings, LLC

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Executive Summary

Garfield Investment Holdings LLC (“GIH”) commissioned Maxim Strategy Group (“MSG”) to assess the gross gaming revenue (“GGR”) potential and profitability for a proposed gaming facility to be developed in Enid, Oklahoma. For this analysis, MSG completed a Gaming Market Assessment (“GMA”) for a 600 slot casino to be located on land at the intersection of E. Owen K Garriott Road and S 9th Street. The land is two contiguous parcels totaling approximately 5.4 acres of landing.

A drive-time gravity model was used in developing these projections. When utilized in the gaming environment, the model forecasts the potential visitation and gaming revenue that could be generated from the identified market by allocating visits based on a populations’ proximity to a casino alternative. While distance or the amount of time it takes to get to a casino can be translated into convenience, the size and scope of amenities (attraction) of each competitor in the market also plays a significant role in a casino patron’s decision where to play. The attraction factor for the Enid development assumed a quality and finish comparable to higher quality casinos within a one hour drive of Enid. In addition to slots the casino is expected to include a restaurant, bar and quick service food outlet.

The optimal sizing for the casino was determined to be approximately 600 slot machines, yielding a win per unit per day (“W/U/D”) of \$127 in the stabilized year. The sizing analysis is an iterative process with the goal of offering the most volume and variety while still maintaining an efficient slot operation and maximizing return on investment. W/U/D is the metric used to gauge optimal sizing. A low W/U/D suggest an inefficient slot operation as the fixed cost associated with the slot operation is not properly leveraged. A high W/U/D suggests overcrowding leading to customer dissatisfaction. The optimal W/U/D is market driven, thus we analyzed comparable properties in the Oklahoma market to arrive at the appropriate W/U/D value.

A pro forma income statement was prepared for the casino projects the potential earnings before interest, income taxes, depreciation, amortization and management fees (“EBITDAM”) for the proposed casino.

Assumptions

Maxim used the following assumptions in developing our analysis:

- The property is expected to open in 2020 with a stabilized year of operation in 2021;
- No new competitors will enter the market during the timeframe of the assessment;
- It is expected to operate 600 Slot Machines, and include food and beverage offerings as described in the report;
- The property is expected to be a new build with a finish that will be on par with higher caliber casinos in the regional market;
- The property will offer ample parking;
- The property will be operated by an experienced and professional casino management team;
- A management fee has not been included as it is expected the mgmt. team would be employed by the entity;

- The casino will begin advertising and promoting well in advance of the opening;
- Property Tax and/or fees to local governing bodies have been purposely omitted at this point in time as discussions with the city are ongoing;
- The client has advised the Ponca Tribe of Indians of Oklahoma is no longer pursuing a casino east of Enid. This was not considered in the analysis;
- Per the client, estimated local property and sales taxes have not been included at this time as discussions with local officials are ongoing.

The results of the analysis are shown in the following tables. GGR for the first year is estimated to be \$25.5 million reaching \$29.9 million by year five. The average annual growth over this time period is expected to be 4% stabilizing to 2% annually thereafter.

Figure 1: Proposed Enid Casino five year revenue forecast (2020-2024)

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------|--------------|--------------|--------------|--------------|--------------|
| Gross Gaming Revenue | \$25,532,251 | \$27,904,100 | \$28,741,223 | \$29,316,047 | \$29,902,368 |
| # of Machines | 600 | 600 | 600 | 600 | 600 |
| Win/Machine/Day | \$117 | \$127 | \$131 | \$134 | \$137 |
| Visitors | 341,812 | 371,535 | 378,966 | 382,756 | 386,583 |
| Win/Visit/Day | \$75 | \$75 | \$76 | \$77 | \$77 |

Source: Maxim Strategy Group

The proposed Enid property would operate with an EBITDAM margin of 33% to 36% reaching an EBITDAM of \$11.4 by year five. This excludes any management or municipal fees.

Figure 2: Proposed Enid Casino five year EBITDAM forecast (2020-2024)

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------|--------------|--------------|--------------|--------------|--------------|
| Gross Gaming Revenue | \$25,532,251 | \$27,904,100 | \$28,741,223 | \$29,316,047 | \$29,902,368 |
| Other Revenue | \$1,414,103 | \$1,466,791 | \$1,504,856 | \$1,541,041 | \$1,578,101 |
| Total Gross Revenue | \$26,946,354 | \$29,370,891 | \$30,246,079 | \$30,857,088 | \$31,480,469 |
| EBITDAM | \$8,883,452 | \$10,531,400 | \$10,966,351 | \$11,190,251 | \$11,418,622 |
| Margin (Gross) | 33% | 36% | 36% | 36% | 36% |

Source: Maxim Strategy Group

Gaming Competition

The following provides an overview of the relevant competition in the region as defined by a 100-mile radius from Enid, OK. There is a plethora of gaming properties, mainly extending north, south and east from Enid. We identified roughly thirty-six (36) casinos offering approximately 27,500 slot machines that materially influence this market. The regional market has long been served by these properties making it a mature gaming market by any standard in the US. The Enid gaming market is severely truncated to the north by the Tonkawa, SouthWind, and 7 Clans Casino properties as well as the Kansas Star (near Wichita); to the south by Lucky Star properties, various casinos in Hinton, and Remington Park; and to the east by numerous casinos, including the Cimarron Casino (Stillwater), the Osage casinos and the Cherokee casinos. The following is a brief discussion of the Tribes operating casinos in the region:

- **Cheyenne and Arapahoe Tribes – Lucky Star Casinos (5 casinos)**

The Lucky Star casinos are scattered to the south and southwest of Enid and range in size from 195 slot machines to 1,808 slot machines. They appear lackluster in nature generally offering only one food and beverage option. The Lucky Star website was very basic and uninformative.

- **Otoe-Missouria Tribe of Indians – 7 Clans Casinos (4 casinos)**

The 7 Clans properties are situated to the north and northeast. The marquee property is called First Council near Newkirk (a few miles south of the Kansas border) with over 1,200 slot machines and 11 table games. This property also offers a boutique hotel.

- **Tonkawa Tribe – Native Lights and Tonkawa Hotel & Casino (2 casinos)**

The Tonkawa casinos are also situated to the north and northeast with easy access from I-35. The marquee property is called Tonkawa Hotel and Casino with over 500 slot machines. This property also offers a 66-room hotel with several suite options.

- **Kaw Nation – SouthWind Casinos (3 casinos)**

The Kaw Nation offers several smaller casinos near Newkirk. The SouthWind Newkirk contains about 300 slot machines supported by several food and beverage options. The property also offers a race book and a 700-seat bingo parlor.

- **Osage Nation – Osage Casinos (7 casinos)**

The Osage casinos are generally scattered to the east of Enid and range in size from 170 slot machines to 1,000 slot machines. The casinos are similarly themed and generally offering only one or two food and beverage option. The Osage casino in Tulsa features 1,000 slot machines and 12 table games (mostly blackjack) as well as a large bingo parlor.

- **Iowa Tribe of Oklahoma – Cimarron and Iowa (2 casinos)**

The Iowa Tribe operates a casino near Stillwater called Cimarron with about 600 slot machines and a few table games. The table offering includes blackjack and various poker games. The food and beverage options include a café and sports bar.

Figure 3: Oklahoma Native American casinos in the region

| Casino Brands / Properties | City | Miles from Enid | EGD's | Gaming Tables | Hotel Rooms |
|--|--------------|-----------------|--------|---------------|-------------|
| Lucky Star Properties (yellow triangle) | | | | | |
| Concho | Concho | 56 | 1,808 | 13 | 0 |
| Canton | Canton | 60 | 300 | 0 | 0 |
| Watonga | Watonga | 68 | 195 | 0 | 0 |
| Clinton | Clinton | 128 | 1,143 | 6 | 0 |
| Hammon | Hammon | 140 | 327 | 0 | 0 |
| 7 Clans Properties (red triangle) | | | | | |
| Perry | Perry | 42 | 240 | 4 | 0 |
| Paradise (Red Rock) | Red Rock | 53 | 420 | 6 | 0 |
| First Council | Newkirk | 89 | 1,231 | 11 | 86 |
| Chillico | Newkirk | 89 | 304 | 0 | 0 |
| Tonkawa Properties (green triangle) | | | | | |
| Tonkawa Hotel & Casino | Tonkawa | 52 | 500 | 0 | 66 |
| Native Lights | Tonkawa | 58 | 527 | 0 | 0 |
| Kaw Nation Properties (light blue triangle) | | | | | |
| SouthWind Braman | Braman | 70 | 323 | 0 | 0 |
| SouthWind Kanza | Kanza | 70 | 46 | 0 | 0 |
| SouthWind Newkirk | Newkirk | 84 | 300 | 0 | 0 |
| Osage Properties (blue triangle) | | | | | |
| Ponca City | Ponca City | 71 | 345 | 6 | 0 |
| Hominy | Hominy | 98 | 215 | 0 | 0 |
| Sand Springs | Sand Springs | 108 | 530 | 1 | 0 |
| Pawhuska | Pawhuska | 109 | 170 | 0 | 0 |
| Tulsa | Tulsa | 118 | 1,000 | 12 | 0 |
| Skiatook | Skiatook | 121 | 315 | 6 | 33 |
| Bartlesville | Bartlesville | 131 | 440 | 4 | 0 |
| Other Properties (purple triangle) | | | | | |
| Cimarron Casino | Stillwater | 65 | 600 | 7 | 0 |
| Casino Oklahoma | Hinton | 90 | 668 | 0 | 0 |
| Sugar Creek | Hinton | 90 | 676 | 4 | 0 |
| Total | | | 12,623 | 80 | 185 |

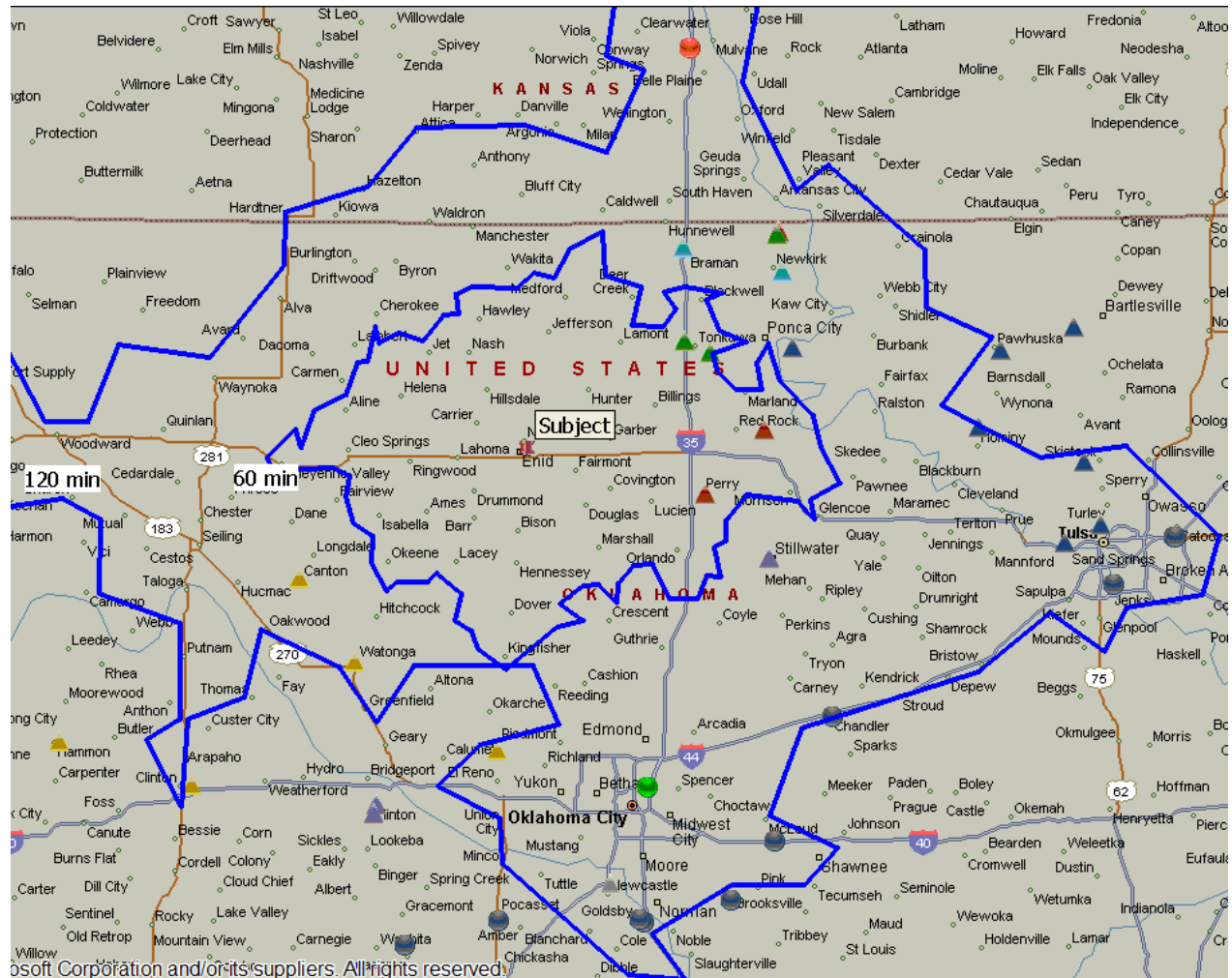
Source: Casino City; Casino Websites; Microsoft MapPoint

There is also a major gaming operation, called the Kansas Star (red circle), in southern Kansas in Mulvane (near Wichita). This a full-service gaming venue offering 1,825 slot machines and 50 table games, complimented by 5 restaurants and 3 bars. The property also features an arena and event center for live entertainment and conferences.

Remington Park (green circle) offers a slots-only casino featuring about 750 slots machines in an appealing environment. The property offers three (3) restaurants and several bars.

The blue circles shown in the south/southeast region represent tertiary competition imbedded in the model that does not influence the results.

Figure 4: Enid region market map



Source: Microsoft MapPoint; Casino Websites; Casino City

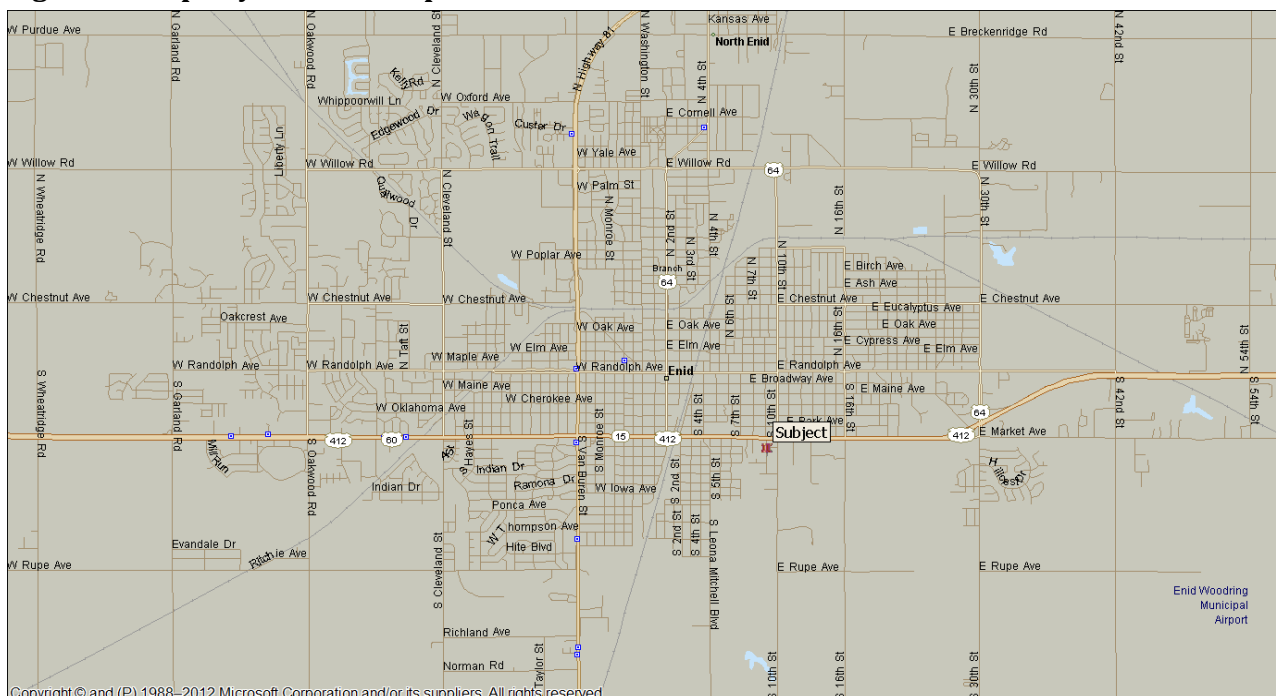
Proposed Development

Location

The proposed casino would be located in the southeast portion of Enid, Oklahoma, with easy access from Highway 412. Enid is situated in north-central Oklahoma, at the crossroads of Highway 412 and Highway 81. Highway 412 extends into western Oklahoma, to the city of Woodward, and to the east connecting to I-35 (30 miles) and continuing into Tulsa. Highway 81 extends north into Kansas (42 miles) and south connecting to I-40 (60 miles).

The slot casino would be located on two contiguous plots of land. The first, with E Owen K Garriott Road frontage at address 825 covers 1.69 acres and the second is situated adjacent to and directly south with frontage on S. 9th Street at 730, and is 3.70 acres for a total of 5.40 acres. Using E Owen K Garriott Road also known as US Highway 412, the location is approximately 30 miles west of I-35.

Figure 5: Property Location Map



Source: Microsoft MapPoint

Facility

The facility is expected to offer about 600 slot machines, with a mix of Class II and Class III options. It was assumed to be a single-story building that would include a sixty-seat sit down restaurant serving lunch and dinner, a bar and a quick serve food outlet. The location provides sufficient room for ample parking. It is further assumed the facility

would be of the quality and finish as most of the nicer facilities within the two-hour drive time radius.

Garfield County

Enid is the largest city in Garfield County and the county seat. Garfield County is known for its wheat production. It was originally part of the Cherokee Outlet. Back in the late 1800s, cattle companies leased large sections of the Outlet from the Cherokee for cattle drives from Texas to Kansas via the Chisholm Trail. Later, various railroad lines put the county on the map.

Agriculture and livestock have historically been the County’s primary business. Crops include wheat, corn, oats, sorghum and alfalfa. In 2001, farmers planted about 305,000 acres of wheat and 38,000 acres of sorghum. The oil and gas industry, manufacturing, and flour milling also play a crucial role in the County’s economy.

The 2010 census reported Garfield County’s population of approximately 60,600 people. The median annual income for households was estimated at \$49,700.

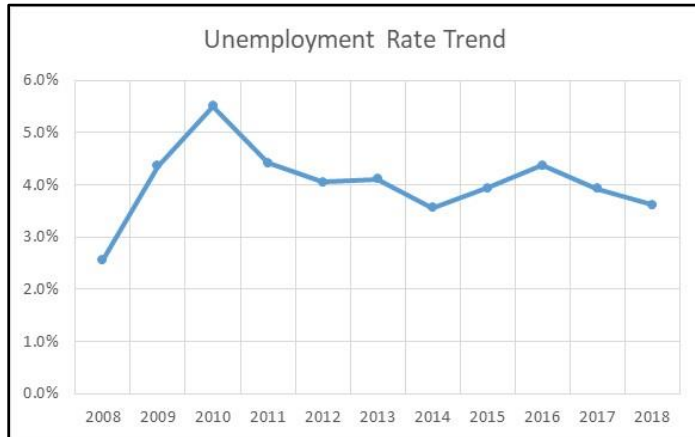
The labor force in Garfield County stands at about 27,300 and has been declining modestly over the last several years. The unemployment rate is 3.6% (first half of 2018), down from a near-term high of 4.4% in 2016.

Figure 6: Garfield County unemployment analysis

| | Unemployment | Employment | Labor Force | Unemployment Rate |
|-----------------|--------------|------------|-------------|-------------------|
| 2015 | 1,187 | 28,895 | 30,082 | 3.90% |
| 2016 | 1,269 | 27,717 | 28,985 | 4.40% |
| 2017 | 1,098 | 26,838 | 27,936 | 3.90% |
| 2018 | 988 | 26,331 | 27,318 | 3.60% |
| % Change | | | | |
| 2016 | 7% | -4% | -4% | 11% |
| 2017 | -14% | -3% | -4% | -10% |
| 2018 | -10% | -2% | -2% | -8% |

Source: Bureau of Labor Statistics; Maxim Strategy Group

Figure 7: Garfield County unemployment rate trend



Source: Bureau of Labor Statistics; Maxim Strategy Group

United Keetoowah Band of Cherokee Indians in Oklahoma

The United Keetoowah Band of Cherokee Indians (“UKB”) in Oklahoma is a federally recognized tribe of Cherokee Native Americans headquartered in Tahlequah, Oklahoma. According to the Cherokee Registry the UKB has over 14,300 members with over 13,000 living in the state.

The tribe owns and operates Keetoowah Construction in Tahlequah, and the Keetoowah Treatment Center in Tulsa, Oklahoma. They have an arts and crafts gallery, showcasing members' work.

The tribe operated the Keetoowah casino for approximately nineteen years before permanently closing in 2013 as part of a settlement with the state after a court ruling that the casino had been operating illegally on land that was never in trust.

Gaming Revenue Projections

Methodology

To estimate the potential gaming revenue for the proposed casino development in Enid, Oklahoma, a drive-time gravity model was developed. The gravity model derives its name from the principals associated with Isaac Newton's law of universal gravitation, which states that the attraction between two masses is directly proportional to their size and inversely related to the square of the travel distance that separates them.

Simply put, when utilized in the gaming environment, the model forecasts the potential visitation and gaming revenue that could be generated from the identified market by allocating visits based on a populations' proximity to a casino alternative. While distance or the amount of time it takes to get to a casino can be translated into convenience, the size and scope of amenities of each competitor in the market also plays a significant role in a casino patron's decision where to play. Full service casinos (ones that offer slot machines and live table games) with a wide variety of casino offerings as well as non-gaming amenities will have a higher attraction and more appeal than a slots-only facility with limited non-gaming offerings.

A gravity model is an excellent tool for preparing this type of market assessment; one that must consider numerous competitors offering a variety of gaming alternatives with demand based on the convenience, scope and quality of product under consideration.

In developing the base model, a distinct set of market segments were carved out of the catchment area based on several variables. The catchment area itself represents the adult population living within approximately 90 minutes of the proposed project (120 minutes for markets to the west due to the lack of competition). The market segments were defined with consideration given to travel distance from competition in the region, accessibility (access to highways) and demographics of the population base. Zip code level data on populations and incomes of the catchment area collected from the U.S. Census and updated by third-parties was used.

Gaming visits are then estimated by developing penetration rates of the adult population residing in each market by determining the gaming behavior of each market. Establishing a basis for behavior is critical to the process. Gaming behavior is quantified using a set of "Gaming Factors" known as propensity and frequency.

Propensity is considered the percentage of adults that will visit a casino. Several factors play a part in one's decision whether to gamble or not. These include accessibility and convenience, the type of product being offered (is it slot machines only or a full-service casino), variety of non-gaming options such as dining and entertainment and the number of gaming alternatives within a reasonable drive time. The closer the population is to the casino the greater the propensity.

Frequency relates to the average number of visits to a casino that an adult with a propensity to gamble will make per year. Similar to propensity, the same considerations apply to frequency. Proximity, convenience, type and quality of product and supply

influence how often one will frequent a casino. The frequency of visitation is inversely related to distance from a gaming venue, as fewer trips are made as convenience declines.

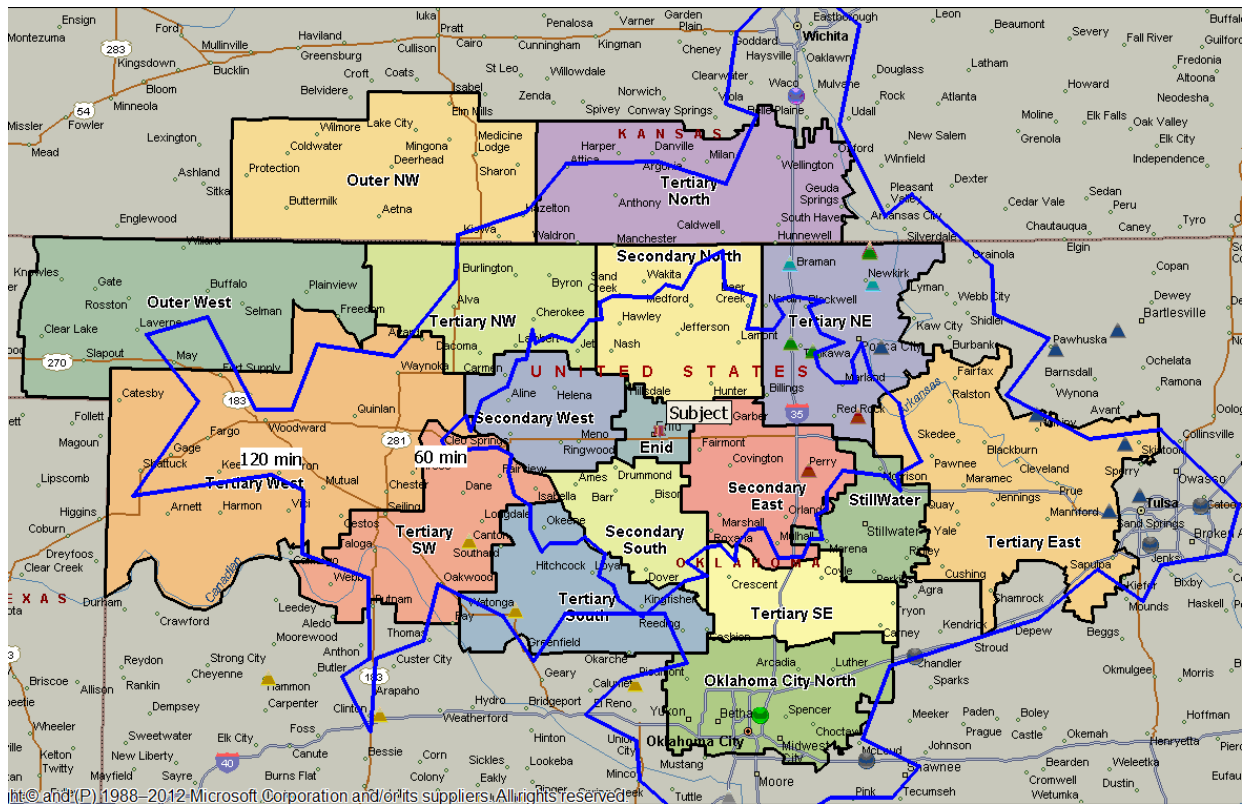
This data serves as the basis to determine the number of gaming visits generated within each market of the catchment area. These visits are then distributed to the competing facilities based on the distance from each facility to each market, with closer facilities receiving a greater share of visits than more distant ones assuming all other things being equal. For a casino to attract visits, two specific inputs are considered. The first is the gaming size or the number of gaming positions any one casino will offer. The greater the number of gaming positions, the higher the attraction will be for a particular casino. However, the cap on this is finite; meaning once a casino's supply reaches the demand level (as measured by an optimal W/U/D), it will cease to generate incremental revenue that can support the required return on investment. The second feature considered in the distribution of gamer visits is an attraction factor. This factor accounts for differences in the types of casino games offered, the amenities available at each facility, the appeal of the facility, branding and a facilities ability to effectively market as a result of a favorable gaming tax. In addition, a sub-set of attraction factors consider market specific attractors or deterrents such as use of road networks and traffic congestion.

Once the gaming visits have been established and distributed the average win per visit is applied. This application represents the average win per visit for all gaming visits generated within a specific market area. Win per visit tends to increase with distance as gamers make fewer annual trips but spend more time and have a larger per trip gaming budget. Win per visit also varies based on market segment income levels. Primary research as well as publicly available data serves as a basis for this input.

Market Areas

The catchment area was designed to include the population living within a day-trip of the property, while considering competition. The catchment area was then segmented into seventeen (17) distinct market areas, defined to incorporate many factors including competition in the region, distance, the transportation network, accessibility, income levels, and competing forms of entertainment. Underlying these market segments are about 190 zip codes, representing the smallest level of data delineation. For each defined market area shown in the following map demographics were compiled.

Figure 8: Enid Market Carve Map (Potential Capture Area)



Source: Microsoft MapPoint, Maxim Strategy Group

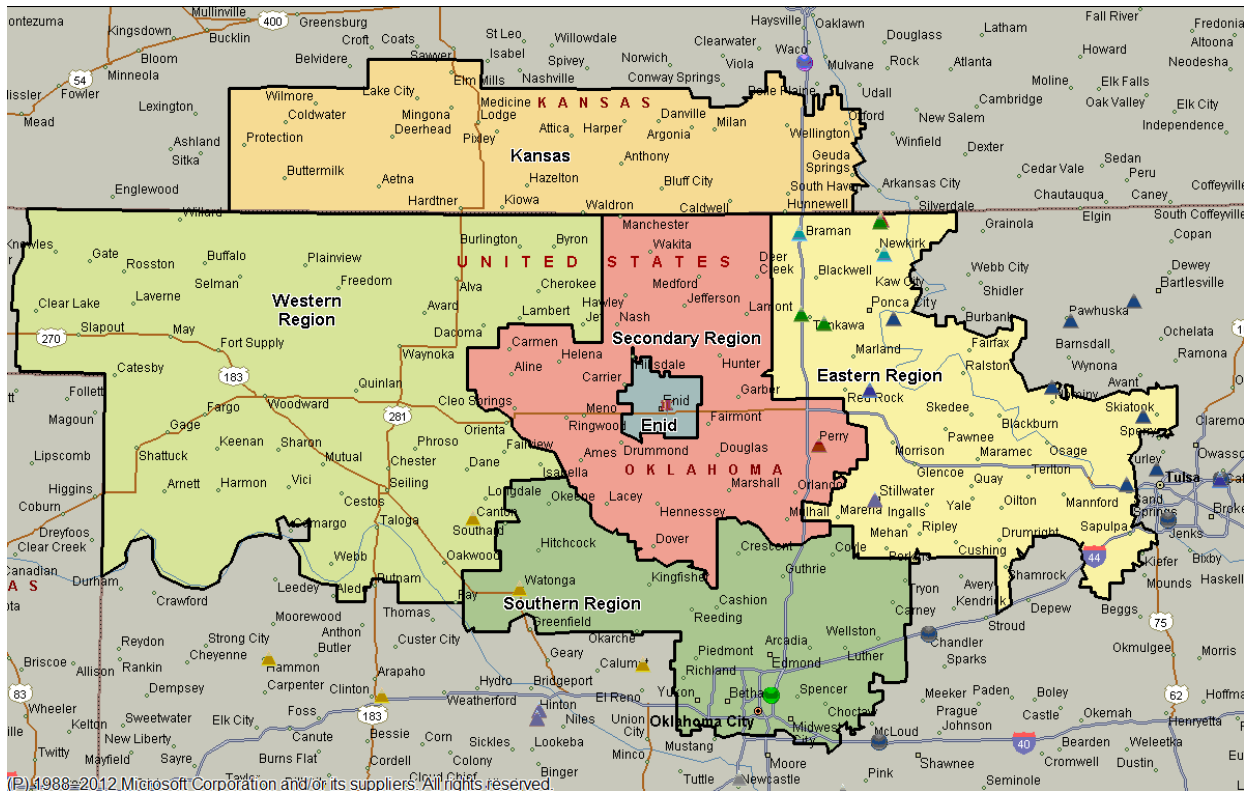
However, to make the analysis more meaningful and to make this report more user-friendly, these seventeen (17) market segments were summarized into five (5) regional segments. The following table and map show the market segmentation for this study.

Figure 9: Regional Market Consolidation

| Region | Market Segments |
|-----------|--|
| Primary | Enid |
| Secondary | Secondary East, Secondary North, Secondary South, Secondary West |
| Western | Outer West, Tertiary West, Tertiary NW, Tertiary SW |
| Eastern | Stillwater, Tertiary East, Tertiary NE, Tertiary SE |
| Southern | Oklahoma City North; Tertiary South |
| Kansas | Outer NW, Tertiary North |

Source: Maxim Strategy Group

Figure 10: Consolidated Market Map



Source: Microsoft MapPoint, Maxim Strategy Group

Adult Population

The following table displays the adult population estimates for each of the subset markets. The gamer population count for the defined market area was estimated at 879,000 million in 2013. The count is expected to reach 931,000 million by 2020, reflecting growth of about 0.80 percent per year.

The vital Enid market contains about 37,000 gamer adults (2018) and is expected to remain steady over the next few years. The Secondary market segments combine to contribute 24,200 gamer adults, with the count expected to increase slightly over the next few years. The Western region contains about 35,500 gamer adults. This is an important area for the subject property, as residents in this region will generally find an Enid casino to be the most convenient.

The bulk of the population lies to the south (which includes most of Oklahoma City) and to the east, which encroaches on Tulsa. The Southern and Eastern regions contain 598,000 and 202,000 gamer adults, respectively, and are expected to show meaningful growth over the next few years. However, competition for these gamers is fierce.

Figure 11: Gamer Population Segment by Market

| Market Segments | 2013 | 2018 | AAG | 2020 |
|---------------------|----------------|----------------|-------------|----------------|
| Enid | 37,704 | 37,467 | -0.1% | 37,373 |
| Oklahoma City North | 553,318 | 585,708 | 1.1% | 599,189 |
| Outer NW | 4,963 | 5,012 | 0.2% | 5,032 |
| Outer West | 3,416 | 3,411 | 0.0% | 3,409 |
| Secondary East | 8,388 | 8,401 | 0.0% | 8,406 |
| Secondary North | 4,092 | 4,261 | 0.8% | 4,331 |
| Secondary South | 5,888 | 6,017 | 0.4% | 6,069 |
| Secondary West | 5,365 | 5,563 | 0.7% | 5,644 |
| Stillwater | 46,145 | 48,111 | 0.8% | 48,921 |
| Tertiary East | 94,630 | 97,829 | 0.7% | 99,139 |
| Tertiary NE | 35,038 | 34,100 | -0.5% | 33,732 |
| Tertiary North | 14,879 | 14,335 | -0.7% | 14,123 |
| Tertiary NW | 7,050 | 6,950 | -0.3% | 6,910 |
| Tertiary SE | 21,147 | 21,748 | 0.6% | 21,993 |
| Tertiary South | 11,884 | 11,814 | -0.1% | 11,786 |
| Tertiary SW | 6,018 | 6,004 | 0.0% | 5,998 |
| Tertiary West | 19,519 | 19,159 | -0.4% | 19,017 |
| Total | 879,444 | 915,890 | 0.8% | 931,072 |

Source: Nielsen, Maxim Strategy Group

Figure 12: Gamer Population by Region

| Market Regions | 2013 | 2018 | AAG | 2020 | % of Total |
|--------------------|----------------|----------------|-------------|----------------|---------------|
| Enid | 37,704 | 37,467 | -0.1% | 37,373 | 4.3% |
| Secondary | 23,733 | 24,242 | 0.4% | 24,450 | 2.7% |
| Western | 36,003 | 35,524 | -0.3% | 35,335 | 4.1% |
| Eastern | 196,960 | 201,788 | 0.5% | 203,784 | 22.4% |
| Southern | 565,202 | 597,522 | 1.1% | 610,975 | 64.3% |
| Kansas | 19,842 | 19,347 | -0.5% | 19,155 | 2.3% |
| Grand Total | 879,444 | 915,890 | 0.8% | 931,072 | 100.0% |

Source: Nielsen, Maxim Strategy Group

Average Annual Household Income

The following table displays the average annual household income (“AAHI”) for each of the subset markets. The AAHI for the entire catchment area calculated to about \$62,800 (on a weighted average basis) in 2018. The income level is expected to reach approximately \$63,700 by 2020, reflecting an average growth rate of 0.7 percent per year over the next few years. This growth rate is well below the national average.

The subset markets exhibited an extremely wide range of income levels, from a low of about \$43,200 for Outer NW (extremely rural Oklahoma) to a high of \$67,900 for Oklahoma City North. The Enid market fell roughly in the middle at \$53,300, with the Secondary Region showing a similar AAHI of \$52,000 per year (2018).

The expected growth rates are also extremely varied from a low of -1.0% per year (Tertiary South) to a high of 1.2% per year (Stillwater). However, we do not believe the income growth rate data fully reflects the impact of the recent economic expansion, and therefore have adjusted the “win per visit” factors in the model accordingly.

Figure 13: Average Annual Household Income by Market

| Market Segments | 2013 | 2018 | AAG | 2020 |
|---------------------|-----------------|-----------------|-------------|-----------------|
| Enid | \$53,200 | \$53,281 | 0.0% | \$53,314 |
| Oklahoma City North | \$65,020 | \$67,898 | 0.9% | \$69,084 |
| Outer NW | \$44,922 | \$43,172 | -0.8% | \$42,492 |
| Outer West | \$50,710 | \$49,159 | -0.6% | \$48,553 |
| Secondary East | \$46,247 | \$46,117 | -0.1% | \$46,066 |
| Secondary North | \$51,124 | \$49,790 | -0.5% | \$49,266 |
| Secondary South | \$50,958 | \$48,780 | -0.9% | \$47,935 |
| Secondary West | \$64,470 | \$66,102 | 0.5% | \$66,766 |
| Stillwater | \$52,305 | \$55,631 | 1.2% | \$57,020 |
| Tertiary East | \$53,776 | \$53,292 | -0.2% | \$53,100 |
| Tertiary NE | \$48,354 | \$46,903 | -0.6% | \$46,335 |
| Tertiary North | \$50,705 | \$49,671 | -0.4% | \$49,263 |
| Tertiary NW | \$57,714 | \$60,348 | 0.9% | \$61,435 |
| Tertiary SE | \$57,510 | \$61,177 | 1.2% | \$62,708 |
| Tertiary South | \$55,924 | \$53,153 | -1.0% | \$52,084 |
| Tertiary SW | \$58,727 | \$58,444 | -0.1% | \$58,332 |
| Tertiary West | \$62,393 | \$62,226 | -0.1% | \$62,159 |
| Total | \$60,756 | \$62,815 | 0.7% | \$63,658 |

Source: Nielsen, Maxim Strategy Group

Figure 14: Average Annual Household Income by Region

| Market Regions | 2013 | 2018 | AAG | 2020 |
|--------------------|-----------------|-----------------|-------------|-----------------|
| Enid | \$53,200 | \$53,281 | 0.0% | \$53,314 |
| Secondary | \$52,376 | \$52,010 | -0.1% | \$51,875 |
| Western | \$59,756 | \$59,965 | 0.1% | \$60,055 |
| Eastern | \$52,868 | \$53,620 | 0.3% | \$53,958 |
| Southern | \$64,829 | \$67,606 | 0.8% | \$68,756 |
| Kansas | \$49,259 | \$47,987 | -0.5% | \$47,484 |
| Grand Total | \$60,756 | \$62,815 | 0.7% | \$63,686 |

Source: Nielsen, Maxim Strategy Group

Local Market Forecast (2021)

Once the model is built and populated, the next step in the process is the estimate gamer visits and gross gaming revenue for the defined market area. Information gathered from surveys, public filings and the casino properties within the market serve as a basis for determining the appropriate gaming factors that are applied to each market segment. An iterative process of adjustments is undertaken regarding these factors to hone the model's results to reflect the potential visitation patterns and revenue levels. At this point the model reflects revenue generation anticipated from each market for 2021.

For the market segments with convenient access to gaming, propensity factors ranged from approximately 38% to 43% with frequency levels in the low 20s, as Oklahoma adults display very high gaming participation relative to other markets throughout the United States. The outer segments to the west (Outer NW, Outer West, Tertiary West) show much lower participation due to the lack of convenient access to gaming. The proposed Enid project would become the most convenient gaming alternative for gaming patrons residing in these markets.

Win per Visit ("WPV") factors fluctuate based on AAHI levels and the drive times. With a longer drive, gamers generally take fewer trips but budget more per trip. For this study, WPV factors were generally in the \$70 to \$90 range except for Outer NW, Outer West, Tertiary NW, and Tertiary West. These segments showed WPV around \$100, due to a much longer drive to the most convenient gaming alternative. The gaming factors by market segment are displayed in the following table.

Figure 15: Enid Market Gaming Factors

| Market Segment | Propensity | Frequency | Participation Rate | Average Win |
|---------------------|--------------|-------------|--------------------|-------------|
| Enid | 38.3% | 22.8 | 8.7 | \$74 |
| Secondary East | 36.1% | 21.0 | 7.6 | \$74 |
| Secondary North | 30.7% | 18.6 | 5.7 | \$80 |
| Secondary South | 33.9% | 19.7 | 6.7 | \$78 |
| Secondary West | 31.1% | 18.8 | 5.9 | \$93 |
| Stillwater | 38.3% | 22.1 | 8.5 | \$78 |
| Oklahoma City North | 38.2% | 21.0 | 8.0 | \$87 |
| Tertiary East | 43.5% | 22.1 | 9.6 | \$74 |
| Tertiary NE | 41.5% | 21.1 | 8.8 | \$71 |
| Tertiary North | 29.0% | 17.4 | 5.0 | \$80 |
| Tertiary NW | 23.9% | 14.2 | 3.4 | \$101 |
| Tertiary SE | 32.3% | 19.4 | 6.3 | \$88 |
| Tertiary South | 32.3% | 19.4 | 6.3 | \$78 |
| Tertiary SW | 32.8% | 19.9 | 6.5 | \$87 |
| Tertiary West | 23.9% | 14.2 | 3.4 | \$101 |
| Outer NW | 17.5% | 9.5 | 1.7 | \$100 |
| Outer West | 23.0% | 11.0 | 2.5 | \$95 |
| Total | 37.8% | 21.0 | 7.9 | \$83 |

Source: Maxim Strategy Group

After applying these factors to the market’s population by segment, we estimated that the 931,000 adults living in the defined market area would generate approximately 356,000 gamer visits in 2021, related to the gaming facilities operating in the region. The weighted average propensity and frequency factor calculated to 37.8% and 21.0 times, respectively. Based on an average win per visit of \$83, market gaming revenue calculated to approximately \$620.3 million, as displayed below.

Figure 16: Overall GGR for Total Market -2021 forecast

| Market Region | Gamer Population | Propensity | Gamers | Frequency | Total Visits | Win / Visit | Gaming Revenue in (\$M) |
|--------------------|------------------|--------------|----------------|-------------|------------------|-------------|-------------------------|
| Enid | 37,326 | 38.3% | 14,288 | 22.8 | 325,771 | \$74 | \$24.20 |
| Secondary | 24,556 | 33.4% | 8,210 | 19.8 | 162,647 | \$80 | \$13.03 |
| Western | 35,240 | 25.3% | 8,933 | 15.2 | 135,364 | \$96 | \$13.03 |
| Eastern | 204,797 | 40.7% | 83,372 | 21.7 | 1,808,612 | \$75 | \$136.27 |
| Southern | 617,817 | 38.1% | 235,195 | 21.0 | 4,933,159 | \$87 | \$427.28 |
| Kansas | 19,060 | 25.9% | 4,945 | 16.0 | 79,072 | \$82 | \$6.48 |
| Grand Total | 938,795 | 37.8% | 354,944 | 21.0 | 7,444,625 | \$83 | \$620.28 |

Source: Maxim Strategy Group

Market Capture

The gravity model allocates gamer visits to the competitive set based on a drive time matrix, while mathematically considering the size, quality and scope of each gaming alternative. The drive time matrix compiles the drive time in minutes between the “center-point” of each market segment to each gaming alternative, using Microsoft MapPoint. The size of each gaming venue is measured in terms of gaming position, while an attraction factor is used to gauge quality and scope levels.

The proposed Enid casino is expected to capture approximately 79% of the Enid market segment or 258,000 visits. Based on a win of \$70 per visit, gaming revenue coming from this market segment is estimated to be \$18.2 million. The subject casino would be approximately 30 minutes closer to Enid than the next most convenient property (Lucky Star Perry).

The Enid casino is expected to capture about 32% of the Secondary Region, reflecting solid capture rates for Secondary West (64%) and Secondary South (53%), but is offset by lower capture rates for Secondary North and Secondary East, due to significant competition. The competition for Secondary North primarily includes the Tonkawa Hotel and Casino and the numerous casinos around Newkirk, including Southwind. The primary competition for Secondary East is Tonkawa Hotel and Casino and 7 Clans Perry. Based on a win per visit of \$77, the Secondary Region is expected to contribute \$4.0 million in gaming revenue.

The Enid casino is also expected to capture a healthy portion of the Western Region, as the model yielded a capture rate of 16% or 21,000 visits. The main competition for this

business is the Lucky Star properties situated to the west and south of Enid. Potential gamers living in the Western Region would have decent access to these properties via Highway 183 and Highway 281. Based on a win per visit of \$97, the Western Region is expected to contribute \$2.0 million in gaming revenue. The higher win per visit reflects a longer drive associated with this region.

While the capture rates for the Eastern and Southern regions are very low, the resulting gaming revenue is still meaningful at \$2.9 million in total, due to the size (in terms of population) of these regions as they include parts of Tulsa and Oklahoma City.

The table below displays the gaming revenue capture rates for the subject property by region. In total, the Enid casino is expected to capture approximately 5% of the local market yielding about 362,800 visits and \$27.3 million in local market gaming revenue. However, when considering the primary markets of Enid and Secondary they combine to account for 81% of total local market gaming revenue. The overall win per visit averaged \$75, modestly below the market average.

Figure 17: Local Market GGR for proposed Enid Casino -2021 forecast

| Market Region | Market Visits | Subject Market Share | Subject Visits | Win per Visit | Subject Gaming Revenue in (\$M) | % of Total |
|----------------------|----------------------|-----------------------------|-----------------------|----------------------|--|-------------------|
| Enid | 325,771 | 79.2% | 258,137 | \$70 | \$18.17 | 67% |
| Secondary | 162,647 | 31.6% | 51,438 | \$77 | \$3.96 | 15% |
| Western | 135,364 | 15.5% | 21,046 | \$97 | \$2.03 | 7% |
| Eastern | 1,808,612 | 0.6% | 10,845 | \$89 | \$0.96 | 4% |
| Southern | 4,933,159 | 0.4% | 18,361 | \$103 | \$1.89 | 7% |
| Kansas | 79,072 | 3.8% | 3,003 | \$95 | \$0.29 | 1% |
| Grand Total | 7,444,625 | 4.9% | 362,830 | \$75 | \$27.30 | 100% |

Source: Maxim Strategy Group

Gaming Revenue Forecast Summary

In addition to the local market, the subject casino is expected to generate material gaming revenue from tourists and pass-through travelers (called (“Other”) in the following table). We estimated that other gaming revenue would equate to 2.2% of local market revenue or \$600,000. This percentage is in line with comparable properties in the area. Thus, total gaming revenue for the proposed Enid casino summed to \$27.9 million, as displayed in the table below.

Figure 18: Total GGR for proposed Enid Casino -2021 forecast

| Component | Visits | Win per Visit | Gaming Revenue in (\$M) | % of Total |
|------------------|----------------|----------------------|--------------------------------|-------------------|
| Local Market | 362,830 | \$75 | \$27.30 | 97.8% |
| Other | 8,705 | \$69 | \$0.60 | 2.2% |
| Total | 371,535 | \$75 | \$27.90 | 100.0% |

Source: Maxim Strategy Group

Five Year GGR Forecast (2020-2024)

Maxim forecasted GGR for the first five years of operations. In the first year, it is expected the casino would attain 91.5% of its stabilized market potential as casinos typically experience this type of ramp up as marketing initiatives begin to see results. Once the property is stabilized it is expected to achieve normative growth rates of 2% annually. With 600 slot machines the property is expected to see win per unit per day estimates of \$117 to \$137 by year five.

Figure 19: Five year GGR forecast summary (2020-2024)

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------|--------------|--------------|--------------|--------------|--------------|
| Gross Gaming Revenue | \$25,532,251 | \$27,904,100 | \$28,741,223 | \$29,316,047 | \$29,902,368 |
| # of Machines | 600 | 600 | 600 | 600 | 600 |
| Win/Machine/Day | \$117 | \$127 | \$131 | \$134 | \$137 |
| Visitors | 341,812 | 371,535 | 378,966 | 382,756 | 386,583 |
| Win/Visit/Day | \$75 | \$75 | \$76 | \$77 | \$77 |

Source: Maxim Strategy Group

Pro forma Operating Statements

The following pro-forma operating statement estimates Earnings before Interest, Taxes, Depreciation, Amortization & Management Fees (“EBITDAM”) for the proposed casino for the first years of operation. Expenses were developed from a zero base including creating a staffing model for using the assumed sizing for this facility. Department expense ratios for other like sized comparable facilities in other jurisdictions as well as regional were considered as benchmarks. Per the client, estimated local property and sales taxes have not been included at this time as discussions with local officials are ongoing.

Figure 20: Five year Pro forma Operating Statement (2020-2024)

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| REVENUES: | | | | | |
| Slot Revenues | \$25,532,251 | \$27,904,100 | \$28,741,223 | \$29,316,047 | \$29,902,368 |
| Gross Gaming Revenues | \$25,532,251 | \$27,904,100 | \$28,741,223 | \$29,316,047 | \$29,902,368 |
| Food and Beverage | \$1,158,781 | \$1,187,750 | \$1,217,444 | \$1,247,880 | \$1,279,077 |
| Other | \$255,323 | \$279,041 | \$287,412 | \$293,160 | \$299,024 |
| TOTAL GROSS REVENUES | \$26,946,354 | \$29,370,891 | \$30,246,079 | \$30,857,088 | \$31,480,469 |
| Promotional Allowances | -\$510,645 | -\$558,082 | -\$574,824 | -\$586,321 | -\$598,047 |
| NET REVENUES | \$26,435,709 | \$28,812,809 | \$29,671,254 | \$30,270,767 | \$30,882,422 |
| DEPARTMENTAL EXPENSES: | | | | | |
| Slot Operations | \$1,792,547 | \$1,829,638 | \$1,867,512 | \$1,906,183 | \$1,945,671 |
| Gaming Tax | \$1,176,613 | \$1,295,205 | \$1,337,061 | \$1,365,802 | \$1,395,118 |
| Lease Fees | \$2,553,225 | \$2,790,410 | \$2,874,122 | \$2,931,605 | \$2,990,237 |
| Food & Beverage | \$1,122,292 | \$1,146,070 | \$1,170,362 | \$1,195,177 | \$1,220,528 |
| Cage/Count | \$1,150,774 | \$1,174,665 | \$1,199,062 | \$1,223,974 | \$1,249,413 |
| General and Administration | \$3,310,240 | \$3,372,993 | \$3,436,977 | \$3,502,216 | \$3,568,737 |
| Maintenance/Engineering | \$2,481,046 | \$2,526,574 | \$2,572,994 | \$2,620,327 | \$2,668,590 |
| Marketing | \$2,365,822 | \$2,512,208 | \$2,578,491 | \$2,631,486 | \$2,685,576 |
| Security/Surveillance | \$1,599,698 | \$1,633,646 | \$1,668,323 | \$1,703,745 | \$1,739,929 |
| TOTAL EXPENSES | \$17,552,257 | \$18,281,409 | \$18,704,904 | \$19,080,516 | \$19,463,800 |
| EBITDAM | \$8,883,452 | \$10,531,400 | \$10,966,351 | \$11,190,251 | \$11,418,622 |
| EBITDAM % (gross) | 33.0% | 35.9% | 36.3% | 36.3% | 36.3% |

Source: Maxim Strategy Group

Pro forma Assumptions

In developing this pro forma we relied on a set of assumptions. Some of these assumptions are specific to Oklahoma while others relate to casino operations similar in size, scope and offerings as the Enid proposal. Notable assumptions are outlined below.

Revenues

Food and Beverage – We assumed the casino would include a 2 meal (lunch and dinner) sit down 60-seat café that would include bar area. The facility would also offer a quick serve venue that would operate 24 hours per day. The number of covers was estimated based on casino visits. An appropriate charge was then applied to the covers to reach annual revenue.

Other Revenue – Includes revenue associated with ATM and Credit Card commissions and Vending revenue.

Promotional Allowance – Represent the retail value of goods and services provided to guests on a complimentary basis.

Expenses

Payroll and Related – The results of the staff modeling exercise projects the casino would need 207 full-time equivalents with annual salaries paid of \$7.2 million escalating at an average 2% per year. Salaries calculate to 24.7% of gross revenue. Taxes and Benefits are estimated at 35% of salaries.

Gaming Taxes and Slot Fees – For this analysis we assumed the casino would offer a mix of Class II and Class III games split fifty percent each. Taxes on Class III revenue escalate on a tiered system shown below. There are no taxes on Class II games.

Slot fees are paid on games that are leased rather than purchased. We assumed 100% of the Class II games would be leased. Class II would be purchased.

| (\$M) | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-------------------------------|-------|-------------------|-------------------|-------------------|-------------------|-------------------|
| % of Class II | 50% | \$12.77 | \$13.95 | \$14.51 | \$14.87 | \$15.24 |
| % of Class III | 50% | \$12.77 | \$13.95 | \$14.51 | \$14.87 | \$15.24 |
| Total Slot Revenue | | \$25.53 | \$27.90 | \$29.02 | \$29.75 | \$30.49 |
| Tax on Class III | | | | | | |
| Less Than \$10M | 4.0% | \$0.40 | \$0.40 | \$0.40 | \$0.40 | \$0.40 |
| \$10 - \$20M | 5.0% | \$0.50 | \$0.50 | \$0.50 | \$0.50 | \$0.50 |
| Over \$20M | 6.0% | \$0.28 | \$0.40 | \$0.45 | \$0.49 | \$0.52 |
| Total State Tax | | \$1.18 | \$1.30 | \$1.35 | \$1.39 | \$1.42 |
| Effective Tax Rate | | 4.6% | 4.6% | 4.7% | 4.7% | 4.7% |
| Lease Fees % of GGR | | | | | | |
| Class II leased games | 20.0% | \$2.55 | \$2.79 | \$2.90 | \$2.97 | \$3.05 |
| Class III 20% of leased games | 0.0% | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total Lease Fees | | \$2.55 | \$2.79 | \$2.90 | \$2.97 | \$3.05 |
| % of GGR | | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |

Food and Beverage – We estimate the food and beverage venues would operate at very close to a break even margin as meals would be higher quality but priced competitively. Profit margins range from 3% to 5%.

General and Administrative – This includes an estimated \$500,000+ fee related to gaming and/or tribal commission fees.

Property Maintenance – Includes an estimate of \$425,000 to \$450,000 for utilities and services.

Property & Sales Tax – Property Tax and/or fees to local governing bodies have been purposely omitted at this point in time as discussions with the city are ongoing.

Disclaimer

Certain information included in this report contains forward-looking estimates, projections and/or statements. Maxim Strategy 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, Maxim Strategy Group accepts no liability in relation to the estimates provided herein.