

A dark blue world map is centered in the background of the slide, showing the continents in a lighter shade of blue.

Proposed Entertainment Resort Hardeeville, SC: Economic Impact Analysis

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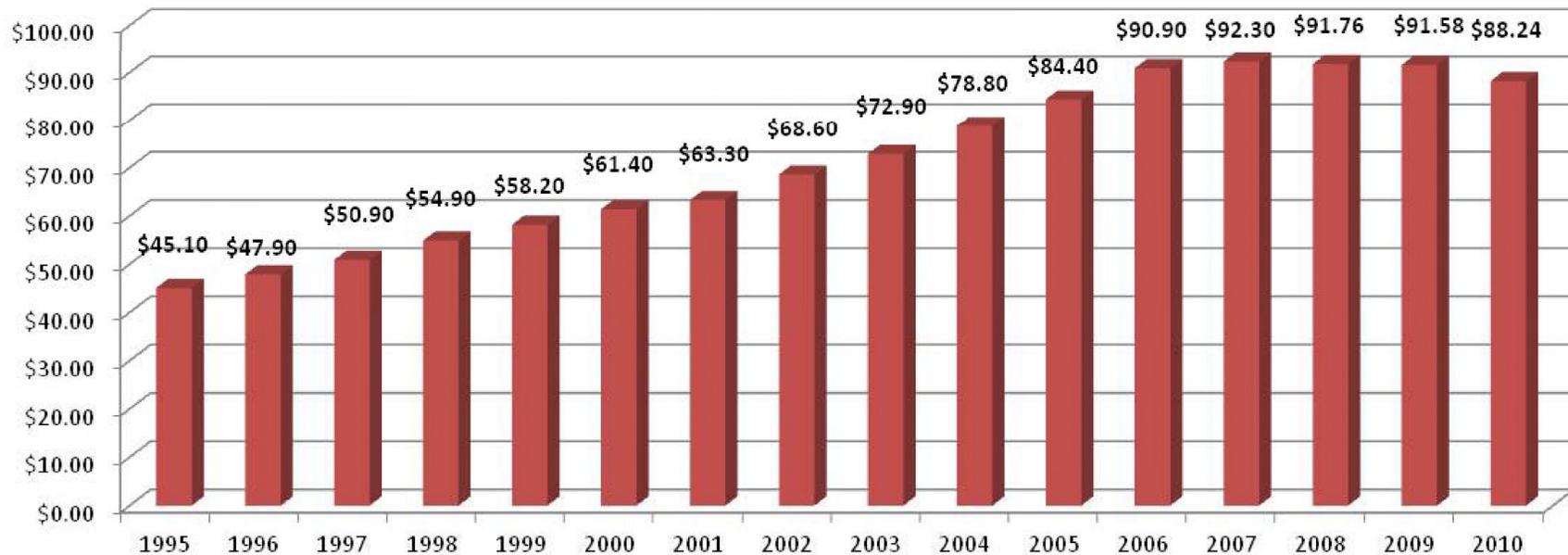
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Agenda

- U.S. Gaming Industry
- South Carolina Market Considerations
- Proposed Hardeeville Casino Resort Facilities
- Economic Impact

U.S. Gaming Industry

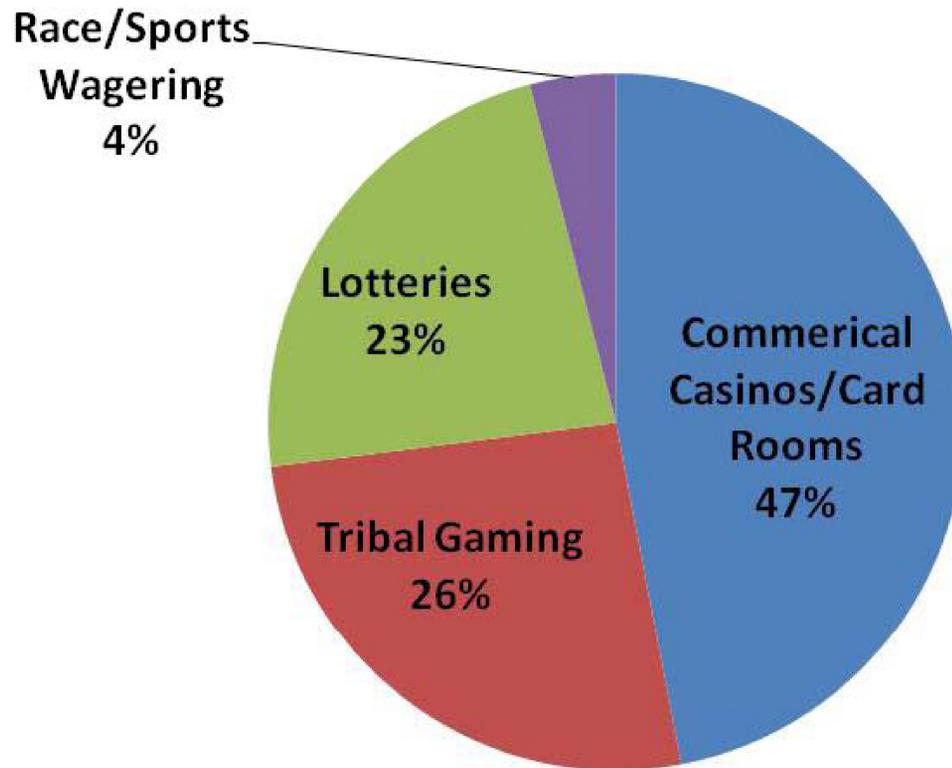
US Gaming Revenue (Billions)
All Gaming



Source: American Gaming Association

Gaming Revenue Distribution

Revenue by Gaming Activity - United States



U.S. Tribal Gaming

- **Fastest growing gaming activity in U.S. during 2000's**
- **230 Indian Tribes in 29 States**
- **456 Total Tribal Gaming Operations**
- **Tribal Gaming Revenue:**
 - **2010: \$26.5 Billion (26% of total U.S. gaming)**



Historical Tribal Gaming Revenue



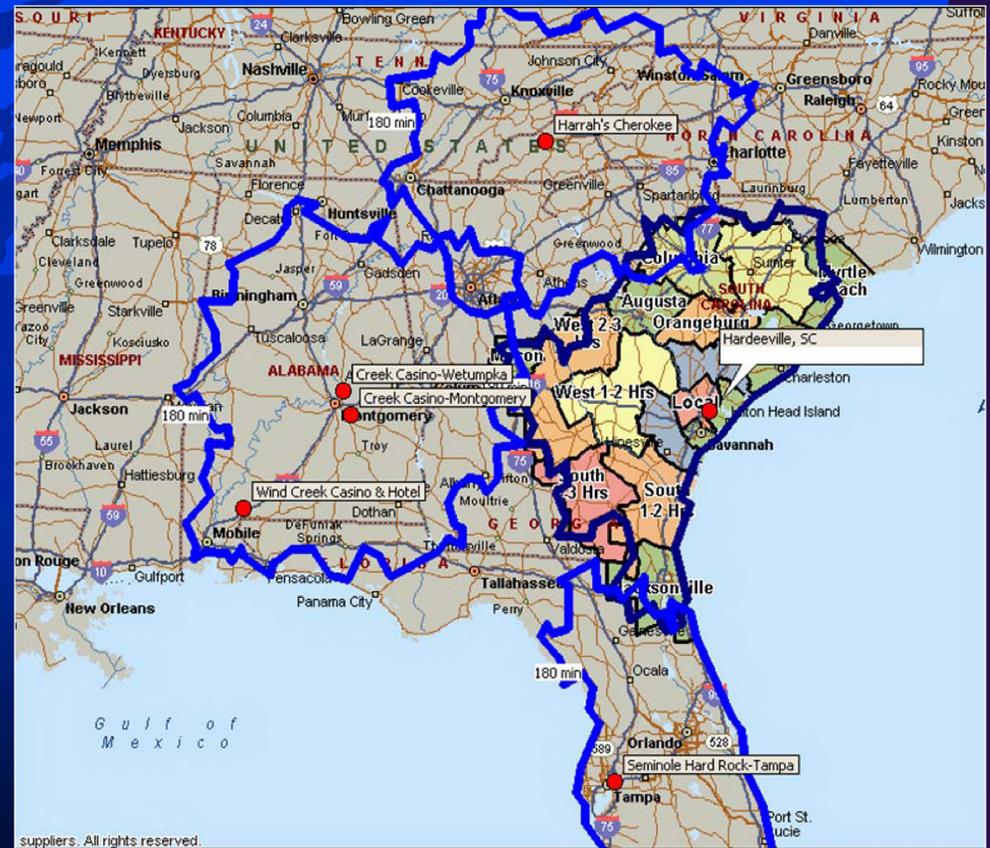
Sources: Indian Gaming Industry Report 2011 Edition – *The Analysis Group*; National Indian Gaming Commission (NIGC)

Tribal Gaming

- **Impact of Recent U.S. Recession:**
 - Stress on casinos nationwide, especially destination-resorts
 - Tribal casinos outperformed Commercial – why?
 - U.S. gamers trading down from more expensive trips to Vegas, Atlantic City, etc
 - Many tribal casinos now offering similar gaming/resort experience, but closer to home
- **Many Tribal markets now maturing also, becoming more competitive:**
 - e.g. – Oklahoma, California. Multiple casinos within 30-60 minute drive-time for many population centers.
- **Others still underserved. Example – South Carolina.**
 - 3+ hours drive-time to nearest casino

Hardeeville, SC Regional Market

- Expect majority of customers reside within 3-hr drive time
- 3.8 million adults w/in 3 hrs
- 2.2 million annual tourists to Hilton Head
- 50,000 vehicles/day on I-95. Main route to FL for eastern U.S. tourists.
- Peripheral markets (3-4 hrs)
 - e.g. Atlanta, Charlotte, Fayetteville, NC
- No casinos in SC
- Peripheral competition:
 - Harrah's-Cherokee
 - Hard Rock-Tampa
 - Montgomery, AL (2)



Expected Peripheral Casino Competition

| Peripherally Competitive Casinos | Location | Gaming Machines | Tables* | Poker | Total Positions | Hotel Rms. | Competition relative to proposed Hardeeville, SC Casino Complex |
|--|----------------|-----------------|---------|-------|-----------------|------------|---|
| Harrah's Cherokee Casino & Hotel | Cherokee, NC | 3,000 | 40 | 10 | 3,370 | 1,108 | Peripheral competitor to Hardeeville, relative to population residing in Hardeeville's northern submarkets lying 2-3+ hours from Hardeeville, as well as Atlanta. |
| Seminole-Hard Rock Hotel & Casino | Tampa, FL | 4,100 | 90 | 52 | 5,198 | 250 | Will compete with Hardeeville casino for casino trips originating from Jacksonville, SC market and other Georgia submarkets located south of Hardeeville. |
| Creek Casino - Wetumpka | Wetumpka, AL | 1,200 | 0 | 0 | 1,200 | 0 | Peripheral competitor relative to distant submarkets west of Hardeeville, such as Macon, GA. Also attracts gamers from Atlanta. |
| Creek Casino - Montgomery | Montgomery, AL | 470 | 0 | 0 | 470 | 0 | Peripheral competitor relative to distant submarkets west of Hardeeville, such as Macon, GA. Also attracts gamers from Atlanta. |
| <p><i>Note that Harrah's Cherokee offers Class II gaming, including electronic table games, plus live poker.</i></p> <p><i>Note: one table equals 7 gaming positions, poker tables equal 9 gaming positions.</i></p> | | | | | | | |
| Source: Marquette Advisors | | | | | | | |

Hardeeville, SC Casino Resort Recommended Facilities

- Facility recommendations based on:
 - Expected customer draw and overall utilization level
 - Customer point of origin, distance traveled, and desired amenities
 - Consider competitive facilities
 - Casino as the “anchor” – resort and amenity components diversify the entertainment experience and support the gaming operation as the primary profit center

Hardeeville, SC Resort Recommended Facilities

- Approximately 3,500 gaming positions (2,800-3,000 machines; 30-40 table games)
- 400 hotel rooms (full service, 4-diamond quality) - indoor/outdoor swim under pool and landscaped pool deck, fitness center, small full-service spa
- Golf (existing 18-hole championship golf course)
- Dining options: buffet, upscale steakhouse, ethnic restaurant, 24-hour café, and food court with 3 to 4 franchise quick-service restaurant concepts
- Beverage service: three distinct offerings – central bar, sports bar, lobby bar
- 1,500-2,000 seat multi-purpose events center: music/entertainment, sports (boxing), meetings and banquets, trade shows/exhibits

Economic Impact - Types

- **“Direct” Impacts** - Generated directly at the facility, itself
 - Jobs, Payroll & Benefits
 - Expenditures by the casino resort complex – goods & services purchased from other businesses and vendors in the area and throughout South Carolina
 - Tourism
- **“Indirect”** and **“Induced”** Impact (a/k/a the “multiplier effect”)
- **“Indirect” Impact** – changes in inter-industry purchases – casino purchases goods from Business A. Business A then purchases goods/services from Business B, etc, etc.
- **“Induced” Impact** – impact of employee expenditures as they too cycle through the economy
- Indirect & Induced impacts measured utilizing IMPLAN input-output model which considers regional household and economic base

Hardeeville Casino Resort

Economic Impact

Employment

- Direct: 2,250 jobs on-site
- Indirect & Induced: another 1,600 jobs in Low Country and 860 elsewhere in South Carolina
- Perspective: 10,780 unemployed workers in Low Country. Casino resort project supports 3,850 new jobs in Low Country and 4,700 statewide.
- Total impact – 4,700 new jobs statewide

Employee Compensation

- Direct: \$92 million on-site
- Indirect & Induced: another \$64 million in Low Country and \$29 million elsewhere in South Carolina.
- Total impact - \$184 million in employee compensation in SC

Hardeeville Casino Resort Economic Impact

Tourism

- 4.3 million annual casino visitors
- Compare to current Hilton Head annual tourism count at 2.2 million
- 70% of casino visitors (2.9 million visitors) from outside South Carolina
- Spending focused generally at Hardeeville Casino Resort complex, but:
 - Impact on other area hotels (casino enhances appeal of Hilton Head region as a destination, some will opt to stay at another hotel/resort in the area)
 - Off site dining, retail, recreational expenditures

Casino-Resort Operating Expenditures

- Approximately \$80 million annually from SC suppliers/businesses

Hardeeville Casino Resort Economic Impact

Indirect and Induced Business Output

- \$190 million in Low Country
- \$270 million Statewide

Benefits to Government

- **\$15.7 million** in Federal Income Tax: \$15,700,000
- \$8.4 million in South Carolina Income Tax
- \$17.4 million in Employer/Employee Payments to Social Security
- \$4.0 million in Employer/Employee Payments to Medicare
- \$20.3 million in Sales Tax (Statewide), including \$14.2 million in Low Country

Hardeeville Casino Resort Economic Impact



| | |
|--|----------------------|
| Low Country New Jobs: | 3,850 |
| Statewide Total New Jobs: | 4,700 |
| Low Country Total Annual Compensation Impact: | \$156,000,000 |
| Total Statewide Annual Compensation Impact: | \$184,000,000 |
| Federal Income Tax Impact: | \$15,700,000 |
| State Income Tax Impact: | \$8,400,000 |
| Low Country Sales Tax Impact: | \$20,300,000 |
| Statewide Sales Tax Impact: | \$14,200,000 |

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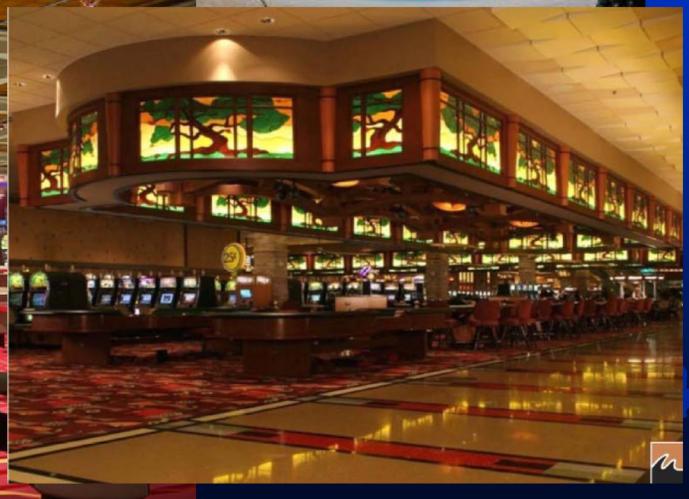
Casino Resort Examples



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Hardeeville Casino Resort Economic Impact



Questions and Discussion

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