



CONVERGENCE
STRATEGY GROUP

PENINSULA PACIFIC ENTERTAINMENT
CEDAR CROSSING
CEDAR RAPIDS, IOWA

CASINO GAMING MARKET ASSESSMENT &
ECONOMIC IMPACT ASSESSMENT

JULY 2024

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INTRODUCTION

Convergence Strategy Group (“CSG”) was retained by Peninsula Pacific Entertainment (“P2E”) to project the gaming demand and assess the associated economic impact of the proposed Cedar Crossing Casino and Event Center (“Cedar Crossing”) in Cedar Rapids, Iowa. The proposed \$273 million development is to be located at the former Cooper’s Mill site (roughly F Avenue NW at 1st Street NW), easily visible from I-380, and accessible from the exit at 1st Avenue. In addition to providing 45,000 square feet of gaming space, the venue will have multiple food and beverage outlets, a 12,000-square foot event space, and expansive surface parking. The casino property will be adjacent to the First and First West/Kingston Yard mixed-use development, providing a variety of F&B and entertainment options, as well as residences and a 105-room hotel. The Kingston Yard project is expected to be completed in 2025.

From a market assessment perspective, CSG takes into consideration the various sources of potential demand, as well as the established gaming supply in the region. The casino would face its most direct competition from Riverside Casino (38 miles south of Cedar Rapids in Riverside), Meskwaki Bingo Casino (54 miles west of Cedar Rapids in Tama), and Isle Casino Waterloo (62 miles northwest of Cedar Rapids in Waterloo), as well as competition from the larger regional market (particularly along the Iowa/Illinois border). As Cedar Rapids is the second biggest city in Iowa, the fact that there currently are no casinos in the city (or within 30 minutes), CSG believes there should be sizable latent demand for gaming, which a new casino in Cedar Rapids should be able to capture.

This analysis commences with an overview of the regional economy and demography, followed by a review of the historical performance of the gaming industry in the state from a supply, demand and fiscal impact perspective. The gaming market assessment follows, with the forecast of future demand, by property, based on the aforementioned data, estimates of the sources of demand for each property in the market, and our analysis of the potential regional gaming participation rate growth, as attributable to providing the additional gaming venue option. The report concludes with an economic impact analysis, providing projections of changes in employment, spending, household incomes and the various related taxes (gaming, income, sales, etc.), during both the construction and operational phases. The economic impact analysis takes competition into consideration to arrive at net impacts with respect to the operations phase, to the effect that the introduction of P2E’s casino impacts gaming tax revenue generation, jobs, spending, earnings, etc., for one or more of the regional competitors (thereby necessitating calculations of net impacts, rather than simply what the P2E facility would generate).

ECONOMIC AND DEMOGRAPHIC OVERVIEW

REGIONAL DEMOGRAPHICS

Cedar Rapids is the second largest city in Iowa, with a population of 139,942 according to the latest estimates from ESRI.¹ This population is projected to grow at a rate of approximately 0.21% per year (CAGR) through 2028, to reach 141,418 people. This growth rate, while lower than the national average of 0.30%, is higher than the Iowa statewide average of 0.19%. The strongest growth rates are expected in the areas closest to the Cedar Crossing development, as the population living within a 30-minute drive is currently estimated at 327,816, and is projected to climb to 334,128 by 2028, a CAGR of 0.38%.

TABLE 1: TOTAL POPULATION

| | 2023 | 2028 PROJ. | CAGR |
|-----------------------|-------------|-------------|-------|
| 0-30 minutes | 327,816 | 334,128 | 0.38% |
| 0-60 minutes | 638,573 | 646,646 | 0.25% |
| 0-120 minutes | 2,233,203 | 2,245,767 | 0.11% |
| Cedar Rapids City, IA | 139,942 | 141,418 | 0.21% |
| Iowa | 3,226,869 | 3,258,203 | 0.19% |
| USA | 337,470,185 | 342,640,129 | 0.30% |

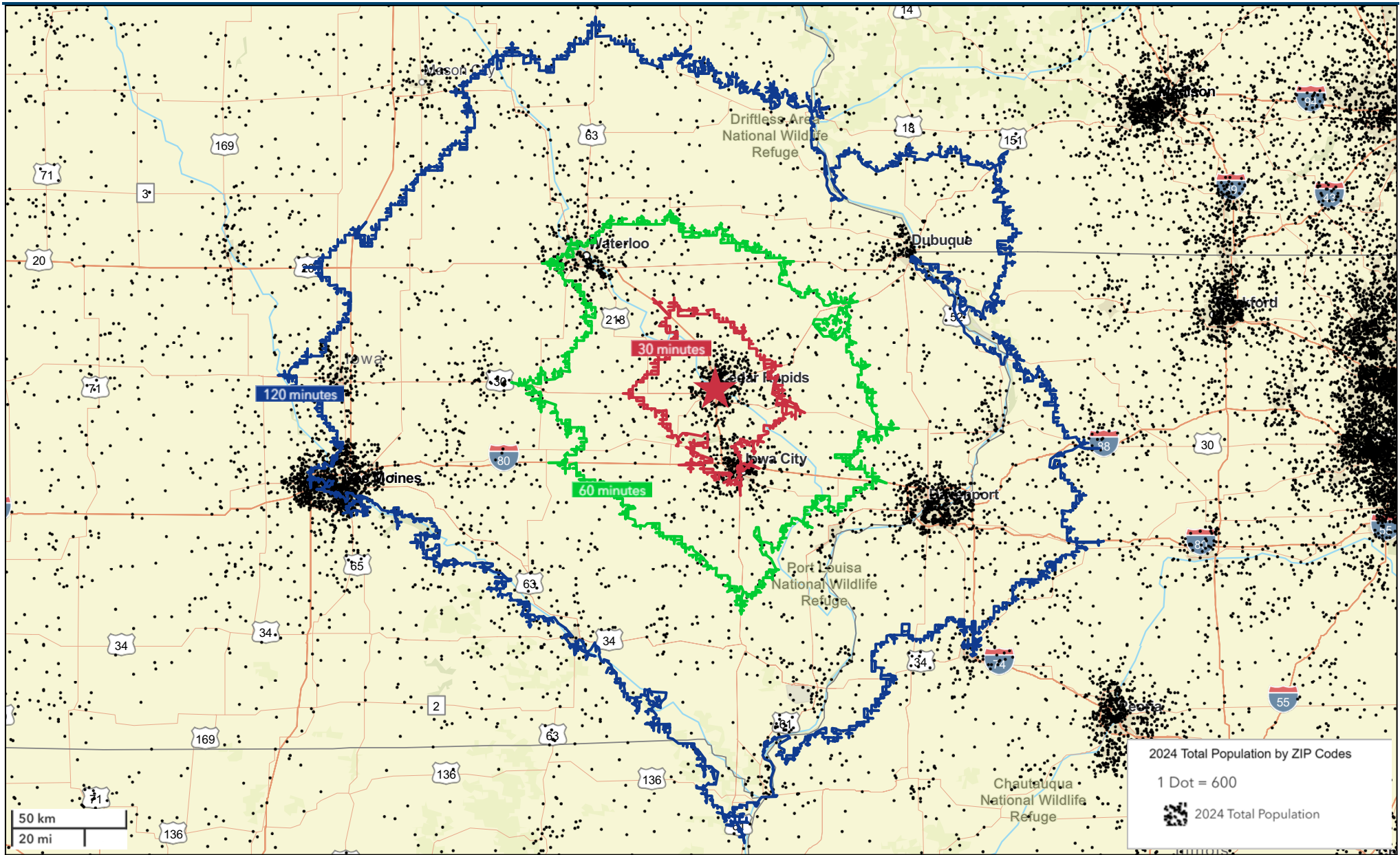
Source: ESRI

¹ ESRI is the worldwide leader in geographical information systems and data aggregation, and is relied upon by both government agencies and private industry. CSG's subscriptions provide access to market data and demographic estimates for projections for 2023 and projections for 2028 at the country, state, county, census tract, block group, block, and ZIP Code levels. Select data sets were updated to 2024 and 2029 during the production of this report, reflected in demographic maps shown herein.



Map 1: Total Population Density

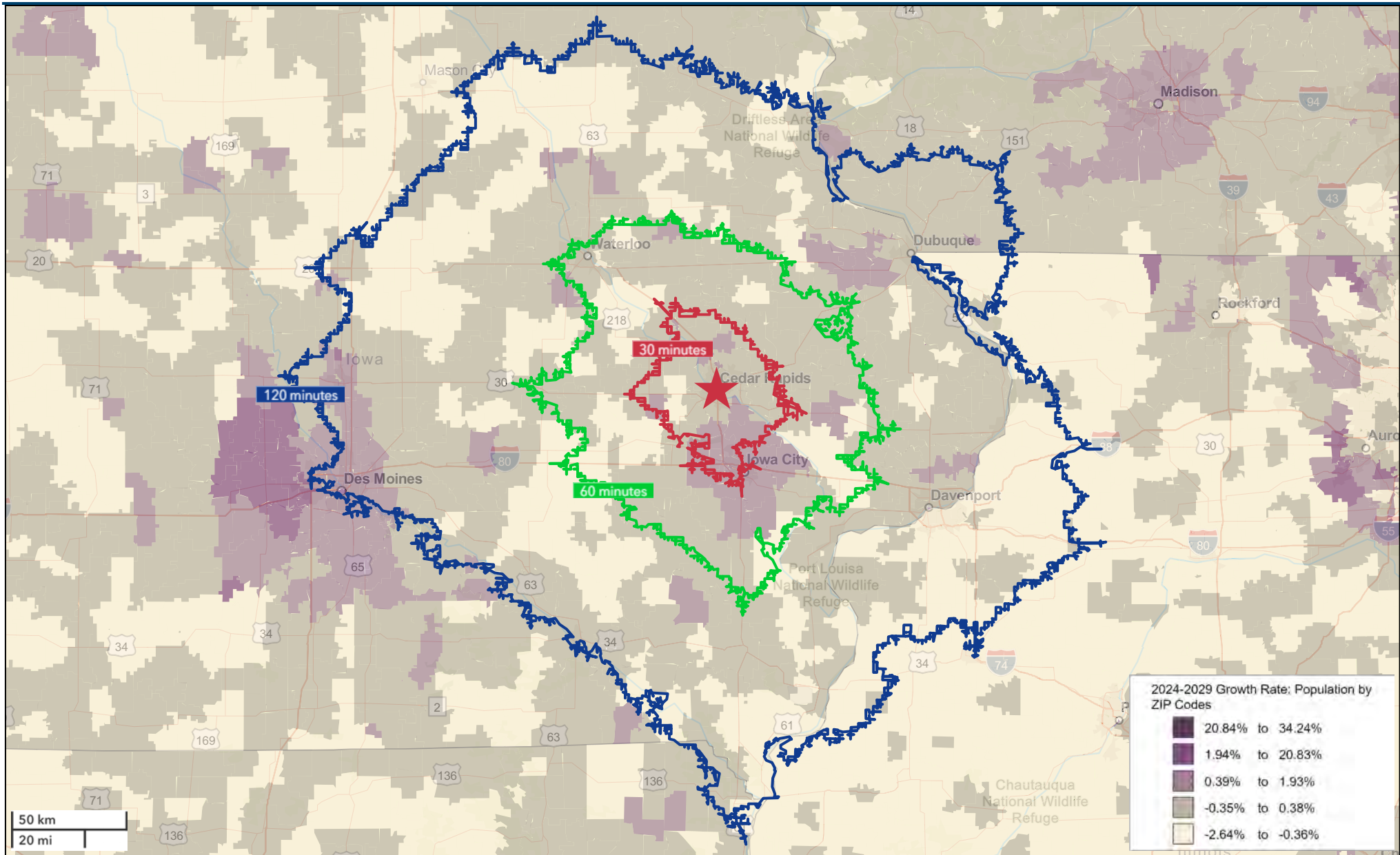
Cedar Crossing with 30, 60, 120 minute drive time rings





Map 2: Population Growth Rate

Cedar Crossing with 30, 60, 120 minute drive time rings



Particularly encouraging for casino development in Cedar Rapids is the size of the adult (over 21 years) population and its projected growth. In 2023, the 0-30-minute area had 240,198 adults over the age of 21 years, and that population is projected to grow at a CAGR of 0.54%, a rate significantly higher than both the state (0.21%) and national averages (0.43%).

TABLE 2: POPULATION 21+

| | 2023 | 2028 PROJ. | CAGR |
|-----------------------|-------------|-------------|-------|
| 0-30 minutes | 240,198 | 246,757 | 0.54% |
| 0-60 minutes | 470,189 | 477,804 | 0.32% |
| 0-120 minutes | 1,651,624 | 1,662,809 | 0.14% |
| Cedar Rapids City, IA | 102,829 | 104,700 | 0.36% |
| Iowa | 2,379,346 | 2,404,080 | 0.21% |
| USA | 250,698,091 | 256,185,380 | 0.43% |

Source: ESRI

The Cedar Rapids region is gaining Generation Z and Millennial populations at rates substantially higher than both the national and state averages. The 30-minute drive time area is forecast to increase its Generation Z population by 1.1% annually through 2028 versus a statewide decline of -0.2%, and slow growth nationally of 0.1%. The Millennial population is likewise growing in the 0-30-minute area, growing approximately 0.9% over each of the coming years, versus a decline nationally of -0.1% and no growth statewide. Such growth is encouraging for the economic prospects of the Cedar Rapids region, as its number of younger working age adults is increasing. The Generation X population is projected to decline at a slightly faster rate than the national average, while the change in its Baby Boomer population is projected to be consistent with national averages, and the Silent Generation is declining slower than nationally or statewide.

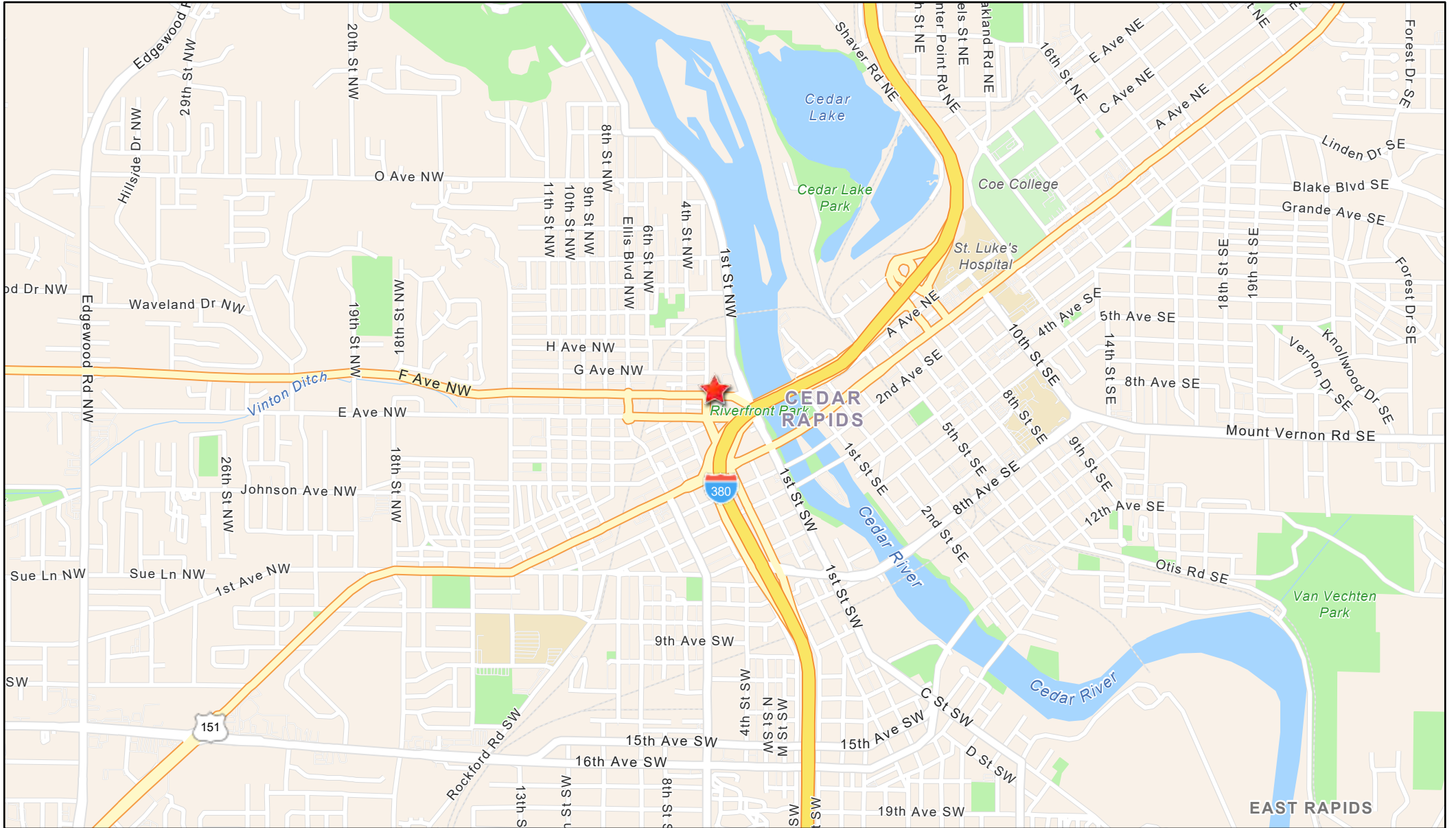
TABLE 3: AVERAGE ANNUAL POPULATION GROWTH, BY GENERATION

| | GENERATION ALPHA (BORN 2017 OR LATER) | GENERATION Z (BORN 1999 TO 2016) | MILLENNIAL (BORN 1981 TO 1998) | GENERATION X (BORN 1965 TO 1980) | BABY BOOMER (BORN 1946 TO 1964) | SILENT & GREATEST GENERATIONS POPULATION (BORN 1945/EARLIER) |
|------------------------------|--|----------------------------------|--------------------------------|----------------------------------|---------------------------------|--|
| Cedar Crossing (30 minutes) | 11.8% | 1.1% | 0.9% | -0.9% | -2.4% | -8.2% |
| Cedar Crossing (60 minutes) | 11.8% | 0.6% | 0.7% | -0.7% | -2.4% | -8.6% |
| Cedar Crossing (120 minutes) | 11.9% | 0.0% | 0.3% | -0.6% | -2.3% | -8.9% |
| Cedar Rapids City, IA | 11.5% | 0.8% | 0.8% | -0.9% | -2.2% | -8.2% |
| Iowa | 12.0% | -0.2% | 0.0% | -0.6% | -2.2% | -8.9% |
| USA | 12.0% | 0.1% | -0.1% | -0.7% | -2.4% | -8.8% |

Source: ESRI

The income levels of the regional population are strong; the median household income of those living within a 30-minute drive of the proposed development exceed the national average of \$72,603. Some of the most proximate populations to the Cedar Crossing project have even higher incomes, as shown in the following map. As described in later sections of this report, CSG's models are constructed at the ZIP Code level, and therefore the relative affluence of areas within the 30-minute drive time region is considered.

Map 4: Cedar Crossing Site



May 14, 2024

 Proposed Cedar Crossing Casino

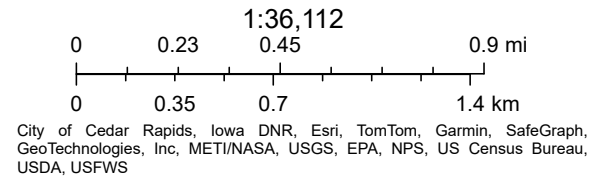


TABLE 4: MEDIAN HOUSEHOLD INCOME

| | 2023 | 2028 PROJ. | CAGR |
|-----------------------|----------|------------|-------|
| 0-30 minutes | \$72,660 | \$80,449 | 2.06% |
| 0-60 minutes | \$67,679 | \$75,990 | 2.34% |
| 0-120 minutes | \$66,062 | \$74,561 | 2.45% |
| Cedar Rapids City, IA | \$62,096 | \$67,890 | 1.80% |
| Iowa | \$67,730 | \$76,227 | 2.39% |
| USA | \$72,603 | \$82,410 | 2.57% |

Source: ESRI

Aggregate household income represents the total income of a population, incorporating not only the size of a population but also its relative wealth or lack thereof. The aggregate household income of the state of Iowa, currently at \$123 billion annually, is projected to grow by 2.78% annually, a rate slightly lower than that national average growth rate of 3.16% annually. We note that the aggregate household incomes for those living within a 60-minute drive time of the proposed casino location are projected to grow at a faster rate than the state average, with the highest growth projected for the most proximate area, the 0–30-minute drive time region.

TABLE 5: AGGREGATE HOUSEHOLD INCOME

| | 2023 | 2028 | CAGR |
|-----------------------|----------------------|----------------------|-------|
| 0-30 minutes | \$13,687,147,562 | \$15,854,256,146 | 2.98% |
| 0-60 minutes | \$24,795,119,212 | \$28,576,965,287 | 2.88% |
| 0-120 minutes | \$83,619,794,689 | \$95,687,727,651 | 2.73% |
| Cedar Rapids City, IA | \$5,138,661,484 | \$5,846,843,105 | 2.62% |
| Iowa | \$123,092,913,303 | \$141,193,525,937 | 2.78% |
| USA | \$13,901,764,084,934 | \$16,244,082,679,905 | 3.16% |

Source: ESRI

REGIONAL TOURISM

According to Tourism Cedar Rapids, the city attracts approximately 2.5 million tourists per year, and creates more than 4,500 jobs in the local economy.² There are several attractions for tourists that would be synergistic with the casino development, particularly with respect to the varied F&B and entertainment offerings at Kingston Yards, but also in a somewhat broader radius from the casino site. These are discussed in the following section regarding the city and site characteristics.

OUT-OF-MARKET TOURISTS

As detailed visitor counts are not available from official sources, CSG drew from proprietary visitation data to understand the patterns of visitation to Cedar Rapids and its attractions. The ZIP Code of

² Tourism Cedar Rapids website.

<https://www.tourismcedarrapids.com/partners/#:~:text=In%20Cedar%20Rapids%2C%20we%20welcome,4%2C500%20jobs%20in%20our%20county,> accessed May 9, 2024.

residence for all visitors³ within the last twelve months (May 2023-April 2024) to Cedar Rapids’ Alliant Energy Powerhouse, the New Bohemia arts and culture district, the National Czech and Slovak Museum, the Cedar Rapids Museum of Art, and the African American Museum of Iowa were derived from this source. Those living outside of the regional market area (as defined in elsewhere in this report) make up approximately 28% of all visits to the Alliant Energy Powerhouse, while just over 2% of the visits to the African American Museum of Iowa accrue from those living outside of this area. Comparing the data for each of these sites, CSG estimates that approximately 18.5% of all visitors to Cedar Rapids, or approximately 461,923 visitors annually, live outside of the defined regional market. The ZIP Code data also suggests that approximately 15.3% of the visitors are from outside of Iowa.

TABLE 6: CEDAR RAPIDS TOURISM STATISTICS AND LOCATION DATA

| DATA | MEASURE | MEASURE (#/%) | NON MARKET AREA RESIDENTS | NON IOWANS |
|---------------------------------|--|---------------|---------------------------|----------------|
| Cedar Rapids Tourism Statistics | | | | |
| | Cedar Rapids Tourists, Annual | 2,500,000 | | |
| Third-Party Data | | | | |
| | Visitors to Alliant Energy Powerhouse (LTM April 2024) | 459,302 | 128,326 | 109,747 |
| | % of Total | | 27.9% | 23.9% |
| | Visitors to New Bohemia | 419,170 | 35,645 | |
| | % of Total | | 8.5% | |
| | Visitors to National Czech & Slovak Museum | 23,050 | 17,682 | 5,333 |
| | % of Total | | 23.3% | 23.1% |
| | Cedar Rapids Museum of Art | 104,268 | 5,711 | 5,403 |
| | % of Total | | 5.5% | 5.2% |
| | African American Museum of Iowa | 9,368 | 206 | 513 |
| | % of Total | | 2.2% | 5.5% |
| | Est. Visitors to Cedar Rapids (%) | | 18.5% | 15.3% |
| | | | | |
| | Est. Non-Market Area/Out of State Resident Visitors to Cedar Rapids (#) | | 461,923 | 383,137 |

Source: Cedar Rapids Tourism; proprietary data source; CSG estimates

CEDAR RAPIDS CITY AND SITE CHARACTERISTICS

The proposed development site is bounded by F and I Avenues NW and 1st and 5th Streets NW, proximate to the scenic waterfront of the Cedar River and easily visible from and accessible from I-380, the major highway through Cedar Rapids, connecting to the Cedar Falls/Waterloo area to the

³ Convergence Strategy Group is a licensed partner of a large-scale aggregator and provider of mobile-phone tracking data. This license affords CSG the ability to access extremely detailed tracking data for every square foot of the United States, on a daily, weekly, monthly, and annual basis going back to 2017. This data is derived from over 500 smart phone apps, including weather, social media, and shopping applications. These anonymized and highly confidential data sets are fed into AI models to estimate total behavior nationwide (to include behavior from individuals not included in their data). The data is continually back-tested through a partnership program with more than 200 companies, including large retailers, grocery stores, fast food, and public buildings, to assure accuracy, even in remote areas. Due to confidentiality, data sources can be provided upon request.

north and Iowa City to the south. The proposed project is a redevelopment of the former Cooper Mill, and as such reflects urban redevelopment rather than elimination of greenspace. Additionally, the property is expected to be synergistic with the Kingston Yard mixed-use development, located at 1st Avenue and 1st Street.

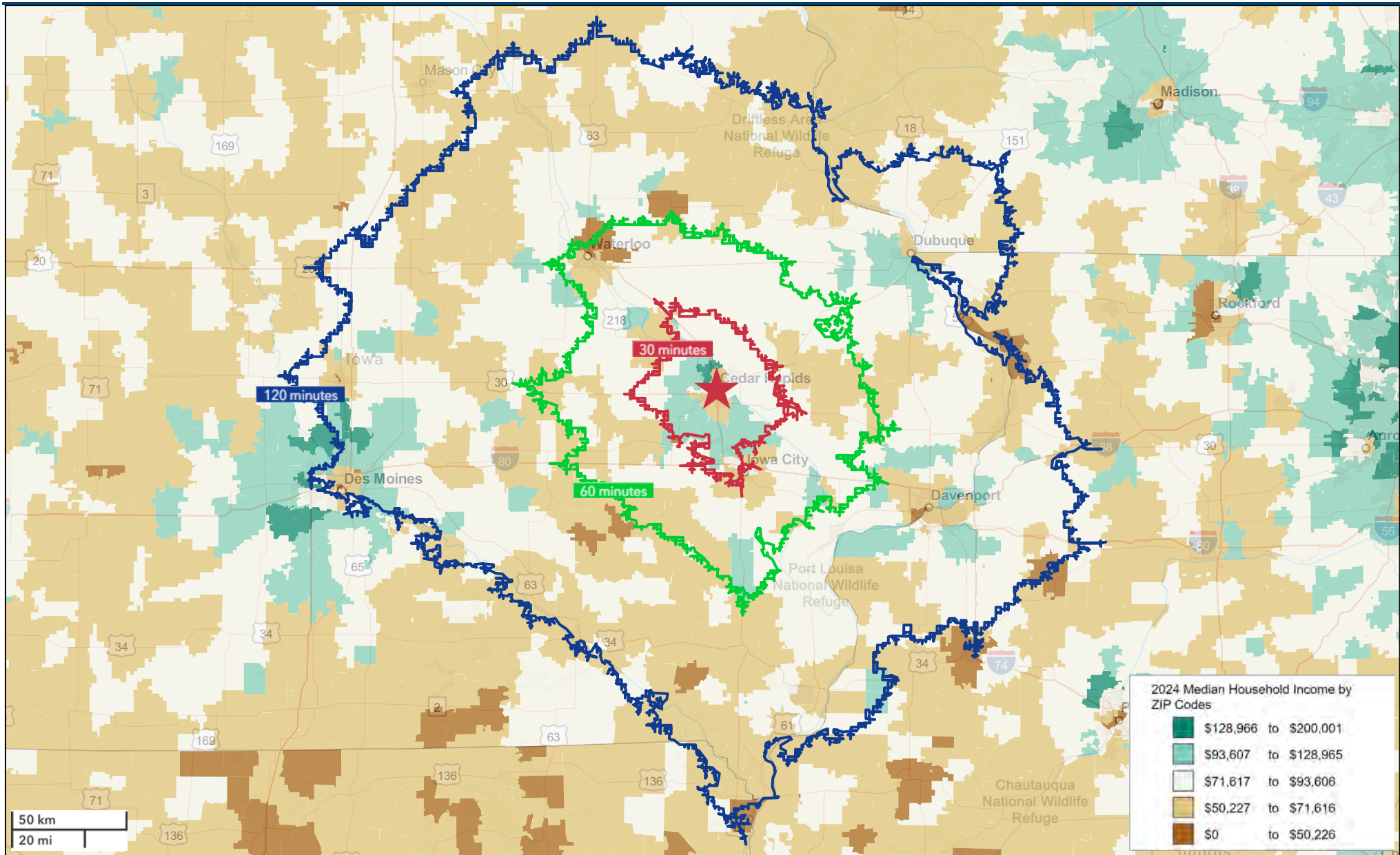
The site's proximity to the riverfront provides access to scenic overlooks and public spaces, and is already a popular destination for leisurely walks and rides. The area around the river is home to notable architectural landmarks, including the Paramount Theatre, which hosts a variety of performances and events.

The city is undergoing a renaissance, and has a well-developed restaurant scene, numerous live music and entertainment venues of varied scale, as well as the PowerHouse Arena, seating 6,900+ for concerts and sporting events (directly across the Cedar River from the P2E site). The P2E site is also proximate to scenic Mays Island (located in the middle of the Cedar River, intersected by the 2nd and 3rd Avenue Bridges), home to City Hall, and serving as a gathering place for community events and festivals throughout the year.



Map 3: Median Household Incomes

Cedar Crossing with 30, 60, 120 minute drive time rings



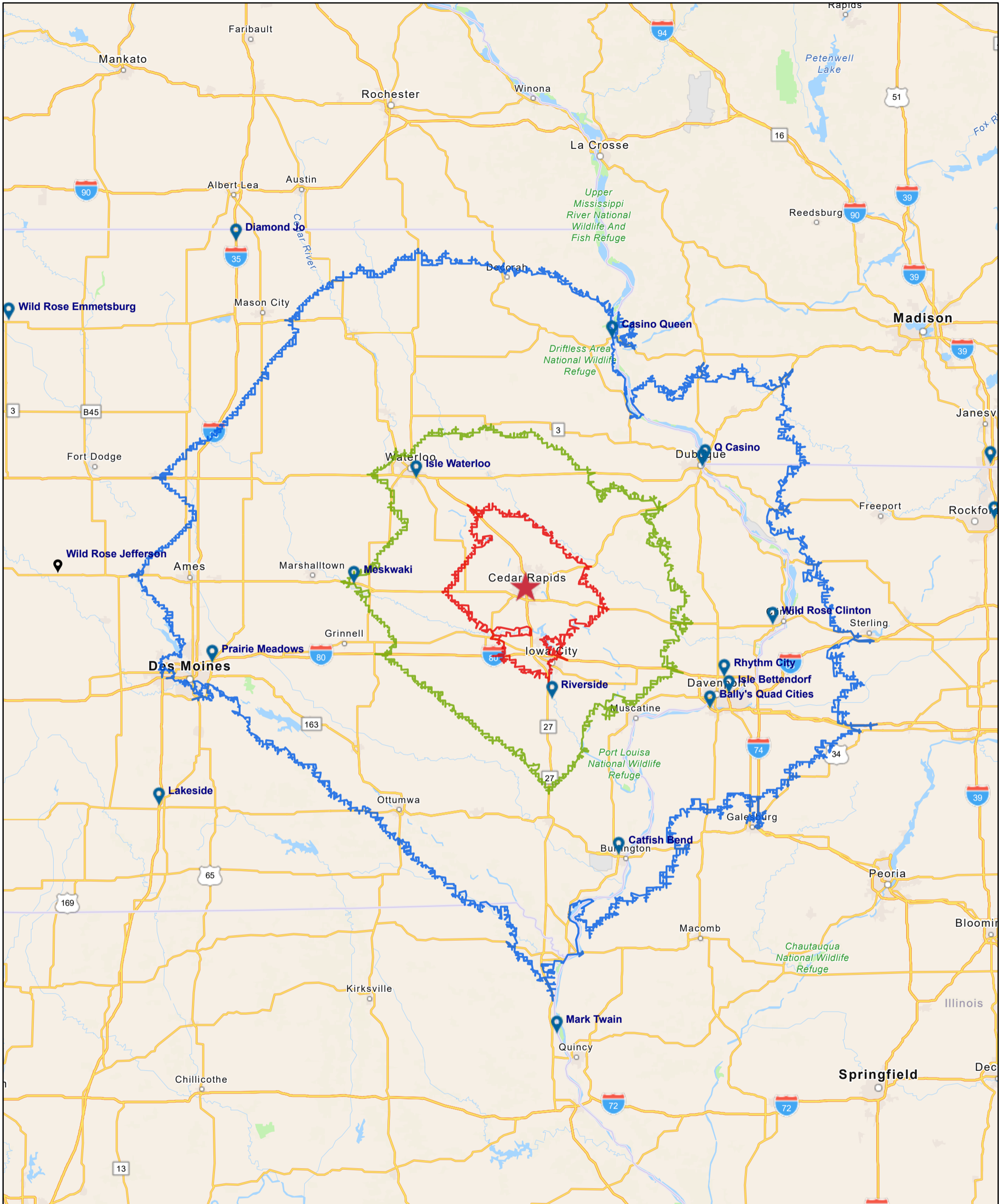
REGIONAL GAMING SUPPLY

EXISTING PROPERTIES IN THE MARKET






There are currently 19 commercial gaming facilities in Iowa and four Native American gaming facilities. As demonstrated in *Map 5*, within approximately a one-hour drive time of Cedar Rapids are three casinos (two commercial and one Native American), with an additional eight Iowa casinos slightly further afield (within two hours from Cedar Rapids, both along the Mississippi River and to the west of Cedar Rapids in the Des Moines area). Inclusive of a casino on the Illinois side of the Mississippi River in the Quad Cities area, these 13 facilities effectively reflect the competitive supply that the P2E casino would compete against. The balance of the supply in the Iowa market is more proximate to Nebraska (or elsewhere in Iowa, beyond a two-hour drive from Cedar Rapids), likely with negligible Cedar Crossing demand overlap.

The following map demonstrates the location of regional competitive facilities, followed by brief descriptions of each in terms of scale, relative location, operator, amenity mix and when they entered the market.

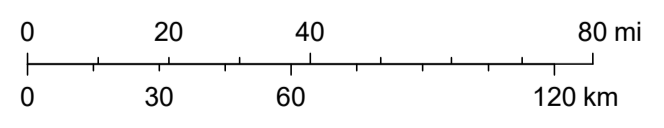
Map 5: Cedar Crossing with Existing Competition and Drive Time Rings



July 2, 2024

-  Existing Casinos
-  Proposed Casino
-  120 minutes
-  60 minutes
-  30 minutes

1:2,311,162



County of Johnson, IA, Iowa DNR, Esri, TomTom, Garmin, FAO, NOAA, USGS, EPA, NPS, USFWS

RIVERSIDE CASINO, RIVERSIDE

The Riverside Casino and Golf Resort, located in Riverside, is the most proximate casino to the proposed P2E site, approximately 38 miles south of Cedar Rapids. The casino, operated by Elite Casino Resorts, currently operates with 892 slots and 39 table games.⁴ As with other properties in the state, performance of the property has changed (and already stabilized) pre-pandemic to more recently, reflecting significant revenue growth and increase in win per admission. Annualized gaming revenues are stabilizing at approximately \$130 million from 1.5 million gamer admissions, or approximately \$85 per admission, as compared to \$90 million from 1.6 million admissions in FY2019 (\$56 per admission).⁵ For the last 12 months of reported data (June 2023-May 2024), the casino attained an average daily win per position of \$314, well above the statewide average of \$276. This is driven by the facility having the second highest average win per slot average in the state (after Prairie Meadows), at \$357.⁶

In addition to gaming, the facility offers four F&B venues, a spa, a 201-room hotel and golf (18-hole, as well as TopGolf suites) and retail venues.

MESKWAKI CASINO, TAMA

The Meskwaki Casino is located 54 miles west of Cedar Rapids in Tama, and is the only significant Native American-owned casino in Iowa. As a Native American casino, there are no commercial reporting requirements for the property, and therefore we do not have official data on revenue, admission and position counts. According to the casino website, the facility has 67,553 square feet of gaming space, including slots, 'over 1,300 slots', 25 table games and bingo. From a comparative perspective, that square footage would make it larger than any casino in the state other than Prairie Meadows (79,381 sf), but still considerably larger than the state's second largest casino (Riverside, at 51,598 sf). This also reflects the largest slot count of any casino in the state, but a comparatively small table game allotment, given the overall scale.

In addition to gaming, the facility offers a buffet, lounge, grill and taproom, as well as a food arcade, along with a 404-room hotel and an outdoor arena.

ISLE OF CAPRI, WATERLOO

The Isle of Capri Casino Hotel in Waterloo is located approximately 62 miles northwest of Cedar Rapids. The casino currently operates with 831 slots and 24 table games.⁷ As with Riverside, performance data for the property has changed significantly from pre-pandemic to more recently, though gaming revenues have trended downward during the past two years. Nevertheless, the win and win per admission totals well exceed pre-pandemic level. Fiscal Year gaming revenues peaked in FY2022 at \$101 million from 823 thousand admissions, or \$123 per admission (as compared to \$66 million from 825 thousand admissions in FY2019, or \$80 per admission). For the last 12 months of reported data (June 2023-May 2024), the casino generated AGR of \$94 million from 709 thousand

⁴ Iowa Racing and Gaming Commission May 2024 gaming revenue report. <https://irgc.iowa.gov/media/313/download?inline=>. Position counts are counted as 1 per slot and 6 per table game.

⁵ Iowa Racing and Gaming Commission May 2024 gaming revenue report and annual revenue reports for FY2019-FY2023. <https://irgc.iowa.gov/publications-reports/gaming-revenue>

⁶ Ibid.

⁷ Ibid.

gamer admissions, reflecting an average win per admission of \$132, and an average daily win per position of \$263, slightly lower than the statewide win per position average of \$276.⁸

In addition to slots and tables, the facility offers a sports book, three F&B venues, an arcade and a 194-room hotel.

MISSISSIPPI RIVER REGION

Beyond the more immediate market are eight casinos along the Mississippi River, almost exclusively on the western (Iowa) side of the river. There is not a true geographical concentration of casinos in this region, rather they are located northeast, east and southeast of Cedar Rapids, ranging from 80 to 110 minutes' drive time from Cedar Rapids. The broad geographic area in which these facilities are located may significantly limit the potential draw of gamers residing more than an hour east of Cedar Rapids from coming to the proposed P2E Cedar Rapids facility (as would casinos even further to the east, such as the Hard Rock in Rockford, Illinois and the planned Ho Chunk casino in Beloit, Wisconsin). The facilities in this region are presented below in order of proximity (drive time) to Cedar Rapids.

There are three casinos in the Quad Cities market area, though all in different towns (Davenport, Rock Island and Bettendorf), not in a cluster. Nevertheless, there is negligible difference in drive time to/from Cedar Rapids from these three alternatives, at approximately 80 minutes to the southeast of Cedar Rapids.

RHYTHM CITY, DAVENPORT

Rhythm City, located in Davenport and operated by Elite Casino Resorts, is the largest and highest revenue-generating of the three Quad Cities area casinos. The land-based property is located at the intersection of I-80 and I-74 in Davenport, having moved in 2016 from its previous riverboat operation. For the 12-month period ending May 2024, the casino generated gaming revenues of \$112 million from 1.30 million admissions, or approximately \$86 per admission. The casino has 820 slots and 22 table games and is attaining significantly higher than state averages in terms of daily win per slot and win per table (\$339 and \$1,254, respectively). The win per table trails only Prairie Meadows and two of the Council Bluffs properties.⁹

From a non-gaming perspective, the property has a 106-room hotel, spa, two restaurants, a sports lounge and an arena with a seating capacity of 1,600.¹⁰

BALLY'S QUAD CITIES (ROCK ISLAND, ILLINOIS)

Bally's Quad Cities Casino & Hotel is the only casino on the Illinois side of the Mississippi River in the broader Cedar Rapids market. The property was acquired by Bally's from Jumer's (Jumer's Rock Island Casino) in 2021. At the end of FY2023 the casino has a gaming supply of 775 slots and 17 table games (including a 4-table poker room), down from 886 slots and 25 table games when operated by Jumer's in 2019.¹¹ As the smallest of the three casinos in the Quad Cities market, and in the smallest of the three towns, the casino attained the lowest gaming revenues of the three during FY2023, at \$58 million

⁸ Iowa Racing and Gaming Commission historical gaming revenue reports. <https://irgc.iowa.gov/publications-reports/gaming-revenue>

⁹ Ibid.

¹⁰ Rhythm City Casino website, <https://www.rhythmcitycasino.com/index.html>, accessed May 14, 2024.

¹¹ Illinois Gaming Board monthly casino reports. <https://www.igb.illinois.gov/CasinoReports.aspx>, accessed May 1, 2024.

Current supply for Bally's Quad Cities has remained relatively flat from June 2023 to February 2024, with the February 2024 mix being 784 slots and 16 table games (eliminating one table from poker relative to June 2023).

from approximately 712 thousand gamer admissions (\$82 win per admission). From a non-gaming perspective, the property has a 205-room hotel, two restaurants and two casino bars.

ISLE CASINO & HOTEL, BETTENDORF

Isle Casino & Hotel, located in Bettendorf and operated by Caesars Entertainment, has a gaming supply of 856 slots and 18 table games. While the gaming supply is very similar to that of Rhythm City, it attains considerably less than its fair share of the market, with revenues of \$67 million for the 12-month period ending May 2024, from approximately 670 thousand admissions (\$100 per admission).¹²

The property has a 514-room hotel, one restaurant, a bar, a marina and 40,000 square feet of meeting space (combining the Isle Center with the Quad Cities Waterfront Convention Center).¹³

DUBUQUE DIAMOND JO

Dubuque Diamond Jo is one of two casinos in Dubuque, approximately 80 minutes' drive to the northeast of Cedar Rapids (and approximately 75 minutes north of the Quad Cities casinos). Dubuque Diamond Jo, operated by Boyd Gaming, has a gaming supply of 720 slots and 27 table games. For the 12-month period ending May 2024, the casino generated gaming win of \$79 million from approximately 703 thousand admissions (\$112 per admission).¹⁴ The win per slot for the facility during the last 12 months was slightly below the state average but win per table game was amongst the lowest in the state. The casino is part of an entertainment center, with a bowling alley and two restaurants, a sports bar and a fast-food outlet, along with the Mississippi Moon Bar entertainment venue.

Q CASINO DUBUQUE

The Q Casino, formerly Dubuque Greyhound, is owned by the City of Dubuque and operated by/licensed to the Dubuque Racing Association non-profit. The Q is considerably smaller than the Diamond Jo from a gaming supply standpoint, with 531 slots and 19 table games. The casino generated gaming win of \$44 million for the 12-month period ending May 2024 from approximately 550 thousand admissions (\$79 per admission).¹⁵ The casino has a restaurant, sports bar and showroom, and is attached to a 112-room Hilton Garden Inn. The property is currently undergoing an expansion, to add a 90-room hotel and restaurant, as well as a family entertainment zone.

CATFISH BEND, BURLINGTON

Catfish Bend Casino is owned by Great River Entertainment as part of the Fun City Resort entertainment complex. The casino is the southeastern-most casino in the region, approximately a 100-minute drive time south-southeast of Cedar Rapids. The casino generated gaming win of \$44 million for the 12-month period ending May 2024 from approximately 680 thousand admissions.¹⁶ This equates to a \$65 per admission, the lowest of any casino in the state, likely attributable to many non-gamers at Fun City walking through the casino. Catfish Bend has a gaming supply of 643 slots and 31 table games, such that table games account for a higher percentage of gaming positions than any other Iowa casino, but averaged the second lowest average daily win per table game of any casino in the state during the last 12 months. The property has three hotels, numerous family entertainment

¹² Iowa Racing and Gaming Commission historical gaming revenue reports. <https://irgc.iowa.gov/publications-reports/gaming-revenue>

¹³ Isle casino website. <https://www.caesars.com/isle-bettendorf/things-to-do/meetings-and-events>

¹⁴ Iowa Racing and Gaming Commission historical gaming revenue reports. <https://irgc.iowa.gov/publications-reports/gaming-revenue>

¹⁵ Ibid.

¹⁶ Ibid.

venues (water park, laser tag, ball courts), a convention and events center and a broad variety of food and beverage options throughout the Fun City complex, as well as access to golf and a spa.

WILD ROSE CLINTON

The Wild Rose Casino in Clinton is one of three casinos in the state (or anywhere) operated by Wild Rose Casino & Resort. The casino is located approximately 90 minutes' drive time east of Cedar Rapids in Clinton, the easternmost town in the state. The casino is one of the smallest in Iowa, with 511 slots and 9 table games, on a gaming floor of just under 20,000 square feet. Revenues for the property for the 12-month period ending May 2024 were \$33 million, of which slots accounted for more than 95 percent, from approximately 417 thousand annual admissions (\$79/admission).¹⁷

The property has a 60-room hotel and a sports bar restaurant.

MARQUETTE CASINO QUEEN

The Casino Queen, operated by CQ Holdings, is located in Marquette, approximately 110 minutes' drive to the northeast of Cedar Rapids. The casino is the smallest in Iowa, at 434 slots and 14 tables and a gaming floor less than 16,300 square feet, but is slated for expansion. Revenues for the property for the 12-month period ending May 2024 were the lowest of any casino in the state at \$21 million, driven largely by the fact that the casino historically gets negligible table game demand (less than \$400,000 annually in table game revenues), but also having the lowest average daily win per slot in the state, at \$130.¹⁸

The property is slated to move dockside, but press releases suggest that the move will focus on non-gaming amenities from an expansion standpoint, rather than a change in the number of gaming positions.¹⁹

ADDITIONAL SECONDARY COMPETITION

PRAIRIE MEADOWS, ALTOONA

Prairie Meadows is currently the only venue operating in the state that combines live racing with casino gaming. The facility is located in Altoona (suburban Des Moines), nearly a two-hour drive time west of Cedar Rapids. From most every gaming metric standpoint, the casino is currently performing better than every other casino in Iowa. The facility is owned by Polk County and operated by a local board of directors. The current gaming supply at Prairie Meadows is 1,204 slots and 41 tables, in a facility of nearly 80,000 square feet. The casino generated gaming win of \$241 million for the 12-month period ending May 2024 from approximately 2.1 million admissions (\$115 per admission). The average daily win per slot was by far the highest in the state, at \$501, and the average daily win per table game the highest outside of Council Bluffs, at \$1,376.²⁰

In addition to the racetrack, which has 80 live race days in the 2024 racing season (May to September), the property has a 168-room hotel, an events center for conferences and entertainment, and multiple food and beverage venues.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Philip Joens, "Northeast Iowa Riverboat Casino Going Dry with Move to Land Location", Des Moines Register, January 26, 2023. <https://www.desmoinesregister.com/story/news/2023/01/26/casino-queen-marquette-riverboat-land-approval-iowa-racing-gaming-commission/69845171007/>

²⁰ Ibid.

GAMING DEMAND HISTORY

PUBLICLY REPORTED CASINO PERFORMANCE

Iowa is one of the most mature gaming states in the United States, being the first state in the modern era to offer riverboat gaming (Iowa’s first casinos opened in 1991, though most states along the Mississippi River followed within the subsequent two years). From a gaming revenue perspective, Iowa’s commercial casinos topped \$1.0 billion in annual AGR in FY2004 and generated between \$1.36 billion and \$1.46 billion annually in AGR from FY2010 through FY2019. The AGR attained from FY2015 to FY2019 were derived from between 20 million and 23 million annual casino admissions (on a slight annual decline), or an average gaming expenditure per admission steadily increasing from \$62 to \$73.

Gaming participation rates for casinos throughout the country changed noticeably during and following the pandemic years (2020-2022), as well as average gaming expenditures per casino admission, and casinos in Iowa mirrored that national trend. Even as regional casinos have emerged from the pandemic, some of these trends appear to be sustained; statewide win per admission in Iowa now exceeds \$100 as an average (up 40% from 2019, to \$102), driving record annual revenues (exceeding \$1.7 billion annually since FY2022), but participation is down 15%, with approximately 17 million annual admissions now seeming to be the norm. Based on data through May 2024, it appears that the market has now stabilized at these new participation rate and spending levels, relative to the pre-pandemic norms.²¹

TABLE 7: IOWA COMMERCIAL CASINO AGR AND ADMISSIONS

| | AGR | YoY % CHANGE | ADMISSIONS | YoY % CHANGE | WIN/ADM | YoY % CHANGE |
|------------------------|-----------------|-----------------|------------|-----------------|----------|-----------------|
| FY2019 | \$1,457,011,629 | | 19,863,057 | | \$73.35 | |
| FY2020 | \$1,163,416,237 | -20.2% | 15,530,221 | -21.8% | \$74.91 | 2.1% |
| FY2021 | \$1,575,410,919 | 35.4% | 16,394,655 | 5.6% | \$96.09 | 28.3% |
| FY2022 | \$1,766,238,893 | 12.1% | 17,456,602 | 6.5% | \$101.18 | 5.3% |
| FY2023 | \$1,754,520,656 | -0.7% | 17,078,925 | -2.2% | \$102.73 | 1.5% |
| LTM (June '23-May '24) | \$1,724,566,771 | -1.7% | 16,838,157 | -1.4% | \$102.42 | -0.3% |
| LTM/FY2019 | | 18.4% | | -15.2% | | 39.6% |

Source: Iowa Racing and Gaming Commission.

The 10 Iowa commercial casinos in the more immediate market (as described above) accounted for 50% of the statewide AGR and 52% of the statewide admissions during the LTM period. These shares have changed minimally over the past five years. The weighted average win per admission for the 10 properties during the LTM period was \$98, as compared to the statewide average of \$102, but notably had a wide variance between the 10 properties, from a low of \$65 (Catfish Bend) to a high of \$135 (Casino Queen). This variance can be explained by a variety of factors, i.e., the presence of a hotel (likely resulting in higher than average win/admission), the breadth of non-gaming amenities (meaning possibly more non-gamers being counted in the admission counts, yielding artificially low win per admission tallies), differences in the average household income levels of feeder markets, or other demographic characteristics of patron bases.

²¹ Ibid.

TABLE 8: CENTRAL/EASTERN IOWA COMMERCIAL CASINO AGR AND ADMISSIONS

| | AGR | YoY % CHANGE | ADMISSIONS | YoY % CHANGE | WIN/ADM | YoY % CHANGE |
|------------------------|---------------|-----------------|------------|-----------------|---------|-----------------|
| FY2019 | \$727,666,804 | | 10,634,686 | | \$68.42 | |
| FY2020 | \$583,612,778 | -19.8% | 8,281,686 | -22.1% | \$70.47 | 3.0% |
| FY2021 | \$802,828,624 | 37.6% | 8,468,173 | 2.3% | \$94.81 | 34.5% |
| FY2022 | \$877,423,345 | 9.3% | 9,058,168 | 7.0% | \$96.87 | 2.2% |
| FY2023 | \$882,213,104 | 0.5% | 8,984,537 | -0.8% | \$98.19 | 1.4% |
| LTM (June '23-May '24) | \$863,161,475 | -2.2% | 8,787,423 | -2.2% | \$98.23 | 0.0% |
| LTM/FY2019 | | 18.6% | | -17.4% | | 43.6% |

Source: Iowa Racing and Gaming Commission.

The following table provides a further breakdown of relative supply and performance, by property, for the region for the past 12 months.

TABLE 9: REGIONAL IOWA COMMERCIAL CASINO GAMING SUPPLY AND INDIVIDUAL PERFORMANCE, JUNE 2023-MAY 2024 (LTM)

| | SLOTS | TABLES | AGR | ADMISSIONS | WIN/ POSITION/DAY | WIN/ADMISSION |
|--------------------|-------|--------|---------------|------------|----------------------|---------------|
| Prairie Meadows | 1,204 | 41 | \$240,900,052 | 2,097,902 | \$455 | \$115 |
| Riverside | 892 | 39 | \$128,872,597 | 1,505,465 | \$314 | \$86 |
| Rhythm City | 820 | 22 | \$111,625,210 | 1,298,109 | \$321 | \$86 |
| Isle Waterloo | 831 | 24 | \$93,735,514 | 709,328 | \$263 | \$132 |
| Dubuque Diamond Jo | 720 | 27 | \$79,073,138 | 703,480 | \$246 | \$112 |
| Isle Bettendorf | 856 | 18 | \$67,241,090 | 670,033 | \$191 | \$100 |
| Catfish Bend | 643 | 31 | \$43,897,153 | 680,179 | \$145 | \$65 |
| Q Casino | 531 | 19 | \$43,724,678 | 550,282 | \$186 | \$79 |
| Wild Rose Clinton | 511 | 9 | \$33,135,592 | 417,304 | \$161 | \$79 |
| Casino Queen | 434 | 14 | \$20,956,451 | 155,341 | \$111 | \$135 |

Source: Iowa Racing and Gaming Commission. Positions calculated as 1 per slot and 6 per table game.

SPORTS BETTING

Sports betting was legalized in Iowa in May 2019 and first launched in August 2019. Sports betting is available both in retail and online format, operated by all 19 commercial casinos in the state. Initially, there was a requirement to sign up for online sports wagering at a retail venue, but that requirement was stripped in early 2021. Statewide, sports books generated \$186 million in net sports betting receipts in FY2023, of which the online share was \$165 million (nearly 90%); for FY2024 through May, the share remains nearly 90%, and aggregate sports betting net receipts could exceed \$210 million by the end of FY2024, inclusive of the retail share. The \$21 million in net retail receipts in FY2023 reflected a 1.2% increment to AGR from casino gaming (slots and table games).²²

²² Iowa Racing and Gaming Commission sports wagering revenue reports. <https://irgc.iowa.gov/publications-reports/sports-wagering-revenue>

While the split between online and retail revenues is substantial at the statewide level, for individual properties the ratios cross the full spectrum. For example, Grand Falls (on the South Dakota border) generated retail net receipts of \$1.77 million in FY2023, but had a net loss of \$4.24 million from internet play. In stark contrast, Casino Queen generated \$1.92 million in net receipts from internet sports wagering in FY2023, but less than \$6,000 in net receipts from retail. From a retail perspective (within the broader Cedar Rapids market), the only casino with FY2023 net retail sports betting receipts greater than 1% of AGR from casino gaming was Dubuque Diamond Jo (1.05%, or \$783,810). Prairie Meadows had the largest volume, at \$835,201, but equated to only 0.3% of gaming revenues.²³

PROPRIETARY VISITATION DATA

To supplement the State-reported performance data for existing commercial gaming operators, Convergence Strategy Group utilized proprietary data²⁴ which reveals the number of visits to each of the competitive gaming properties in the market, the demographics of those visitors, as well as the sources (ZIP code of residence) of those visits. With these data points, CSG was able to calibrate our gravity and out-of-market models to a degree of accuracy that has before been unseen in the gaming industry.

²³ Ibid.

²⁴ Convergence Strategy Group is a licensed partner of a large-scale aggregator and provider of mobile-phone tracking data. This license affords CSG the ability to access extremely detailed visitor tracking data for every square foot of the United States, on a daily, weekly, monthly, and annual basis going back to 2017. This data is derived from over 500 smart phone apps, including weather, social media, and shopping applications. These anonymized and highly confidential data sets are fed into AI models to estimate total behavior nationwide (to include behavior from individuals not included in their data). The data is continually back-tested through a partnership program with more than 200 companies, including large retailers, grocery stores, fast food, and public buildings, to assure accuracy, even in remote areas. Due to confidentiality, data sources can be provided upon request.

PROJECTIONS OF MARKET DEMAND FOR CEDAR CROSSING

While there are numerous casinos in central and eastern Iowa, as noted in the market supply analysis above, there are currently no casinos in Cedar Rapids or within a 30-minute drive time of the proposed development site, such that the addition of a casino in the city should result in an increase to regional gaming participation rates. We also note that historical revenues and admission counts for regional properties suggest that the participation rate for the broad central/eastern Iowa market are already relatively high (when compared to other competitive gaming markets in the country), such that some of the demand that the Cedar Crossing casino generates will be as a result of regional market dilution. The following analysis demonstrates our projections of the degree to which the market may expand as a result of the addition of a new venue, the market share that Cedar Crossing is projected to capture, and the implications on incumbent properties. Finally, we address the potential capture of tourism in the Cedar Rapids area, which we do not anticipate will have any casino substitution aspects.

REGIONAL MARKET DRIVE-TIME GRAVITY MODELS

In order to assess the current market dynamics and to project the potential future visitation and revenue generation for the proposed developments from the local area market, Convergence Strategy Group designed and built a drive-time gravity model for the competitive regions within a roughly 150-minute drive of Cedar Rapids. The 150-minute boundary was considered based on the relative proximity of casinos (existing and proposed) that may overlap potential visitation from outside of the immediate market area, as well as a review of the proprietary, cellphone-tracking data that illustrates what radius the market incumbents attract their clientele. Nevertheless, while a 150-minute drive-time sufficiently reflects the draw for a regional casino in this market, we note that for most properties, the vast majority of the clientele comes from within a 30-minute drive time of the respective properties (with the exception of properties not within 30 minutes of any sizable population mass).

METHODOLOGY

In competitive gaming markets, gravity models are the most widely used tool to determine local and regional market demand and the distribution of that demand between different properties. The general format of gravity models is that size and attractiveness of properties are factors that pull patrons towards a specific property, whereas distance (drive-time) from a property exponentially detracts a patron from visiting a specific property. Rather than constructing a standard “crow-flies” gravity model, wherein the straight-line distance between each ZIP Code in the market to each competitive property is calculated based upon geographic coordinates (X, Y), Convergence constructed drive-time gravity models. For this model, the real-world drive times from each ZIP Code (at the centroid) in the market to each competitive property²⁵ were derived from our in-house geographic information system, ArcGIS Online from Redlands, California-based ESRI²⁶. The result is a model that more accurately assesses the relationships between the people and places in a market. This model is further calibrated based on our access to AI mobile phone tracking tools, which allows us to map the ZIP Codes of visitors to

²⁵ Per ESRI specifications for drive times, “measurements are made along roads or walkways, and they honor applicable rules, such as one-way streets, illegal turns, and so on.” Due to the complex nature of the area traffic environment, no one day or time was selected for drive time comparison, rather drive times were calculated at the average travel time from one point to another.

²⁶ ESRI is the global market leader in GIS, with its ArcGIS product as the standard platform for government agencies across the United States, most national governments worldwide, as well as the private sector.

each of the properties in the market during a given year, enabling us to ensure that the model estimate distribution of gamer admissions by market area is consistent with what the tracking data shows.

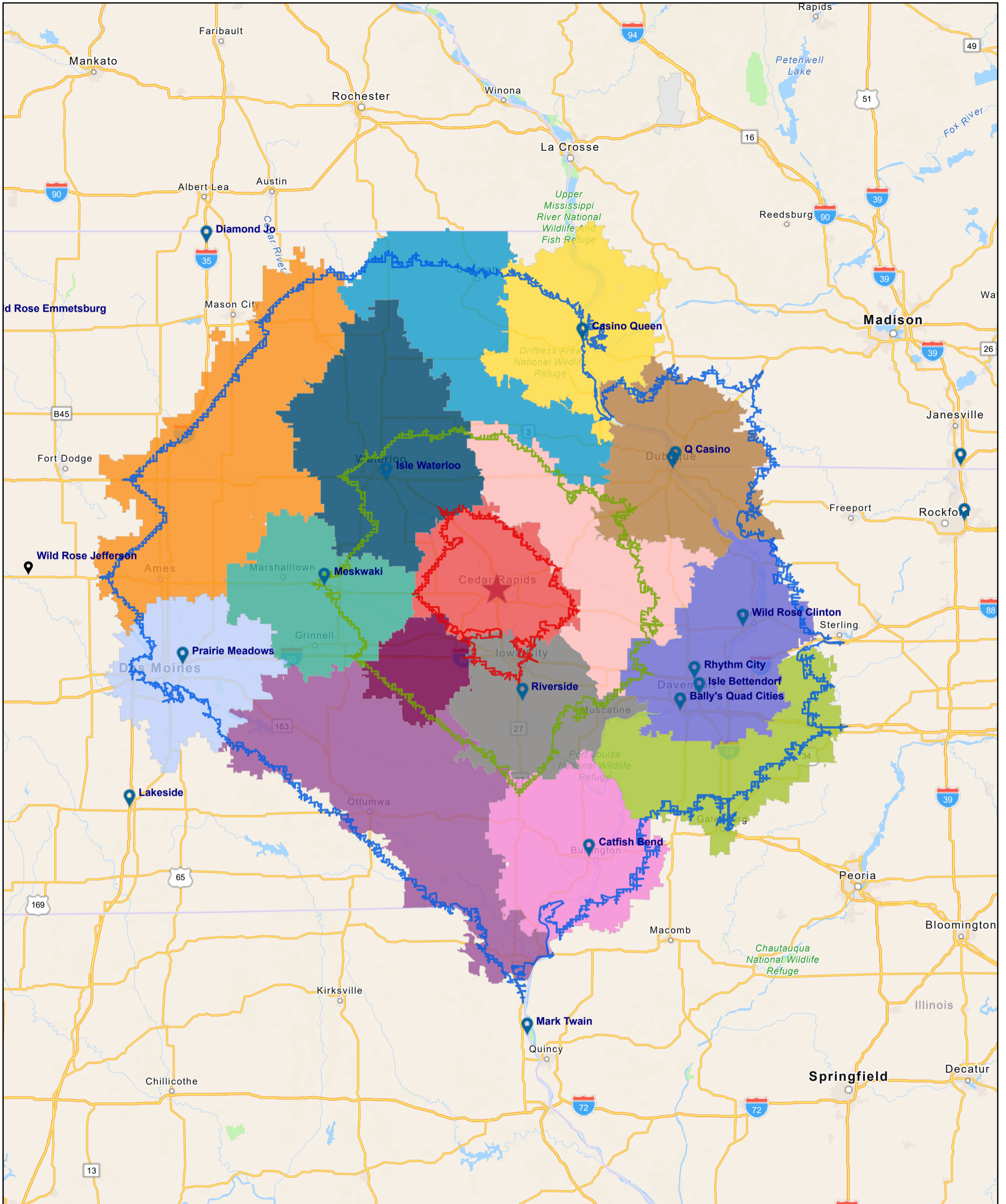
CSG's baseline gravity model was calibrated to FY 2024 (FY2024 estimate, based on last 12-month data) based on not only publicly reported casino performance, but also proprietary visitation data as described in previous sections of this report. This calibration takes into consideration the average win per admission as reported for the commercial casinos, and arriving at the percentage of total gaming visits and revenues at each property that we estimate comes from the regional population.

Two subsequent models were then built – the first to 2027 to establish a future baseline, which accounts for modest growth in win per admission, population change, and the addition of two casinos to the east of Iowa (a permanent Hard Rock casino in Rockford, Illinois and a new casino in Beloit, Wisconsin). The third model expands on this 2027 baseline by adding the Subject property. For both the 2027 baseline model and the 2027 expansion model, necessary adjustments were made to gaming participation rates, as demand growth in some areas may be expected as a result of adding new alternatives to the market.














SUB-MARKET REGIONS

Map 6 demonstrates the 15 distinct sub-market regions as designated by Convergence Strategy Group for modeling purposes, and *Table 4* details the size of the gaming age (21+) population in the market, a region that is with an approximate two-hour drive time of the proposed Cedar Crossing casino. The sub-market areas were delineated in consideration of distance from Cedar Rapids, proximity to alternative gaming options, as well state borders. This entire region holds 2.00 million adults of legal gaming age, with the largest being our defined “Prairie Meadows” market area, effectively the broader Des Moines area. The adult population is projected to have negligible growth through 2027 (to 2.02 million), though the primary market area (Cedar Rapids Primary) is expected to have one of the fastest growth rates in the region (trailing only the Prairie Meadows and Riverside Primary markets).

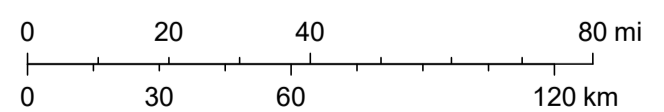
Map 6: Cedar Crossing Market Areas



July 2, 2024

-  Existing Casinos
-  Proposed Casino
- Market Areas**
-  2 hour NW
-  Casino Queen Primary
-  Catfish Bend
-  Cedar Rapids Primary
-  Dubuque Primary
- Meskwaki Primary
-  Prairie Meadows
-  Quad Cities Clinton Primary
-  Riverside Primary
-  Secondary East
-  Secondary SW
-  Waterloo

1:2,311,162



City of Cedar Rapids, Iowa DNR, Esri, TomTom, Garmin, FAO, NOAA, USGS, EPA, NPS, USFWS

TABLE 10: CEDAR CROSSING MARKET AREA GAMING AGE (21+) POPULATION

| SUBMARKET | 2023 | 2028 | CAGR 2023 2028 | 2027 EST. |
|-----------------------------|------------------|------------------|----------------|------------------|
| Cedar Rapids Primary | 197,074 | 201,293 | 0.42% | 200,442 |
| Riverside Primary | 157,428 | 162,081 | 0.58% | 161,140 |
| Secondary SW | 12,270 | 12,160 | -0.18% | 12,182 |
| Secondary East | 50,255 | 49,801 | -0.18% | 49,891 |
| Meskwaki Primary | 55,020 | 54,329 | -0.25% | 54,467 |
| Waterloo | 157,107 | 155,994 | -0.14% | 156,216 |
| 2 Hour NE | 40,398 | 40,024 | -0.19% | 40,099 |
| Casino Queen Primary | 34,315 | 33,551 | -0.45% | 33,702 |
| Dubuque Primary | 117,311 | 117,611 | 0.05% | 117,551 |
| Quad Cities Clinton Primary | 308,076 | 306,694 | -0.09% | 306,970 |
| 2 Hour SE | 66,860 | 65,462 | -0.42% | 65,739 |
| Catfish Bend | 72,352 | 71,188 | -0.32% | 71,419 |
| 2 Hour SW | 107,265 | 105,614 | -0.31% | 105,942 |
| Prairie Meadows | 490,485 | 513,149 | 0.91% | 508,534 |
| 2 Hour NW | 135,073 | 135,426 | 0.05% | 135,355 |
| Total | 2,001,289 | 2,024,377 | 0.23% | 2,019,649 |

Source: ESRI

The average household incomes of the market’s residents are considered in the forecast models when estimating the average “win per admission” for patronage to each facility. We further note that the Cedar Rapids Primary market has the second highest average household income of the 15 market areas (\$99,606 in 2023), trailing only the Prairie Meadows market area (\$107,165). These averages well exceed the regional weighted average across the 15 market areas of \$94,217 for 2023. There are no market areas in the broader area that have exceptionally low average household income levels, with the lowest being our defined 2-hour Southeast area, with an average of \$71,999 in 2023, followed by its neighboring Catfish Bend market area, at \$81,274. Most of the balance are more on par with the regional average, as evident from Table 11 below.²⁷

TABLE 11: CEDAR RAPIDS MARKET AREA AVERAGE HOUSEHOLD INCOMES

| SUBMARKET | 2023 | 2028 | CAGR 2023 2028 | 2027 EST. |
|-----------------------------|-----------------|------------------|----------------|------------------|
| Cedar Rapids Primary | \$99,606 | \$112,744 | 2.51% | \$109,984 |
| Riverside Primary | \$98,760 | \$111,842 | 2.52% | \$109,094 |
| Secondary SW | \$87,381 | \$97,269 | 2.17% | \$95,206 |
| Secondary East | \$91,147 | \$102,686 | 2.41% | \$100,267 |
| Meskwaki Primary | \$87,583 | \$98,098 | 2.29% | \$95,898 |
| Waterloo | \$86,946 | \$97,760 | 2.37% | \$95,494 |
| 2 Hour NE | \$88,656 | \$99,202 | 2.27% | \$96,997 |
| Casino Queen Primary | \$81,626 | \$91,932 | 2.41% | \$89,771 |
| Dubuque Primary | \$95,324 | \$107,280 | 2.39% | \$104,774 |
| Quad Cities Clinton Primary | \$91,416 | \$103,617 | 2.54% | \$101,053 |
| 2 Hour SE | \$71,999 | \$80,894 | 2.36% | \$79,031 |
| Catfish Bend | \$81,274 | \$91,127 | 2.32% | \$89,065 |
| 2 Hour SW | \$80,677 | \$90,511 | 2.33% | \$88,453 |
| Prairie Meadows | \$107,165 | \$121,008 | 2.46% | \$118,103 |
| 2 Hour NW | \$85,940 | \$96,848 | 2.42% | \$94,561 |
| Total | \$94,217 | \$106,552 | 2.49% | \$103,961 |

Source: ESRI

²⁷ Population and income data from ESRI, based on CSG market area carve boundaries.

MODEL CALIBRATIONS

The first step in forecasting the potential visitation (“admissions”) and revenue generation of the proposed facilities is the construction and calibration of base models which re-create existing conditions. The 2023 base models were calibrated to re-create FY2023 admission and revenue generation of the existing gaming facilities in the marketplace. We note that there is no official data for Meskwaki Bingo Casino as it is a Native American property that is not required to adhere to performance submission requirements like the commercial casinos. However, however our AI-based tracking data allows us to capture visitation data for all properties in the region. This allows us to calibrate the performance of Meskwaki Bingo Casino together with that of the commercial casinos, including an understanding of the distribution of admissions by feeder market for each of the properties in the region (and the degree to which each property may be attracting visitation from non-regional residents).

In calibrating the model, CSG also drew also from proprietary data sets on the prevalence of casino gaming participation segmented by ZIP Code of residence. Such data further enabled CSG to refine our models so that they most accurately reflect the current marketplace and consumer behaviors. As seen across the world, the addition of casino gaming options to an area typically results in an increase in gaming behavior – as adults have increased access to casinos, the propensity of those adults to be gamers increases as does the frequency of their play.

Once these model factors were built in, the real-world drive times from each ZIP Code centroid to each competitive facility were input, as were the size (in terms of gaming positions), and relative attractiveness of each competitor. This “attraction” factor is a measure of the quality and draw of a facility, and accounts for the differences between hotel resorts or entertainment complexes with large amenity packages that draw from a larger regional market, properties that benefit from synergy with surrounding attractions, and stand-alone casino properties that draw from a more local market.

Gaming participation in the gravity model was estimated through assumptions regarding propensity and frequency of casino admissions, adjusted in part by these market index and visitor-tracking data factors, as well as the overall and distribution of gaming expenditures in the region.

The baseline calibration model therefore is used to best replicate existing conditions, from which expanded models can then forecast levels of capture for the Subject facility and potential latent demand.

The 2023 model calibration resulted in participation rate estimates by market area, as presented in *Table 12*.

TABLE 12: BASE MODEL CALIBRATION FACTORS

| SUBMARKET | PROPENSITY | FREQUENCY |
|-----------------------------|------------|-----------|
| Cedar Rapids Primary | 34.6% | 10.4 |
| Riverside Primary | 42.5% | 13.3 |
| Secondary SW | 37.5% | 11.4 |
| Secondary East | 40.0% | 11.7 |
| Meskwaki Primary | 48.8% | 16.3 |
| Waterloo | 39.6% | 12.4 |
| 2 Hour NE | 31.0% | 11.6 |
| Casino Queen Primary | 30.0% | 12.0 |
| Dubuque Primary | 42.5% | 16.8 |
| Quad Cities Clinton Primary | 44.2% | 13.0 |
| 2 Hour SE | 35.0% | 9.4 |
| Catfish Bend | 42.1% | 12.4 |
| 2 Hour SW | 34.4% | 10.4 |
| Prairie Meadows | 43.2% | 10.4 |
| 2 Hour NW | 35.1% | 8.7 |

Source: CSG estimates.

Gaming expenditure per admission was calibrated initially for each market area as an average, based on relative household income levels. Calibration adjustments were then made on a property-by-property basis to most clearly mirror the average win per admission as reported for each and every property. These adjustments were necessary given that win per admission varies relatively widely by property in the market (see Table 9), due to a wide range of factors, including amenity mix and location on property of each of those amenities. As such, we estimate a weighted average win per admission of approximately \$100 for the 15-market area region as a whole, but there was variance in the win per admission by property and by region from this average in order to arrive at a model reasonably calibrated to actual performance.

The gravity model reflects spending attributable to gamers residing within the carve-out market area, but not that of gamers staying in property hotels, tourists, or those that are a result of longer-distance traffic intercept. Most all of the casinos in the central and eastern Iowa market have one or more hotels attached to them, with varying levels of tourism driving facility demand. As noted, many of the casinos in the regional market are approximately a two-hour drive from Cedar Rapids, beyond which we did not include as potential feeder markets for the Cedar Crossing casino. We know, however, that for casinos that are in these outer reaches of the Cedar Crossing market, these competitive facilities are positioned to draw from a further radius from Cedar Rapids, i.e., a casino located two hours east of Cedar Rapids would fairly easily draw from three hours east of Cedar Rapids. We have used the proprietary visitation data to calibrate this baseline model for each of the properties, determining the share of demand for each of the properties in the market that comes from within the carved-out region.

DEMAND FORECASTS

2027 BASELINE

A 2027 Baseline model was created by CSG, based on the 2023 calibration, which accounted for several adjustments:

- Demographic changes from 2023 to 2027, including changes in the size of adult populations in each ZIP Code and household income levels;

- Growth assumptions in average win per admission, at a rate of \$1.50 per year;
- An increased attraction factor for Marquette Casino Queen due to its move landside;
- New competition to the east of Iowa, including the opening of the permanent Hard Rock Rockford Casino and the opening of a new casino in Beloit, Wisconsin.

These issues did not impact any of our estimates regarding gaming participation rates by market area but did impact the volume and share of gaming revenues and visitation that each of the properties in the market would have. Moreover, it is this 2027 baseline result that we use later in our report to calculate the net impacts of the introduction of Cedar Crossing to the statewide gaming market, rather than the 2023 results.

2027 EXPANSION-ADJUSTED GRAVITY MODEL FACTORS

As casino gaming participation is associated with access to casino gaming options, the propensity of populations to visit a casino and the frequency of visitation increase with increases in supply. In the projection model, both the propensity to participate in casino gaming and the frequency of play for those residing in areas with easy access to the new casino are expected to increase by varying amounts. In our model, the only supply change that we envision will change participation rates will be the Subject facility, Cedar Crossing. From a modeling perspective, we understand it to be sized at 700 slots and 22 table games.

With the addition of the Cedar Crossing casino in Cedar Rapids, we envision growth in demand in the Cedar Rapids Primary market area, and to a lesser degree in three neighboring market areas: Riverside Primary, Secondary Southwest and Secondary East. The following table demonstrates the adjusted model factors.

TABLE 13: PROJECTION MODEL FACTORS, 2027

| SUBMARKET | PROPENSITY | FREQUENCY |
|-----------------------------|------------|-----------|
| Cedar Rapids Primary | 43.3% | 14.2 |
| Riverside Primary | 43.6% | 13.8 |
| Secondary SW | 39.4% | 12.0 |
| Secondary East | 42.0% | 12.3 |
| Meskwaki Primary | 48.8% | 16.6 |
| Waterloo | 39.6% | 12.6 |
| 2 Hour NE | 31.0% | 12.3 |
| Casino Queen Primary | 32.3% | 12.5 |
| Dubuque Primary | 42.5% | 16.8 |
| Quad Cities Clinton Primary | 44.2% | 13.0 |
| 2 Hour SE | 35.0% | 9.6 |
| Catfish Bend | 42.1% | 12.4 |
| 2 Hour SW | 34.4% | 10.6 |
| Prairie Meadows | 43.2% | 10.8 |
| 2 Hour NW | 35.1% | 8.9 |

Source: CSG analysis

2027 GRAVITY MODEL OUTPUTS

Considering the competitive landscape, size and geographic dispersal of the population (drive-time from the site), CSG projects that the Cedar Crossing casino has the *potential* to generate \$100.6 million in gaming win from 1.04 million regional gamer admissions in 2027, the assumed first full year of operations. It should be noted that new casinos generally have a ramp-up in demand during the first five years of operations, such that “actual” usually falls short of ‘potential’, with ‘actual’ usually reflecting between 88% and 92% of “potential” for the first year, ramping up to being able to meet full potential by year 3 (including any growth attributable to population and income growth by that year).

TABLE 14: POTENTIAL CEDAR CROSSING LOCAL MARKET ADMISSIONS & GAMING REVENUES, 2027

| SUBMARKET | GAMER ADMISSIONS | GAMING REVENUE (\$M) |
|-----------------------------|------------------|----------------------|
| Cedar Rapids Primary | 862,814 | \$83.9 |
| Riverside Primary | 55,188 | \$5.3 |
| Secondary SW | 6,084 | \$0.6 |
| Secondary East | 22,186 | \$2.1 |
| Meskwaki Primary | 6,121 | \$0.6 |
| Waterloo | 29,718 | \$2.8 |
| 2 Hour NE | 4,453 | \$0.4 |
| Casino Queen Primary | 646 | \$0.1 |
| Dubuque Primary | 3,570 | \$0.3 |
| Quad Cities Clinton Primary | 14,737 | \$1.4 |
| 2 Hour SE | 825 | \$0.1 |
| Catfish Bend | 4,333 | \$0.4 |
| 2 Hour SW | 10,090 | \$0.9 |
| Prairie Meadows | 16,641 | \$1.6 |
| 2 Hour NW | 3,555 | \$0.3 |
| Total | 1,040,959 | \$100.6 |

Source: CSG analysis

TOURISM DEMAND

Cedar Rapids Tourism reports that the city receives approximately 2.5 million visitors per year.²⁸ As of the writing of this report, no detailed tourism data were available from this or other local official sources, and therefore CSG employed proprietary location tracking data²⁹ to understand visitation to the city (see *Regional Tourism* section of this report).

While gaming participation data for tourist populations is not often tallied or published by official government sources, and not on a regular basis, CSG has experience in numerous jurisdictions for which tourism can be a significant contributor to casino gaming visits and revenues. In select cities,

²⁸ Cedar Rapids Tourism website, accessed May 2024.

<https://www.tourismcedarrrapids.com/partners/#:::text=In%20Cedar%20Rapids%2C%20we%20welcome,4%2C500%20jobs%20in%20our%20county.>

²⁹ CSG utilizes visitation intelligence from a large-scale data provider which gathers location data from smartphones and mobile apps, with opt-in consent from users (all of which is privacy-compliant), then analyzed and contextualized for purposes of providing accurate location intelligence.

up to 35% of all visitors visit the casino, while in others that figure falls significantly lower, in the range of 10%. The purpose of visits (leisure, business, visit family, etc.) impacts gaming participation as do the location of gaming facilities in relation to other tourism facilities and overnight lodging. CSG expects that approximately 10% of Cedar Rapids' visitors could choose to visit the casino during their stay, yielding 46,192 casino admissions, and spending an average of \$85 per admission, for just under \$4 million in gaming revenues, as detailed in the following table.

TABLE 15: TOURISM DEMAND PROJECTION

| | |
|--|--------------------|
| Est. Non-Market Area Resident Visitors to Cedar Rapids (#) | 461,923 |
| Est. Capture | 10% |
| Admissions | 46,192 |
| Win per Admission | \$85 |
| Win | \$3,926,347 |

Source: CSG analysis

PROJECTED TOTAL DEMAND AND GROSS GAMING REVENUES

Taking into consideration ramp-up of demand (at 90% of regional potential and 98% of tourist potential), we project gaming revenue potential for the first year of operation of \$94.4 million from 982 thousand gamer admissions. These projections assume a gaming supply of 700 slots and 22 tables, and the gaming win totals are inclusive of free play (consistent with how the Iowa Racing and Gaming Commission currently reports monthly performance). This would reflect an average win per position per day of \$311. Stabilized operations are projected by Year 3, at which time gaming revenues are projected to total \$108 million from 1.10 million gamer admissions, or \$356 per position per day. Thereafter, revenue and admission growth are assumed to be organic, with revenues reaching \$112 million by Year 5.

SPORTS BETTING

The gaming revenue projections above are exclusive of retail sports betting, which in FY2023 contributed approximately 1.2% as incremental AGR statewide. Notably, border casinos tend to have much higher retail sports revenue shares than those more centrally located. For the central Iowa-located properties, the increment to slot and table games for FY2023 was considerably lower:

- Prairie Meadows: \$835,201, or 0.3%
- Riverside: \$301,391, or 0.2%
- Isle Waterloo: \$452,301, or 0.5%
- Lakeside: \$30,222, or 0.1%.

Assuming Cedar Crossing sports betting performance would be near the average of this range (0.3%), it would reflect a retail sports betting win of approximately \$324,000 per year by Year 3, incremental to the casino AGR.

FIVE-YEAR AGR AND SPORTS BETTING CONCLUSION

The following table summarizes the five-year growth forecast for casino gaming and sports betting patronage and win, taking into consideration ramp-up of regional demand during the first three years of operation, and a more stabilized growth expectation thereafter.

TABLE 16: FIVE YEAR DEMAND AND GAMING REVENUE FORECAST

| | 2027 | 2028 | 2029 | 2030 | 2031 |
|---------------------------------|--------|---------|---------|---------|---------|
| Casino Win (\$M) | \$94.4 | \$102.1 | \$108.0 | \$110.7 | \$112.3 |
| Admissions (M) | 0.98 | 1.05 | 1.10 | 1.11 | 1.12 |
| Win per Admission | \$96 | \$97 | \$99 | \$100 | \$100 |
| Number of Units | 832 | 832 | 832 | 832 | 832 |
| Win/Unit/Day | \$311 | \$336 | \$356 | \$365 | \$370 |
| Turns/Day | 3.2 | 3.5 | 3.6 | 3.7 | 3.7 |
| Retail Sports Betting Win (\$M) | \$0.28 | \$0.31 | \$0.32 | \$0.33 | \$0.34 |

Source: CSG analysis

PROJECTED AGR IMPACT ON INCUMBENT IOWA OPERATORS

The preceding sections of this report provide the projections of admissions and revenues for the proposed Cedar Crossing casino. As referenced above, the calculations are derived through gravity models of demand from the regional population, and capture rate estimates for the regional tourism market. While the tourism capture likely would almost exclusively reflect new gaming revenues in Iowa, given that there are no casinos in Cedar Rapids, the value of gravity modeling is that it yields outputs that reflect market growth, as well as any diversion of demand from one property to another when a property is added to the model.³⁰ As discussed above, our modeling assumptions for the expansion scenario included increases in gaming participation rates for the Primary Cedar Rapids and the Riverside Primary market areas, with no changes in gaming participation rates for our other 13 defined market areas.

Solely with the addition of a Cedar Rapids casino to the model, the impact for any of the regional operators would be a decline in demand, with the magnitude of that impact depending largely on proximity to Cedar Rapids. As could be expected, incumbent properties most proximate to Cedar Rapids would be the most significantly impacted, as their existing customer base residing in Cedar Rapids may be more likely to shift to the new property. Those properties further afield, i.e., on the Mississippi River, would feel a comparatively negligible impact.

From an impact perspective, there are four commercial casinos and one Native American gaming facility for which we project the negative impact on AGR would be greater than 3% (relative to our stabilized 2029 projections):

³⁰ As noted in the regional market analysis, our models were calibrated in part using the data from our proprietary visitation data source, showing where each property was getting their customers from. This is a more precise methodology for creating a baseline model than simply assuming, all else being equal, that relative proximity is the determinant of which casino someone would patronize.

- Riverside: -11.6%, or \$16.6 million
- Meskwaki Bingo Casino: -7.7%, or approximately \$9.4 million³¹
- Isle Waterloo: -5.8%, or \$6.2 million
- Dubuque casinos (combined): -3.6%, or \$5.0 million

Collectively, we therefore project diversion of \$27.8 million in projected 2029 AGR from other commercial casinos in Iowa to Cedar Crossing. Therefore, we project that \$80.2 million of the \$108.0 million in potential 2029 AGR for Cedar Crossing would be new to Iowa as taxable revenue. It is this net new AGR that we use to determine the fiscal impact of adding the Cedar Crossing casino to the state.

³¹ Our model is not based on a definitive revenue figure for Meskwaki Bingo Casino, given that their revenues are not publicly reported.

ECONOMIC IMPACT ANALYSIS

The construction and operation of Cedar Crossing will provide a variety of benefits to Linn County and to the state of Iowa. The impacts would commence with a temporary (approximately 18 month) construction phase, during which time the developer project will require the sourcing of local materials and labor, generating taxes from sales and earnings. Once operations commence (assumed to have 2027 as a first full year of operations), Linn County and the State will benefit from the net new spending, household earnings, jobs and tax revenues.

In the analysis below we highlight the employment and industrial base of the state of Iowa and that of Linn County, in order to demonstrate the impacts that the facility will have on the supply and demand of labor in the region, as well as the way that the casino will provide some diversification to the region in terms of job opportunity. Based on projections of development costs, facility revenues and facility operating costs, models are created to forecast net total spending, job creation and household earnings growth that can be attributable to facility construction and operations, along with projections of fiscal impacts. Multipliers are considered at the statewide and county levels to account for indirect benefits that would result from increased regional spending and incomes.

REGIONAL LABOR MARKET

The state of Iowa has sustained monthly unemployment rates in the range of 2.5% to 3.1% since November 2021 (through April 2024). These rates are slightly higher than pre-pandemic (2019), when rates held steady at approximately 2.7%, but the current level is one that could still be considered as “full-employment”. The unemployment rate in Linn County has generally trended at approximately a half-percent higher than the statewide average since November 2021.³²

The statewide labor force currently stands at approximately 1.70 million persons, of which 48,724 are declared unemployed. This reflects a slight downsizing in the labor force relative to 2019, when the size of the labor force was 1.74 million. The labor force in Linn County currently stands at 140,209, of which 4,640 are declared unemployed. The size of the labor force in Linn County was 149,223 in 2019 (as an annual average), meaning that it has contracted at a considerably greater rate than that of the state since 2019 (6.0% contraction for Linn County, as compared to a 2.6% contraction for the state as a whole).³³ As such, while rates may nominally reflect “full employment”, there would appear to be a sizable segment that has left the labor force, but may still potentially re-enter, if opportunities arise.

The Cedar Crossing casino, with its related amenities, would draw predominantly from the Linn County labor force, along with some labor from Johnson County (with a small share from other surrounding counties, but likely no employees that reside out-of-state, given its location relative to other counties and state lines). The casino is projected to employ slightly greater than 300 FTE employees, such that it should not create stress on the labor market; conversely, it could provide some opportunities for some of the labor market dropouts to re-enter, given that there would be job opportunities available at all hours of the day and night. As demonstrated in Table 18, labor in the county is predominantly focused on jobs in service industries, for which casino-related jobs would be either a good transition, or a would benefit from being a vendor to the casino.

³² U.S. Bureau of Labor Statistics data, www.bls.gov. Accessed June 28, 2024. Rates spiked in April 2020 for both the county and the state to over 10% due to the pandemic, but steadily fell through 2021.

³³ Ibid.

TABLE 17: HISTORICAL LABOR FORCE DATA

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 APR |
|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Labor Force | | | | | | |
| Linn County | 149,223 | 142,358 | 142,731 | 144,273 | 142,797 | 140,209 |
| State of Iowa | 1,742,104 | 1,668,309 | 1,680,360 | 1,706,277 | 1,710,268 | 1,696,909 |
| Unemployment Level | | | | | | |
| Linn County | 4,264 | 8,654 | 6,371 | 4,560 | 4,938 | 4,640 |
| State of Iowa | 46,502 | 86,448 | 64,550 | 47,954 | 50,709 | 48,724 |
| Unemployment Rate | | | | | | |
| Linn County | 2.9% | 6.1% | 4.5% | 3.2% | 3.5% | 3.3% |
| State of Iowa | 2.7% | 5.2% | 3.8% | 2.8% | 3.0% | 2.9% |
| USA | 3.7% | 8.1% | 5.4% | 3.6% | 3.6% | 3.9% |

Source: U.S. Bureau of Labor Statistics

TABLE 18: LINN COUNTY LABOR MARKET SEGMENTATION

| | MAY 24P | 24 APR | 23 MAY | APR 24 TO MAY 24P | MAY 23 TO MAY 24P |
|---|---------|---------|---------|----------------------|----------------------|
| Total Nonfarm | 143,500 | 143,500 | 142,900 | 0.00% | 0.42% |
| Total Private | 126,600 | 126,600 | 126,000 | 0.00% | 0.48% |
| Goods Producing | 29,200 | 29,000 | 28,900 | 0.69% | 1.04% |
| Service-Providing | 114,300 | 114,500 | 114,000 | -0.17% | 0.26% |
| Private Service Providing | 97,400 | 97,600 | 97,100 | -0.20% | 0.31% |
| Nat. Res & Construction | 9,100 | 8,900 | 8,900 | 2.25% | 2.25% |
| Manufacturing | 20,100 | 20,100 | 20,000 | 0.00% | 0.50% |
| Durable Goods | 13,100 | 13,100 | 13,200 | 0.00% | -0.76% |
| Trade, Transportation | 28,000 | 27,800 | 28,600 | 0.72% | -2.10% |
| Wholesale Trade | 6,100 | 6,100 | 5,900 | 0.00% | 3.39% |
| Retail Trade | 13,900 | 13,800 | 13,900 | 0.72% | 0.00% |
| Transportation, Warehouse, Utilities | 8,000 | 7,900 | 8,800 | 1.27% | -9.09% |
| Information | 2,700 | 2,800 | 3,000 | -3.57% | -10.00% |
| Financial Activities | 10,000 | 10,000 | 9,900 | 0.00% | 1.01% |
| Finance and Insurance | 8,800 | 8,800 | 8,700 | 0.00% | 1.15% |
| Professional and Business Services | 15,800 | 16,200 | 15,600 | -2.47% | 1.28% |
| Administrative and Support and Waste Management and Remediation Services | 7,700 | 7,700 | 7,500 | 0.00% | 2.67% |
| Educational and Health Services | 23,300 | 23,500 | 22,500 | -0.85% | 3.56% |
| Leisure and Hospitality | 12,900 | 12,500 | 12,600 | 3.20% | 2.38% |
| Accommodation and Food Services | 10,800 | 10,500 | 10,400 | 2.86% | 3.85% |
| Other Services | 4,700 | 4,800 | 4,900 | -2.08% | -4.08% |
| Government | 16,900 | 16,900 | 16,900 | 0.00% | 0.00% |
| Federal Government | 1,100 | 1,100 | 1,200 | 0.00% | -8.33% |
| State Government | 900 | 900 | 900 | 0.00% | 0.00% |
| Local Government | 14,900 | 14,900 | 14,800 | 0.00% | 0.68% |

Source: State of Iowa Website. <https://workforce.iowa.gov/labor-market-information/indicators/ces/data>

STATE AND LOCAL BUDGETS

The rationale for a government supporting casino development within its community is generally tied to the fiscal impacts that it will create, as well as the potential for job creation and the spinoff benefits that it may provide for existing regional businesses. The fiscal impacts will result from a mix of taxes related to gaming, retail sales, income and other agreed-upon distributions. Once operational, Cedar Crossing is projected to support direct (Full-Time Equivalent, or “FTE”) employment of approximately 300 FTE’s, with jobs ranging from casino management and floor staff to security, maintenance, marketing and food and beverage staff.

STATE OF IOWA

The State of Iowa has an operating budget for FY2024 of \$8.55 billion and the legislature passed a 2025 Fiscal Year budget of \$8.92 billion.³⁴ The State’s share of gaming taxes predominantly go to the General Fund, but there have been earmarks towards other purposes, including a County Endowment Fund (for counties without casinos) and a Miscellaneous Special Fund, allocated to the formation of community grants to support cultural and tourism initiatives. The State gaming tax receipts from Iowa casinos in FY2023 were \$342 million, and are on pace to be slightly lower in FY2024, at approximately \$330 million (due in part to changes in taxability of casino free play, as well as to a projected slight decline in year-over-year aggregate casino win, as evident from *Table 1*).³⁵ Revenues to the County Endowment Fund are projected to total approximately \$13.1 million for FY2024, and the Miscellaneous Special Fund approximately \$3.3 million.³⁶ Collectively, these tax revenues equate to approximately 20.5% of AGR (there is a marginal tax structure in place that would make effective rates approximately 21.5%, if not for a partial discount on free play expenditures). While in aggregate these revenues have a notable impact on the state budget, the performance of any individual casino is not nearly as significant at the statewide level, given that there are 19 casinos whose taxes are aggregated to arrive at these totals.

LINN COUNTY

The Annual Budget for Linn County in FY2025 is \$157.1 million, an increase of \$6.4 million from FY2024. The County receives the majority of its revenues from property taxes (51%) and made several significant changes to the residential and commercial tax structure to allow for this budget increase, including a county-wide property tax levy increase from \$5.96 in FY2024 to \$6.07 in FY2025.³⁷

The addition of the Cedar Crossing casino would fiscally benefit the County from several different sources, most notably with respect to the share of gaming taxes and distributions. The statutory share of the gaming tax that would accrue to the County would be 0.5% of AGR. Calculations of these impacts are provided later in this analysis.

³⁴ Official State of Iowa website, Governor’s FY2025 State budget recommendations, January 9, 2024. <https://drive.google.com/file/d/180156fR0fgv0ZxTKOaDUU5gP5uYcqGwZ/view>

³⁵ The ~\$30M year-over-year statewide AGR decline is effectively equivalent to the decline in the Council Bluffs market (down 30.5% year-over-year), likely due to new competition in Nebraska, such that the balance of the state has had relatively flat performance (similarly, statewide admission counts year-over-year are down ~240,000, while Council Bluff’s three casinos have experienced a decline in patronage of ~225,000).

³⁶ FY 2023 actuals from Iowa Racing and Gaming Commission historical gaming revenue reports. FY2024 projections based on IRGC monthly data through April 2024. <https://irgc.iowa.gov/publications-reports/gaming-revenue>.

³⁷ Linn County, Iowa press release, April 17, 2024. <https://www.linncountyiowa.gov/CivicAlerts.aspx?AID=3547#:~:text=The Linn County Board of C through June 30 C 2025.>

CITY OF CEDAR RAPIDS

The City of Cedar Rapids has an Annual Budget for FY2025 of \$163.1 million, with a goal of a balanced budget.³⁸ These totals reflect increases from FY2024, when the annual budget stood at \$156.6 million.³⁹ As with the County, the addition of the casino to the city will provide fiscal benefits that will have a tangible impact on the City budget, along with various other tax benefits driven by patron non-gaming spending. The statutory gaming tax rate that goes to the City would be 0.5% of AGR. Additionally, P2E intends to agree to have an annual payment to the City of Cedar Rapids in the amount of 2.25% of Net AGR. Calculations of these aggregate impacts are provided later in this analysis.

PROJECT ECONOMICS

In order to determine the potential economic impacts of the proposed Cedar Crossing development and operations, Convergence Strategy Group:

- Reviewed the intended development budget by major line item (materials, finance, design, etc.)
- Was provided with a projected timeline for development
- Utilized a financial pro forma and staffing model for the casino operations, which were based on the results of our gaming market projection, in order to project ongoing economic impacts from operations
- Collected county and statewide multipliers from the U.S. Bureau of Economic Analysis to estimate what construction and spending would mean in terms of total economic impact from a spending, earnings, jobs and fiscal impact perspective
- Reviewed all taxes and fees that Cedar Crossing would be paying to state and local governments, as well as that of the gaming industry as a whole in Iowa, in order to demonstrate the *net* impacts in our model conclusions
 - Net impacts were also considered for spending, earnings and job impacts, to the extent that other Iowa properties may see a decline in demand as a result of the entry of Cedar Crossing)

ECONOMIC IMPACTS OF CONSTRUCTION AND OPERATIONS

As noted, economic impacts are generally evaluated in two phases when considering entrants to a market: the construction phase and the operating phase. The development phase is considered as a one-time benefit to the market, in that the impacts occur for a brief period (during construction) and disappear once construction is complete (aside from the ripple effect in the economy resulting from the initial expenditures). The proposed timeframe for development of Cedar Crossing is projected at approximately 18 months. From an employment perspective, projections for the construction phase are provided in terms of man-years of employment. Thus, if everyone is employed for the full term of construction, and the full term is 18 months, the job forecast would reflect 1.5 times the number of

³⁸ City of Cedar Rapids FY2025 Annual Budget. <https://cms8.revize.com/revize/cedarrapids/Finance/FY 2025 Adopted Book 1.pdf>, page 37.

³⁹ City of Cedar Rapids FY2024 Annual Budget. https://cms8.revize.com/revize/cedarrapids/document_center/Finance/Budget/FY24 Budget/FY 2024 GFOA Book - Book 1.pdf, page 35.

people that would actually be employed. However, the opposite is generally the case, which makes construction labor estimates difficult to reasonably equate to labor availability. Construction workers that deal with site work generally are involved early in the process, but would have less involvement once construction starts and becomes limited to interiors work. Similarly, painters, carpet-layers and electricians may likely have minimal involvement during the initial months of construction. As a result, during the construction phase the actual number of people that will be employed in some fashion to help develop Cedar Crossing will likely well exceed the forecast of quantity of man-years of employment, but most may only work for a small fraction of the construction timeline.

The operating phase for the economic impacts reflects ongoing, annual impacts from operations. For the purpose of this analysis we use projections for the year 2029 (Year 3 of operations), which should closely reflect stabilized operation. Direct labor estimates for our modeling have been provided by Peninsula Pacific Entertainment, based on the results of CSG's gaming market forecast and their experience in operating similarly-sized gaming facilities elsewhere in the United States.

CONSTRUCTION COSTS

The projected development cost for Cedar Crossing is approximately \$272 million, including the cost of land acquisition, financing costs, license fees and other pre-opening expenses. This total also includes approximately \$22 million for the purchase of gaming industry-specific Operating Systems and Equipment (slots, as well as chairs, software equipment, signage and kiosks), expected to come from out of state but subject to Iowa sales taxes.

For the site work and construction work hard cost total (approximately \$113 million of the \$272 million total), we assume both the labor and materials will almost exclusively be procured in Iowa, 75% of which would be in Linn County. The soft costs largely reflect General Conditions, Contingencies and Contractor markups. While contingencies may have a materials component, these costs are presumed to largely equate to contractor earnings, and thus these costs are presumed to be similarly in-state and locally incurred.

Approximately \$18 million is budgeted for FF&E, which may predominantly be procured from within Iowa, though to a lesser degree from Linn County. As noted, gaming-related OS&E (slot equipment and signage and table gaming equipment, inclusive of chairs, as well as casino count room equipment) are assumed to be purchased from national dealers. Approximately \$5 million in non-gaming OS&E can be expected to be procured locally. The professional services expense of approximately \$6.4 million induces design fees, architect fees and engineering consulting, as well as miscellaneous other experts, procured both regionally and nationally. The casino will incur \$3.8 million in pre-development and pre-opening expenses, predominantly reflecting staffing/training expenses. The casino license fee is budgeted at \$20 million, which would accrue to the State, at a rate of \$5 million per year for four years. Finally, \$51.5 million is budgeted for finance costs, permits and fees, and \$11.3 million is budgeted for the purchase of land; these are assumed to have no local/state component.

The projected development cost, and where expenditures are likely to be made, is broken down as follows:

TABLE 19: PROJECTED DEVELOPMENT COST BREAKDOWN

| | TOTAL | IN IOWA | IN IOWA | IN LINN COUNTY | IN LINN COUNTY |
|---------------------------------|----------------------|------------|----------------------|----------------|----------------------|
| Construction Hard Costs | \$91,719,403 | 100% | \$91,719,403 | 75% | \$68,789,552 |
| Site Work, Landscaping, Parking | \$21,165,061 | 100% | \$21,165,061 | 75% | \$15,873,796 |
| Professional Fees | \$7,105,050 | 35% | \$2,486,768 | 25% | \$1,776,263 |
| Soft Costs | \$21,104,422 | 100% | \$21,104,422 | 75% | \$15,828,317 |
| FF&E | \$17,862,521 | 75% | \$13,396,891 | 50% | \$8,931,261 |
| Gaming OS&E | \$22,223,451 | 0% | \$0 | 0% | \$0 |
| Non-Gaming OS&E | \$5,052,198 | 90% | \$4,546,978 | 75% | \$3,789,148 |
| Pre-opening Expenses | \$3,820,421 | 100% | \$3,820,421 | 82% | \$3,144,206 |
| License Fees | \$20,000,000 | 100% | \$20,000,000 | 100% | \$20,000,000 |
| Land | \$11,349,375 | 0% | \$0 | 0% | \$0 |
| Finance and related | \$51,538,945 | 0% | \$0 | 0% | \$0 |
| Total | \$272,940,847 | 65% | \$178,239,943 | 51% | \$138,132,542 |

Source: Peninsula Pacific Entertainment. CSG estimates for in-state and in-county shares

ECONOMIC IMPACT OF CONSTRUCTION

Construction impacts are temporal in that they only are experienced during the construction phase of the project, with some ripple effects in the regional and statewide economies for a short period after construction is completed. Ripple effects are viewed as multipliers on the initial expenditures, meaning that money earned by construction employees and materials suppliers will then be re-spent statewide, further benefiting other businesses in the state; this spending then allows for more incremental spending, and so on (with some money leaking out of the local and statewide economies or saved, such that the multipliers are not infinite).

CSG created economic impact models using RIMS II multipliers, created by the U.S. Bureau of Economic Analysis, based on cross-industry purchasing patterns in Linn County and statewide. These multipliers (separate sets were created for the county level and for the state level) are applied to the direct spending totals in order to calculate the overall economic impacts in terms of Output, Earnings, and Employment. These are not annual totals, rather they are the overall impact generated in the statewide economy as a result of the construction process, with the Employment estimate being calculated in terms of man-years of employment.

Total Output is an aggregation of the value of goods and services that go into the construction of the casino project, together with the ripple effect in the economy (calculated using the multipliers applicable to the construction industry and to wholesale goods, as applied to the dollars projected to be spent in-county and in-state). We estimate the development will produce during the construction phase Total Spending of \$303 million within the Iowa economy, including \$204 million within Linn County. These totals do not include the fiscal impact of the license fees to be paid to the State during the construction period, or resulting economic spinoff benefits.

Based on the multiplier calculations, we project direct earnings to equate to approximately 39 percent of the direct spending at the statewide level, and 31 percent at the County level. This equates to \$61 million in direct earnings statewide, including \$36 million in Linn County. Inclusive of earnings generated indirectly, statewide earnings attributable to the construction of Cedar Crossing will total \$102 million, including \$57 million in Linn County. Finally, based on the development budget, the project

is estimated to require 931 man-years of labor from workers statewide, including 546 man-years of labor from Linn County workers. Inclusive of indirect impacts, the employment totals would be 1,736 man-years at the state level and 992 at the county level.

Note that the jobs total is defined as man-years rather than FTE's, as the jobs are temporal in that they only exist during the construction phase. As such, it is more a result of mathematical calculations than an estimate of the number of people that will work on the site; some workers will only be needed for initial site work, or come in late as painters or landscapers, and there may be only a small segment that will be involved throughout the project, i.e. those involved in construction management. Additionally, given that the expectation is that it will be an 18-month development timeline, 931 man-years of direct labor is the equivalent of 621 people working full-time for 18 months.

The following table summarizes these construction-related, one-time impacts.

TABLE 20: ECONOMIC IMPACT CONSTRUCTION MODEL RESULTS

| | DIRECT | INDIRECT | TOTAL |
|------------------------|---------------|---------------|---------------|
| State of Iowa | | | |
| Spending | \$157,066,045 | \$145,957,876 | \$303,023,922 |
| Earnings | \$61,309,265 | \$40,634,517 | \$101,943,781 |
| Employment (Man Years) | 931 | 805 | 1,736 |
| Linn County | | | |
| Spending | \$117,300,366 | \$86,767,475 | \$204,067,841 |
| Earnings | \$35,870,733 | \$21,198,096 | \$57,068,829 |
| Employment (Man Years) | 546 | 447 | 992 |

Source: Convergence Strategy Group calculations

FISCAL IMPACTS OF CONSTRUCTION

Construction spending for a new gaming facility will generate fiscal benefits in the form of sales taxes and state income taxes. State sales taxes on construction activity are assumed to accrue a rate of 6 percent on direct FF&E and OS&E construction expenditure (including purchases from out-of-state and out-of-county suppliers), with an assumed rate of 2 percent on all indirect spending (discounted to account for some non-taxable household consumption spending and housing costs). An additional 1% accrues to Linn County on the direct purchases (similarly discounted to .33% of indirect spending that accrues within the county). Note that these totals are aggregate impacts from facility development, and do not reflect annual fiscal impacts.

TABLE 21: CONSTRUCTION RELATED SALES TAX PROJECTIONS

| | SALES TAXES |
|----------------------|--------------------|
| State of Iowa | |
| Direct | \$2,708,290 |
| Indirect | \$3,141,321 |
| Total | \$5,849,611 |
| Linn County | |
| Direct | \$451,382 |
| Indirect | \$391,001 |
| Total | \$842,383 |

Source: Convergence Strategy Group calculations

Governor Reynolds signed into law in 2024 a flat income tax for Iowa, to go into effect in 2025, establishing a 3.8% income tax. Based on the projected \$102 million in household earnings that will be attributable statewide to the casino development, the projected total state income tax impact from construction is projected at \$3.9 million.

OPERATING IMPACTS

The impact from casino operations differs from the construction impacts in that they are ongoing, annual impacts that will continue to be felt in the Iowa economy once the facility becomes operational. For the purpose of this assessment, we consider 2029 to be the first year of stabilized operation (Year 3, assuming 2027 as Year 1), basing our impact assessments on the demand forecasts made in a separate chapter of this report. We note that gaming revenues were projected in the market assessment, the facility will generate ancillary amenity revenues as well, particularly emanating from food and beverage operations. These amenities will be key contributors to facility success given the broad mix at existing properties in the market and are important complements to sports betting and gaming operations. As such, we include our understanding of the overall business model in our estimate of the total jobs, spending and earnings impacts from the proposed development.

The projections below provide the net new spending, earnings, full-time equivalency of jobs created and fiscal impacts to be generated as a result of annual operations of the gaming facility. The inputs for the gaming and ancillary amenities are considered somewhat differently. For casino operations, we consider the spending by the gaming facility as the initial, direct expenditure on final goods and services in the market. For non-gaming amenities, we consider the spending by customers as the initial, direct impacts, as food and beverage demand will reflect the purchases of final goods and services (however, no multipliers are applied to this non-gaming expenditure; rather, they are applied to the spending by Cedar Crossing for related goods and services, with the direct spending being incremental).

DIRECT IMPACT OF CASINO AND ANCILLARY OPERATIONS

CSG provides a casino revenue and annual patronage forecast in a separate chapter of this report. Based on these projections, P2E provided CSG with non-gaming revenue projections, as well as staffing and labor cost projections and projections of casino operating expenses. The projections that follow are as annual impacts from stabilized operations, to be expected by year 3 of property operations. As noted in the market demand forecast, a ramp-up during the first two years is to be expected, during which time demand may be closer to 90-95% of stabilized demand, though from a staffing perspective there is no reason to presume a ramp-up.

For the F&B operations, P2E estimates revenues will equate to approximately \$6.50 per casino patron or \$7.05 million annually, which equates to approximately 6.5% of projected AGR. Entertainment revenues are projected to total \$1.6 million annually, or approximately 1.5% incremental to AGR.

From a casino operating impact perspective, we do not consider gaming revenues as the driver of what we define as “Spending”, rather the direct benefits from gaming operations are measured as a result of spending by the operator. We note that this is something for which there is significant inconsistency amongst economists as to what to use as inputs for economic impact modeling. In some cases, economists use gaming revenues as the Direct Spending; in some cases, it is aggregate expenditures, inclusive of taxes, fees and distributions. In our modeling, it is aggregate expenditures, less taxes, fees, and distributions, though we recognize that there are clearly some economic benefits

that should accrue as a result of governments having additional revenues (or being able to offer tax breaks to citizens as a result of the new revenues). There can also be an argument that there is a substitution effect of gaming entertainment for other forms of entertainment – we do not consider a substitution effect in our modeling.

Cedar Crossing will have annual expenses for the procurement of goods, services and supplies, as well as for labor, utilities, marketing and promotions, gaming taxes and other distributions that will be beneficial to the Iowa economy. P2E projects the cost of goods sold for F&B and Entertainment will total \$4.2 million annually, or approximately 48% of the projected revenues from these venues. Based on the projected gaming supply and necessary scale of F&B amenities, the labor count for the entire property is projected at approximately 300 FTE employees. Salaries, wages and tips are projected to annualize at \$15.4 million (approximately \$51,425/FTE, including gratuity income). Additionally, labor costs of \$1.35 million for payroll and related taxes will be incurred by the facility, as well as \$1.2 million in payroll benefits. Cedar Crossing is projected to have annual expenditures for supplies, services and utilities (incurred in Iowa) of approximately \$14.5 million. These totals do not include gaming taxes and distributions (projected at \$30.7 million in Year 3), property taxes (yet to be finalized, but estimated herein at approximately \$2 million per year), slot lease expenses, promotional allowances or free play.

In total, we forecast total direct spending by patrons on non-gaming (F&B, entertainment, etc.), as well as by the property for supplies and services will amount to \$44.7 million in the first year of stabilized operations, as summarized in the following table. This collectively reflects the total spending attributable to casino operations, annually. Note that this excludes government spending that would be induced by incremental gaming taxes and the approximately \$6.3 million annually to be distributed to non-profits through the Linn County Gaming Association (8% of Net AGR).

TABLE 22: 2027 PROJECTED OPERATIONS AND PATRON EXPENDITURES

| | TOTAL SPENDING |
|--|---------------------|
| F&B revenues | \$7,053,000 |
| Entertainment and Other revenues | \$3,527,000 |
| Cedar Crossing wages, salaries, tips and benefits (gaming and non-gaming) | \$15,426,892 |
| Cedar Crossing operations expenses (non-labor), n.i. taxes, distributions and promotions | \$14,523,598 |
| F&B cost of goods sold | \$2,685,600 |
| Entertainment and Other cost of goods sold | \$1,497,760 |
| Total Spending | \$44,713,850 |

Source: P2E, based on Convergence Strategy Group casino demand calculations. Cedar Crossing Spending total is exclusive of gaming and property taxes, distributions to governments or non-profit organizations, promotional allowances, comps or other types of promotions.

The preceding aggregate spending total does not reflect any impacts of substitution effects away from other Iowa gaming facilities. Our gaming market assessment conclusions do not point to a likely need to have staffing changes at other gaming properties due to the shift in demand (the facility most impacted showing a potential 11% decline in demand, with most others being far less), and it is unlikely that it would have any impact on other facilities’ purchasing decisions, utilities usage, insurance expenses, etc. As such, the likely impact on the purchase of non-F&B goods and services by these other properties would likely be negligibly impacted. However, revenues, wages/tips and other expenses attributable to F&B sales can be expected to decline at other properties proportionally to the gaming revenues as a result of the Cedar Crossing entry in the market. As such, these adjustments need to be made to arrive at Net Direct Spending, Earnings and Employment to calculate economic impacts at the statewide level. We do not expect a similar substitution effect at the county level – while some businesses in Linn County may see business shift to the casino, the casino will also draw visitors

to surrounding businesses, specifically due to synergy with Kingston Yard, such that at the county level there may be incremental impacts, not a dilution.

The gaming demand model suggests approximately 26% of the potential AGR would be diverted from other Iowa commercial gaming venues. As such, while it is still unlikely to impact staffing levels for even the F&B facilities, it is reasonable to assume that 26% of the F&B and Other spending by patrons (and related tips and costs of goods sold) projected at Cedar Crossing would be diverted from these facilities as well.

TOTAL ECONOMIC IMPACT OF CASINO AND RELATED OPERATIONS

In order to determine the total impact of operations on the Iowa and Linn County economies, industry multipliers are applied to these net direct expenditures and labor projections to derive forecasts of Total Spending, Earnings and Employment as attributable to operation. We applied spending, earnings and employment multipliers as calculated by RIMS II for professional services, business services, wholesale, utilities and households to the expected expenses related to each of these line items to arrive at the resulting economic impacts.

In this sense, direct spending reflects the spending by gamers on non-gaming activities, plus spending by the property on goods, services and labor. Indirect spending reflects the spinoff spending by vendors to the casino as a result of its sales, spending by casino employees as a result of their incomes, and the ripple effect of this spending in the statewide or regional economy. Direct earnings reflect the incomes of the casino employees, while indirect earnings reflect the earnings of residents outside of the casino that can be directly tied to the facility spending, and ripple effects in the economy. Direct employment reflects the projected FTE count at Cedar Crossing, while indirect employment reflects job growth that may occur outside of Cedar Crossing as a result of its stimulus to the Iowa economy. These indirect calculations are all done via the use of RIMS II multipliers, as specifically calculated by the Bureau of Economic Analysis for the state and the county for the business service industries, professional service industries, wholesale trade, utilities and households.

For the impact of casino operations, the assumption is that 95% of the non-labor operating expenses will be consummated in-state, and 75% from within Linn County, with multipliers applied to these expenses to determine the total impacts (all employees at Cedar Crossing are expected to be Iowans, including 82% from Linn County).⁴⁰ For the F&B operations we apply multipliers to the revenues from operations, including gratuities (net of substitution effect at the statewide level, as discussed above). As evident from the following table, the property is forecast to generate a net annual spending impact of approximately \$65.6 million statewide, supporting earnings growth of \$29.6 million statewide and the full-time equivalent employment of 524 Iowa workers. At the County level, annual spending attributable to Cedar Crossing is projected at \$57.1 million, supporting earnings growth of \$21.7 million for Linn County residents, supporting the full-time equivalent of 446 jobs.

Again, we note that these impacts are exclusive of economic benefits that will result from spending attributable to gaming taxes and distributions.

⁴⁰ According to the U.S. Census' American Community Survey 2015-2020, 82.2% (105,750 out of 128,706) of the Linn County workforce were Linn County residents. <https://www.census.gov/data/tables/2020/demo/metro-micro/commuting-flows-2020.html>

TABLE 23: 2029 TOTAL ECONOMIC IMPACTS

| | DIRECT | INDIRECT | TOTAL |
|----------------------|--------------|--------------|---------------------|
| State of Iowa | | | |
| Spending | \$39,540,836 | \$26,018,107 | \$65,558,943 |
| Earnings | \$15,063,530 | \$14,579,920 | \$29,643,450 |
| Employment | 300 | 224 | 524 |
| Linn County | | | |
| Spending | \$36,101,624 | \$20,965,760 | \$57,067,384 |
| Earnings | \$12,680,905 | \$8,988,994 | \$21,669,900 |
| Employment | 247 | 200 | 446 |

Source: Convergence Strategy Group calculations, using RIMS II multipliers from U.S. Bureau of Economic Analysis

FISCAL IMPACTS

LICENSING AND ONGOING PAYMENTS

P2E will pay the State a license fee in the amount of \$20 million. This fee will be paid in 5 installments, with the first \$4 million payment due upon the granting of the license and another \$4 million due on each anniversary thereafter, for the subsequent four years. These amounts would be incremental to any gaming taxes that are paid as a result of gaming operations, as calculated in the following section.

FISCAL IMPACT OF OPERATIONS

The fiscal impact at the State level will result from a mix of gaming taxes, sales taxes and income taxes, net of impacts related to impacts to existing Iowa casino operations. State gaming taxes are calculated at a rate of 21% of AGR⁴¹ for Cedar Crossing as well as all other Iowa gaming facilities. As footnoted, while the State share roughly equates to a marginal rate of 21% of AGR, CSG estimates the effective rate for commercial casinos to be 19.5% of gross revenues, after consideration of free play (aside from Prairie Meadows at 21.5% and Meskwaki, untaxed). This is inclusive of the County Endowment Fund, allocated to counties that are not casino hosts. Additionally, the host city and the host county are each allotted 0.5% of AGR (for a total gaming tax of ~20.5% of AGR). Furthermore, P2E will be paying the City of Cedar Rapids an amount equal to 2.25% of Net AGR, with the net being AGR (as currently defined in 2024), less state and local gaming taxes.

We note that the addition of Cedar Crossing to the statewide gaming market will have an impact on incumbent operators. We estimate that approximately 25.8% of the AGR for Cedar Crossing will be diverted from other Iowa commercial casinos. As such, the Gross AGR tax that will accrue to the State is estimated at \$21.1 million, but the Net annual AGR tax impact is estimated at \$15.7 million.

The effective gaming tax and distributions in Year 3 of operations are calculated as follows:

⁴¹ AGR here (and throughout this report) is as defined in 2024, which is fully inclusive of free play. We recognize that effective 2026, AGR will be defined and calculated by the State as exclusive of free play, but for demand modeling purposes, it was necessary to have the figures calculated as being inclusive.

TABLE 24: FISCAL IMPACT (2029)

| | AGR | % OF AGR | FISCAL IMPACT |
|---|---------------|----------------|---------------------|
| Year 3 Projected AGR | \$108,010,000 | | |
| Year 3 Projected AGR Net of 7% Free Play | \$100,449,300 | | |
| Statutory Gaming Tax Share to State of Iowa | | 19.5% | \$21,094,353 |
| Fiscal Impact from AGR Δ at existing properties | | -25.8% | -\$5,430,000 |
| Net Incremental to State of Iowa | | | \$15,664,353 |
| Statutory Distribution to Cedar Rapids | | 0.47% | \$502,247 |
| Incremental Distribution to Cedar Rapids | | 2.25% (of Net) | \$1,762,885 |
| Fiscal Impact to Cedar Rapids | | | \$2,265,132 |
| Statutory Distribution to Linn County | | 0.47% | \$502,247 |

Source: Convergence Strategy Group calculations. Note: AGR is as defined in 2024, which is inclusive of free play (noting that in 2029, by definition, the State will be reporting as exclusive of free play).

Sales taxes on F&B will accrue at a rate of 6% at the State level. Based on net projected taxable F&B revenues of \$5.2 million for Year 3, the sales tax revenue for the State would be approximately \$314,171. Sales taxes will also accrue from net direct spending on goods and services by Cedar Crossing (with the assumption that non-labor casino spending will be taxable), as well as on indirect expenditures. In total, the spending is projected to amount to \$18.0 million (including purchases from out of state that will still be subject to Iowa sales tax), and indirect spending projected to total \$26.0 million. As with the construction impact, we assume that the effective statewide sales tax rate on indirect spending will be approximately 2% (discounted from 6% to account for some non-taxable household consumption spending).

In total, we project incremental annual sales taxes for the State to total \$1.9 million.

TABLE 25: INCREMENTAL STATE SALES TAX PROJECTIONS (2029)

| | TAX BASE | STATE SALES TAX REVENUES |
|---|--------------|--------------------------|
| Net F&B Patron Spending | \$5,236,191 | \$314,171 |
| Net Cedar Crossing purchase of goods and services | \$18,026,404 | \$1,081,584 |
| Indirect Spending | \$26,018,107 | \$520,362 |
| Total Sales Tax | | \$1,916,118 |

Source: Convergence Strategy Group calculations

At the County level, sales taxes will accrue at a rate of 1% on gross taxable spending. Based on gross projected F&B revenues of \$7.05 million for Year 3, the sales tax revenue for Linn County would be approximately \$70,530. County sales taxes will also accrue from direct spending on goods and services by Cedar Crossing (with the assumption that non-labor casino spending will be taxable), as well as on indirect expenditures. In total, the spending is projected to amount to \$18.1 million (slightly higher than the State total, as there is no substitution as assumed at the State level), and indirect spending projected to total \$21.0 million. As with the construction impact, we assume that the effective

statewide sales tax rate on indirect spending will be approximately 0.33% (discounted from 1% to account for some non-taxable household consumption spending).

In total, we project incremental annual sales taxes for the County to total \$321,773.

TABLE 26: INCREMENTAL COUNTY SALES TAX PROJECTIONS (2029)

| | TAX BASE | COUNTY SALES TAX REVENUES |
|---|--------------|---------------------------|
| Net F&B Patron Spending | \$7,053,000 | \$70,530 |
| Cedar Crossing purchase of goods and services | \$18,135,698 | \$181,357 |
| Indirect Spending | \$20,965,760 | \$69,886 |
| Total Sales Tax | | \$321,773 |

Source: Convergence Strategy Group calculations

Finally, there will be impacts for the State in terms of income tax revenues. Based on the projected net total earnings impact of \$29.6 million, and assuming an effective average tax rate of 3.8% on earnings, income tax revenues attributable to the property will total approximately \$1.1 million.

Additionally, community benefits will be generated through an allocation of 8% of Net AGR to local non-profit organizations. This is projected to equate to approximately \$6.3 million annually.

DISCLAIMER

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

Further, statements that include the words “project,” “estimate,” “intend,” “plan,” “may,” “could,” “should,” “would,” “believe,” “expect,” “anticipate,” or other words or expressions of similar meaning have been utilized. These statements reflect our current judgment based on information available to us when producing this report and we undertake no duty to update such statements in the future.

Although we believe that assumptions and methodologies used in this report 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, and/or unanticipated events and circumstances 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, Convergence Strategy Group accepts no liability in relation to the estimates provided herein.