CHICAGO Gaming Development Opportunity

August 2020
Expansion and reinvention are a core part of Chicago’s identity and helped establish the city as a global economic powerhouse.
PLATFORM FOR GROWTH

Chicago is a once-in-a-generation opportunity for gaming and entertainment development in the heart of a top-tier metro area.

The City’s scale and connectivity provide an immense market to serve, and the stock of entertainment and cultural assets provide a wealth of opportunities to craft a one-of-a-kind destination for locals and visitors alike.

#1 BEING NUMBER ONE COMES EASIER TO SOME

Number #1 most-diversified economy among the largest U.S. metros based on employment

Number #1 top city in North America for foreign direct investment for the past seven years

Number #1 most-connected airport in the country and second in the world

Number #1 top U.S. neighborhoods that “have it all”: good schools, affordable, safe, accessible

Number #1 top destination for Midwest talent in engineering, business, and computer science
A VAST MARKET TO TAP

With a population of over 9.5 million, the Chicago MSA ranks 3rd in the nation, behind only NY and LA

• Approximately 11 million people live within a 60-minute drive of the City center

• 3+ million working-age adults are within a 50-minute commute of downtown Chicago, and more than 1.2 million are ages 18-34

• 38.5% of the population over 24 have a bachelor’s degree or higher—more than the national average (31.3%) and the highest of the five largest U.S. cities

Chicago Region Population

City of Chicago
2,720,546

Lake Michigan

Total Chicago MSA Population
9,551,031
A LARGE AND RESILIENT ECONOMY

- Chicago has a GDP of $670B+, exceeding that of Sweden, Poland, and Argentina.
- The local economy is also extremely diversified, with no single industry making up >14% percent of GDP.
- This diversification has contributed to a high degree of resiliency during economic downturns, particularly in comparison to peer cities more concentrated in cyclical industries.

Chicago’s Industries by GDP (2018)

Source: Moody's, JLL
BUSINESS-FRIENDLY CLIMATE

- Chicago is recognized as offering a highly competitive cost of doing business vs. peers
- In March 2020, Chicago was ranked the #1 “Top Metro” for corporate investment by *Site Selection Magazine* for the *7th year in a row*
- Chicago was also named #1 in the nation for foreign direct investment according to the 2019 IBM Global Locations Trend Report

Source: CBRE, Site Selection Magazine

**Cost of Doing Business Index**

- NYC: 162
- San Francisco: 134
- Boston: 130
- Washington DC: 116
- Miami: 115
- LA: 113
- Denver: 104
- Houston: 103
- Philadelphia: 102
- Chicago: 102
- Detroit: 98
- Dallas: 95
- Atlanta: 93
- Cincinnati: 93
- Raleigh: 87

Source: World Business Chicago, 2020
400+ MAJOR CORPORATE HQS, OFFICES, AND FACILITIES

35 FORTUNE 500 HQS
32 S&P 500 COMPANIES

Source: World Business Chicago, 2020
CHICAGO HAS AN ABUNDANT LABOR SUPPLY AT COMPETITIVE COSTS…

<table>
<thead>
<tr>
<th>TOTAL EMPLOYMENT KEY OCCUPATIONS (MSA)</th>
<th>AVERAGE WAGE KEY OCCUPATIONS (MSA)</th>
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<td><strong>Raleigh</strong></td>
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2,464,850mployment | $106,440 Average Wage

Source: BLS Occupational Employment Statistics, 2018
...INCLUDING HIGH-SKILLED LEADERS IN MANAGEMENT

Higher-Ed Institutions Metro Comparison

132 higher-education institutions graduate 123,500 students every year

CHICAGO HAS:

2 OF THE TOP 10 LAW SCHOOLS:

2 OF THE TOP 6 BUSINESS SCHOOLS:

WITHIN A 2 - 4 HOUR DRIVE

CHICAGO ALSO HAS:

3 OF THE NATIONS TOP 10 COMPUTER ENGINEERING PROGRAMS

3 OF THE TOP 10 ENGINEERING SCHOOLS:

Source: IPEDS 2017
Chicago is a global “gateway city”, and a leading hub for domestic and international travel. At the same time, the City offers a combination of robust public transit infrastructure and regional connectivity that is unmatched in the broader Midwest region.
CONNECTIVITY BY AIR

Chicago is the #1 Most Connected Airport for Domestic Flights — OAG

- A combined 134 daily nonstop flights to New York City, San Francisco, and D.C.— #1 in the world
- Chicago’s location keeps West Coast flights to ~4.5 hours, and trips to New York or D.C. to ~1.5
- Chicago O’Hare is also recognized as the #3 Most Connected Airport in the World, with 139 daily departures to 80 international destinations
- Chicago is investing in the future; by 2028, upgrades will increase ORD’s capacity by an amount equivalent to building a new Midway Airport

Source: Ricondo Associates, Chicago Department of Aviation
The Chicago Transit Authority (CTA), Metra commuter rail and Pace suburban bus system serve passengers on more than 2 million trips each weekday.

- Chicago Transit Authority system operates trains and buses across the City, plus 35 suburban locations.

- The Metra runs 11 routes to and from downtown, covering nearly 500 route miles and servicing 300,000 weekday passenger trips.

- Since 2011, the City has invested $8.5 billion in transit improvements, including the reconstruction of one-third of the system’s track – 70 miles.
CONNECTIVITY BY LAND

Chicago is the largest intermodal system in the western hemisphere and the 3rd largest globally.

- 9 major interstate highways
- 6 of the 7 Class I railroads
- 20 active rail-truck intermodal facilities
- 25 percent of all freight trains, and 50 percent of all intermodal trains in the nation, pass through Chicago as the main interchange between western and eastern railroads

Source: World Business Chicago, 2020
A PREMIER DESTINATION FOR BUSINESS AND LEISURE

- In 2019 Chicago drew nearly 60 million domestic visitors, representing a 5% increase from 2018, with ~80% of them leisure travelers
- At ~2.6M square feet, McCormick Place is the single largest convention center in the US, and welcomed 2.7M event attendees in 2019
- Chicago welcomed an estimated 1.5M overseas visitors in 2019, and another 750K from Mexico and Canada
BEST BIG CITY IN THE U.S.

Chicago offers a high quality of life for employees and a wealth of cultural assets to build upon in entertainment development.
Chicago offers recreational and cultural offerings for every interest. And... we’re home to the most passionate, and loyal, sports fans around.
QUALITY OF LIFE

With a vibrant tapestry of affordable and beautiful neighborhoods, a diversity of housing, schools, restaurants, shopping, a gorgeous lakefront and miles of bike paths, Chicago attracts and retains some of the best talent and urban development in the world.

In Chicago, it’s easy to experience the cultural and recreational treasures of the world.

Source: World Business Chicago, 2020
Chicago has a much higher affordability index than New York City, Seattle, Denver, Boston, D.C., and Dallas.

Among 53 global cities, Chicago has the 3rd highest disposable income for 2-income renters (Deutsche Bank, 2019)
GAMING OPPORTUNITY

Chicago is already a vibrant entertainment and cultural city, yet offers immense room for dynamic development and top-line growth in gaming.
Chicago is the largest untapped and legal gaming growth opportunity in the country

The City is a unique opportunity to invest in a large gaming-friendly market not currently well-addressed by existing gaming stock:

- Many of the top metro areas in the US maintain highly restrictive gaming regulations e.g., LA, Dallas, Houston, Atlanta
- Other large markets are already well-served by urban gaming properties e.g., DC, Philadelphia, Boston

Source: US Census Bureau
Chicago's untapped gaming spend is currently half of the spend in other cities

While currently a large gaming market in absolute terms, Chicagoland remains underpenetrated.

- A 2019 study by Union Gaming showed that the share of per-capita income spent on gaming in Chicago is only half what other metro areas are spending on gaming entertainment (see chart)

- The addition of a major downtown development could drive significant growth in overall market size, with new development capturing much of it

### Benchmark gaming jurisdictions and income allocations within 60-minute drive

<table>
<thead>
<tr>
<th>City</th>
<th>Detroit</th>
<th>St. Louis</th>
<th>Chicago</th>
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<tbody>
<tr>
<td>Annual Gross Receipts ($M)</td>
<td>$1,444</td>
<td>$1,034</td>
<td>$1,788</td>
</tr>
<tr>
<td>Population (M)</td>
<td>4.6</td>
<td>2.7</td>
<td>8.2</td>
</tr>
<tr>
<td>Per Capita Income ($K)</td>
<td>$30</td>
<td>$34</td>
<td>$37</td>
</tr>
<tr>
<td>% of Per Capita Income Spent on Gaming</td>
<td>1.1%</td>
<td>1.1%</td>
<td>0.6%</td>
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Source: Union Gaming Analytics
The initial Illinois gaming bill passed in 2019 featured a tax structure for a Chicago development with an approximately 72% effective tax rate.

Mayor Lightfoot worked with the state legislature to revise the legislation, culminating in the May 2020 updates paving the way for an effective tax rate near 40%, according to Union Gaming.
You will have direct access to relevant City and departmental leadership

DEVELOPMENT IN PARTNERSHIP WITH THE CITY OF CHICAGO

The City will be a partner in regulatory matters and community engagement, and will provide…

- Transparency around the competitive process for the license
- Expediency and flexibility with regards to zoning, licensing, etc.
- A high degree of certainty around the regulatory framework
- Facilitation of dialogue with local leadership and community members, addressing concerns and cultivating goodwill
- Promotional support in marketing to various audiences
- Meaningful investment in development of a broader entertainment district, including ensuring adequate public transit