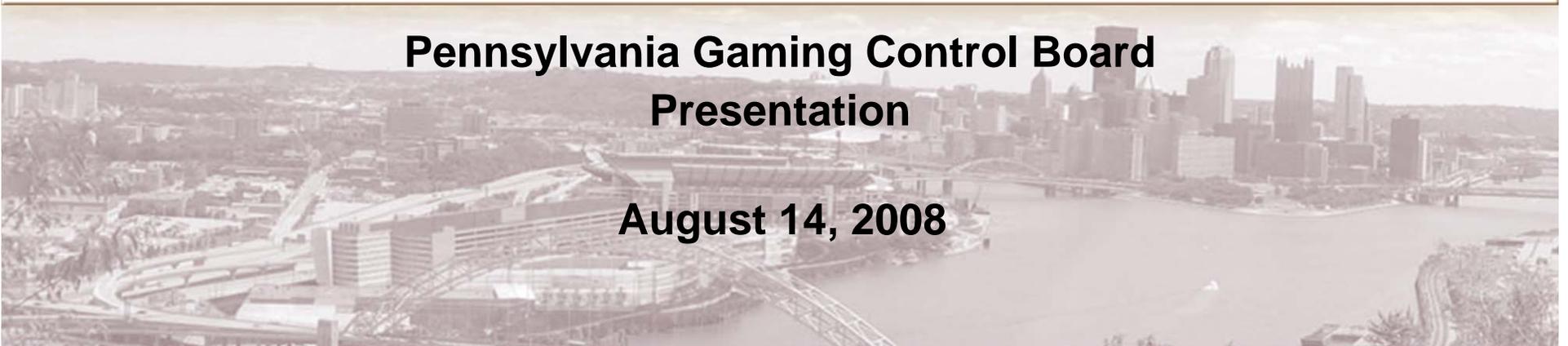


Pittsburgh Casino



**Pennsylvania Gaming Control Board
Presentation**

August 14, 2008



Joint Application of PITG Gaming, LLC and Holdings Acquisition Co, L.P.

Presentation Overview

John Donnelly

Transaction Overview

Neil Bluhm, *Managing Principal, Walton Street Capital*

Commitment to Existing Project

Greg Carlin, *CEO, Holdings Acquisition Co, L.P.*

Don Barden, *CEO, PITG Entertainment*

Dan Keating, *Chairman, Keating Construction*

Commitments and Benefits to City of Pittsburgh and Commonwealth

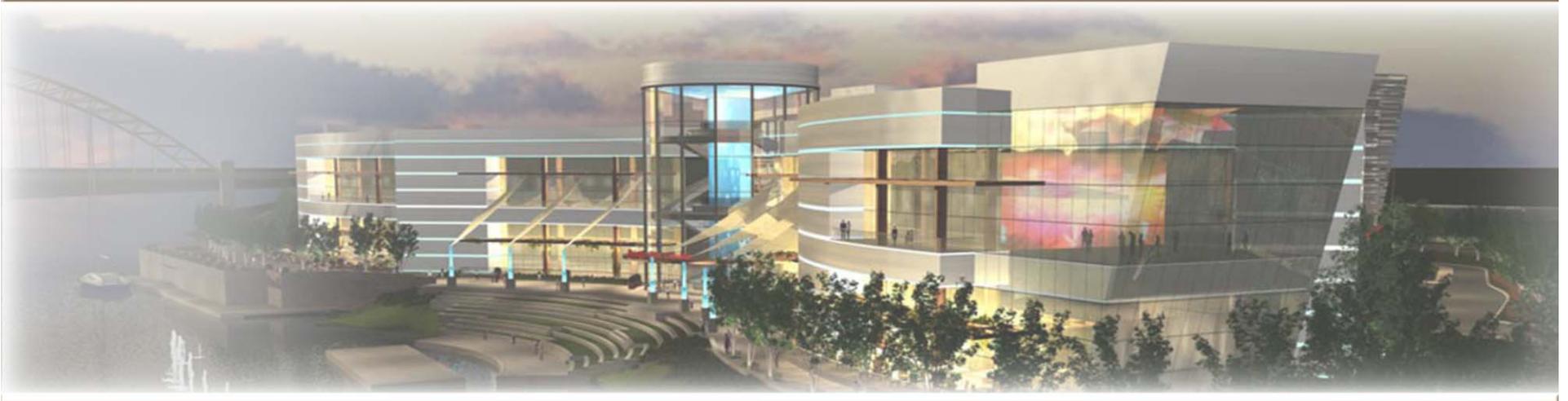
Greg Carlin, *CEO, Holdings Acquisition Co, L.P.*

Don Barden, *CEO, PITG Entertainment*

Conclusion

John Donnelly

Transaction Overview



Neil Bluhm

Transaction Overview: Recapitalized Project

▶ **Significantly Improved Financing**

- New cash equity contribution of approximately **\$205** million
- Substantially less debt on project
- Much improved credit statistics
- Substantially more free cash flow
- Greater financial stability

▶ **Ability to Complete Project**

▶ **Ability to Meet Commitments**

Transaction Overview: \$205 million new equity

Investor Group:

- Investment fund sponsored by Walton Street Capital, LLC**
 - Trusts established by Neil Bluhm’s three adult children**
 - Greg Carlin controlled entity**
 - Ira Lubert controlled entity**
-
- Investor Group will invest approximately \$205 million of new cash consisting of:**
 - \$120 million of junior preferred equity**
 - \$85 million of senior preferred equity**

Investor Group – Walton Street Capital, LLC



- Premier private real estate investment company founded in 1995
- WSC has received equity commitments in excess of \$5.4 billion
- Series of six global and one country-specific opportunistic and value-added funds
- Since inception, WSC has invested or committed to invest in over 20 commercial developments totaling over \$750 million in equity commitments and \$2.75 billion in total cost
- Experienced with value investments in single asset transactions, complex ownership situations, illiquid assets, targeted development, and entity recapitalizations

Investor Group – Gaming Experience



Falls Management Company



- **Affiliate companies, are active acquirers, developers and operators of gaming properties**
- **Affiliated company developed and operates Fallsview Casino Resort, a \$1 billion greenfield project in Canada**
- **Affiliated companies are majority owners and managers of Riverwalk and SugarHouse, two greenfield casino properties**
- **Neil Bluhm and Greg Carlin – currently licensed Principals by the PGCB**

Fallsview Casino Resort – Niagara, Ontario

► Project Overview

- Opened Spring 2004
- CAD\$1.0 billion project cost
- 2.5 mm sq. ft. development on 23 acre site overlooking both U.S. and Canadian falls
- 200,000 sq. ft. casino, operating 24 hours a day
- Luxury 30 story, 368-room hotel, every room has a view of the falls
- 30,000 sq. ft. meeting and exhibition space
- 1,500 seat performing arts centre
- 225,000 sq. ft. of retail, entertainment and restaurants
- Lavish health spa and fitness center
- 3,000 car parking garage

Completed
On Time &
On Budget



SugarHouse Casino – Philadelphia, PA

- Selected by PGCB in December of 2006 to receive one of the two licenses awarded in Philadelphia
- Construction anticipated to begin in second half of 2008
- ~\$720 mm total project cost for Phase 1
- 1.5 mm sq. ft. development on 20+ acre site on Delaware River north of Ben Franklin Bridge
- 3,000 slot casino, operating 24 hours per day
- 1,300 seat food and beverage with bars / lounges
- Parking for 3,000 cars including garage and valet
- Phase II plans include 500-room hotel & spa, additional slots, more food & beverage and large events center



Riverwalk Casino & Hotel – Vicksburg, MS

- Opening in early October, 2008 – ON BUDGET / 2 MONTHS AHEAD of SCHEDULE
- \$100+ million total project cost
- First land-based casino in Vicksburg
- 800 slots, 20 tables and 80 hotel rooms
- 2 restaurants, 350 seats
- 300+ car parking garage



Scheduled to be Completed on Budget & Two Months Early

Transaction Overview

Barden Group:

- Barden will contribute all of the assets of PITG Gaming in exchange for a 20.0% indirect common equity interest in Acquisition
- Option to purchase up to 20% of the preferred equity with a corresponding additional 13.75% of the common equity

Transaction Overview

Pension Funds:

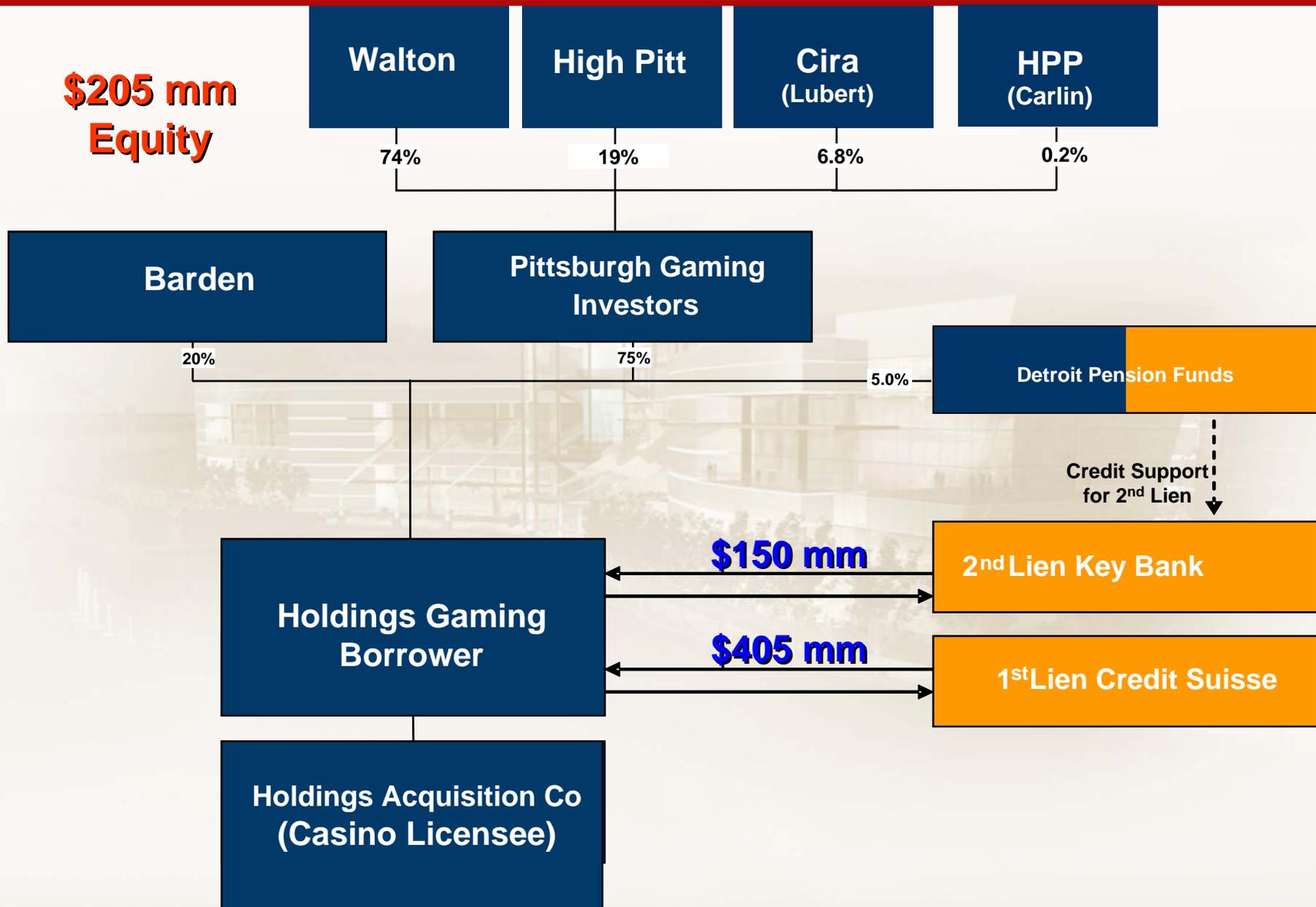
- Two Detroit Pension Funds will each indirectly hold a 2.5% partnership interest in Acquisition
- Each has the option to purchase 2.5% of the preferred equity and a corresponding additional 2.5% of the common equity
- Pension Funds will also provide Credit Enhancement for the Second Lien Loan

Transaction Overview: Financing (\$555 million)

► Lenders

- 1st lien: **\$405** million term loan (**Credit Suisse** - agent)
- 2nd lien: **\$150** million term loan (**Key Bank**)
 - Two Detroit Pension Funds have guaranteed the Key Bank financing
- \$10 million Revolving Credit Facility (available after project completion)
- Up to \$26 million of vendor financing (unfunded at closing)

Transaction Overview

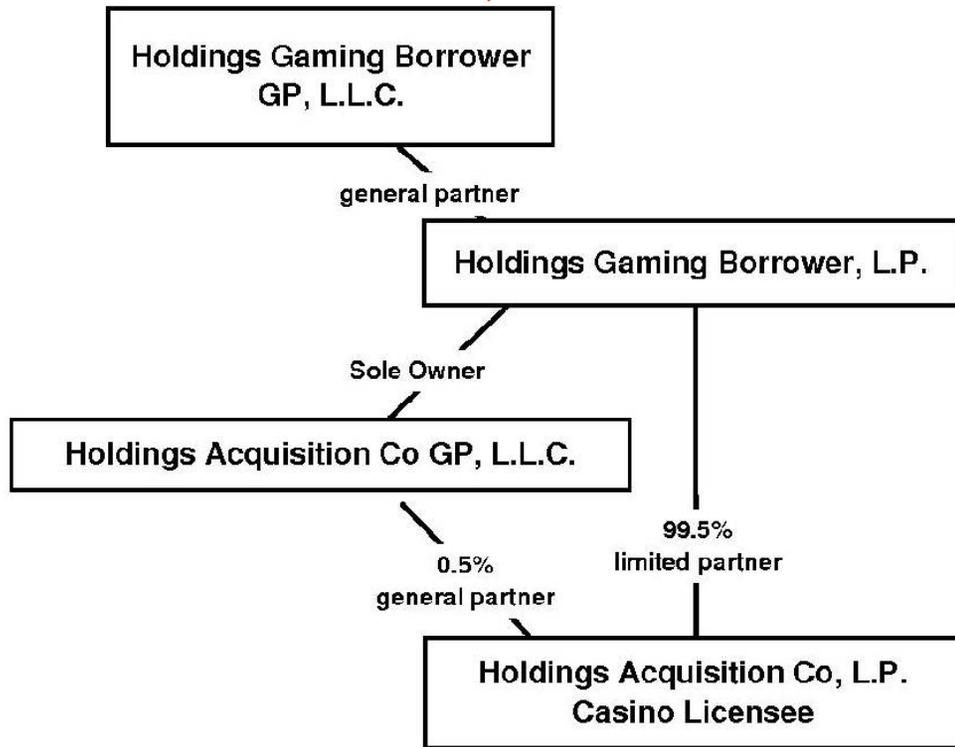


Effective Ownership Interests

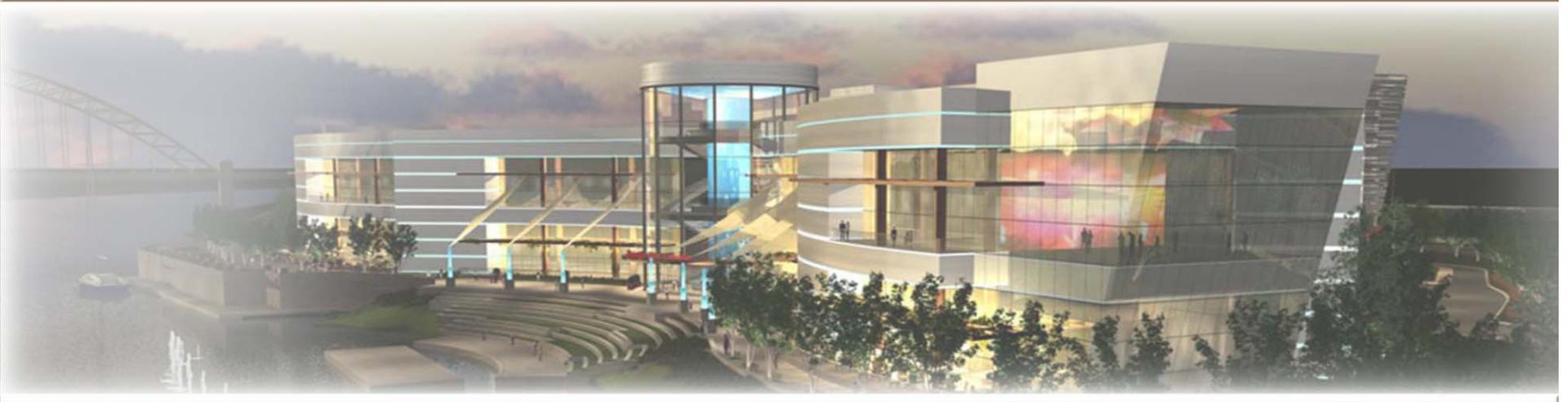
Walton Street VI Investment Funds	55.6%
Trusts	13.1%
Cira(Lupert)	5.1%
Barden	20%
Pension Funds	5%
Carlin & Lamb Employees	1.2%

Construction / Pre-opening Structure

Management committee: Neil Bluhm, Greg Carlin and Don Barden
Exclusive control over business of Borrower and Casino Licensee.



Commitment to Existing Project



Greg Carlin
Don Barden

Pittsburgh Facility



► **Attractive and Compelling Addition to Pittsburgh's North Shore**

► **Major entertainment venue along Pittsburgh's waterfront**



Pittsburgh Facility

Casino

- **119,000 sq. feet of gaming space at opening**
- **3,000 slots at opening (up to 5,000 subject to market conditions)**
- **Includes a high limit area**
- **VIP Lounge**
- **30,000 sq. feet of space available for expansion**

Pittsburgh Facility

Entertainment

- **Drum Bar**
- **Casino Lounge**
- **Casino Bar**
- **Entertainment Lounge**
- **Outdoor Amphitheater and Riverwalk**
- **Space for future amenities**

Pittsburgh Facility

Dining

- **Steakhouse**
- **Italian Fine Dining**
- **Buffet**
- **Snack Bar / Deli**

Community Investments

- ▶ **\$225m for new multi-use arena**
- ▶ **\$3m to Northside Leadership Conference**
- ▶ **\$3m to the Hill District neighborhood**

Projected Gaming Taxes Over 5 Years

**Pittsburgh &
Allegheny County = \$98 Million**

**State Taxes &
Assessments = \$1.1 Billion**

Pittsburgh Market

Market Strength / Limited Competition

- ▶ Pittsburgh market: 1.4 million adults within 25 miles and 4.7 million adults within 100 miles
- ▶ Sole gaming license in the City of Pittsburgh
- ▶ One competitor (The Meadows) in the primary market (within 25 miles)

Location / Accessibility

- ▶ Superior roadway access
- ▶ Ample parking with over 3,750 spaces
- ▶ Numerous surrounding attractions drawing visitors to the area (Heinz Field, PNC Park)

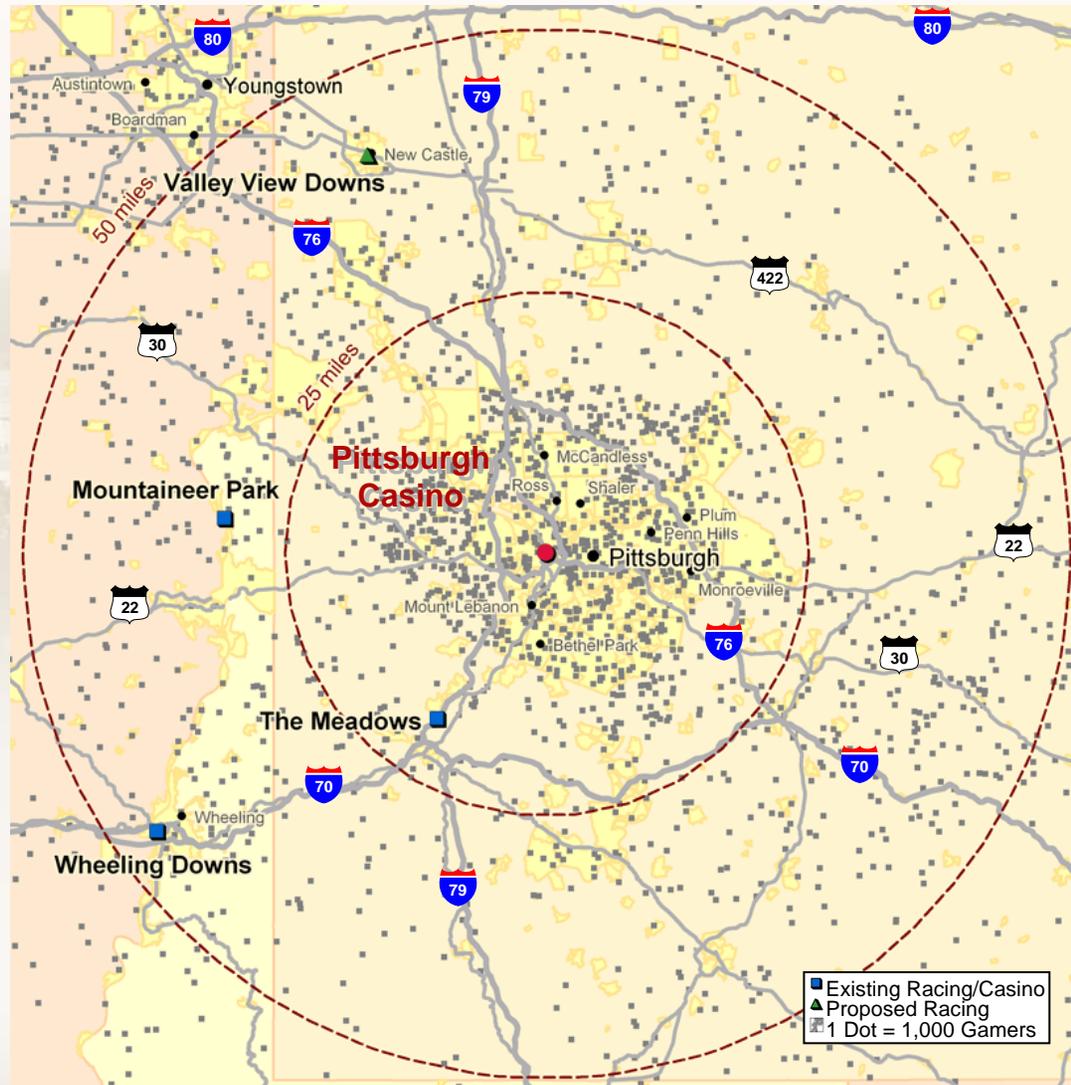
Premier Location with Superior Access

- ▶ Easy access from major freeways and bridges
- ▶ In 2011, light rail station scheduled to open two blocks from the casino



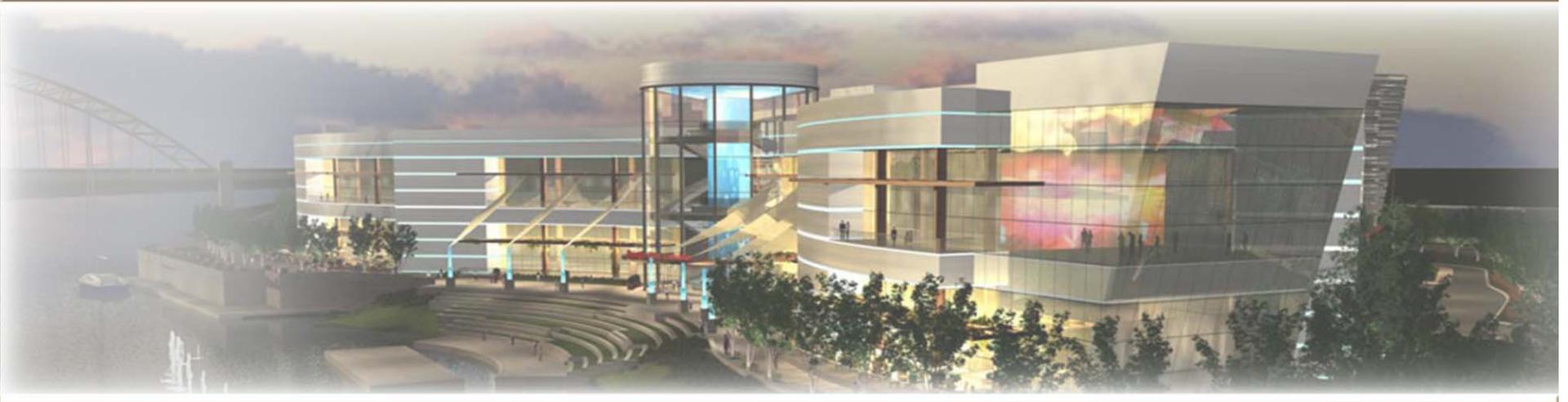
Significant Population Concentration and Minimal Competition

1.4 million adults within a 25 mile radius



Source: Strategic Entrepreneurship, Innovation Group

Construction Status



Dan Keating

Construction Status

Ground breaking - December 11, 2007

- ▶ \$107.3± million of development costs as of July 15, 2008
 - Foundation complete
 - Substantial amount of structural steel has been erected and fabricated
 - On-site underground utilities in place
 - Long lead time items (steel, elevators, etc.) on order
 - Garage construction
 - Approximately 15% completed
 - Elevator core completed to 10th floor

Construction Status

▶ Job Statistics

- Construction Jobs – over 2,500 – Life of Project
- Average wages (weekly payroll):
 - Over \$1.5m per week (peak \$2.75m per week)

Construction Status

- ▶ Contractors and Vendors
 - Over 150 local vendors with sales in excess of \$50 million
 - 50 subcontractors on job (86% Pennsylvania)

Construction Status

▶ Trade Union

Pittsburgh Regional Building and Construction Trades Council, AFL- CIO

Local No. 2, Asbestos Workers

Local No. 154, Boilermakers

Local No. 9, Bricklayers and Allied Craftworkers

Local No. 2274, Heavy Construction Carpenters

Local No. 6, Elevator Constructors

Local No. 66, International Union of Operating Engineers

Greater Pennsylvania Regional Council of Carpenters

Local No. 1759, Floor Coverers and Decorators

Construction Status

▶ Trade Union

Local No. 3, Bridge, Structural, Ornamental & Reinforcing Iron Workers

Laborers' District Council of Western Pennsylvania

Local No. 526, Cement Masons

Local No. 5, International Brotherhood of Electrical Workers

Local No. 952, Construction General Laborers and Material Handlers

Local No. 1160, Millmen's

Local No. 2235, Millwright's

Local No. 373, General Laborers

Local No. 286, Construction General Laborers

District Council 57 HIPAT, (Painters, Drywall, Glaziers, Sign Painters)

Construction Status

► Status of Job

- “Sleep mode” since July 1, 2008
- Remobilization anticipated for August 18, 2008 (pending PGCB approval)

Anticipated Opening: August 2009

Construction



Construction



Construction



Construction



Construction



Change of Control Fee

Section 1328(d): “The board may in its discretion eliminate the need for qualification and/or proportionately reduce, but not eliminate, the new license fee otherwise required pursuant to this section in connection with a change of control of a license, depending upon the type of transaction, the relevant ownership interests and changes thereto resulting from the transaction and other considerations deemed relevant by the board.”

Superior Project

“The Board’s determination that PITG should receive the available license is based upon the findings by the Board and as discussed below that PITG, overall, had a facility design, location on the North Shore and ability to mitigate traffic concerns that the Board found to be of superior quality for the Pittsburgh region.”

GAMING BOARD ADJUDICATION - February 1, 2007





**EFFECTIVE COMMON EQUITY OWNERSHIP INTERESTS IN
HOLDINGS ACQUISITION CO, L.P.**

<u>Walton Street VI Investment Funds (Exempt from Licensure - §433a.4(f))</u>		
Walton Street Real Estate Investors VI-Q, L.P.	31.946%	
Walton Street Real Estate Partners VI, L.P.	11.940%	
Walton Street Real Estate Fund VI, L.P.	6.153%	
Walton Street Real Estate Fund VI-E, L.P.	2.206%	
WSC Capital Holdings VI, L.P.	2.005%	
Walton Street Real Estate Investors VI, L.P.	<u>1.360%</u>	
Walton Street Fund VI Total		55.610%
<u>Barden Investor Group</u>		
Don H. Barden (Licensed Principal)	16.656%	
Additional Investors (No Change from Original Application; each under 1%)	<u>3.344%</u>	
Barden Investor Group Total		20.00%
<u>Trusts Established by Neil Bluhm's Three Adult Children f/b/o Their Children</u>		
2002 AGB Family Dynasty Trust (Licensed Principal Entity)	4.378%	
2002 LNB Family Dynasty Trust (Licensed Principal Entity)	4.378%	
Meredith A. Bluhm-Wolf 2006 Family GST Trust (Licensed Principal Entity)	<u>4.378%</u>	
Trusts Total		13.134%
<u>Cira Group</u>		
Ira Lubert (Warrant to Purchase, conditioned upon PGCB licensure)	4.701%	
Dean Adler (Exempt from licensure - §433a.3(d))	<u>0.421%</u>	
Cira Group Total		5.122%
<u>Detroit Pension Funds</u>		
Detroit Police and Fire Retirement System (Exempt from licensure - §433a.5)	2.500%	
Detroit General Retirement System (Exempt from licensure - §433a.5)	<u>2.500%</u>	
Detroit Pension Funds Total		5.00%
Greg A. Carlin (Licensed Principal)		1.024%
<u>LAMB Employees (All exempt from licensure - §433a.3(d))</u>		
Brian Black	0.037%	
Tim Drehkoff	0.024%	
Paul Seeman	0.018%	
Lisa Siambanes	0.018%	
Amy Close	0.009%	
Deanna Abarbanel	<u>0.004%</u>	
LAMB Employees Total		<u>0.110%</u>
		100.00%

Prepared and Submitted by
Levine, Staller, Sklar, Chan, Brown Donnelly P.A.
8/2/2008

Projected Gaming Taxes (000s omitted)

	<u>Projected Gross Terminal Revenue</u>	<u>Local Share Assessment</u>		<u>State Taxes & Assessments</u>
		<u>(Pittsburgh)</u>	<u>(Allegheny)</u>	
		Year 1	427,800	
Year 2	459,000	10,000	9,180	230,100
Year 3	487,300	10,000	9,746	231,900
Year 4	496,400	10,000	9,928	237,800
Year 5	<u>507,400</u>	<u>10,148</u>	<u>10,148</u>	<u>243,600</u>
Total	\$2,377,900	\$50,148	\$47,558	\$1,166,100