



Harrah's Philadelphia Capital Plan and Request for Slot Reduction


September 2016



Harrah's Philadelphia Objective

Improve Guest Experience and Grow Revenues

~\$7.2M in committed capital expenditures that will result in a complete makeover of the existing Food and Beverage portfolio to include signature hospitality brands via both expansion and transformation of existing outlets.

1. Reimagined F&B portfolio (two renovations, one new)
2. New Sense of Arrival and Slot layouts
3. Brand New Bar/Lounge
4. New Block Gaming Pit
5. Complete Carpet upgrade 



Harrah's Philadelphia Unit Count Proposal

In order to enhance our customers' experience we will be repurposing some gaming space to hospitality offerings and comfort. We therefore request to permanently reduce Unit Count to 2,450

- **Sufficient Supply for Demand**

Trailing 12 month occupancy data indicates adequate supply for 100% of available operational hours at a unit count of 2,450

- **Enhancement to Overall Experience**

- Reducing unutilized supply will allow the property to improve and expand its non-gaming offerings which will significantly improve overall non-gaming experience and drive new customers to Harrah's Philadelphia while enhancing the loyalty of existing customers

- Unit reconfiguration proposal will also enhance overall slot experience and service flexibility

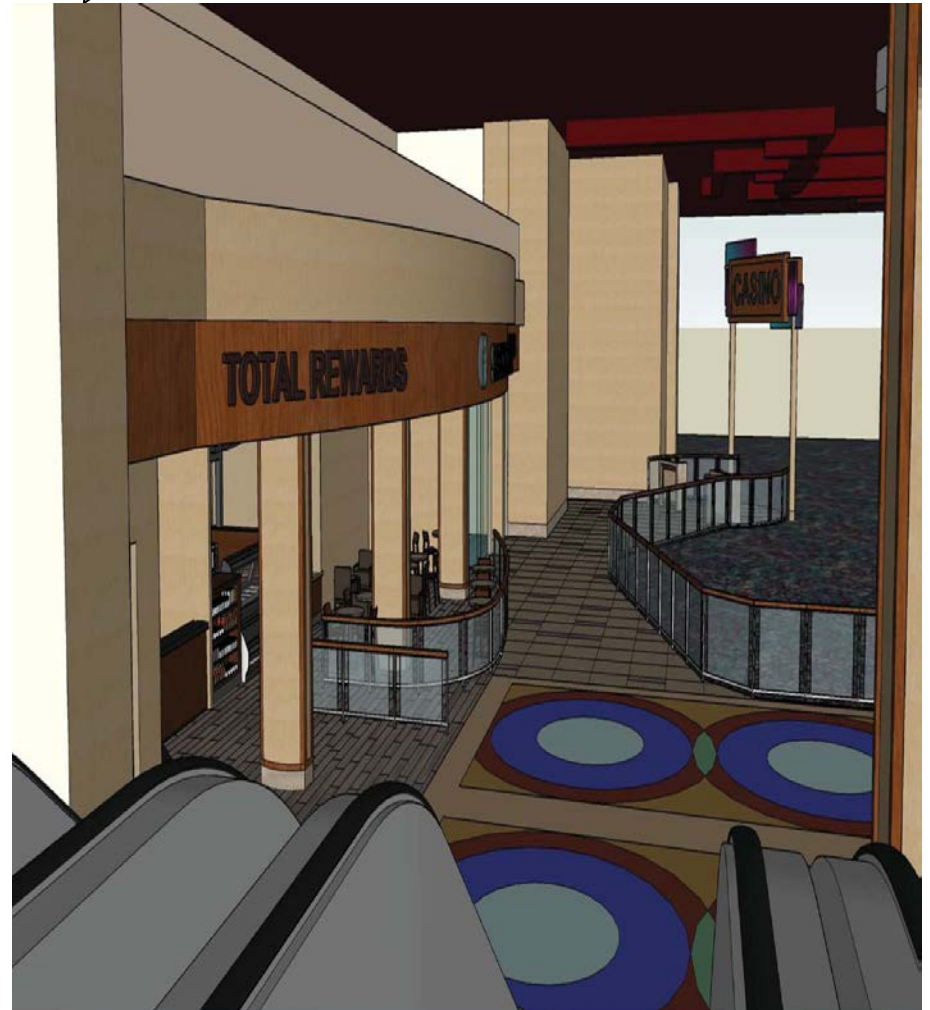


Atrium Transformation

Present Day

TO

Post-Renovations





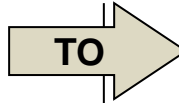
Atrium Transformation



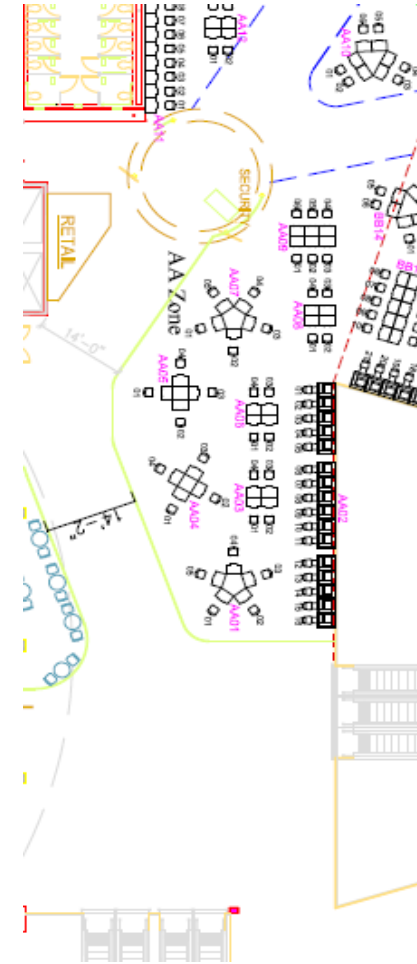


Casino Entrance Transformation

Present Day

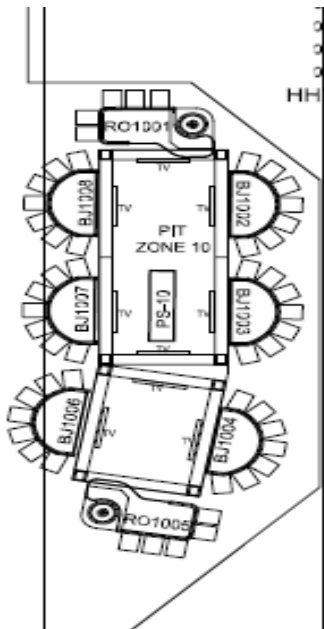


Post-Renovations





Food & Beverage Transformation



THE BLOCK ENTERTAINMENT CENTER **DECEMBER** **Harrah's PHILADELPHIA**
 ENTERTAINMENT CALENDAR

GRAND OPENING WEEKEND

- DEC 2ND 2: THE ANDY CUPERTON PREVIEW PARTY
- DEC 2ND 2: CLUB MIX 1001 BRODY JENNER
- DEC 3RD 102: KESHA CHRISTMAS CONCERT

FRIDAY HOSTED BY CHLOE & DJ ROBBIE ROB

- DEC 25TH: SEXY SANTA PARTY
- DEC 50TH: SMASH MOUTH

SATURDAYS AT THE MUSIC VENUE

- DEC 10TH: GLIMMER TWINS
- DEC 17TH: NEXT
- DEC 31ST: ABSOLUT NYE

THE BAR AT THE BLOCK

EVERY FRIDAY HAPPY HOUR LIVE ACOUSTIC DUO \$4 MILLER LITE BOTTLES \$3 PRINCESS SHOTS	EVERY SATURDAY COLLEGE NIGHT \$4 BUSH HOOK DRAFT \$4 HOPSONG \$4 CHILLED CROWNED APPLE SHOTS 1/2 PRICE BUSH
EVERY SUNDAY SUNDAY FUNDAY \$4 COORS LIGHT BOTTLES HAPPY HOUR 5-7PM \$3 BIRRELL 1/2 PRICE BUSH	EVERY MONDAY MONDAY NIGHT FOOTBALL FOOTBALL TRIVIA \$3 MILLER LIGHT BOTTLES \$3 HAPPY HOUR 5-7PM \$3 JAMESON 1/2 PRICE BUSH
EVERY TUESDAY TEQUILA TUESDAY TRIVIA & NAME THAT TUNE \$3 CORONA LIGHT DRAFT HAPPY HOUR 5-7PM \$4 BUBBLES & GOULASH 1/2 PRICE BUSH	EVERY WEDNESDAY WHISKEY WEDNESDAY COLLEGE GAME NIGHT \$3 BUSH HONEY 1/2 PRICE BUSH
EVERY THURSDAY THURSDAY ROCKSTAR IDOL Sing with the band! \$3 MILLER LIGHT DRAFT HAPPY HOUR 5-7PM \$4 ORANGE CRUSH 1/2 PRICE BUSH	





Food and Beverage Transformation

Philly Tap & Tavern

TO

Guy Fieri's Kitchen and Bar

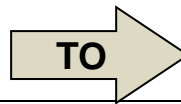


CAESARS ENTERTAINMENT® | PROPRIETAR



Food and Beverage Transformation

Café Napoli

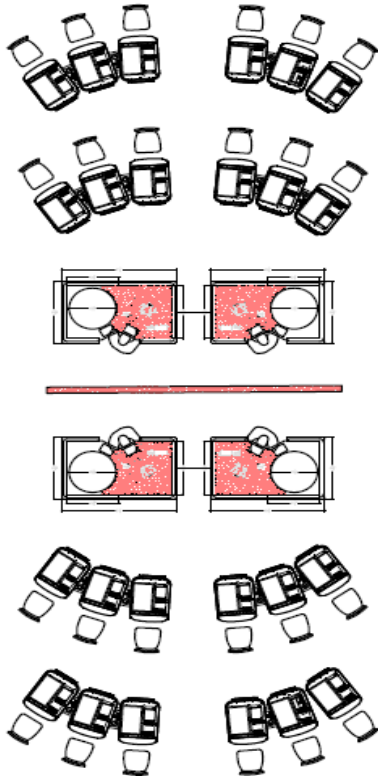


The Market



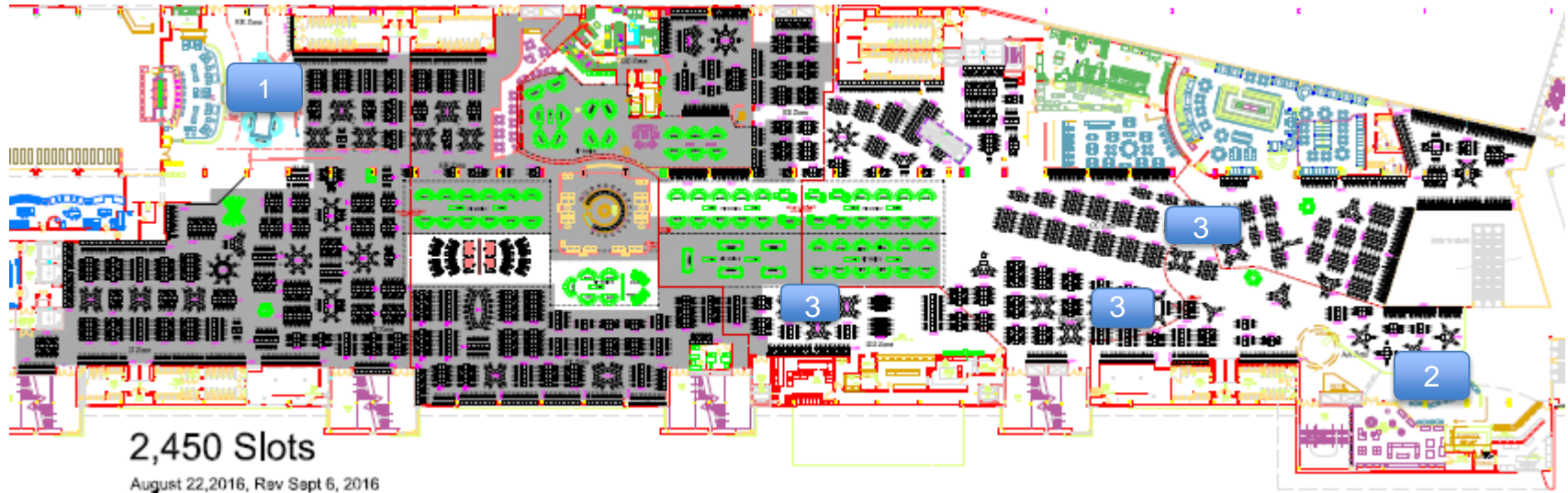


IGT Dealer Assisted Product





Proposed Floor Layout – 2,450 Units



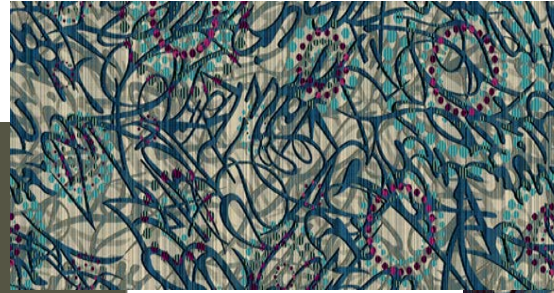
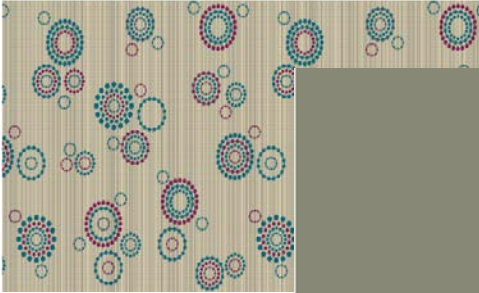
350 Game Reduction

1. 244 Game Reduction -- Block Bar Project
2. 70 Game Reduction -- New Atrium and Front Entrance
3. 36 Game Reduction -- Various Necessary Floor Reconfigurations



Carpet Samples

Pathway



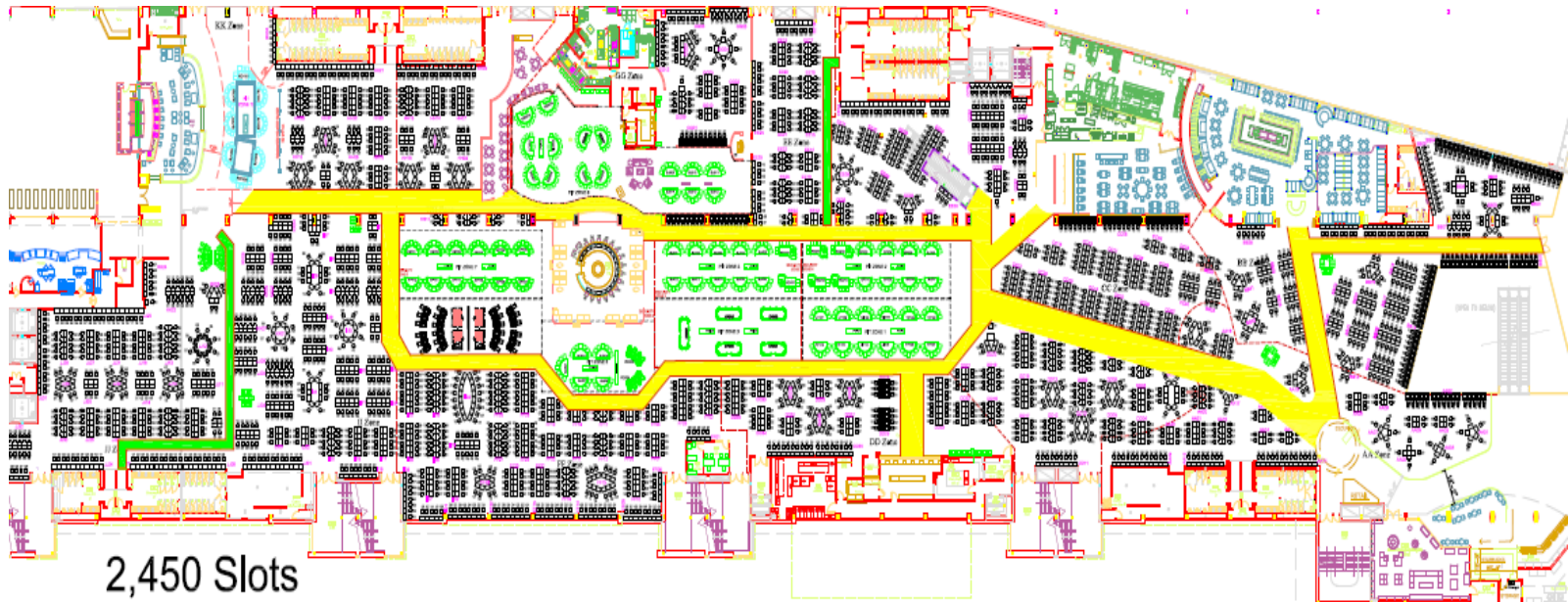
Field



Pit



Border



2,450 Slots

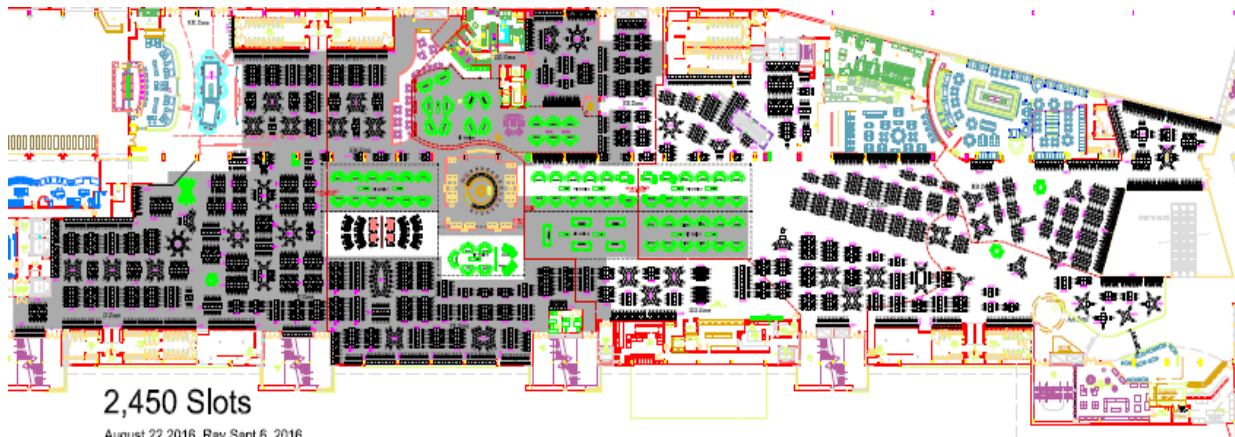
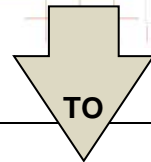


Smoking Layout Changes



Current

Smoking Square Footage- 52,875



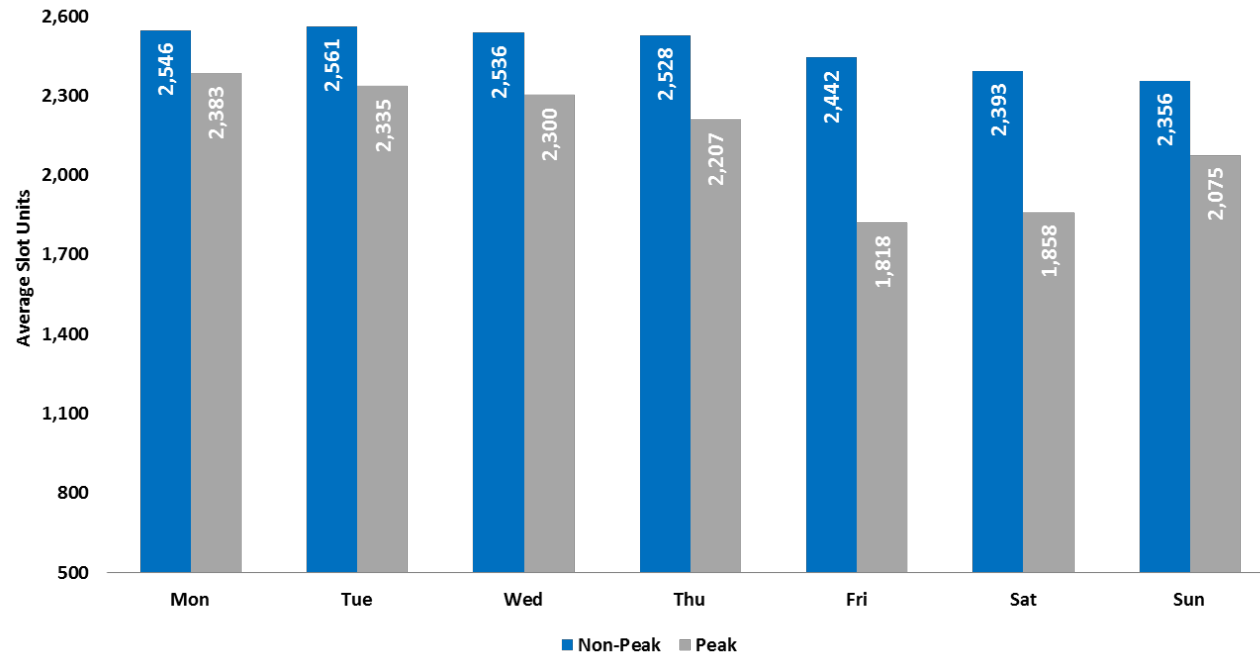
Proposed

Smoking Square Footage- 50,963



Slot Availability

Avg Available Units (May 2015 to April 2016)



Current slot unit supply far exceeds demand:

- 83.01% of supply **available** on average.
- 66.42% of supply **available** during peak time on busiest average day (Saturdays)
 - Peak time designated from 4p-2a daily
- On the busiest hour of the busiest day there were **970+ available** units

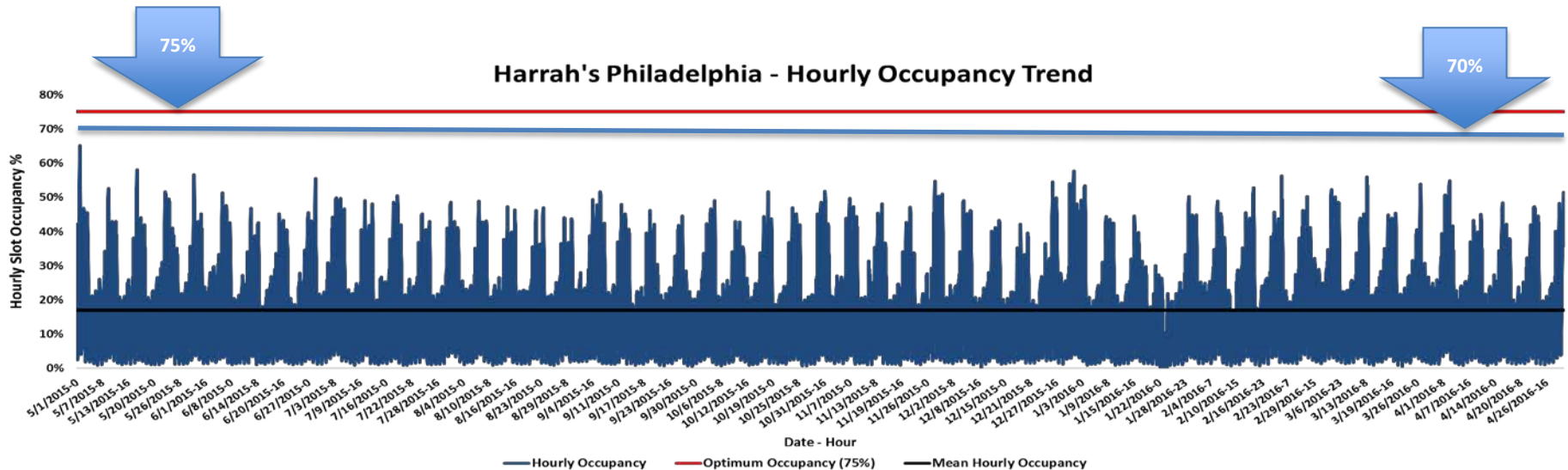


Peak Hourly Occupancy Is Consistently Below Enterprise Tolerance Threshold

Peak hourly occupancies are not reaching constrained levels (per our tolerance assumption).

Over the last 12 months there have been no occurrences where the 70% to 75% optimum occupancy threshold was met, suggesting the opportunity for a slot capacity adjustment without creating property revenue or gaming tax exposure

- o Assuming a 75% constrained occupancy, we estimate that the current slot footprint could be reduced by **373** units without risk.
- o Assuming a 70% constrained occupancy, we estimate that the current slot footprint could be reduced by 350 units with only \$7,783 at risk annually





Questions/Comments

