

Project Bald Eagle

MOELIS & COMPANY

Discussion Materials for the
Special Committee of the Board of Directors of Empire Resorts, Inc.

August 18, 2019



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I. Executive Summary

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Executive Summary

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The following presentation is intended to provide the Special Committee (the “Special Committee”) of the Board of Directors (the “Board”) of Empire Resorts, Inc. (“Empire Resorts”, “Empire” or the “Company”) Moelis’ perspectives on the proposal received from Kien Huat Realty III Limited (“Kien Huat”) and Genting Malaysia Berhad (“Genting Malaysia”) (the “Joint Proposal”)

- On June 24th, 2019, Empire engaged Moelis & Company LLC (“Moelis”) in connection with Project Bald Eagle to act as:
 - Exclusive financial advisor to the Special Committee in connection with a restructuring, related party M&A transaction and/or third party M&A transaction
 - Company’s non-exclusive placement agent in connection with a Capital Transaction (as defined in the Moelis engagement letter dated June 25th, 2019)
- Following prior presentations by Moelis to the Board and the Special Committee, Empire’s Management (“Management”) team has continued to evaluate the near-term cash flows of the business
 - Based on the latest forecasts from Management provided to Moelis on August 14th, 2019 (“Management Case”), Montreign Operating Company, LLC (“MOC”) will not be able to meet its financial obligations without the Company drawing on the Kien Huat 2018 Preferred Stock Commitment (the “KH Preferred”) and contributing the proceeds of the draw to MOC
 - The KH Preferred was recently restructured, accelerating a portion of the draw into June in order to allow the Company to have the funds necessary to contribute to MOC for MOC to make certain interest, amortization and equity cure payments
- On July 25th, 2019, the Special Committee received a letter from Kien Huat which indicated its willingness to entertain an invitation from the Company to acquire all outstanding equity of the Company not already owned by Kien Huat
 - Kien Huat is Empire’s largest shareholder, owning ~86% of the Company’s outstanding common stock, when including common stock issuable upon conversion of its Series F Convertible Preferred Stock
 - The letter further indicated that Kien Huat did not intend to provide further equity or debt financing to the Company beyond its obligations under the KH Preferred while the Company remains a public company
- On August 5th, 2019, Empire received the Joint Proposal to acquire all outstanding equity of Empire not owned by Kien Huat or its affiliates in a merger for a cash payment of \$9.74 per share of common stock (1.9% premium to the closing price as of August 2nd, 2019)
 - Prior to signing, at the instruction of the Special Committee, Moelis will make outbound solicitations to third-parties for indications of interest
 - As of the date of this presentation, Moelis has reached out to 19 parties and all parties that have responded have passed on the opportunity

**The following presentation sets out Moelis' financial analysis for
Empire based on the Management Case**

Empire Resorts Cash Flow Profile

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The tables below highlight the near-term financial projections of Empire Resorts

PROJECTED CASH POSITION - EMPIRE RESORTS

(\$ in 000s)



CASH FLOW BUILD - EMPIRE RESORTS

(\$ in 000s)	Fiscal Year 2019E					Fiscal Year 2020E					
	August	September	October	November	December	January	February	March	April	May	June
Adjusted EBITDA											
Adjusted MOC EBITDA	\$2,809	\$2,000	\$1,122	\$424	\$432	\$469	\$1,163	\$1,987	\$1,538	\$2,076	\$3,062
MCR EBITDA	(226)	(261)	(214)	(205)	(268)	(249)	(249)	(249)	(249)	(249)	(249)
ERI EBITDA	(745)	(701)	(754)	(694)	(710)	(787)	(787)	(787)	(787)	(787)	(787)
Consolidated Adjusted ERI EBITDA	\$1,838	\$1,038	\$154	(\$475)	(\$547)	(\$567)	\$127	\$951	\$502	\$1,040	\$2,026
(-) Δ NWC	-	-	-	-	-	-	-	-	-	-	-
(-) CapEx	(400)	(603)	(1,103)	(2,603)	(1,353)	(520)	(770)	(1,020)	(770)	(870)	(3,157)
(+/-) Other ¹	0	0	-	(6,972)	-	-	-	-	-	-	-
Unlevered Free Cash Flow	\$1,438	\$434	(\$949)	(\$10,050)	(\$1,901)	(\$1,087)	(\$643)	(\$69)	(\$268)	\$170	(\$1,131)
(-) Interest / Amortization Payments	(\$15,754)	(\$4,870)	(\$1,127)	(\$15,329)	(\$4,877)	(\$1,128)	(\$15,327)	(\$4,322)	(\$568)	(\$14,896)	(\$4,318)
Levered Free Cash Flow	(\$14,316)	(\$4,436)	(\$2,076)	(\$25,380)	(\$6,778)	(\$2,215)	(\$15,970)	(\$4,391)	(\$836)	(\$14,726)	(\$5,449)
Cash											
Beginning Cash Position	\$7,183	\$7,717	\$3,281	\$1,205	\$12,456	\$3,463	\$3,463	(\$12,507)	(\$16,899)	(\$17,734)	(\$32,461)
(+/-) Levered Free Cash Flow	(14,316)	(4,436)	(2,076)	(25,380)	(6,778)	(2,215)	(15,970)	(4,391)	(836)	(14,726)	(5,449)
(*) KH Preferred Draw	15,000	-	-	37,000	-	-	-	-	-	-	-
(-) KH Preferred Funding Fee ²	(150)	-	-	(370)	-	-	-	-	-	-	-
Ending Cash Position	\$7,717	\$3,281	\$1,205	\$12,456	\$5,678	\$3,463	(\$12,507)	(\$16,899)	(\$17,734)	(\$32,461)	(\$37,909)

Source: Management Case
 1. Other includes severance pay, NYGC commission rebates, cage cash and interest income
 2. Commitment fee of 1% on amount drawn

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Overview of Key Dates

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Key dates regarding Project Bald Eagle are summarized below

- **November 14th, 2018** – Empire entered into a sportsbook and digital gaming collaboration agreement with Hillside (New York) LLC (“bet365”), an affiliate of bet365 Group Limited (Moelis was financial advisor to Empire)
- **March 12th, 2019** – Empire’s Board discussed industry trends, financial projections, preliminary observations on its capital structure and a conducted a preliminary overview of strategic options
- **March 12th, 2019** – Empire’s Board discussed an illustrative OpCo / PropCo structure based on total capital required to reduce leverage to a sustainable level and exercise certain land purchase rights related to the EPR lease
- **April 10th, 2019** – Empire’s Board discussed an illustrative land lease analysis
- **May 7th, 2019** – Empire’s Board discussed total capital requirements and potential sources of capital to achieve a sustainable capital structure
- **June 20th, 2019** – New York Legislature approved the creation of a video lottery terminal (“VLT”) gaming facility in Orange County, New York, allowing Empire to operate a new VLT facility in Orange County, subject to certain statutory requirements
- **June 24th, 2019** – Empire announced the retention of Moelis & Company as its financial advisor to evaluate strategic alternatives for the Company as a whole. The Board also created the Special Committee to oversee the evaluation of strategic alternatives

Overview of Key Dates (Cont'd)

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- **June 25th, 2019** – The Special Committee discussed the Company's liquidity and an overview of near-term key dates regarding the existing debt obligations of MOC
- **July 17th, 2019** – Gregg Polle and Ryan Eller, President & CEO, resigned from their positions as Empire Directors
- **July 25th, 2019** – The Special Committee received a letter from Kien Huat which indicated its willingness to entertain an invitation from the Company to acquire all outstanding equity of the Company not already owned by Kien Huat
- **August 5th, 2019** – The Special Committee received the Joint Proposal to acquire all outstanding equity of Empire not owned by Kien Huat or its affiliates in a merger for a cash payment of \$9.74 per share of common stock (1.9% premium to the closing price as of August 2nd, 2019)
- **August 6th, 2019** – The Special Committee discussed the Company's liquidity and the Joint Proposal
- **August 13th, 2019** – The Special Committee received an outline of proposed changes to capital commitments from Kien Huat and other key terms related to the Joint Proposal
- **August 14th, 2019** – Provided dataroom access to Cleary, Kien Huat and Genting Malaysia
- **Week of August 12th, 2019** – Empire's Management team provided site tours and on-site diligence to Kien Huat and Genting Malaysia. Empire and its advisors had multiple telephonic diligence meetings with Genting Malaysia

Transaction Overview

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The table below highlights the key terms of the Joint Proposal received on August 5th, 2019

ACQUIRERS	<ul style="list-style-type: none"> ▪ Kien Huat Realty III Limited ▪ Genting Malaysia Berhad (through its subsidiary Genting (USA) Limited) ("Genting Malaysia")
OFFER PRICE	<ul style="list-style-type: none"> ▪ \$9.74 per share in cash — Represents a premium of 1.9% to the closing price as of August 2nd, 2019 and a premium of 14.7% to the closing price as of August 15th, 2019
PRO FORMA OWNERSHIP	<ul style="list-style-type: none"> ▪ 51 % by Kien Huat ▪ 49% by Genting Malaysia
REQUIRED APPROVALS	<ul style="list-style-type: none"> ▪ Approval by the Special Committee ▪ Approval by holders of a majority of the votes represented by the outstanding shares of Common Stock and Series B Preferred Stock not owned by the Acquirers, or their affiliates and associates and executive management
CONDITIONS	<ul style="list-style-type: none"> ▪ (a) the completion of due diligence, including financial, legal, accounting, tax and business and operations diligence, with results satisfactory to the Acquirer in their sole discretion; [to be satisfied prior to signing] ▪ (b) the negotiation and execution of mutually acceptable definitive transaction documentation; [to be satisfied prior to signing] ▪ (c) successfully obtaining all required or advisable regulatory approvals including, without limitation, any required approvals under the New York State Gaming Commission; ▪ (d) satisfaction of any other applicable regulatory or stock exchange requirements; and ▪ (e) such other terms and conditions as are usual and customary in comparable transactions
FINANCING	<ul style="list-style-type: none"> ▪ Cash provided by Kien Huat and Genting Malaysia or their respective affiliated entities
GO-SHOP ¹	<ul style="list-style-type: none"> ▪ 10 business days to make outbound solicitations to third-parties
OTHER	<ul style="list-style-type: none"> ▪ Acquirers have indicated they are not willing to sell any equity to a third-party and would not vote in favor of any alternative transactions

Source: Kien Huat Joint Proposal Letter and Term Sheet (received August 5th, 2019)
 1 The Go-shop provision reflects the latest negotiated term since August 5th, 2019

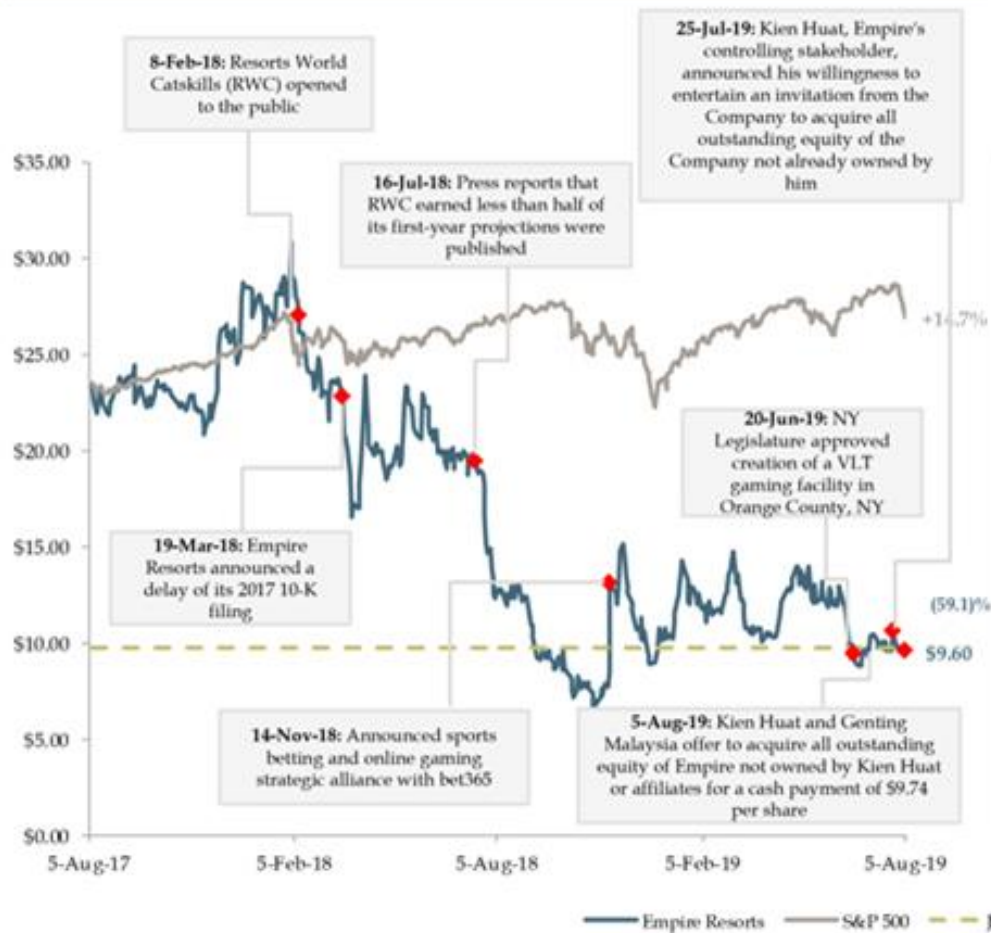
[8]

Annotated Stock Price – NYSE:NYNY

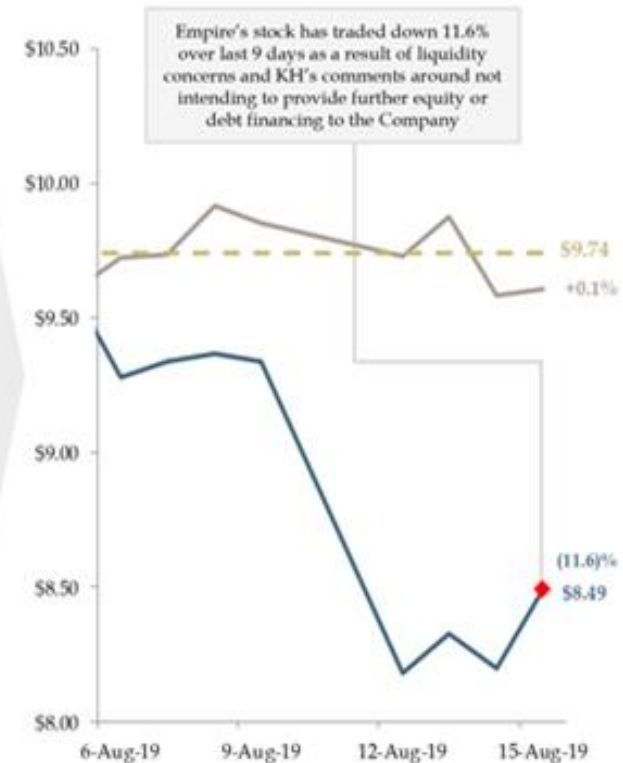
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The chart below highlights Empire's stock price over the last 2-years and annotates key events

PRE OFFER - TRADING PERFORMANCE



POST OFFER - TRADING PERFORMANCE



Source: Capital IQ as at 08/15/2019

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Illustrative Analysis at Various Prices

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		Share price trading performance			Joint Proposal ⁴
		Current	Pre-offer	Unaffected	
(\$ in millions, except per share data)		\$8.49	\$9.56	\$9.58	\$9.74
Implied premiums / (discount)					Offer Price
Unaffected share price (7/24/2019) ¹	\$9.58	(11.4%)	(0.2%)	—	1.7%
Pre-offer price (8/2/2019)	\$9.56	(11.2%)	—	0.2%	1.9%
Current share price (8/15/2019)	\$8.49	—	12.6%	12.8%	14.7%
52 week high	\$16.96	(49.9%)	(43.6%)	(43.5%)	(42.6%)
52 week low	\$6.31	34.5%	51.5%	51.8%	54.4%
1-month VWAP	\$9.58	(11.3%)	(0.2%)	0.0%	1.7%
3-month VWAP	\$10.26	(17.3%)	(6.8%)	(6.6%)	(5.1%)
6-month VWAP	\$11.29	(24.8%)	(15.3%)	(15.1%)	(13.7%)
12-month VWAP	\$10.94	(22.4%)	(12.6%)	(12.4%)	(10.9%)
(x) Total Fully Diluted Shares Outstanding		34.9	34.9	34.9	34.9
Implied Total Equity Value		\$296	\$334	\$335	\$340
(+) Debt ²		549	549	549	549
(+) Preferred ³		75	75	75	75
(-) Cash & Equivalents ²		(38)	(38)	(38)	(38)
Implied Total Enterprise Value		\$883	\$920	\$921	\$926
Management Case (Excluding Online Sports Betting)					
Implied Multiples	Metric				
TEV / 2020E EBITDA	\$12.5	70.6x	73.6x	73.7x	74.1x
TEV / 2021E EBITDA	14.6	60.5x	63.1x	63.1x	63.5x
TEV / 2022E EBITDA	16.6	53.1x	55.3x	55.3x	55.7x
Management Case (Including Online Sports Betting)⁵					
Implied Multiples	Metric				
TEV / 2020E EBITDA	\$12.5	70.6x	73.6x	73.7x	74.1x
TEV / 2021E EBITDA	15.1	58.5x	61.0x	61.0x	61.4x
TEV / 2022E EBITDA	31.6	27.9x	29.1x	29.1x	29.3x

Source: Capital IQ as at 08/15/2019, Management Case

1. Date before the initial KH letter was made public

2. Debt and Cash & Cash Equivalents (includes cage cash) as at 06/30/2019, per 10Q dated August 8, 2019

3. Includes 44,528 shares of Series B Preferred Stock (liquidation value of \$29) and 740 shares of Series F Preferred Stock (liquidation value of \$100,000)

4. See slide 8 for more information on the offer

5. Assumes online sports betting commences on January 1st, 2021. Projected to contribute \$15mm, \$26mm and \$40mm of EBITDA in 2022E, 2023E and 2024E, respectively, and grow 1.0% thereafter

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II. Preliminary Financial Analysis of Empire

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Empire Financial Projection Assumptions

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The following key assumptions by Empire Management were used in the financial analysis

FINANCIAL PROJECTIONS	<ul style="list-style-type: none"> Empire Management provided consolidated five-year financial projections on August 14th, 2019 <ul style="list-style-type: none"> 2019E assumes actuals from January to July and projections for August to December
GAMING	<ul style="list-style-type: none"> Gross revenue growth is largely driven by an increase in slot machine and table game performance <ul style="list-style-type: none"> Combined, slot and table revenue is projected to grow 48% and 14% in 2019E and 2020E, respectively
RETAIL SPORTSBOOK	<ul style="list-style-type: none"> Empire's Management Case includes revenues from its retail sportsbook operations, commencing in August 2019 <ul style="list-style-type: none"> \$2.8mm of projected retail sportsbook revenue in 2019E, growing to \$11.9mm in 2024E
ONLINE SPORTSBOOK	<ul style="list-style-type: none"> Financial projections assume online sports betting commences January 1st, 2021 and will reach stabilized EBITDA in 2024E. Assumes 1.0% growth thereafter <ul style="list-style-type: none"> Projected to contribute \$15mm, \$26mm and \$40mm of EBITDA in 2022E, 2023E and 2024E, respectively The assumed commencement is uncertain and may be delayed further than January 1st, 2021, subject to legislation and gaming regulations Projections assume legislation provides for fully remote mobile registration¹
EXPENSE REDUCTIONS	<ul style="list-style-type: none"> Empire's financial projections assume expense reductions Management has implemented <ul style="list-style-type: none"> Workforce reductions: Reflect a ~240 FTE headcount reduction, generating annual savings of ~\$14mm, commencing in 2020E Hotel Trades Commission: Concession as well as salary reductions, resulting in ~\$10mm of savings, commencing in 2020E Marketing savings: include impacts of a 10% reduction of marketing expenses, resulting in ~\$3mm of annual savings, commencing in 2020E
GROUND LEASE	<ul style="list-style-type: none"> Adjusted EBITDA includes a ground lease adjustment which accounts for the difference between the cash and accrual accounting methodology for MOC's land lease
OTHER	<ul style="list-style-type: none"> Empire's Management Case excludes any impacts associated with the following : <ul style="list-style-type: none"> Upside of potential Video Lottery Terminal (VLT) facility in Orange County Downside of opening of potential Downstate casino(s) Impact of potential management contract with RWNV

Source: Management Case

1 Fully remote mobile registration refers to regulation put in place that allows operators to sign up customers off-property (i.e., via internet, mobile web or mobile app)

[12]

Summary of Empire Financial Projections – Excluding Online Sports Betting

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Empire's financial projections assume it will increase its Adjusted EBITDA from (\$12mm) in 2019E to \$19mm in 2024E, excluding the impact of online sports betting

(\$ millions)	Fiscal Year End December 31,							CAGR
	2018A	2019E	2020E	2021E	2022E	2023E	2024E	19E-'24E
Net Revenue								
MOC	\$156	\$232	\$268	\$283	\$295	\$306	\$312	6.1%
% Growth		48.9%	15.3%	5.5%	4.4%	3.5%	2.0%	
EBITDA								
Adjusted MOC ¹	(\$31)	(\$0)	\$25	\$27	\$30	\$32	\$32	NM
Other ²	(8)	(11)	(12)	(13)	(13)	(13)	(13)	3.2%
Adjusted EBITDA	(\$39)	(\$12)	\$12	\$15	\$17	\$18	\$19	NM
% Growth		NM	NM	16.7%	14.0%	10.8%	1.8%	
% Margin ³	(25.0%)	(5.1%)	4.7%	5.2%	5.6%	6.0%	6.0%	
Capital Expenditures								
MOC	9	13	15	11	11	11	11	(3.7%)
Other	1	0	0	0	0	0	0	-
Total Capital Expenditures	\$11	\$13	\$15	\$11	\$11	\$11	\$11	(3.7%)
% Margin	7.0%	5.6%	5.7%	3.8%	3.6%	3.5%	3.4%	

Source: Management Case

1. Includes ground lease adjustment, possible HTC concession, possible salary reduction and possible marketing reduction
2. Includes Monticello Raceway EBITDA and Empire corporate overhead

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Summary of Empire Financial Projections – Including Online Sports Betting

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Empire's financial projections assume it will increase its Adjusted EBITDA from (\$12mm) in 2019E to \$59mm in 2024E, including the impact of online sports betting, assuming fully remote mobile registration¹

(\$ millions)	Fiscal Year End December 31,							CAGR
	2018A	2019E	2020E	2021E	2022E	2023E	2024E	19E-'24E
Net Revenue								
MOC	\$156	\$232	\$268	\$283	\$295	\$306	\$312	6.1%
% Growth		48.9%	15.3%	5.5%	4.4%	3.5%	2.0%	
EBITDA								
Adjusted MOC ²	(\$31)	(\$0)	\$25	\$27	\$30	\$32	\$32	NM
Other ³	(8)	(11)	(12)	(13)	(13)	(13)	(13)	3.2%
Adjusted EBITDA	(\$39)	(\$12)	\$12	\$15	\$17	\$18	\$19	NM
Online Sports Betting	-	-	-	1	15	26	40	NM
Total Adjusted EBITDA	(\$39)	(\$12)	\$12	\$15	\$32	\$44	\$59	NM
% Growth		NM	NM	20.7%	109.6%	40.5%	32.2%	
% Margin ⁴	(25.0%)	(5.1%)	4.7%	5.2%	5.6%	6.0%	6.0%	
Capital Expenditures								
MOC	9	13	15	11	11	11	11	(3.7%)
Other	1	0	0	0	0	0	0	-
Total Capital Expenditures	\$11	\$13	\$15	\$11	\$11	\$11	\$11	(3.7%)
% Margin	7.0%	5.6%	5.7%	3.8%	3.6%	3.5%	3.4%	

Source: Management Case

1. Fully remote mobile registration refers to regulation put in place that allows operators to sign up customers off-property only per an approved marketing plan

2. Includes ground lease adjustment, possible HTC concession, possible salary reduction and possible marketing reduction

3. Includes Monticello Raceway EBITDA and Empire corporate overhead

4. EBITDA margin excludes online sports betting

Selected Publicly Traded Companies Analysis

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Selected publicly traded companies analysis reflects implied enterprise value to EBITDA multiples based on public market trading multiples of companies deemed generally relevant by Moelis in certain respects to Empire

- **Moelis selected publicly traded companies based on the following criteria:**
 - U.S. Regional land-based gaming operators
 - Operators and owner/operators of gaming facilities in which the U.S. constitutes a significant portion of revenue and profitability
 - Domiciled in the U.S. and listed on a major U.S. exchange
 - Location of casino entertainment facilities and local market and regulatory conditions
 - Ownership versus leasing of underlying real estate (i.e. OpCos and PropCos)
 - Growth prospects and implementation around acquisitions
 - New openings impacting longer-term growth projections
- **Moelis also reviewed publicly traded casino operators with a national or international focus, but didn't use them to inform our reference ranges due to the following differences**
 - Scale and geographic diversity
 - Access to a larger and higher value customer database / rewards program
 - Growth prospects (e.g. Japan)
 - Large concentration of international revenue (e.g. Macau and Singapore)
- **Reference blended range of 7.0x - 9.0x 2020E EBITDA is most closely informed by the following:**
 - Moelis analyzed the range of the broader regional gaming universe despite some companies receiving premium valuations given scale, diversification and growth prospects
 - Moelis relied less on Monarch Casino & Resort as it is currently trading at a premium in anticipation of the new Black Hawk resort with an anticipated Q3/Q4 2019 opening
 - Moelis focused less on Twin River given its trading has been impacted by contract negotiations between Rhode Island Governor's Office and International Game Technology ("IGT") regarding the slot machines at its casinos
- **Empire's equity value is not reduced by the funding shortfall and near-term cash injection required to fund operations until RWC stabilizes**

Selected Publicly Traded Companies Analysis

Moelis analyzed U.S. regional gaming operators as they include publicly traded companies with greater similarities to Empire in certain respects

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(\$ in millions, except per share data)

SELECTED PUBLICLY TRADED COMPANIES

(\$ in millions)	Stock Price	% Of	Enterprise	Equity	Revenue Growth		EBITDA(R) Margin ¹		EBITDA(R) Growth		TEV/EBITDA(R) ²	
Company	8/15/2019	52-Wk High	Value	Value	2019E	2020E	2019E	2020E	2019E	2020E	2019E	2020E
U.S. Regional Gaming Operators												
Caesars Entertainment	\$11.45	93.6%	\$26,339	\$9,801	(0.4%)	2.7%	27.3%	28.2%	(0.9%)	5.9%	11.1x	10.5x
Penn National Gaming	16.78	47.5%	13,048	1,977	1.0%	0.9%	30.0%	30.9%	6.4%	3.8%	7.9x	7.6x
Boyd Gaming	21.78	58.3%	7,123	2,483	27.6%	1.3%	26.9%	27.6%	23.2%	3.4%	7.9x	7.7x
Churchill Downs	116.74	88.0%	6,507	4,765	15.1%	1.6%	36.0%	36.9%	15.1%	4.2%	13.7x	13.1x
Eldorado Resorts	39.25	71.4%	6,304	3,104	(15.9%)	0.8%	26.7%	28.6%	3.1%	8.1%	9.9x	9.2x
Red Rock Resorts	17.98	53.7%	5,131	2,106	10.8%	5.7%	28.1%	30.6%	3.0%	14.9%	9.8x	8.5x
Twin River	21.44	63.1%	1,459	833	2.7%	4.7%	40.1%	38.8%	6.4%	1.2%	6.4x	6.3x
Golden Entertainment	12.56	42.3%	1,402	365	14.2%	2.8%	19.0%	19.7%	(3.9%)	6.9%	7.6x	7.1x
Monarch Casino & Resort	43.89	90.1%	938	832	6.8%	27.9%	26.0%	27.7%	10.3%	36.3%	14.0x	10.3x
High			\$26,339	\$9,801	27.6%	27.9%	40.1%	38.8%	23.2%	36.3%	14.0x	13.1x
Median			6,304	2,106	6.8%	2.7%	27.3%	28.6%	6.4%	5.9%	9.8x	8.5x
Mean			7,584	2,919	6.9%	5.4%	28.9%	29.9%	7.0%	9.4%	9.8x	8.9x
Low			938	365	(15.9%)	0.8%	19.0%	19.7%	(3.9%)	1.2%	6.4x	6.3x
Empire Resorts	\$8.49	50.1%	\$883	\$296	48.9%	15.3%	NM	NM	NM	NM	NM	70.6x

Source: Company filings, Capital IQ as of 8/15/2019, Management Case

- Based on reported revenue for each company. Certain states have arrangements allowing properties to recognize revenue on a gross gaming revenue less commissions basis, which limits comparability
- EBITDAR statistics shown for Caesars, Penn, Eldorado and Boyd; rent is capitalized based on the book value of capitalized lease obligations

[16]

DCF Analysis – Methodology and Assumptions

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Discounted cash flow (“DCF”) analysis reflects implied enterprise value range based on estimated present value of unlevered after-tax free cash flows projected by Empire and estimated present value of the terminal value

- Based on Empire’s six year consolidated financial projections for 2019E to 2024E and analyzing the following scenarios:
 - Management Case (Excluding Online Sports Betting)
 - Management Case (Including Online Sports Betting)
 - Assumes online sports betting commences on January 1, 2021
 - Unlevered after-tax free cash flows through 2024E and terminal value discounted to 9/30/2019, using mid-year discounting convention and utilizing discount rate range of 8.5% to 10.0% derived from WACC calculation
 - Projections are on a calendar year basis
 - 9/30/2019 projected debt, preferred and cash balances provided by Management on August 16th, 2019
 - Cash balance is as of September 30th, 2019 except cage cash which assumes the same level of cage cash from June 30th, 2019 (\$33 million)
 - Terminal year assumes D&A equal to capex
 - Combined federal and state cash tax rate assumed to be 26.0%, per Management guidance
 - Terminal values at end of projected period based on 7.00x to 9.00x terminal year 2024E EBITDA
 - We believe a terminal multiple that is in-line with the 2020E multiples of the selected publicly traded companies is appropriate in the terminal year due to relatively minimal growth in existing markets
- Management Case (Excluding Online Sports Betting)**
- Implied perpetuity growth rate of 3.6% to 6.1%
 - Terminal value represents approximately 89.8% to 91.7% of total DCF present value
- Management Case (Including Online Sports Betting)**
- Implied perpetuity growth rate of (0.5%) to 2.8%
 - Terminal value represents approximately 81.7% to 85.2% of total DCF present value
- Moelis performed a present value analysis on Empire’s Net Operating Losses (“NOLs”) provided by management and the output of such analysis was added to the DCF valuation
 - Management provided NOL data which includes ~\$299MM Federal NOL balance and ~\$249MM state NOL balance as of 12/31/2018
 - Due to the highly levered position of Empire, we utilized Empire’s cost of equity to calculate the discount rate range to value the tax benefits of the NOLs
 - There is no assumed NOL usage under the non-sports betting scenario given Management’s view on long term taxable income

[17]

Discounted Cash Flow Analysis – Excluding Online Sports Betting

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(\$ in millions, except per share data)

UNLEVERED FREE CASH FLOWS

	Q4	Fiscal Year Ended December 31,					Terminal
(\$ in millions)	2019E	2020E	2021E	2022E	2023E	2024E	Year
Adjusted EBITDA	(\$1)	\$12	\$15	\$17	\$18	\$19	\$19
% Growth		NM	16.7%	14.0%	10.8%	1.8%	
(-) D&A	(12)	(49)	(52)	(53)	(33)	(32)	(11)
EBIT	(\$13)	(\$37)	(\$37)	(\$37)	(\$14)	(\$14)	\$8
(-) Income Taxes	-	-	-	-	-	-	(2)
Income Tax Rate	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
Tax-Affected EBIT	(\$13)	(\$37)	(\$37)	(\$37)	(\$14)	(\$14)	\$6
(+) D&A	12	49	52	53	33	32	11
(-) Change in NWC	-	-	-	-	-	-	-
(-) Capital Expenditures	(5)	(15)	(11)	(11)	(11)	(11)	(11)
Unlevered Free Cash Flow	(\$6)	(\$3)	\$4	\$6	\$8	\$8	\$6

ILLUSTRATIVE CALCULATIONS

(\$ in millions)	Low	High
Discount Rate	10.00%	8.50%
Terminal Year Adjusted EBITDA ¹	\$19	\$19
Terminal Value Multiple	7.0x	9.0x
Terminal Value	\$131	\$169
Implied Perpetuity Growth Rate	5.0%	4.7%
Present Value of Terminal Value	\$81	\$111
Sum of PV of Unlevered FCF	9	10
Enterprise Value	\$90	\$121
Terminal Value as % of TEV	89.8%	91.7%
(-) Debt (9/30/19)	(\$545)	(\$545)
(-) Preferred (9/30/19)	(90)	(90)
(+) Cash (9/30/19) ¹	37	37
Equity Value	(\$509)	(\$478)
(+) Fully-diluted Shares Outstanding	34.9	34.9
Implied Share Price	(\$14.58)	(\$13.68)

SENSITIVITY ANALYSES

TOTAL EQUITY VALUE						IMPLIED PERPETUITY GROWTH RATES					
Terminal EBITDA Multiples						Terminal EBITDA Multiples					
	7.00x	7.50x	8.00x	8.50x	9.00x		7.00x	7.50x	8.00x	8.50x	9.00x
WACC						WACC					
8.500%	(\$502)	(\$496)	(\$490)	(\$484)	(\$478)	8.500%	3.6%	3.9%	4.2%	4.5%	4.7%
8.875%	(\$504)	(\$498)	(\$492)	(\$486)	(\$480)	8.875%	4.0%	4.3%	4.6%	4.8%	5.0%
9.250%	(\$506)	(\$500)	(\$494)	(\$488)	(\$482)	9.250%	4.3%	4.6%	4.9%	5.2%	5.4%
9.625%	(\$507)	(\$502)	(\$496)	(\$490)	(\$484)	9.625%	4.7%	5.0%	5.3%	5.5%	5.7%
10.000%	(\$509)	(\$503)	(\$498)	(\$492)	(\$486)	10.000%	5.0%	5.3%	5.6%	5.9%	6.1%

Source: Management Case

Note: Balance sheet include projected figures as of September 30th, 2019

1. Cash balance is projected as of September 30th, 2019, except cage cash which assumes the same level of cage cash from June 30th, 2019 (\$33 million). Cash balance does not account for KH Preferred funding fee amount

Discounted Cash Flow Analysis – Including Online Sports Betting

MOELIS & COMPANY

(\$ in millions, except per share data)

UNLEVERED FREE CASH FLOWS

	Q4	Fiscal Year Ended December 31,					Terminal
(\$ in millions)	2019E	2020E	2021E	2022E	2023E	2024E	Year
Adjusted EBITDA	(\$1)	\$12	\$15	\$32	\$44	\$59	\$59
% Growth		NM	20.7%	109.6%	40.5%	32.2%	
(-) D&A	(12)	(49)	(52)	(53)	(33)	(32)	(11)
EBIT	(\$13)	(\$37)	(\$37)	(\$22)	\$12	\$26	\$48
(-) Income Taxes	-	-	-	-	(3)	(7)	(12)
Income Tax Rate	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
Tax-Affected EBIT	(\$13)	(\$37)	(\$37)	(\$22)	\$9	\$20	\$36
(+) D&A	12	49	52	53	33	32	11
(-) Change in NWC	-	-	-	-	-	-	-
(-) Capital Expenditures	(5)	(15)	(11)	(11)	(11)	(11)	(11)
Unlevered Free Cash Flow	(\$6)	(\$3)	\$4	\$21	\$31	\$41	\$36

ILLUSTRATIVE CALCULATIONS

(\$ in millions)	Low	High
Discount Rate	10.00%	8.50%
Terminal Year Adjusted EBITDA ¹	\$59	\$59
Terminal Value Multiple	7.0x	9.0x
Terminal Value	\$411	\$529
Implied Perpetuity Growth Rate	0.9%	1.4%
Present Value of Terminal Value	\$252	\$348
Sum of PV of Unlevered FCF	57	60
Enterprise Value	\$309	\$408
Terminal Value as % of TEV	81.7%	85.2%
(-) Debt (9/30/19)	(\$545)	(\$545)
(-) Preferred (9/30/19)	(90)	(90)
(+) Cash (9/30/19) ¹	37	37
Equity Value	(\$290)	(\$190)
(+) Fully-diluted Shares Outstanding	34.9	34.9
Implied Share Price	(\$8.30)	(\$5.45)

SENSITIVITY ANALYSES

TOTAL EQUITY VALUE						IMPLIED PERPETUITY GROWTH RATES					
Terminal EBITDA Multiples						Terminal EBITDA Multiples					
	7.00x	7.50x	8.00x	8.50x	9.00x		7.00x	7.50x	8.00x	8.50x	9.00x
WACC						WACC					
8.500%	(\$268)	(\$248)	(\$229)	(\$210)	(\$190)	8.500%	(0.5%)	0.1%	0.6%	1.0%	1.4%
8.875%	(\$274)	(\$255)	(\$236)	(\$217)	(\$197)	8.875%	(0.1%)	0.4%	0.9%	1.4%	1.7%
9.250%	(\$279)	(\$260)	(\$242)	(\$223)	(\$204)	9.250%	0.2%	0.8%	1.3%	1.7%	2.1%
9.625%	(\$285)	(\$266)	(\$248)	(\$230)	(\$211)	9.625%	0.5%	1.1%	1.6%	2.0%	2.4%
10.000%	(\$290)	(\$272)	(\$254)	(\$236)	(\$218)	10.000%	0.9%	1.4%	1.9%	2.4%	2.8%

Source: Management Case

Note: Balance sheet include projected figures as of September 30th, 2019

1. Cash balance is projected as of September 30th, 2019, except cage-cash which assumes the same level of cage-cash from June 30th, 2019 (\$33 million). Cash balance does not account for KH Preferred funding fee amount

Illustrative NOL Analysis - Including Online Sports Betting

MOELIS & COMPANY

(\$ in millions)	Empire Projections						2040E
	Q4 2019E	2020E	2021E	2022E	2023E	2024E	
Adj. EBIT	(\$12.6)	(\$36.5)	(\$36.8)	(\$21.6)	\$11.7	\$26.5	\$26.5
Federal NOL Schedule							
Beginning Balance	\$299.2	\$299.2	\$299.2	\$299.2	\$299.2	\$287.5	--
Gained / (Used)	--	--	--	--	(11.7)	(26.5)	--
Ending Balance	\$299.2	\$299.2	\$299.2	\$299.2	\$287.5	\$261.0	--
Tax Effected Benefit @ 21% Tax Rate	--	--	--	--	\$2.5	\$5.6	--
State NOL Schedule							
Beginning Balance	\$249.5	\$249.5	\$249.5	\$249.5	\$249.5	\$237.8	--
Gained / (Used)	--	--	--	--	(11.7)	(26.5)	--
Ending Balance	\$249.5	\$249.5	\$249.5	\$249.5	\$237.8	\$211.3	--
Tax Effected Benefit @ 5% Tax Rate	--	--	--	--	\$0.6	\$1.3	--
Newly Created NOLs							
Taxable Income Limitation ¹	--	--	--	--	\$9.4	\$21.2	\$21.2
Beginning Balance	--	12.6	49.2	85.9	107.6	107.6	--
Gained	12.6	36.5	36.8	21.6	--	--	--
Used	--	--	--	--	--	--	--
Ending Balance	\$12.6	\$49.2	\$85.9	\$107.6	\$107.6	\$107.6	--
Tax Effected Benefit @ 26% Tax Rate	--	--	--	--	--	--	--

EMPIRE STANDALONE NOL SENSITIVITY

	Cost of Equity		
	9.6%	12.5%	14.7%
Flatline projection of 2024E Adj. EBIT	\$37.7	\$29.2	\$24.5

ASSUMPTIONS

- Net operating losses valued utilizing Management Case projections dated August 14th, 2019 for 2019E to 2024E.
 - 2024E NOL usage is assumed throughout the projection period until there are no usable NOLs left to utilize
- Assumes ~\$299MM federal NOL balance and ~\$250MM state NOL balance per Management
- Assumes a federal tax rate of 21.0% and state tax rate of 5.0%, per Management
- Assumes a flatline projection of \$26.5mm Adj. EBIT for 2024E to 2040E, and discounted at cost of equity range of 9.6% - 14.7% based on Empire's cost of equity

Source: Management Case

Note: Cash flows discounted to September 30th, 2019, using mid-year convention

1. NOLs created after 2017 subject to 80% limitation of taxable income; such NOLs used in years 2035E - 2037E

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Valuation Summary – Equity Value

MOELIS & COMPANY
(\$ in millions)

The table below outlines value ranges for Empire based on Selected Publicly Traded Companies Analysis and DCF equity Analysis

- Moelis excluded precedent transaction analysis given there are limited comparable precedent transactions

EMPIRE EQUITY VALUE RANGE

		<u>Equity Value</u>		<u>Implied Share Price</u>	
Selected Publicly Traded Companies Analysis ¹	Based on 2020E EBITDA multiples of selected publicly traded gaming operators				
	Multiple range of 7.0x – 9.0x 2020E Adjusted EBITDA of \$12.5mm	(\$499)	(\$474)	(\$14.28)	(\$13.56)
	Empire's equity value is not reduced by the near-term cash injection required to fund operations until RWC stabilizes				
DCF Analysis (Excluding Online Sports Betting) ²	Using mid-year discounting convention and utilizing a discount rate range of 8.5% to 10.0% derived from WACC calculation				
	Terminal multiple based on multiples used in Selected Publicly Traded Companies Analysis	(\$509)	(\$478)	(\$14.58)	(\$13.68)
	Terminal multiple range of 7.0x – 9.0x terminal year EBITDA				
DCF Analysis (Including Online Sports Betting) ²	Using mid-year discounting convention and utilizing a discount rate range of 8.5% to 10.0% derived from WACC calculation	Including NOLs ³	(\$261)	(\$161)	(\$7.47)
	Terminal multiple based on multiples used in Selected Publicly Traded Companies Analysis		(\$290)	(\$190)	(\$8.30)
	Terminal multiple range of 7.0x – 9.0x terminal year EBITDA				
	Includes NOL value based on NOL DCF analysis				

The illustrative analysis results in negative equity value for the common shareholders

Source: Management Case

1 Balance sheet figures as of June 30, 2019. Cash and cash equivalents includes cage cash. Does not include \$29 million of value from NOLs

2 Balance sheet include projected figures as of September 30th, 2019 except cage cash which assumes the same level of cage cash from June 30 (\$33 million)

3 Includes \$29 million of value from NOLs (see page 20 for more details)

[21]