

## HVS Gaming Services Featured Clients and Engagements

### Proposed Venetian Macao Casino Resort and Existing Sands Macao Casino

*Macao, China*

Goldman Sachs and Bank of Nova Scotia retained HVS to perform an appraisal of the existing Sands Macao Casino and the proposed Venetian Macao Casino Resort in Macau, China for project financing. HVS analyzed the Macau gaming market to assess the future operating performance of the existing Sands casino, and to project the potential gaming revenue of the proposed Venetian Macao Casino Resort. This task was particularly challenging because the local inventory of table games and slots was projected to increase by over 300% over a period of four years. HVS developed a win per visitor day analysis tied to the government's projections of total visitation to Macau over the next five years. The key element in the analysis was the anticipation of longer lengths of stay by visitors as the area evolves into a resort gaming destination. The hotel market in Macau, Hong Kong and surrounding Mainland China markets was also investigated to assess the impact of a roundly 50% projected increase in Macau hotel supply over a five year period.

The proposed Venetian Macao Casino Resort will also contain major convention and retail components that were part of the valuation. The HVS Convention and Sports and Entertainment Division assessed the Pacific Rim market for convention and meeting space, and prepared projections of meeting attendance by market segment for the proposed convention center. Linda Congleton & Associates, a specialized retail consulting firm, was brought in to perform an in-depth investigation of the Macau and Hong Kong retail markets, and to prepare projections of retail revenue and expense for the retail appraisal.

The Venetian Macao Casino Resort, with its related retail mall and convention center, will be the first major gaming property on the newly developing Cotai Strip of Macau, China. This landmark property will set a new standard for casino hotels on Macau, and will create a new destination resort area and establish the Cotai Strip as the Las Vegas Strip of the Macau gaming market.



#### Size:

##### Proposed Venetian Macao Casino Resort:

- 10,200,000 sq. ft. building area
- 5000,000 sq. ft. gaming area
- 3,000 hotel rooms
- 1,130,000 sq. ft. of convention, exhibition and event center space
- 997,000 sq. ft. retail space

##### Existing Sands Macao:

- 915,000 sq. ft. building area
- 162,000 sq. ft. gaming area
- 51 hotel rooms

#### Clients:

Goldman Sachs and Bank of Nova Scotia

#### Project Type:

Existing Casino and Proposed Casino Resort, Retail Mall and Convention Center

#### Project Scope:

- Site analysis
- Market area overview
- Surveys and interviews with gaming officials, event planners, local and regional tourism professionals
- Gaming, hotel and convention space supply and demand projections
- Forecasts of Income and Expense
- Discounted Cash Flow Analyses
- USPAP Conforming Appraisal and Appraisal Report

#### Results

Comprehensive appraisal for project financing provided to private banks for underwriting purposes

#### Role

Appraiser

#### Date of Service

2005