



REVELLING IN A NEW DAWN

There's excitement surrounding the opening of the Revel casino resort and also anxiety for the future of the spectacular new venue

The dawn of a new era in Atlantic City began at sun rise on April 2 with the opening of the US\$2.4bn Revel casino resort, the 12th gaming property in the AC market, and in many peoples' eyes the biggest if not the last hope to revive the flagging east coast casino sector.

Located at the northern end of the Boardwalk, next to the Showboat Casino Hotel, Revel is the first casino to open in Atlantic City since Borgata in 2003. Rising high above the Atlantic City skyline, the already iconic Revel development boasts a 47-story hotel tower that reaches 710 feet, making it the second tallest structure in New Jersey.

To make the most of the spectacular sunrise over the ocean, Revel opened its doors to its first guests at 7:00 a.m. with a sunrise toast on the resort's SkyGarden, overlooking the Boardwalk and beach.

Lt. Governor of New Jersey Kim Guadagno, state and local dignitaries,

representatives of building trades, construction and design partners and media joined Revel Entertainment CEO Kevin DeSanctis in kicking off an eight-week preview of the resort which will lead up to a Memorial Day premiere featuring concerts headlined by Beyoncé.

"We're treating the opening of Revel as a Broadway play with an eight-week preview," DeSanctis, said. "It feels good to be open. As far as the guest experience and guest expectation, I think it will really take a year before we find out how this facility operates. If all we do is steal market share from everyone else, I don't think that is a very good result."

Interestingly, there is no mention of a casino in the property's title. It has launched simply as Revel.

Robert Andersen, Revel's executive vice president of project development, said: "The vision was to be a little bit different than what Atlantic City has been in the

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KEVIN DESANCTIS,
CEO, Revel Entertainment.

past. The vision was to embrace the ocean and Boardwalk. The building mirrors the undulation of the ocean itself."

As such the mirrored exterior of the beachside property reflects the waves of the ocean with an abundance of whirling curves. Revel certainly brings a very different resort option to the Northeast. The beachfront destination is smoke-free, the first in AC, and will eventually feature over 1,800 rooms with sweeping ocean views when its hotel is fully open. Designed to embrace its natural surroundings, Revel has curated a collection of daylife and nightlife experiences crafted to bring the outside in and the inside out. Indoor and outdoor pools, gardens, lounges, and a 32,000-square-foot spa provide the guests with a relaxing resort.

Opening with the resort is Bask, Revel's spa + wellness concept; Ivan Kane's Royal Jelly Burlesque Nightclub; three of 14 restaurants including Jose Garces' Distro Cantina; Robert Wiedmaier's Mussel Bar; Lugo, an Italian brasserie from LDV Hospitality and both theatres,



The Social and Ovation Hall. The nightclub experience, a key element in attracting its crowd, will launch in the summer with the 40,000-square-foot HQ Nightclub and HQ Beach Club an unprecedented daylife and nightlife atmosphere spanning 45,000 square feet of beachfront space. Their mission is to elevate each experience to a new level.

"Revel has brought a different perspective to the gaming floor, transforming the atmosphere from one that focuses attention on the bright lights and sounds of games and machines, to one that feels like a theatre. The casino is smoke free like the rest of the resort, and a place you can use as a stage to be seen, or simply explore what you see."

MAUREEN SIMAN,
Marketing, Revel
Entertainment.

The main, if somewhat unmarketed, component of Revel's revenue streams, is of course its gaming floor, despite it accounting for just five per cent of the overall footprint. Not that it's small; measuring some 130,000sq.ft., it is only surpassed in the local market by gaming floors at Harrah's Resort and Bally's Atlantic City.

Revel's casino, is open 24 hours a day and features 2,439 slot machines, 97 table games, 16 electronic tables and a poker room with 37 tables overlooking the gaming floor. The casino's slot machines have been split between eight gaming suppliers with IGT, Bally, WMS, Aristocrat, Konami, ACSlot, SPIELO and Ainsworth all present.

On the live gaming side, TCSJohnHuxley supplied 132 custom made gaming tables to the Revel gaming floor including 10 Craps, 36 Hold Em Poker tables, one Double Big 6 table, eight roulette tables, 55 blackjack tables, nine Midi Baccarat tables and 13 specialty game tables. The comprehensive deal also included Saturn roulette wheels, displays and Chipper Champ 2 chipper machines as well as accessories and layouts.

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TCSJohnHuxley has also supplied two banks of 12 Sabre terminals from Inspired Gaming, all running off Saturn wheels. Banks and interconnected to allow players in both pits to play both wheels.

Roger Hawkins, CEO of the Americas for TCSJohnHuxley said: "We're delighted to have been chosen to supply the live gaming equipment for this fantastic new project. Working with the team at Revel has been a joy and I am looking forward to making the trip over to the East Coast to witness this new property in all its glory. In addition, I'm excited that Revel chose Inspired Gaming terminals to satisfy their needs for customers looking for an electronic solution for roulette. This is hopefully one of many installs of this new product for the United States markets."

Revel is also using the Epicentral Print System from Eurocoin/TransAct across all of its 2,427 slots having already installed the Epic 950 as the exclusive printer of choice.

Eurocoin's Colin Veitch said: "The selection of our Epicentral Print System by Revel Casino Group in Atlantic City is the latest in a series of clear endorsements for both the TransAct Epicentral Print System, and the Epic 950 printer hardware. European clients are already familiar with the exceptional reliability of the Epic 950 printer.

"Significantly, there is now a much greater appreciation of the simplicity, flexibility and cost-effectiveness of our Epicentral Print System architecture, which is totally tailored to drive genuine benefits to our European and African casino clients who operate 100 plus machines. Our clients' marketing departments are seeking to stimulate players and encourage positive changes to their performance and behaviour - Epicentral Print System is exactly the tool that they require," stated Mr. Veitch.

Epicentral will allow Revel to internally develop marketing programs and promotional coupons to be distributed to customers on a real-time basis at a slot machine, regardless of the game's manufacturer, to drive increased revenue and enhance their customers' experience.

Gaming Partners International meanwhile provided all the gaming chips and produced tables for the high limit Ultra Lounge.

Viewed from a different angle
Maureen Siman, marketing for Revel, said: "Revel has brought a different perspective to the gaming floor,



Lt. Governor of New Jersey, Kim Guadagno, and Revel Entertainment CEO, Kevin DeSanctis, welcome in a new dawn for gaming in Atlantic City.

"Given the physical characteristics of the facility and the excitement surrounding a new casino, the Division expects Revel's revenue results to be strong. It will be challenging, however, for Revel to generate the revenue levels projected in the forecasts." NJCCC.

transforming the atmosphere from one that focuses attention on the bright lights and sounds of games and machines, to one that feels like a theatre. The casino is smoke free like the rest of the resort, and a place you can use as a stage to be seen, or simply explore what you see."

Designed by theatre specialists, Scéno Plus, the 130,000 square foot space feels expansive with its high, open theatre style ceiling, but also defines intimate neighbourhoods.

"These neighbourhoods are casually defined using clusters of oversized lantern lights, hanging art, curtains of beads, and lowered ceilings that mimic the sand beach," Siman explained. "The space is programmable to set the tone throughout the day with warm lighting in the morning, and more intense nightclub-like lighting in the evening. If you want this world to be your stage, you will discover a spot here that suits you, but if you prefer being in the audience, explore a

OFF ALL THE SEGMENTS OF THE US CASINO GAMING INDUSTRY, THE ATLANTIC CITY MARKET IS AT THE MOST RISK.

little and you will find your niche."

"We are very pleased with the public's overwhelmingly positive response to our resort," Siman added declining though to give an estimate of opening day attendance. "We are in preview mode and we expected to experience issues, which we did, and we are working to resolve those issues. Overall, opening day for Revel was a great success and we look forward to the premiere weekend May 25 through 28."

The opening follows major economic problems for the local casino market, which has been savaged by the cruel combination of the recession and new market openings in neighbouring states, resulting in 40 consecutive months of decline since August 2008.

Indeed, 2011 saw AC's fifth year of annual decline with GGR falling by a further seven per cent from 2010 to \$3.3bn. The marketing leading Borgata, against which

Revel will pitch itself, was the only casino to earn higher GGR in 2011 than 2010 with a total of \$651.8 m.

Whilst some analysts believe bringing something new to the market will boost Atlantic City's casino fortunes overall, others believe there is only so much spend to go around, and that some at the lower end of the league of top performers could be in trouble.

Deutsche Bank casino analyst Andrew Zarnett, said: "While many believe new capital investment may help revive Atlantic City's fortunes, we do not believe new capital investment by itself will be a game-changer for this market. In our opinion, added competition from Revel will eat into existing operators' revenues, as was the experience when the Borgata opened in June 2003. Revel casino will mostly cannibalise existing operators. While Revel as a standalone property will be impressive and drive strong visitation, we are fearful that most of that traffic will come from other Atlantic City casinos."

On a more optimistic note, Israel Posner, a casino analyst at The Richard Stockton College of New Jersey, added: "Atlantic City now joins a very elite group of resort destinations around the world that represent the best resorts in the world. The city that was once a US hub for casino gaming is now the hub for lifestyle and resort entertainment."

According to PriceWaterhouseCoopers, Atlantic City will need more than Revel to



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ROGER HAWKINS,
TCSJohnHuxley.

reverse its trends. The analyst believes it will be the only market to record lower GGR in 2015 than 2010.

"Of all the segments of the US casino gaming industry, the Atlantic City market is at the greatest risk from the combined impacts of economic uncertainty and intensifying competitive pressures from regional casinos. These worries are being borne out by our projections, with Atlantic City set to be the only segment of the US market whose revenues will be lower in 2015 than 2010," the analyst stated. "The underlying reason is that Atlantic City attracts most of its patrons from Pennsylvania, New York, Delaware and Maryland and the opening of racetrack casinos and regional casinos in those markets has cut into Atlantic City's business."

Having stalled for so long, Revel completed a \$1.15bn financing package in February of this year which allowed construction to be completed. Its existence so far is emblematic of the recession. Launched in a completely different economic climate it soon fell foul of the credit freeze with its chief financial backer, Morgan Stanley, pulling out of the venture in 2010. Without this support the

REVEL WILL EAT INTO EXISTING REVENUES, AS WAS THE EXPERIENCE WHEN THE BORGATA OPENED IN 2003.

project ran out of money and stalled. However, Revel received \$1.1bn in new financing in early 2011 to complete its construction with a \$850m loan arranged by JPMorgan Chase, \$304.4m in notes and \$261.3m in state tax reimbursements over the next 20 years.

Such was the importance to the city as a whole that Revel be completed, New Jersey's Governor Christie was keen to help out. However, Revel remains a gamble due to this debt.

New York-based credit ratings Standard and Poor's has assigned a 'negative outlook' to the casino's debt and said it begins life in a 'vulnerable' position. "Our negative rating outlook on Revel

reflects our belief that Revel will be challenged to generate the substantial level of cash flow necessary to accommodate debt service obligations under its capital structure," Standard and Poor's stated.

"Our assessment of Revel's financial risk profile as highly leveraged reflects our belief that it will find it hard to ramp up cash flow generation to a level sufficient to satisfy debt service obligations under the capital structure, and our expectation for relatively weak credit measures."

A report by the New Jersey Casino Control Commission, also warned: "Given the physical characteristics of the facility and the excitement surrounding a new casino, the Division expects Revel's revenue results to be strong. It will be challenging, however, for Revel to generate the revenue levels projected in the forecasts."

Revel's chief investment officer, Michael Garrity, countered: "We feel very comfortable with the numbers we have. If we can create a compelling enough product and a compelling enough experience, then our premise is that we can do quite well."