

BMP            Moody's assigns first time rating of B3 to SugarHouse HSP Gaming  
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Moody's assigns first time rating of B3 to SugarHouse HSP Gaming Prop. Mezz, LP; outlook stable.

Approximately \$180 million of rated debt affected.

New York, August 18, 2009 -- Moody's Investors Service today assigned a B3 Corporate Family Rating and Probability of Default Rating to SugarHouse HSP Gaming Prop. Mezz, LP ("HSP"). Moody's also assigned a B3 rating to the company's proposed \$180 million first lien credit facilities due 2014. All ratings are subject to receipt and review of final documentation. The rating outlook is stable.

Proceeds from the new \$180 million senior secured credit facilities -- as well as a planned (and unrated) \$30 million Furniture Fixture & Equipment facility -- will be used to fund the \$150 million construction portion of the SugarHouse Casino project in downtown Philadelphia, PA. Proceeds will also be used to fund a cash interest reserve designed to cover interest payments through three months after the casino's scheduled opening date. The company's sponsors have already invested \$167 million of common and preferred equity proceeds to pay the license fee, acquire land, and fund pre-development costs incurred to date.

HSP's B3 ratings consider the start-up nature of the casino project, single property concentration risk, and expected further increase in gaming supply in eastern Pennsylvania, the company's primary market area. The ratings also reflect the weak macro-economic environment that is expected to continue to pressure consumers' gaming budgets. Positive rating consideration is given to the population density and favorable demographics of the eastern Pennsylvania gaming market. The ratings also acknowledge the cash contribution from the project sponsors that represents about 45% of the \$377 million total development costs.

The stable outlook is based on Moody's expectation that SugarHouse's downtown Philadelphia, PA location will provide enough customer traffic and demand for the project to generate positive free cash flow and maintain debt/EBITDA at or below 6 times (credit metrics include Moody's standard analytic adjustments as well as the application of 75% equity credit to the company's \$159 million preferred stock). The stable rating outlook also anticipates that there will be significant restrictions put into place with respect to HSP's ability to pay dividends, raise additional debt, and make capital investments beyond what is currently planned.

First time ratings assigned:

Corporate Family Rating at B3

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Probability of Default Rating at B3

\$10 million first lien secured revolver expiring 2014 at B3 (LGD 3, 49%)

\$150 million first lien funded term loan due 2014 at B3 (LGD 3, 49%)

\$20 million first lien delayed draw term loan due 2014 at B3 (LGD 3, 49%)

The principal methodology used in rating HSP was the Global Gaming Methodology, which can be found at [www.moodys.com](http://www.moodys.com) in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Credit Policy & Methodologies directory.

SugarHouse HSP Gaming Prop. Mezz, LP ("HSP") is in the process of building the SugarHouse Casino along the Delaware River waterfront in Philadelphia, PA. HSP Gaming, LP, the parent company of HSP, was awarded a category 2 gaming license by the Pennsylvania Gaming Control Board in December 2006 and is majority owned and controlled by Neil Blum and Greg Carlin.

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