

# CLAIRVEST

March 11, 2019

City of Saint John Shared Risk Plan  
9th Floor City Hall, 15 Market Square  
Saint John, NB

**Attention: Ms. Cindy Blizzard**

Dear Ms. Blizzard,

**Re: Clairvest Equity Partners IV Limited Partnership (“CEP IV”)  
Capital and Income Distribution**

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Reference is made to the Second Amended and Restated Limited Partnership Agreement dated February 28, 2011, governing the business and affairs of CEP IV between Clairvest General Partner IV L.P. and the limited partners in CEP IV.

We are very pleased to announce that we completed the sale of Rivers Casino (“Rivers”) from the CEP IV portfolio on March 5, 2019. Rivers was a US\$438 million greenfield project for the 10th gaming license in Illinois. It is the closest casino to Chicago and located near the O’Hare airport.

Clairvest made its investment into Rivers in partnership with Rush Street Gaming and minority investors in 2010. The business opened in July 2011 and has become the leading casino in the State of Illinois. In addition, the combination of the population, limited supply and first-class facility made Rivers the highest grossing casino in the United States on a per unit basis. The financial success of Rivers Casino has allowed it to complete two material recapitalizations that allowed Clairvest and CEP IV to repatriate 4.1 times their investment, during the first 6 years of the company’s operations.

The agreement to sell Clairvest’s interest in the Rivers Casino to Churchill Downs Inc was signed in October 2018, at an implied total enterprise value of US\$1.45 billion. On March 5, 2019 the transaction closed. In total, CEP IV realized a multiple of 8.4x its investment in Rivers Casino and an IRR of 46% during the 9-year investment period.

The financial success of our investment in Rivers took the CEP IV realized returns to an impressive 6.0x gross multiple on capital invested. This is in part a result of Clairvest’s expertise in the gaming industry, now covering 32 gaming assets globally across 17 years. We have a unique view of the industry which allows us to uncover successful investment opportunities such as Rivers.

Total sale proceeds at closing to CEP IV were US\$85.3 million or CAD\$113.5 million after consideration of the settlement of foreign exchange forward contracts CEP IV used to hedge against this investment. CEP IV may be entitled to additional proceeds which are subject to the customary working capital adjustments.

In addition to the Rivers sale proceeds, CEP IV also recently received a US\$1.8 million (C\$2.5 million) interest payment from the Meadowlands. Net of expenses and payment of accrued general partner priority distributions, CEP IV is distributing proceeds totaling \$114.5M. The proceeds are being distributed as follows:

- i) \$12.1 million to the limited partners representing the return of capital from the most recent capital call;
- ii) \$81.9 million to the limited partners representing 80% of the residual distribution;
- iii) \$20.5 million to the general partner representing 20% of the residual distribution;

In aggregate, after this distribution, the Limited Partners have received 100% of their capital plus \$378.9 million of profits.

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The distribution is made in accordance with Article 11 of the Limited Partnership Agreement. The details of the Capital and Income Distribution are provided below:

Distribution Date:	March 11, 2019
Capital Distribution Amount:	\$410,000.00
Income Distribution Amount:	\$2,777,084.75
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Total Distribution Amount:	\$3,187,084.75

After this distribution, the fund's status is as follows:

Called Capital as a percent of Committed Capital:	90.35%
<b>Returned Dollars as a percent of Called Capital:</b>	<b>242.17%</b>

Residual Value as a percent of called capital, net of fees & carry:	46.32%
<b>Total Value to Paid in Capital, net of fees &amp; carry:</b>	<b>2.9x</b>

Please feel free to contact us if you have any questions with the above instructions.

**CLAIRVEST GENERAL PARTNER IV L.P.**

By its General Partner **CLAIRVEST GP (GPLP) INC**