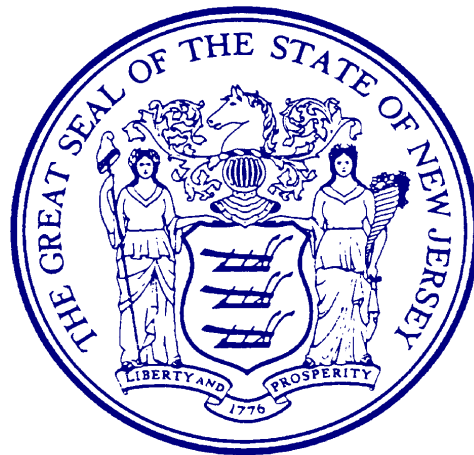


**BORGATA HOTEL CASINO & SPA
QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2021**

**SUBMITTED TO THE
DIVISION OF GAMING ENFORCEMENT
OF THE
STATE OF NEW JERSEY**



**OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL**

BORGATA HOTEL CASINO & SPA BALANCE SHEETS

AS OF MARCH 31, 2021 AND 2020

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....	2	\$63,589	\$14,823
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2019, \$24,791; 2020, \$24,938).....	3	37,792	31,844
4	Inventories		3,640	3,668
5	Other Current Assets.....	2	10,166	15,400
6	Total Current Assets.....		115,187	65,735
7	Investments, Advances, and Receivables.....	2,4	685	599,822
8	Property and Equipment - Gross.....	5	183,347	176,687
9	Less: Accumulated Depreciation and Amortization.....	5	(94,170)	(71,449)
10	Property and Equipment - Net.....		89,177	105,238
11	Other Assets.....		1,762,586	1,775,991
12	Total Assets.....		\$1,967,635	\$2,546,786
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$1,709	\$689
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....		0	0
17	Income Taxes Payable and Accrued.....		0	0
18	Other Accrued Expenses.....	6	58,538	59,420
19	Other Current Liabilities.....	7	89,056	99,155
20	Total Current Liabilities.....		149,303	159,264
	Long-Term Debt:			
21	Due to Affiliates.....		0	0
22	External.....		0	0
23	Deferred Credits		0	0
24	Other Liabilities.....	7	1,314,146	1,347,503
25	Commitments and Contingencies.....		0	0
26	Total Liabilities.....		1,463,449	1,506,767
27	Stockholders', Partners', or Proprietor's Equity.....	2	504,186	1,040,019
28	Total Liabilities and Equity.....		\$1,967,635	\$2,546,786

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)
	Revenue:			
1	Casino.....	2	\$81,823	\$94,214
2	Rooms.....		17,657	25,592
3	Food and Beverage.....		15,456	27,148
4	Other.....		5,728	8,116
5	Net Revenue.....		120,664	155,070
	Costs and Expenses:			
6	Casino.....	2	29,656	50,570
7	Rooms, Food and Beverage.....		19,163	31,713
8	General, Administrative and Other.....		42,821	50,139
9	Total Costs and Expenses.....		91,640	132,422
10	Gross Operating Profit.....		29,024	22,648
11	Depreciation and Amortization.....	5	5,612	5,984
	Charges from Affiliates Other than Interest:			
12	Management Fees.....		0	0
13	Other.....		0	0
14	Income (Loss) from Operations.....		23,412	16,664
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....		0	0
16	Interest Expense - External.....		459	0
17	CRDA Related Income (Expense) - Net.....		(1,522)	(2,416)
18	Nonoperating Income (Expense) - Net.....		(11,927)	(27,050)
19	Total Other Income (Expenses).....		(12,990)	(29,466)
20	Income (Loss) Before Taxes		10,422	(12,802)
21	Provision (Credit) for Income Taxes.....		1,000	(1,525)
22	Net Income (Loss).....		\$9,422	(\$11,277)

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA STATEMENTS OF CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020
AND THE THREE MONTHS ENDED MARCH 31, 2021

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2019.....		\$1,150,373	(\$65,865)	\$0	\$1,084,508
2	Net Income (Loss) - 2020.....			(101,152)		(101,152)
3	Capital Contributions.....			115,680		115,680
4	Capital Withdrawals.....					0
5	Partnership Distributions.....					0
6	Prior Period Adjustments.....					0
7	Distribution to parent					0
8	in connection with REIT			(28,588)		(28,588)
9	Other			2,567		2,567
10	Balance, December 31, 2020.....		1,150,373	(77,358)	0	1,073,015
11	Net Income (Loss) - 2021.....			9,422		9,422
12	Capital Contributions.....					0
13	Capital Withdrawals.....					0
14	Partnership Distributions.....			(890,286)		(890,286)
15	Prior Period Adjustments.....					0
16	Proceeds from sale of uncons affiliate			878,887		878,887
17	Dilution of investment in uncons affilli			(568,103)		(568,103)
18	Contribution from parent (REIT)			1,251		1,251
19	Balance, March 31, 2021.....		\$1,150,373	(\$646,187)	\$0	\$504,186

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$2,058	(\$26,538)
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments		0	0
3	Proceeds from the Sale of Short-Term Investments		0	0
4	Cash Outflows for Property and Equipment.....	5	(704)	(2,604)
5	Proceeds from Disposition of Property and Equipment.....	2,5	9	0
6	CRDA Obligations		(4,048)	(2,780)
7	Other Investments, Loans and Advances made.....		0	0
8	Proceeds from Other Investments, Loans, and Advances		0	0
9	Cash Outflows to Acquire Business Entities.....		0	0
10				
11				
12	Net Cash Provided (Used) By Investing Activities.....		(4,743)	(5,384)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt		0	0
14	Payments to Settle Short-Term Debt.....		0	0
15	Proceeds from Long-Term Debt		0	0
16	Costs of Issuing Debt.....		0	0
17	Payments to Settle Long-Term Debt.....		0	0
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....		0	0
20	Payments of Dividends or Capital Withdrawals.....		0	0
21	Distributions to Parent		0	(28,000)
22	Finance Leases		0	116
23	Net Cash Provided (Used) By Financing Activities.....		0	(27,884)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(2,685)	(59,806)
25	Cash and Cash Equivalents at Beginning of Period.....		66,274	74,629
26	Cash and Cash Equivalents at End of Period.....		\$63,589	\$14,823
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$0	\$0
28	Income Taxes.....		\$4,792	\$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$9,422	(\$11,277)
30	Depreciation and Amortization of Property and Equipment.....	5	3,900	4,272
31	Amortization of Other Assets.....		1,712	1,712
32	Amortization of Debt Discount or Premium.....		0	0
33	Deferred Income Taxes - Current		0	0
34	Deferred Income Taxes - Noncurrent		998	(1,129)
35	(Gain) Loss on Disposition of Property and Equipment.....		0	0
36	(Gain) Loss on CRDA-Related Obligations.....		3,967	2,416
37	(Gain) Loss from Other Investment Activities.....		(15,331)	(64)
38	(Increase) Decrease in Receivables and Patrons' Checks		(6,915)	6,845
39	(Increase) Decrease in Inventories		62	284
40	(Increase) Decrease in Other Current Assets.....		3,408	(6,357)
41	(Increase) Decrease in Other Assets.....		130	1,411
42	Increase (Decrease) in Accounts Payable.....		(1,826)	(2,401)
43	Increase (Decrease) in Other Current Liabilities		2,958	(19,615)
44	Increase (Decrease) in Other Liabilities		(7,908)	(9,643)
45	Amortization of Operating Leases		7,481	7,008
46				
47	Net Cash Provided (Used) By Operating Activities.....		\$2,058	(\$26,538)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....	5	(\$704)	(\$2,604)
49	Less: Capital Lease Obligations Incurred.....		0	0
50	Cash Outflows for Property and Equipment.....		(\$704)	(\$2,604)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....		\$0	\$0
52	Goodwill Acquired.....		0	0
53	Other Assets Acquired - net		0	0
54	Long-Term Debt Assumed.....		0	0
55	Issuance of Stock or Capital Invested.....		0	0
56	Cash Outflows to Acquire Business Entities.....		\$0	\$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions.....		\$0	\$0
58	Less: Issuances to Settle Long-Term Debt.....		0	0
59	Consideration in Acquisition of Business Entities.....		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions.....		\$0	\$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

**BORGATA HOTEL CASINO & SPA
SCHEDULE OF PROMOTIONAL
EXPENSES AND ALLOWANCES**

FOR THE THREE MONTHS ENDED MARCH 31, 2021
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	85,406	13,732	0	\$0
2	Food	246,947	6,608	62,389	624
3	Beverage	577,872	1,878	0	0
4	Travel	0	0	2,200	550
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	622,471	15,562	0	0
7	Complimentary Cash Gifts	2,275,043	56,876	0	0
8	Entertainment	0	0	0	0
9	Retail & Non-Cash Gifts	3,479	174	3,367	842
10	Parking	187,818	177	176,549	706
11	Other	56,355	(99)	54,428	389
12	Total	4,055,390	\$94,908	298,933	\$3,111

FOR THE THREE MONTHS ENDED MARCH 31, 2021

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	85,406	13,732	0	\$0
2	Food	246,947	6,608	62,389	624
3	Beverage	577,872	1,878	0	0
4	Travel	0	0	2,200	550
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	622,471	15,562	0	0
7	Complimentary Cash Gifts	2,275,043	56,876	0	0
8	Entertainment	0	0	0	0
9	Retail & Non-Cash Gifts	3,479	174	3,367	842
10	Parking	187,818	177	176,549	706
11	Other	56,355	(99)	54,428	389
12	Total	4,055,390	\$94,908	298,933	\$3,111

*No item in this category (Other) exceeds 5%.

BORGATA HOTEL CASINO & SPA STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED MARCH 31, 2021

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Division's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.S.A. 5:12-84a(1)-(5) during the quarter.

5/17/2021

Date



Hugh Turner

VP of Finance

Title

007833-11

License Number

On Behalf of:

BORGATA HOTEL CASINO & SPA

Casino Licensee

Marina District Development Company, LLC



(A Wholly-Owned Subsidiary of Marina District Development Holding Co., LLC)

Notes to Financial Statements
(Unaudited)

NOTE 1. BUSINESS

Organization

Marina District Development Company, LLC (“MDDC” or the “Company”), is a New Jersey limited liability company and Marina District Development Holding Company (“MDDHC”) is the sole member of MDDC. MDDHC is a wholly owned subsidiary of MGM Resorts International (“MGM”).

MDDC was incorporated in July 1998 and has been operating since July 3, 2003. The Company developed, owns and operates Borgata Hotel Casino and Spa, including The Water Club at Borgata (collectively, “Borgata”). Borgata is located on a 45.6-acre site at Renaissance Pointe in Atlantic City, New Jersey. Borgata is an upscale destination resort and gaming entertainment property.

Financial Impact of COVID-19

In March 2020, The Company temporarily closed to the public pursuant to state and local government requirements as a result of the unprecedented public health crisis from the novel coronavirus (“COVID-19”) pandemic. The property re-opened on July 23, 2020, without certain amenities and subject to certain occupancy limitations. At this time, we cannot predict whether the state, local or federal governments will impose additional restrictive measures in the future, including stay-at-home orders or another temporary closure of all or a portion of the property. The Company has implemented certain measures to mitigate the spread of COVID-19, including limits on the number of gaming tables allowed to operate and on the number of seats at each table game, as well as slot machine spacing, temperature checks, mask protection, limitations on restaurant capacity, as well as other measures to enforce social distancing.

As a result of the aforementioned, the property was effectively generating no revenue during the closures. While the Company has engaged in aggressive cost reduction efforts to minimize cash outflows during the temporary closure and has continued to engage in such efforts since re-opening, the Company still has significant fixed and variable expenses, which will adversely affect its profitability. In addition, the Company has seen, and expects to continue to see, weakened demand at the property as a result of continued domestic travel restrictions or warnings, restrictions on amenity use, such as gaming and restaurant capacity limitations, consumer fears and reduced consumer discretionary spending, general economic uncertainty, and increased rates of unemployment. In light of the foregoing, the Company is unable to determine when it will return to pre-pandemic demand and pricing, or if the property will remain re-opened, but the impact of COVID-19 had a material impact on the Company’s results of operations during 2020 and expects it will continue to have a material impact during 2021 and potentially thereafter.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). These condensed financial statements should be read in conjunction with the notes accompanying the quarterly report for the quarter ended December 31, 2020, filed on March 31, 2021.

Management's Use of Estimates

US GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash in the bank.

Cash and cash equivalents at March 31, 2021 and 2020 included \$23,801,000 and \$9,837,000 of patrons' internet gaming account balances that are maintained in separate New Jersey bank accounts.

Investment in Unconsolidated Affiliate

The Company holds an investment in MGM Growth Properties Operating Partnership LP (the "Operating Partnership"), an unconsolidated affiliate accounted for under the equity method (see Note 4). The Operating Partnership is controlled by MGM Growth Properties LLC ("MGP"), a publicly traded real estate investment trust (REIT). Under the equity method, carrying value is adjusted for the Company's share of the investee earnings and losses, as well as capital contributions to and distributions from the Operating Partnership. The Company classifies its share of income and losses as well as gains and impairments related to its investments in unconsolidated affiliates in income from unconsolidated affiliate. Distributions in excess of equity method earnings are recognized as a return of investment and recorded as investing cash inflows in the statements of cash flows.

The Company evaluates its investment in unconsolidated affiliate for impairment whenever events or changes in circumstances indicate that the carrying value of its investment may have experienced an "other-than-temporary" decline in value. If such conditions exist, the Company compares the estimated fair value of the investment to its carrying value to determine if an impairment is indicated and determines whether the impairment is "other-than-temporary" based on its assessment of all relevant factors, including consideration of the Company's intent and ability to retain its investment. No such conditions existed as of March 31, 2020. The Company estimates fair value using a discounted cash flow analysis based on estimated future results of the investee and market indicators of terminal year capitalization rates, and a market approach that utilizes business enterprise value multiples based on a range of multiples from the Company's peer group.

Revenue Recognition

The Company's revenue from contracts with customers consists of casino wager transactions, hotel room sales, food and beverage transactions, and other transactions. The transaction price for a casino wager is the difference between gaming wins and losses ("net win"). In certain circumstances, the Company offers discounts on markers, which is estimated based upon historical business practice, and recorded as a reduction of casino revenue. The Company accounts for casino revenue on a portfolio basis given the similar characteristics of wagers by recognizing net win per gaming day versus on an individual wager basis.

For casino wager transactions that include other goods and services provided by the Company to gaming patrons on a discretionary basis to incentivize gaming, the Company allocates revenue from the casino wager transaction to the good or service delivered based upon stand-alone selling price ("SSP"). Discretionary goods and services provided by the Company and supplied by third parties are recognized as an operating expense.

For casino wager transactions that include incentives earned by customers under MGM Resorts' loyalty program, the Company allocates a portion of net win based upon the SSP of such incentive (less estimated breakage). This allocation is deferred and recognized as revenue when the customer redeems the incentive. When redeemed, revenue is recognized in the department that provides the goods or service. After allocating revenue to other goods and services provided as part of casino wager transactions, the Company records the residual amount to casino revenue.

The transaction price of rooms, food and beverage, and retail contracts is the net amount collected from the customer for such goods and services. The transaction price for such contracts is recorded as revenue when the good or service is transferred to the customer over their stay at the hotel or when the delivery is made for the food and beverage and other contracts. Sales and usage-based taxes are excluded from revenues. For some arrangements, the Company acts as an agent in that it arranges for another party to transfer goods and services, which primarily include the Company's arrangement with BetMGM, LLC ("BetMGM") for sports betting and iGaming.

The Company also has other contracts that include multiple goods and services, such as packages that bundle food, or beverage offerings with hotel stays. For such arrangements, the Company allocates revenue to each good or service based on its relative SSP. The Company primarily determines the SSP of rooms and food and beverage based on the amount that the Company charges when sold separately in similar circumstances to similar customers.

Member Equity

MGM Resorts uses a centralized treasury function in which MGM Resorts controls all bank cash transactions and maintains cash accounts on behalf of the Company. This arrangement results in deemed contributions and distributions between the Company and MGM Resorts, which includes activity from the Company’s investment in Operating Partnership, since MGM Resorts makes all bank cash payments on behalf of the Company and sweeps all bank cash balances from the Company.

Subsequent Events

Management has evaluated subsequent events through May 14, 2021, the date these financial statements were available to be issued and has not identified any such events, except as otherwise disclosed.

NOTE 3. RECEIVABLES AND PATRONS’ CHECKS

Receivables and patrons’ checks consist of the following:

	March 31,	
	2021	2020
Casino receivables (net of an allowance for doubtful accounts – 2021 \$24,773,000 and 2020 \$24,856,000)	\$ 17,256,000	\$ 20,582,000
Other (net of an allowance for doubtful accounts – 2021 \$18,000 and 2020 \$82,000)	20,536,000	11,262,000
Receivables and patrons’ checks, net	\$ 37,792,000	\$ 31,844,000

NOTE 4. INVESTMENT IN UNCONSOLIDATED AFFILIATE

In March 2021, the Company exercised its right to require MGP to redeem all of the Operating Partnership units that the Company held in accordance with the terms of the Operating Partnership’s partnership agreement. The redemption transaction resulted in the Company no longer having an investment in the Operating Partnership. The Company’s ownership percentage in the Operating Partnership was 8.2% as of March 31, 2020.

NOTE 5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following:

	March 31,	
	2020	2019
Building and improvements	\$ 24,182,000	\$ 22,987,000
Furniture and equipment	131,126,000	111,931,000
Construction in progress	1,204,000	14,934,000
Finance lease ROU assets	26,835,000	26,835,000
Total property and equipment	183,347,000	176,687,000
Less accumulated depreciation	85,333,000	69,321,000
Less Finance lease ROU asset depreciation	8,837,000	2,128,000
Property and equipment, net	\$ 89,177,000	\$ 105,238,000

NOTE 6. OTHER ACCRUED EXPENSES

Other accrued expenses consist of the following:

	<u>March 31,</u>	
	<u>2021</u>	<u>2020</u>
Accrued payroll and related expenses	\$ 22,176,000	\$ 17,704,000
Accrued expenses and other liabilities	31,686,000	36,629,000
Self-insurance reserves	4,676,000	5,087,000
Other accrued expenses	<u>\$ 58,538,000</u>	<u>\$ 59,420,000</u>

NOTE 7. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	<u>March 31,</u>	
	<u>2021</u>	<u>2020</u>
Casino related liabilities	\$ 37,719,000	\$ 20,768,000
Due to related parties	-	30,837,000
Lease liabilities – current	40,984,000	37,060,000
Other	10,353,000	10,490,000
Other current liabilities	<u>\$ 89,056,000</u>	<u>\$ 99,155,000</u>

NOTE 8. COMMITMENTS AND CONTIGENCIES

The Company is a party to various legal proceedings, most of which relate to routine matters incidental to its business. Management does not believe that the outcome of such proceedings will have a material adverse effect on the Company's financial position, results of operations or cash flows.