NEW ISSUE-BOOK-ENTRY-ONLY UNRATED

In the opinion of Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming compliance with certain covenants and the accuracy of certain certifications of the Issuer and each of the Borrowers pertaining to the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series 2021 Bonds is excludable from gross income for federal income tax purposes (except for interest on any Series 2021 Bond for any period during which any such Series 2021 Bond is held by a person who is a "substantial user" of the facilities financed with the proceeds of the Series 2021 Bonds or a "related person" as defined in Section 147(a) of the Code); however interest on the Series 2021 Bonds is an item of tax preference for purposes of the alternative minimum tax imposed on individuals. See "TAX MATTERS."



\$166,340,000 PUBLIC FINANCE AUTHORITY SENIOR SPECIAL FACILITY REVENUE BONDS (Sky Harbour Capital LLC Aviation Facilities Project), Series 2021

Dated: Date of Delivery

Maturities: As shown on the inside front cover page

The Public Finance Authority, a unit of government and a body corporate and politic under the laws of the State of Wisconsin (the "Issuer") is issuing \$166,340,000 aggregate principal amount of its Senior Special Facility Revenue Bonds (Sky Harbour Capital LLC Aviation Facilities Project), Series 2021 (the "Series 2021 Bonds"). The Series 2021 Bonds are special limited revenue obligations of the Issuer and will be issued pursuant to a Trust Indenture dated as of September 1, 2021 (the "Bond Indenture") by and between the Issuer and The Bank of New York Mellon, as trustee (the "Bond Trustee"), the proceeds of which will be used, together with other available funds, to (a) finance or refinance the acquisition, construction and equipping of various aviation facilities consisting of general aviation aircraft hangars and storage facilities located and to be located on (i) a certain parcel of land (the "Sugar Land Site") at Sugar Land Regional Airport in Sugar Land, Texas, (ii) a certain parcel of land (the "Opa-Locka Site") at Miami-Opa Locka Executive Airport in Opa-locka, Florida, (iii) a certain parcel of land (the "Mashville Site") at Nashville Finensesee, (iv) a certain parcel of land (the "Centennial Site") at Centennial Airport in Arapahoe County, Colorado, and (v) a certain parcel of land (the "Deer Valley Site" and, together with the Sugar Land Site, the Opa-Locka Site, the Nashville Site and the Centennial Site, the "Project Sites" and each a "Project Site") at Phoenix Deer Valley Airport in Phoenix, Arizona; (b) fund capitalized interest; (c) fund deposits to the Debt Service Reserve Fund; and (d) pay certain costs of issuance related to the Series 2021 Bonds.

Debt service on the Series 2021 Bonds will be payable jointly and severally by Sky Harbour Sugar Land Airport, LLC ("Sky Harbour Sugar Land"), Sky Harbour Opa Locka Airport, LLC ("Sky Harbour Opa Locka"), Nashville Hangars LLC ("Sky Harbour Nashville"), APA Hangars LLC ("Sky Harbour Centennial") and DVT Hangars LLC ("Sky Harbour Deer Valley") under a Loan Agreement, dated as of September 1, 2021 (the "Loan Agreement") between the Issuer and Sky Harbour Sugar Land, Sky Harbour Opa Locka, Sky Harbour Nashville, Sky Harbour Centennial and Sky Harbour Deer Valley (collectively, the "Borrowers").

The obligations of the Borrowers to pay the principal of, premium, if any, and interest under the Loan Agreement with respect to the Series 2021 Bonds are secured by a Senior Master Indenture Promissory Note, Series 2021-1 (the "Senior 2021-1 Note") issued under that certain Master Trust Indenture, dated as of September 1, 2021, as supplemented by a First Supplemental Master Trust Indenture, dated as of September 1, 2021 (together, the "Master Indenture"), among Sky Harbour Capital LLC ("SH Capital"), a Delaware limited liability company, and other members of an obligated group described herein (the "Obligated Group" or the "Members") and The Bank of New York Mellon, as Master Trustee (the "Master Trustee"). Each of the Members of the Obligated Group are affiliated entities and are jointly and severally liable on Obligations issued under the Master Indenture, including the Senior 2021-1 Note. See "COMMON SECURITY OF OBLIGATED GROUP" herein.

Contemporaneously with the issuance of the Series 2021 Bonds, the Members will form the Obligated Group. The initial Members of the Obligated Group are all affiliated entities and include SH Capital, serving as the Group Representative, and the Borrowers. All of the ownership interests of the Borrowers are wholly owned by SH Capital. SH Capital is owned through Sky Harbour Holdings LLC ("Sky Harbour Holdco") by Sky Harbour LLC (the "Parent"). Sky Harbour Holdco and the Parent are not Members of the Obligated Group and have no obligation under the Master Indenture and no obligation to pay the Series 2021 Bonds. See "THE OBLIGATED GROUP AND THE GROUP REPRESENTATIVE—General" herein.

Subject to certain covenants, terms and conditions and agreements set forth in the Master Indenture, the Senior 2021-1 Note is secured by: (a) a pledge of Gross Revenues of each of the Members of the Obligated Group; (b) a leasehold or subleasehold mortgage or leasehold or subleasehold deed of trust, as applicable (each a "Leasehold Mortgage" and collectively, the "Leasehold Mortgages") on leasehold or subleasehold interests in the Project Sites; (c) a Membership Interest Pledge and Security Agreement dated as of September 1, 2021 by Sky Harbour Holdco for the benefit of the Master Trustee; (d) a Membership Interest Pledge and Security Agreement dated as of September 1, 2021 by Sky Harbour Holdco for the benefit of the Master Trustee; and (e) a Membership Interest Pledge and Security Agreement for the benefit of the Master Trustee. The Membership Interest Pledge and Security Agreements listed above shall be collectively referred to herein as the "Pledge Agreement". In addition, pursuant to the Master Indenture, the Master Trustee will establish as additional security a Maintenance Reserve Fund and a Ramp-Up Reserve Fund, and pursuant to the Bond Indenture, the Bond Trustee will establish as additional security a Debt Service Reserve Fund. See "COMMON SECURITY OF OBLIGATED GROUP" herein and "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE—Establishment of Funds and Accounts" attached hereto.

IN MAKING AN INVESTMENT DECISION REGARDING A POSSIBLE PURCHASE OF THE SERIES 2021 BONDS, PROSPECTIVE PURCHASERS OF SUCH SERIES SHOULD RELY SOLELY ON THE CREDIT AND GROSS REVENUES OF THE MEMBERS OF THE OBLIGATED GROUP (AS DESCRIBED HEREIN) AND NOT ON THE CREDIT OF ANY OTHER ENTITY. SKY HARBOUR HOLDCO AND THE PARENT ARE NOT MEMBERS OF THE OBLIGATED GROUP AND HAVE NO OBLIGATION UNDER THE MASTER INDERTURE AND NO OBLIGATION TO PAY THE SERIES 2021 BONDS.

Interest on the Series 2021 Bonds from the date of their delivery is payable semiannually on each January 1 and July 1, commencing January 1, 2022, until maturity or prior redemption, on each interest payment date. The Series 2021 Bonds will be subject to redemption prior to their respective maturities as described herein. See "THE SERIES 2021 BONDS—Redemption of the Series 2021 Bonds Prior to Maturity" herein.

The Series 2021 Bonds are issuable only as fully registered bonds without coupons and when issued will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2021 Bonds. PURCHASES OF BENEFICIAL INTERESTS IN THE SERIES 2021 BONDS WILL BE MADE IN BOOK-ENTRY-ONLY FORM, IN THE DENOMINATION OF \$500,000 OR ANY INTEGRAL MULTIPLE OF \$5,000 IN EXCESS THEREOF. SEE "THE SERIES 2021 BONDS—Book-Entry-Only System" HEREIN.

THE SERIES 2021 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE (AS DEFINED IN THE BOND INDENTURE), AND EXCEPT FROM SUCH SOURCE, NONE OF THE ISSUER, ANY SPONSOR (AS DEFINED HEREIN), ANY ISSUER MEMBER (AS DEFINED HEREIN), ANY ISSUER INDEMNIFIED PERSON (AS DEFINED IN THE LOAN AGREEMENT), THE STATE OF WISCONSIN (THE "STATE") OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2021 BONDS SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST THEREON OR ANY COSTS INCIDENTAL THERETO. THE SERIES 2021 BONDS ARE NOT A DEBT OF THE STATE OR OF ANY ISSUER MEMBER, AND DO NOT, DIRECTLY, NOR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY ISSUER MEMBER, THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2021 BONDS TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2021 BONDS OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY ISSUER MEMBER, THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY ISSUER MEMBER, THE STATE OR ANY POLITICAL SUBDIVISION OR PROVING THE ISSUENCE OF THE SERIES 2021 BONDS, NOR THE FAITH AND CREDIT OF THE ISSUER, ANY SPONSOR OR ANY ISSUER INDEMNIFIED PERSON, SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2021 BONDS OR ANY COSTS INCIDENTAL THERETO. THE ISSUER HAS NO TAXING POWER.

This cover page is not intended to be a summary of the terms of, or the security for, the Series 2021 Bonds. Prospective purchasers are advised to read this Official Statement, which includes the inside cover page and appendices, in its entirety to obtain information essential to the making of an informed investment decision, giving particular attention to the matters discussed under "CERTAIN BONDHOLDERS' RISKS" herein. INVESTMENT IN THE SERIES 2021 BONDS INVOLVES A HIGH DEGREE OF RISK, AND PROSPECTIVE PURCHASERS SHOULD READ "CERTAIN BONDHOLDERS' RISKS" AND CONSIDER THEIR PARTICULAR FINANCIAL SITUATIONS AND THE RISKS INVOLVED TO DETERMINE THE SUITABILITY OF AN INVESTMENT IN THE SERIES 2021 BONDS. The obligations of the Members of the Obligated Group under the Master Indenture and the obligations of the Borrowers under the Loan Agreement are obligations solely of such entities and are nonrecourse to any of their partners or affiliates or any member, shareholder, partner, officer, employee or director of its partners or any affiliate thereof (other than SH Capital, Sky Harbour Holdco and Parent with respect to the Pledge Agreement). Recourse on the Series 2021 Bonds and the Senior 2021-1 Note is limited to the Obligated Group and the collateral for the Series 2021 Bonds and the Senior 2021-1 Note. TO DETERMINE CERTAIN RISK FACTORS, PROSPECTIVE PURCHASERS OF THE SERIES 2021 BONDS SHOULD CAREFULLY EVALUATE THE MERITS AND RISKS OF INVESTMENT IN THE SERIES 2021 BONDS AND SHOULD CONFER WITH THEIR LEGAL AND FINANCIAL ADVISORS, AS DEEMED APPROPRIATE.

The Series 2021 Bonds are offered for delivery when, as and if issued, subject to the approval of their validity by Greenberg Traurig, LLP, Bond Counsel. Certain legal matters will be passed on for the Obligated Group by Greenberg Traurig, LLP and by Morrison & Foerster LLP; for the Underwriters by Katten Muchin Rosenman LLP; for the Bond Trustee and the Master Trustee by Paparone Law PLLC; and for the Issuer by von Briesen & Roper, s.c. It is expected that the Series 2021 Bonds in book-entry form will be available for delivery through the facilities of DTC on or about September 14, 2021.

Sky Harbour Sugar Land





\$166,340,000 PUBLIC FINANCE AUTHORITY Senior Special Facility Revenue Bonds

(Sky Harbour Capital LLC Aviation Facilities Project), Series 2021

Maturities, Amounts, Interest Rates, Prices or Yields and CUSIP Numbers

\$21,085,000 4.00% Term Bond due July 1, 2036; Yield 3.80%*, CUSIP(1): 74446DAG3

\$30,435,000 4.00% Term Bond due July 1, 2041; Price 100.00, CUSIP(1): 74446DAH1

\$114,820,000 4.25% Term Bond due July 1, 2054; Price 100.00, CUSIP(1): 74446DAJ7

^{*} Yield to the July 1, 2028 optional redemption date at a redemption price of 100%.

⁽¹⁾ Copyright, American Bankers Association ("ABA"). CUSIP is a registered trademark of the ABA. CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Series 2021 Bonds. The Issuer is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2021 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2021 Bonds.



NOTICE TO INVESTORS IMPORTANT INFORMATION ABOUT THIS OFFICIAL STATEMENT

The information contained in this Official Statement (which term shall be deemed to include the cover page, the inside cover page and appendices to this Official Statement and all documents incorporated herein by reference) under the subheadings "THE SERIES 2021 BONDS—The Series 2021 Bonds—*The Issuer*" and "LITIGATION—The Issuer" has been furnished by the Issuer. The information concerning DTC has been obtained from DTC. All other information contained in this Official Statement has been obtained from the Obligated Group and sources other than the Issuer that are deemed by the Obligated Group to be reliable. This Official Statement is submitted in connection with the sale of the securities described in it and may not be reproduced or used, in whole or in part, for any other purpose. The information contained in this Official Statement is subject to change without notice and neither the delivery of this Official Statement nor any sale made by means of it shall, under any circumstances, create any implication that there have not been changes in the affairs of the Issuer or the Obligated Group since the date of this Official Statement.

No broker, dealer, sales representative or any other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described in it and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the cover page, nor shall there be any offer to sell, solicitation of an offer to buy or sale of such securities by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

THE SERIES 2021 BONDS WILL BE ISSUED IN MINIMUM DENOMINATIONS OF \$500,000 OR ANY INTEGRAL MULTIPLE OF \$5,000 IN EXCESS THEREOF AND IN FULLY REGISTERED FORM ONLY AND, WHEN ISSUED, WILL BE REGISTERED IN THE NAME OF CEDE & CO., AS NOMINEE OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK.

THIS OFFICIAL STATEMENT AND CERTAIN OF THE APPENDICES HERETO CONTAIN STATEMENTS WHICH, TO THE EXTENT THEY ARE NOT RECITATIONS OF HISTORICAL FACT, CONSTITUTE FORWARD-LOOKING STATEMENTS, AS SUCH TERM IS DEFINED IN SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. IN THIS RESPECT, SUCH FORWARD-LOOKING STATEMENTS ARE IDENTIFIED BY THE USE OF THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND" OR "BELIEVE" OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. SUCH FORWARD-LOOKING INFORMATION INVOLVES IMPORTANT RISKS AND UNCERTAINTIES THAT COULD RESULT IN THE ACTUAL INFORMATION BEING SIGNIFICANTLY DIFFERENT FROM THAT EXPRESSED IN THIS OFFICIAL STATEMENT BY THE OBLIGATED GROUP. PROSPECTIVE PURCHASERS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS. These forward-looking statements speak only as of the date of this Official Statement or, in the case of an Appendix hereto dated a different date, as of such different date. The Issuer, the Underwriters and the Obligated Group disclaim any obligations or undertaking to release publicly any updates or revision to any forward-looking statement contained herein to reflect any change in the expectations of the Obligated Group with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR

HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

No Guarantee of Information

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Reference to Documents and Websites

Where statutes, reports, agreements or other documents are referred to herein, reference should be made to such statutes, reports, agreements or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof, and all summaries of such statutes, reports, agreements or other documents are qualified in their entirety by reference to such statutes, reports, agreements or other documents.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specifically stated otherwise, such websites and the information or links contained therein are not incorporated into, and are not a part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12(b)(5) adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

No Registration

Upon issuance, the Series 2021 Bonds and related instruments will not be registered under the Securities Act of 1933, as amended, or under any state securities law, neither the Bond Indenture nor the Master Indenture have been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon the exemptions contained therein. The registration, qualification or exemption therefrom of the Series 2021 Bonds and related instruments in accordance with the applicable securities laws of the jurisdictions wherein the Series 2021 Bonds may be offered or sold shall not be construed as a recommendation of investing in the Series 2021 Bonds by any person. The Series 2021 Bonds will not be listed on any stock or other securities exchange.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including all the appendices, must be considered in its entirety.

PURCHASE OF THE SERIES 2021 BONDS INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE PURCHASERS SHOULD READ THIS ENTIRE OFFICIAL STATEMENT WHICH INCLUDES THE APPENDICES PRIOR TO PURCHASING ANY OF THE SERIES 2021 BONDS.

TABLE OF CONTENTS

	<u>Page</u>	<u>P</u>	age
SUMMARY OF OFFERING	i	SECURITY FOR THE SERIES 2021	
INTRODUCTION	1	BONDS	59
General	1	Limited Obligations; Pledge of Trust	
FORWARD-LOOKING STATEMENTS		Estate; Certain Funds Held By Bond	
MAY NOT PROVE TO BE		Trustee	59
ACCURATE	3	Additional Bonds/Additional Obligations	62
THE SERIES 2021 BONDS	4	COMMON SECURITY OF OBLIGATED	
Master Indenture	4	GROUP	62
The Series 2021 Bonds	4	General	62
Redemption of the Series 2021 Bonds		Mortgages	63
Prior to Maturity	8	Ground Lease Consents to Leasehold	
Additional Bonds/Additional Obligations	13	Mortgages and Estoppels	64
Book-Entry-Only System	14	Gross Revenue Pledge under Master	
OBLIGATED GROUP PLAN OF		Indenture	64
FINANCE	17	Flow of Funds	65
Purpose of the Series 2021 Bonds and		Intermediate Transfers for Additional	
Other Funds	17	Reserves	67
Estimated Sources and Uses of Funds	18	Acceleration	67
OBLIGATED GROUP DEBT SERVICE		Distributions to the Group Representative	68
REQUIREMENTS ON THE		Payment of Ground Rent/Ground Leases	
SERIES 2021 BONDS	18	Are Principal Asset	68
THE FACILITIES	19	Additional Obligations	69
General	19	Rate Covenant	71
Business Strategy for Facility		Rating Solicitation Covenant	72
Development	23	Pledge Agreement	72
Facility Attributes	23	Events of Default	73
Sugar Land Site	24	THE OBLIGATED GROUP AND THE	
Opa-Locka Site	29	GROUP REPRESENTATIVE	73
Nashville Site	33	General	73
Centennial Site	37	Group Representative	74
Deer Valley Site	42	Additional Members	74
MANAGEMENT OF THE FACILITIES	46	Cessation of Status As Member	76
Manager	46	Sale, Lease or Other Disposition of Assets	76
Parent	46	Limited Assets of the Obligated Group	77
Parent History	46	CERTAIN BONDHOLDERS' RISKS	78
Business Strategy and Planned		The Series 2021 Bonds May Not Be a	
Development Program	47	Suitable Investment	78
Equity Raise and Proposed Business		SH Capital Could Experience Significant	
Combination	48	Operating Losses in the Future	78
Corporate Structure	50	Failure to Satisfy Closing Conditions of	
Key Management Personnel	51	the Business Combination; Risks	
MARKET AND FEASIBILITY STUDY	52	Relating to Projections Associated with	Ĺ
FINANCIAL PROJECTIONS	54	Business Combination	78
Base Case—Summary Schedule	54	Recession or Depression Subsequent to	
Assumptions	57	Issuance of the Series 2021 Bonds;	
		Sensitivity to Global Financial Markets	79

Economic Impact of COVID-19 Pandemic	79	Possible Loss of T	ax-Exempt Status of	
Payment of Debt Service by the Obligated		Interest on the	Series 2021 Bonds	94
Group Is Dependent Upon Net		Potential Limitatio	on of Tax-Exemption of	
Revenues from the Project Sites	80	Interest on the	Series 2021 Bonds	95
2021 Project Costs and Schedule	81	CONTINUING DISC	CLOSURE	95
Limited Assets of SH Capital and		General		95
Members of the Obligated Group	81	Failure To Comply	/	95
Competition	82	The Annual Repor	t	96
Key Management	82	Provision of Certain	in Additional	
Market and Feasibility Study's Reliance		Information		96
upon Management Projections	83	Notices of Certain	Events	96
Marketing; Failure to Attract Tenants	83	TAX MATTERS		98
Impact of a Ground Lease Default and		General - Opinions	S	98
Bankruptcy of a Borrower Ground		Series 2021 Bonds		98
Lessee	83	UNDERWRITING		100
Impact of a Loan Agreement Default,		LEGAL MATTERS		101
Senior Note Default or Bankruptcy of a		STRUCTURING AD	OVISOR	101
Borrower or Member	84	LITIGATION		101
Enforceability of Lien on Gross Revenues	86	The Issuer		101
Risks Relating to Enforceability of Cross-		Members of the Ol	bligated Group	101
Collateralization	87	MISCELLANEOUS		101
Matters Relating to Enforceability of				
Certain Covenants in the Master		APPENDIX A	MARKET AND	
Indenture	87		FEASIBILITY STUI	ΟY
Risks Arising Under the Ground Leases	88	APPENDIX B	SUMMARY OF	
Risks Arising Under the Tenant Leases	89		CERTAIN	
Limited Amount of Leasehold Mortgage			PROVISIONS OF T	HE
Insurance	90		MASTER	
Default of One or More Major Tenants			INDENTURE	
May Result in a Material Decline in		ADDENIDIN C		
Gross Revenues and May Result in a		APPENDIX C	SUMMARY OF THE	
Decline in the Value of the Mortgaged			BOND DOCUMENT	
Property	90	APPENDIX D	SUMMARY OF THE	E
Factors Limiting Enforcement or Rights			GROUND LEASES	
and Realization on Collateral	90	APPENDIX E	SUMMARY OF	
Inability to Pay Series 2021 Bonds upon			CERTAIN	
Mandatory Redemption or			PROVISIONS OF T	HE
Acceleration	91		LEASEHOLD	
Governmental Regulation	91		MORTGAGES	
Damage, Destruction or Condemnation	92	APPENDIX F	FORM OF BOND	
Insurance	92	THI I DIVIDIZET	COUNSEL OPINIO	\T
Additional Obligations/Additional Bonds	93	APPENDIX G	CONTINUING	. Ν
Environmental Risks	93	ALLENDIA U		
Absence of Rating	94		DISCLOSURE	
No Secondary Market for the Series 2021			AGREEMENT	
Ronds	94			

SUMMARY OF OFFERING

General.....

This Official Statement (this "Official Statement") relates to the issuance of the \$166,340,000 aggregate principal amount of Public Finance Authority Senior Special Facility Revenue Bonds (Sky Harbour Capital LLC Aviation Facilities Project), Series 2021 (the "Series 2021 Bonds") secured by the Senior 2021-1 Note (described herein) issued by the Obligated Group (described herein) and includes the cover page hereof, the inside cover page, the forepart hereof and the appendices hereto.

The information contained in this "Summary of Offering" section is only a brief description and a full review should be made of this entire Official Statement, including the Appendices hereof and any documents incorporated herein by reference. This "Summary of Offering" is expressly qualified by reference to this entire Official Statement. This Official Statement speaks only as of its date and the information contained in this Official Statement is subject to change without notice. Terms used in this Official Statement and not defined in the body of this Official Statement are defined in "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE" or in "APPENDIX C—SUMMARY OF THE BOND DOCUMENTS."

Purpose

The proceeds of the Series 2021 Bonds, together with other available funds, are to be used to: (a) finance or refinance the acquisition, construction and equipping of various aviation facilities (each a "Facility" and, collectively, the "Facilities") including general aviation aircraft hangars and storage facilities located and to be located on (i) a certain parcel of land (the "Sugar Land Site") at Sugar Land Regional Airport in Sugar Land, Texas ("SGR"), (ii) a certain parcel of land (the "Opa-Locka Site") at Miami-Opa Locka Executive Airport in Opa-locka, Florida ("OPF"), (iii) a certain parcel of land (the "Nashville Site") at Nashville International Airport in Nashville, Tennessee ("BNA"), (iv) a certain parcel of land (the "Centennial Site") at Centennial Airport in Arapahoe County, Colorado ("APA"), and (v) a certain parcel of land (the "Deer Valley Site" and, together with the Sugar Land Site, the Opa-Locka Site, the Nashville Site and the Centennial Site, the "Project Sites" and each a "Project Site") at Phoenix Deer Valley Airport in Phoenix, Arizona ("DVT" and together with SGR, OPF, BNA and APA, the "Airports"); (b) fund capitalized interest; (c) fund deposits to the Debt Service Reserve Fund; and (d) pay certain costs of issuance related to the Series 2021 Bonds. See "OBLIGATED GROUP PLAN OF FINANCE" herein.

The Facilities.....

The Facilities include (a) existing, recently acquired, constructed and equipped facilities, comprising seven hangars at the Sugar Land Site and one hangar at the Nashville Site, amounting to approximately 66,000 square feet and 27,000 square feet, respectively, of rentable space (together, the "Existing Facilities," and each an "Existing Facility"), and (b) certain facilities that are not yet acquired or constructed (the "New Facilities"), including proposed construction at the two Project Sites at which there are Existing Facilities and at the Opa-Locka Site, the Centennial Site and the Deer Valley Site at which there are no Existing

Facilities. Each Facility is expected to consist of clusters of between nine and twenty-two hangars at each Project Site. Each hangar provides, on average, 12,000 square feet of hangar space and 1,600 square feet of office space. Once completed, the Facilities are expected to total 82 hangars on 81 acres of ground leases, with an infrastructure of over 970,000 square feet expected to be completed by late 2024. See "THE FACILITIES" herein.

The Obligated Group.....

Contemporaneously with the issuance of the Series 2021 Bonds, Sky Harbour Capital LLC, a Delaware limited liability company ("SH Capital" or the "Group Representative"), Sky Harbour Sugar Land Airport, LLC ("Sky Harbour Sugar Land"), Sky Harbour Opa Locka Airport, LLC ("Sky Harbour Opa Locka"), Nashville Hangars LLC ("Sky Harbour Nashville"), APA Hangars LLC ("Sky Harbour Centennial") and DVT Hangars LLC ("Sky Harbour Deer Valley") (each a "Borrower" and collectively, the "Borrowers) will form an Obligated Group. Borrowers and SH Capital are each a Member of the Obligated Group and are collectively referred to as the "Initial Members" or the "Obligated Group." Each Member of the Obligated Group is a special-purpose entity with an Independent Manager whose affirmative vote is required to approve any Material Action. See "THE OBLIGATED GROUP AND THE GROUP REPRESENTATIVE - General" herein. Members may be added to the Obligated Group as provided in the Master Indenture (defined below). See "THE OBLIGATED GROUP AND THE GROUP REPRESENTATIVE—Additional Members" herein.

Each of the Members, other than SH Capital, has entered into a ground lease or sublease (each a "Ground Lease" and collectively, the "Ground Leases") with respect to municipally-owned land constituting the Project Sites upon which such Members have constructed or will construct the Facilities described herein. The Members will lease each of their respective Facilities to one or more tenants (the "Tenants") who use all or a portion of such Facilities for general aviation aircraft storage and related uses and other businesses permitted under the respective Ground Leases and Tenant Leases (defined herein). The revenues generated from leasing of the Facilities, together with other related services provided to Tenants by each Member at its respective Project Site under its respective Ground Lease ("Home Basing Solutions" or "HBS") are the only source of revenue of the Obligated Group. See "THE FACILITIES" herein.

Security for the Series 2021 Bonds.....

The Series 2021 Bonds are payable pursuant to payments made by the Borrowers under a Loan Agreement, dated as of September 1, 2021, (the "Loan Agreement") between the Public Finance Authority (the "Issuer") and the Borrowers. Payments under the Loan Agreement will be made by the Master Trustee (defined below) to the Bond Trustee (defined below) from funds deposited by the Obligated Group under and in accordance with the Master Indenture. The payments by the Borrowers under the Loan Agreement are secured by Senior 2021-1 Note issued by the Obligated Group under the Master Indenture. See "The Master Indenture and the Senior 2021-1 Note" below. The Issuer's rights under

the Loan Agreement (except for certain rights reserved to the Issuer) have been assigned by the Issuer to The Bank of New York Mellon, as bond trustee for the Series 2021 Bonds (the "Bond Trustee") pursuant to a Trust Indenture dated as of September 1, 2021 (the "Bond Indenture") between the Issuer and the Bond Trustee. To secure its limited obligation to pay the principal or Redemption Price of, if applicable, and interest on the Series 2021 Bonds, the Issuer has assigned and pledged to the Bond Trustee, and granted a security interest in, the funds created by the Bond Indenture (other than the Rebate Fund), all of the Issuer's right, title and interest in the trust estate established under the Bond Indenture including, without limitation, all of the Issuer's right, title and interest in the Loan Agreement (except for certain rights reserved to the Issuer) and all revenues, payments, receipts and moneys to be received and held thereunder.

The Series 2021 Bonds and the interest thereon constitute limited obligations of the Issuer and are payable solely from amounts payable by the Borrowers under the Loan Agreement and amounts payable under the Senior 2021-1 Note (described herein). None of the Issuer, any Sponsor (as defined herein), any Issuer Member (as defined herein), any Issuer Indemnified Person (as defined in the Loan Agreement), the State of Wisconsin (the "State") or any political subdivision or agency thereof or any political subdivision approving the issuance of the Series 2021 Bonds shall be obligated to pay the principal of, premium, if any, or interest thereon or any costs incidental thereto. The Series 2021 Bonds are not a debt of the State or of any Issuer Member and do not, directly, indirectly or contingently, obligate, in any manner, any Issuer Member, the State or any political subdivision or agency thereof or any political subdivision approving the issuance of the Series 2021 Bonds to levy any tax or to make any appropriation for payment of the Series 2021 Bonds or any costs incidental thereto. Neither the faith and credit nor the taxing power of any Issuer Member, the State or any political subdivision or agency thereof or any political subdivision approving the issuance of the Series 2021 Bonds, nor the faith and credit of the Issuer, any Sponsor or any Issuer Indemnified Person, shall be pledged to the payment of the principal of, premium, if any, or interest on, the Series 2021 Bonds or any costs incidental thereto. The Issuer has no taxing power.

Sky Harbour Holdings LLC ("Sky Harbour Holdco") and Sky Harbour LLC ("Parent") are not Members of the Obligated Group and have no obligation under the Master Indenture and no obligation to pay the Series 2021 Bonds. See "MANAGEMENT OF THE FACILITIES—Equity Raise and Proposed Business Combination" herein.

The Master Indenture and the Senior 2021-1 Note......

The obligations of the Borrowers under the Loan Agreement with respect to the Series 2021 Bonds are secured by Senior Master Indenture Promissory Note, Series 2021-1 (the "Senior 2021-1 Note" and together with any other senior notes issued under the Master Indenture, the "Senior

Notes"), issued under a Master Trust Indenture, dated as of September 1, 2021 (the "Master Trust Indenture"), as supplemented by the First Supplemental Master Trust Indenture dated as of September 1, 2021 (the "First Supplement" and, together with the Master Trust Indenture, as may be further amended and supplemented from time to time, the "Master Indenture"), by and among the Members of the Obligated Group and The Bank of New York Mellon, as Master Trustee (in such capacity, together with its successors and assigns, the "Master Trustee"). The Obligated Group will issue its Senior 2021-1 Note in favor of the Bond Trustee, pursuant to the Master Indenture. The Senior 2021-1 Note will be dated the date of the issuance of the Series 2021 Bonds and will be issued simultaneously with the issuance of the Series 2021 Bonds. Each of the Members of the Obligated Group are jointly and severally liable on all Obligations of all Members issued under the Master Indenture, including the Senior 2021-1 Note. See "COMMON SECURITY OF OBLIGATED GROUP" herein.

The Senior 2021-1 Note constitutes a Senior Obligation under the Master Indenture. Therefore, the payment obligations of the Obligated Group with respect to all of the Series 2021 Bonds are secured as Senior Obligations. All Obligations issued under the Master Indenture are joint and several obligations of all Members of the Obligated Group. The Master Indenture permits the issuance by the Members of additional Senior Obligations, Subordinate Class A Obligations and Subordinate Class B Obligations under the Master Indenture. The ability of the Members to either (i) incur obligations outside of the Master Indenture or (ii) issue Obligations under the Master Indenture is restricted. See "COMMON SECURITY OF OBLIGATED GROUP."

Upon the issuance of the Series 2021 Bonds, the Senior 2021-1 Note will be the only Obligation then outstanding under the Master Indenture. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE."

Leasehold Mortgages.....

The Obligations of the Members (as of the date of issuance of the Series 2021 Bonds) under the Master Indenture are secured by certain leasehold or subleasehold deeds of trust or mortgages, on the Members' leasehold or subleasehold interest in its respective Project Sites and the Facilities constructed thereon, granted by such Members to the Master Trustee (each a "Leasehold Mortgage" and, collectively, the "Leasehold Mortgages"). See "COMMON SECURITY OF OBLIGATED GROUP – Mortgages" herein.

Gross Revenue Pledge.....

In order to further secure their obligations under the Senior 2021-1 Note, Subordinate Notes (if any) and any Additional Obligations (as defined in the Master Indenture) issued pursuant to the Master Indenture, the Members of the Obligated Group have assigned and pledged, and with respect to the Senior 2021-1 Note and any and all other Senior Obligations to be issued under the Master Indenture, granted a first priority security interest with respect thereto, to the Master Trustee in all Funds held under the Master Indenture (other than the Rebate Fund), and all right, title and

interest in the Gross Revenues of the Obligated Group. The Master Indenture requires that Gross Revenues of the Obligated Group be paid directly or transferred, immediately upon receipt thereof, to the Master Trustee to be applied as provided under the Master Indenture on or before the 15th day of each month for the payment of, among other things, rent coming due in such month under each Ground Lease, operation and maintenance expenses of the Members, debt service on outstanding Obligations and deposits to certain reserve funds. See "COMMON SECURITY OF OBLIGATED GROUP – Gross Revenue Pledge Under Master Indenture."

SENIOR NOTES, INCLUDING THE SENIOR 2021-1 NOTE, CONSTITUTE THE JOINT AND SEVERAL OBLIGATIONS OF EACH MEMBER OF THE OBLIGATED GROUP UNDER THE MASTER INDENTURE. GROSS REVENUES OF THE OBLIGATED GROUP DEPOSITED PURSUANT TO THE MASTER INDENTURE WILL BE APPLIED TO SATISFY PAYMENT OF ALL SENIOR OBLIGATIONS, ON A PARITY BASIS, INCLUDING, WITHOUT LIMITATION, THE SENIOR 2021-1 NOTE. HOWEVER, (A) FAILURE BY THE BORROWERS TO SATISFY THEIR PAYMENT OBLIGATIONS UNDER THE LOAN AGREEMENT OR FAILURE BY ANY MEMBER TO SATISFY ITS PAYMENT OBLIGATIONS UNDER ANY FINANCING OR LOAN AGREEMENT CURRENTLY OR IN THE FUTURE SECURED BY THE MASTER INDENTURE (COLLECTIVELY REFERRED TO HEREIN AS THE "FINANCING AGREEMENTS"), (B) THE OCCURRENCE OF AN EVENT OF DEFAULT UNDER EITHER A FINANCING AGREEMENT OR A RELATED MORTGAGE, OR (C) THE OCCURRENCE OF AN EVENT OF DEFAULT UNDER A BOND INDENTURE THE PAYMENT OF THE BONDS WHICH ARE SECURED BY THE MASTER INDENTURE, WILL CONSTITUTE AN EVENT OF DEFAULT UNDER THE MASTER INDENTURE AND UNDER EACH OF THE FINANCING AGREEMENTS, MORTGAGES AND RELATED BOND INDENTURES, WHICH MAY RESULT IN ACCELERATION OF ALL OR A PORTION OF THE SERIES 2021 BONDS. See "COMMON SECURITY OF OBLIGATED GROUP" herein and "APPENDIX B— SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE" attached hereto.

Certain Reserve Funds

Debt Service Reserve Fund. At the time of issuance of the Series 2021 Bonds, the Bond Trustee will deposit into the Debt Service Reserve Fund established under the Bond Indenture with respect to the Series 2021 Bonds, (a) so long as the Series 2021 Bonds do not carry an Investment Grade Rating, an amount equal to the least of (i) the maximum annual principal and interest requirements of the Series 2021 Bonds, (ii) ten percent (10%) of the Sale Proceeds and (iii) one hundred twenty-five percent (125%) of the average annual principal and interest requirements of the Series 2021 Bonds, and (b) so long as the Series 2021 Bonds carry an Investment Grade Rating, an amount equal to 50% (unless and until such date as the Bond Trustee has received a Notice of Reserve Fund Increase, after which date it shall equal 100% until such time as the Bond

Trustee has received a Notice of Reserve Fund Decrease) of the maximum annual debt service requirements of the Series 2021 Bonds. Pursuant to the Bond Indenture, the Debt Service Reserve Requirement for the Series 2021 Bonds is \$11,749,387.50. The amount required to be deposited to the Debt Service Reserve Fund may be adjusted from time to time in accordance with the terms of the Bond Indenture. See "SECURITY FOR THE SERIES 2021 BONDS – Limited Obligations; Pledge of Trust Estate; Certain Funds Held By Bond Trustee – *Debt Service Reserve Requirement*" herein. On the date of each required payment in respect of the Series 2021 Bonds, moneys in Debt Service Reserve Fund shall be applied to cure any deficiency (after transfers from moneys held under the Master Indenture, if any, made in accordance with the terms thereof) in the Debt Service Fund needed to pay principal or Redemption Price of or interest on the Series 2021 Bonds.

Ramp-Up Reserve Fund. An initial deposit in the amount of \$4,000,000 shall be deposited in the Ramp-Up Reserve Fund on the date of closing of the Series 2021 Bonds. If and to the extent Gross Revenues are available in the Revenue Fund, following certain other transfers therefrom, such excess amounts shall be transferred each month, subject to certain provisions, to the Ramp-Up Reserve Fund to the extent required to make the amount therein equal to 50% of the Maximum Annual Debt Service Requirements on all Indebtedness then Outstanding (the "Ramp-Up Reserve Requirement"). Upon issuance of the Series 2021 Bonds, the Reserve Requirement will Ramp-Up equal \$5,874,693.75.See "COMMON SECURITY OF OBLIGATED GROUP-Flow of Funds" herein. Any moneys in the Ramp-Up Reserve Fund shall be disbursed and expended by the Master Trustee solely for the payment of (i) Debt Service in accordance with the priorities set forth in the Master Indenture if insufficient moneys therefor are available in the Debt Service Fund, and (ii) Operation and Maintenance Expenses, at the written request of the Group Representative, if amounts in the Current Operations Fund are insufficient to pay such Operation and Maintenance Expenses. Upon the earlier of (i) the substantial completion of the 2021 Project (as hereinafter defined) and (ii) the date that the Series 2021 Bonds are first assigned an Investment Grade Rating, all funds on deposit in the Ramp-Up Reserve Fund shall be disbursed therefrom as provided in the Master Indenture, and thereafter the Ramp-Up Reserve Fund shall be closed and no further transfers shall be made to the Ramp-Up Reserve Fund.

Maintenance Reserve Fund. The Maintenance Reserve Fund will not be funded on the date of issuance of the Series 2021 Bonds. After the 2021 Project is substantially complete, if and to the extent Gross Revenues are available in the Revenue Fund, following certain other transfers therefrom, there shall be transferred each month to the Maintenance Reserve Fund an amount equal to 1/12th of the Annual Maintenance Reserve Fund Deposit. See "COMMON SECURITY OF OBLIGATED GROUP – Flow of Funds" herein. The "Annual Maintenance Reserve Fund Deposit" shall mean initially an amount equal to \$0.13 (which amount shall automatically increase each year by an amount equal to the lesser of (i) the Consumer Price Index or (ii) 3%) times the aggregate number of square feet of

building space at all Projects, all Mortgaged Properties and all Additional Properties, as such number may or shall be adjusted as permitted or required by the Master Indenture.

Any moneys deposited into the Maintenance Reserve Fund shall be disbursed and expended by the Master Trustee solely for the payment of (i) Debt Service in accordance with the priorities set forth in the Master Indenture if insufficient moneys therefor are available in the Debt Service Fund, and (ii) (A) Maintenance Expenses and Capital Costs designated by the Group Representative to be paid from the Maintenance Reserve Fund; and (B) provided that no Event of Default exists under this Master Indenture, other Maintenance Expenses, at the written request of the Group Representative if amounts in the Current Operations Fund are insufficient or not permitted to be used (i.e. for capitalizable repairs) to pay such Maintenance Expenses.

Equity Contribution.....

In connection with the issuance of the Series 2021 Bonds, the Parent will make an equity contribution to the Group Representative in the amount of \$68 million (the "Equity Contribution"). Such amount will be applied together with the proceeds of the Series 2021 Bonds, to the costs of financing and refinancing the Facilities, funding capitalized interest, funding the Debt Service Reserve Fund and paying costs of issuance. Receipt of the Equity Contribution is a condition of the closing for the Series 2021 Bonds. See "OBLIGATED GROUP PLAN OF FINANCE—Purpose of the Series 2021 Bonds" and "—Estimated Sources and Uses of Funds" herein.

Rate Covenant.....

The Members of the Obligated Group shall use all commercially reasonable efforts to jointly maintain a Debt Service Coverage Ratio of at least 1.25 for each applicable test period specified in "COMMON SECURITY OF OBLIGATED GROUP - Rate Covenant - Testing Compliance"; provided, however, that notwithstanding any other provision of the Master Indenture, the failure of the Members of the Obligated Group to maintain a Debt Service Coverage Ratio shall not be deemed to constitute an Event of Default under the Master Indenture, so long as (i) the Obligated Group takes all commercially reasonable action to comply with the procedures for preparing and implementing a report for correcting such deficiency, and (ii) if the Debt Service Coverage Ratio tested in accordance with "- Testing Compliance," as of the end of any fiscal quarter, is less than 1.0, the owners of the Members shall have made contributions to the Members or otherwise caused the Debt Service Coverage Ratio to be at least 1.0 within ten (10) Business Days of the applicable test date, as evidenced by a new Officer's Certificate of the Group Representative. If the actual Debt Service Coverage Ratio is less than 1.25 (i) as of any quarterly testing date or (ii) as of the end of a Fiscal Year, then, within one hundred twenty (120) days of receipt of the certification showing such deficiency, the Group Representative shall deliver to the Master Trustee and each Bond Trustee, an Independent Consultant's report setting forth in detail the reasons for such deficiency and recommending a specific plan designed to achieve a Debt Service Coverage Ratio of 1.25 in the following Fiscal Year (which plan may

include a recommendation that one or more Members retain a different Manager).

Rating Solicitation

Covenant.....

Upon receipt of a rating on any future Senior Bond, the Group Representative, at its sole cost and expense, shall use commercially reasonable efforts to obtain and apply such rating to the Series 2021 Bonds. See "COMMON SECURITY OF OBLIGATED GROUP – Rating Solicitation Covenant."

Pledge of Ownership

Interests.....

The Obligations issued under the Master Indenture, including the Senior 2021-1 Note, are also secured by (i) a pledge by the Group Representative to the Master Trustee of its ownership interest in each of the Members; (ii) a pledge by Sky Harbour Holdco, the sole member of the Group Representative, to the Master Trustee of its ownership interest in the Group Representative; and (iii) a pledge by the Parent, the sole member of Sky Harbour Holdco, to the Master Trustee of its membership interest in Sky Harbour Holdco; and Sky Harbour Holdco and Parent are not Members of the Obligated Group and have no obligation under the Master Indenture and no obligation to pay the Series 2021 Bonds. See "MANAGEMENT OF THE FACILITIES—Equity Raise and Proposed Business Combination" herein.

Additional Obligations.....

Additional Obligations may be issued under the Master Indenture to provide proceeds to the Members of the Obligated Group to finance additional projects in accordance with the provisions of the Master Indenture. See "COMMON SECURITY OF OBLIGATED GROUP – Additional Obligations."

Tenants and Leases.....

Each Member of the Obligated Group (other than SH Capital), has leased and will lease its Facilities to one or more Tenants, who use all or a portion of such Facilities to conduct aviation-related businesses or other businesses permitted under the Ground Leases and Tenant Leases (defined below) and such Tenant(s) will pay rent and other charges derived from HBS activity on the respective Project Sites to such Member pursuant to a lease (each such existing or future sublease, a "Tenant Lease" and collectively, the "Tenant Leases"). Such rents, other lease charges and other charges derived from HBS activity on the respective Project Sites constitute the only source of revenue of the Members. Each such Member's interest in its respective Tenant Lease(s), along with its leasehold interest in such applicable Facilities, have been collaterally assigned to the Master Trustee and are security for the Members' Obligations issued under the Master Indenture which secure the Series 2021 Bonds and all other outstanding Obligations. FACILITIES."

THE VARIOUS TENANTS OF THE FACILITIES LEASED BY THE MEMBERS OF THE OBLIGATED GROUP DO NOT HAVE, AND WILL NOT HAVE, ANY OBLIGATION TO MAKE ANY PAYMENTS WITH RESPECT TO THE SERIES 2021 BONDS OR THE OBLIGATIONS UNDER THE MASTER INDENTURE, AND ARE

OBLIGATED ONLY TO PAY RENT UNDER THEIR RESPECTIVE TENANT LEASES. ALTHOUGH CERTAIN TENANT LEASES ARE SUBJECT TO EXTENSION PURSUANT TO THE TERMS OF SUCH LEASES, THE STATED LEASE TERMS OF ALL OF THE CURRENT TENANT LEASES EXPIRE PRIOR TO THE FINAL MATURITY DATE OF THE SERIES 2021 BONDS.

NO FINANCIAL OR OTHER CREDIT INFORMATION HAS BEEN INCLUDED IN THIS OFFICIAL STATEMENT WITH RESPECT TO THE TENANTS.

Market and Feasibility Study

Parent retained CBRE, Inc. ("CBRE") to prepare a report, "Feasibility Study for the Sky Harbour Private Hangar Campus Portfolio," dated August 6, 2021 (the "Market and Feasibility Study"), which is attached hereto as "APPENDIX A—MARKET AND FEASIBILITY STUDY." The Market and Feasibility Study presents an analysis of the general aviation market, business jet products and sales, and national hangar market conditions. In addition, the Market and Feasibility Study provides an overview of the Airports, Project Sites and Facilities, as well as includes additional schedules showing various cash flow forecasts and projected debt service coverage models. See "MARKET AND FEASIBILITY STUDY" and "APPENDIX A — MARKET AND FEASIBILITY STUDY."

Certain Risk Factors.....

INVESTMENT IN THE SERIES 2021 BONDS INVOLVES A HIGH DEGREE OF RISK, AND PROSPECTIVE PURCHASERS SHOULD READ "CERTAIN BONDHOLDERS' RISKS" AND CONSIDER THEIR PARTICULAR FINANCIAL SITUATIONS AND THE RISKS INVOLVED TO DETERMINE THE SUITABILITY OF AN INVESTMENT IN THE SERIES 2021 BONDS. A number of risks that could affect the payments to be made with respect to the Series 2021 Bonds and/or the market value or liquidity of the Series 2021 Bonds are described in this Official Statement. Risks include, but are not limited to, risk of operating losses by SH Capital and the Borrowers, Ground Lease expiration or termination risk, Tenant Lease renewal risk, taxation of interest on the Series 2021 Bonds, risks associated with the economy and the general aviation industry, failure to attract tenants to the Facilities, the risk that actual results and revenues actually collected differ from those assumed, the risk that the operating and maintenance expenses actually incurred differ from those assumed or projected, the risk that construction costs exceed estimates and related performance bonds, and others. Such risks are not intended to be a complete enumeration of all risks associated with the purchase or holding of the Series 2021 Bonds. See "CERTAIN BONDHOLDERS' RISK" herein for a discussion of some of the risks that could affect the market value or liquidity of the Series 2021 Bonds.

Limitations of Sources of Repayment.....

THE MEMBERS OF THE OBLIGATED GROUP HAVE NO SIGNIFICANT ASSETS OTHER THAN THE GROUND LEASES IN CERTAIN PROJECT SITES AND THE TENANT LEASES, AND PAYMENT OF THE SERIES 2021 BONDS IS THEREFORE

DEPENDENT UPON REVENUES GENERATED BY THE TENANT LEASES AND REVENUE DERIVED FROM HBS ACTIVITY ON THE RESPECTIVE PROJECT SITES. PROSPECTIVE INVESTORS SHOULD READ THE SECTION ENTITLED "CERTAIN BONDHOLDERS' RISK" FOR A DESCRIPTION OF CERTAIN RISKS, WHICH MAY AFFECT THE ABILITY OF THE OBLIGATED GROUP TO GENERATE SUCH REVENUES.

OFFICIAL STATEMENT

RELATING TO

\$166,340,000
PUBLIC FINANCE AUTHORITY
Senior Special Facility Revenue Bonds
(Sky Harbour Capital LLC Aviation Facilities Project),
Series 2021

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and appendices, sets forth certain information relating to the offering and sale of \$166,340,000 aggregate principal amount of Public Finance Authority Senior Special Facility Revenue Bonds (Sky Harbour Capital LLC Aviation Facilities Project), Series 2021 (the "Series 2021 Bonds"). The Series 2021 Bonds are being issued pursuant to a Trust Indenture dated as of September 1, 2021 (the "Bond Indenture") by and between the Public Finance Authority (the "Issuer") and The Bank of New York Mellon, as trustee (in such capacity, the "Bond Trustee").

The Issuer is issuing the Series 2021 Bonds for the benefit of Sky Harbour Sugar Land Airport, LLC ("Sky Harbour Sugar Land"), Sky Harbour Opa Locka Airport, LLC ("Sky Harbour Opa Locka"), Nashville Hangars LLC ("Sky Harbour Nashville"), APA Hangars LLC ("Sky Harbour Centennial") and DVT Hangars LLC ("Sky Harbour Deer Valley") (each a "Borrower" and collectively, the "Borrowers"). The proceeds of the Series 2021 Bonds will be used, together with other available funds, to (a) finance and refinance various aviation facilities (each a "Facility" and, collectively, the "Facilities") consisting of general aviation aircraft hangars and storage facilities located and to be located on (i) a certain parcel of land (the "Sugar Land Site") at Sugar Land Regional Airport ("SGR") in Sugar Land, Texas, (ii) a certain parcel of land (the "Opa-Locka Site") at Miami-Opa Locka Executive Airport ("OPF") in Opa-locka, Florida, (iii) a certain parcel of land (the "Nashville Site") at Nashville International Airport ("BNA") in Nashville, Tennessee, (iv) a certain parcel of land (the "Centennial Site") at Centennial Airport ("APA") in Arapahoe County, Colorado, and (v) a certain parcel of land (the "Deer Valley Site" and, together with the Sugar Land Site, the Opa-Locka Site, the Nashville Site and the Centennial Site, the "Project Sites" and each a "Project Site") at Phoenix Deer Valley Airport ("DVT") in Phoenix, Arizona; (b) fund capitalized interest; (c) fund deposits to the Debt Service Reserve Fund; and (d) pay certain costs of issuance related to the Series 2021 Bonds. The foregoing airports are collectively referred to herein as the "Airports" and each an "Airport."

Under a Loan Agreement, dated as of September 1, 2021 (the "Loan Agreement") between the Issuer and the Borrowers, the Borrowers are obligated to make loan payments equal to the principal or redemption price of, if applicable, and interest on the Series 2021 Bonds, as the same become due and payable. The Issuer, in order to further secure its limited obligation to pay the principal of, and the premium, if any, and interest on, the Series 2021 Bonds, pursuant to the Bond Indenture, will assign and pledge to the Bond Trustee, and grant a security interest to the Bond Trustee in, all of the Issuer's right, title, and interest in the Loan Agreement (except for the Unassigned Rights of the Issuer). See "SECURITY FOR THE SERIES 2021 BONDS" herein. The obligations of the Borrowers to make the payments due under the Loan Agreement with respect to the Series 2021 Bonds are secured by a Senior Master Indenture Promissory Note, Series 2021-1 (the "Senior 2021-1 Note") issued under that certain Master Trust

Indenture, dated as of September 1, 2021 (the "Master Trust Indenture"), as supplemented by the First Supplemental Master Trust Indenture dated as of September 1, 2021 (the "First Supplement" and, together with the Master Trust Indenture, as may be further amended and supplemented from time to time, the "Master Indenture"), among Sky Harbour Capital LLC, a Delaware limited liability company ("SH Capital," the "Group Representative" or the "Borrower Representative") and other members of an obligated group described herein (the "Obligated Group" or the "Members") and The Bank of New York Mellon, as master trustee (in such capacity, together with its successors and assigns, the "Master Trustee"). Each of the Members of the Obligated Group are affiliated entities and are jointly and severally liable on Obligations issued under the Master Indenture, including the Senior 2021-1 Note. See "COMMON SECURITY OF OBLIGATED GROUP" herein. The Senior 2021-1 Note will be dated the date of issuance of the Series 2021 Bonds and will be issued simultaneously with the issuance of the Series 2021 Bonds. The Senior 2021-1 Note will be issued as a Senior Obligation and will be secured on a parity with other Senior Obligations of the Obligated Group, if any, and on a senior basis to Subordinate Class A Obligations and Subordinate Class B Obligations (collectively, "Subordinate Obligations"), if any, issued by the Obligated Group, all under the terms of the Master Indenture. No Subordinate Obligations will be outstanding under the Master Indenture at the issuance of the Series 2021 Bonds. See "COMMON SECURITY OF OBLIGATED GROUP" herein.

The obligation of the Borrowers to make payments under the Loan Agreement will be payable solely from the Trust Estate (as defined in the Bond Indenture) and amounts payable under the Senior 2021-1 Note. Prospective investors should read "CERTAIN BONDHOLDERS' RISKS" for a description of certain risks which may affect payment of the Series 2021 Bonds.

Contemporaneously with the issuance of the Series 2021 Bonds, SH Capital, serving as the Group Representative, and its wholly owned subsidiaries, the Borrowers, will form the Obligated Group pursuant to the Master Indenture. All of the ownership interests of the Borrowers are owned by SH Capital. Each Member of the Obligated Group is a special-purpose entity with an Independent Manager (as defined below) whose affirmative vote is required to approve any Material Action (as defined below). See "THE OBLIGATED GROUP AND THE GROUP REPRESENTATIVE – General" herein.

Each of the Members, other than SH Capital, has entered into a ground lease or sublease (each a "Ground Lease" and collectively, the "Ground Leases") with respect to municipally-owned land constituting the Project Sites upon which such Members have constructed or will construct the Facilities described herein. The Facilities include (a) existing, recently acquired, constructed and equipped facilities, comprising seven hangars at the Sugar Land Site and one hangar at the Nashville Site, amounting to approximately 66,000 square feet and 27,000 square feet, respectively, of rentable space (the "Existing Facilities"), and (b) certain facilities that are not yet acquired or constructed (the "New Facilities") including proposed improvements at the foregoing two Project Sites at which there are Existing Facilities and at the Opa-Locka Site, the Centennial Site and the Deer Valley Site at which there are no Existing Facilities. The Members will lease each respective Facility to one or more tenants (the "Tenants") who use or will use all or a portion of such Facilities for general aviation aircraft storage and related uses and other businesses permitted under the Ground Leases, and will pay rent and other charges derived from HBS (as defined below) activity on the respective Project Sites to such Member pursuant to a sublease (each such existing or future sublease, a "Tenant Lease" and collectively, the "Tenant Leases"). The revenues generated from leasing of the Facilities, together with other related services provided to Tenants by each respective Member at its respective Project Site under its respective Ground Lease (the "Home Basing Solutions" or "HBS") are the only source of revenue of the Obligated Group. The Tenants have no obligation to make any payments with respect to the Series 2021 Bonds, and are obligated only to pay rent under the Tenant Leases. See "THE FACILITIES" and "FINANCIAL PROJECTIONS" herein.

SH Capital and each of the Borrowers have been structured as special-purpose entities. The organizational documents for SH Capital and each of the Borrowers require the retention of an independent manager (an "Independent Manager") and provide that such requirement may not be amended for so long as any Series 2021 Bond remains outstanding. The affirmative vote of the Independent Manager will be required to approve certain actions (collectively, the "Material Actions") including the institution of proceedings to have such entity adjudicated bankrupt or insolvent, the filing of a petition seeking reorganization or relief with respect to such entity under any applicable law relating to bankruptcy, the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of such entity or a substantial part of its property, the assignment for the benefit of creditors, the admission in writing of such entity's inability to pay its debts generally as they become due, or the declaration or effecting of a moratorium on the payment of any obligation, or the consent to or taking of any action in furtherance of the foregoing. See "CERTAIN BONDHOLDERS' RISKS—Impact of a Loan Agreement Default, Senior Note Default or Bankruptcy of a Borrower or Member—Borrowers as Special-Purpose Entities."

None of the Issuer, any Sponsor (as defined herein), any Issuer Member (as defined herein), any Issuer Indemnified Person (as defined in the Loan Agreement), the State of Wisconsin (the "State") or any political subdivision or agency thereof or any political subdivision approving the issuance of the Series 2021 Bonds is in any way obligated to pay any amounts with respect to the Series 2021 Bonds.

Included as Appendices hereto is a Summary of the Master Trust Indenture, a Summary of the Bond Documents, a Summary of the Ground Leases, and a Summary of the Leasehold Mortgages. Definitions of certain capitalized terms used herein and not defined herein are set forth in "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE" or in "APPENDIX C—SUMMARY OF THE BOND DOCUMENTS."

FORWARD-LOOKING STATEMENTS MAY NOT PROVE TO BE ACCURATE

The statements contained in this Official Statement, including the appendices, that are not purely historical, are forward-looking statements, including statements regarding Sky Harbour LLC (the "Parent") management and the Obligated Group's expectations, hopes, intentions or strategies regarding the future. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "project," "forecast," "will likely result," "are not expected to," "will continue," "is anticipated," "intend" or other similar words. Prospective purchasers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Parent's management ("Management") and the Obligated Group on the date hereof, and the Obligated Group assumes no obligation to update any such forward-looking statements with new forward-looking statements. It is important to note that the Obligated Group's actual results likely will differ, and could differ materially, from those in such forward-looking statements.

The forward-looking statements herein are based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Obligated Group. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

THE SERIES 2021 BONDS

Master Indenture

The obligations of the Borrowers to pay loan payments equal to the debt service on the Series 2021 Bonds under the Loan Agreement will be secured by the Senior 2021-1 Note issued pursuant to the Master Indenture. The Senior 2021-1 Note will be issued and dated the date of issue of the Series 2021 Bonds. Each of the Members of the Obligated Group will be jointly and severally liable on Obligations issued under the Master Indenture, including the Senior 2021-1 Note. See "COMMON SECURITY OF OBLIGATED GROUP."

The Series 2021 Bonds

The Series 2021 Bonds will be issued as fully registered bonds in the principal amounts as set forth on the inside cover page of this Official Statement. The Series 2021 Bonds will be dated September 14, 2021 and will bear interest from September 14, 2021, payable on each January 1 and July 1, commencing January 1, 2022, until maturity or prior redemption and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. **The Series 2021 Bonds will be issued in the denomination of \$500,000 or any integral multiple of \$5,000 in excess thereof.** The Series 2021 Bonds will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Series 2021 Bonds. Purchases will be made only in book-entry form through DTC participants in the authorized denominations described above, and no physical delivery of the Series 2021 Bonds will be made to purchasers. So long as Cede & Co, as nominee of DTC, is the registered owner, references to "Bondholders" or "registered owners" or "holder" herein shall mean Cede & Co, and shall not mean the Beneficial Owners of the Series 2021 Bonds. See "THE SERIES 2021 BONDS—Book-Entry-Only System" herein.

The Issuer.

Formation and Governance. In early 2010, both houses of the Wisconsin Legislature passed 2009 Wisconsin Act 205 ("Act 205"), which was signed into law by the Governor of the State on April 21, 2010. Act 205 added Section 66.0304 to the Wisconsin Statutes (the "Statute") authorizing two or more political subdivisions to create a commission to issue bonds under the Statute. Before an agreement for the creation of such a commission could take effect, Act 205 required that such agreement be submitted to the Attorney General of the State to determine whether the agreement is in proper form and compatible with the laws of the State. The Issuer was formed upon execution of a Joint Exercise of Powers Agreement Relating to the Public Finance Authority dated as of June 30, 2010, as amended by an Amended and Restated Joint Exercise of Powers Agreement Relating to the Public Finance Authority dated September 28, 2010 (as so amended and as may be further amended from time to time, the "Joint Exercise Agreement") among Adams County, Wisconsin, Bayfield County, Wisconsin, Marathon County, Wisconsin, Waupaca County, Wisconsin and the City of Lancaster, Wisconsin (each an "Issuer Member" and, collectively, the "Issuer Members," which term shall include any political subdivision designated in the future as a "Member" of the Issuer pursuant to the Joint Exercise Agreement). The Joint Exercise Agreement was approved by the Attorney General on September 30, 2010. The Statute also provides that only one commission may be formed thereunder.

Pursuant to the Statute, the Issuer is a unit of government and a body corporate and politic separate and distinct from, and independent of, the State and the Issuer Members. The Issuer was established by local governments, primarily for local governments, for the public purpose of providing local governments a means to efficiently, and reliably finance projects that benefit local governments, nonprofit organizations and other eligible private borrowers in the State and throughout the country.

<u>Powers</u>. Under the Statute, the Issuer has all of the powers necessary or convenient to any of the purposes of Act 205, including the power to issue bonds, notes or other obligations or refunding obligations to finance or refinance a project, make loans to, lease property from or to, and enter into agreements with a participant or other entity in connection with financing a project. The proceeds of bonds issued by the Issuer may be used for a project in the State or any other state or territory of the United States, or outside the United States if a participating borrower is incorporated and maintains its principal place of business in the United States or its territories. The Statute defines "project" as any capital improvement, purchase of receivables, property, assets, commodities, bonds or other revenue streams or related assets, working capital program, or liability or other insurance program, located within or outside of the State.

Governing Body. The Joint Exercise Agreement provides for a Board of Directors of the Issuer (the "Board") consisting of seven directors (each a "Director" and collectively, the "Directors"), a majority of whom are required to be public officials or current or former employees of a political subdivision located in the State. The Directors serve staggered three-year terms. The Directors are selected by majority vote of the Board based upon nominations from the organization that nominated the predecessor Director. Four Directors are nominated by the Wisconsin Counties Association, and one Director is nominated from each of the National League of Cities, the National Association of Counties and the League of Wisconsin Municipalities (collectively, the "Sponsors" and each a "Sponsor"). Each of the nominating organizations may also nominate an alternate Director for each Director it nominates to serve on the Board in the place of and in the absence or disability of a Director. Directors and alternate Directors may be removed and replaced at any time by the Board upon recommendation of the Sponsor that nominated such Director.

As of the date of this Official Statement, the Directors are identified in the table below. There is currently one vacant Board seat (representing the nominee of the National League of Cities) and one Alternate Director (nominated by the Wisconsin Counties Association):

Name	Title	Position
William Kacvinsky	Chair	Former Board Chair – Bayfield County, Wisconsin
Jerome Wehrle	Vice Chair	Former Mayor - City of Lancaster, Wisconsin
Heidi Dombrowski	Treasurer	Finance Director - Waupaca County, Wisconsin
Allen Buechel	Secretary	County Executive – Fond du Lac County, Wisconsin
Del Twidt	Director	Former Board Chair – Buffalo County, Wisconsin
Michael Gillespie	Director	Former Chair – Madison County, Alabama Board of Commissioners
John West	Alternate Director**	Board Chair - Adams County, Wisconsin

^{**} Mr. West is an alternate for Directors Buechel, Dombrowski and Twidt.

The Issuer has no employees and contracts with a full-service program management firm, GPM Municipal Advisors, LLC, to manage the day-to-day operations of the Issuer including but not limited to staff and administrative support and ongoing compliance matters. All of the services provided by GPM Municipal Advisors, LLC are subject to review and approval by the Board.

<u>Resolution; Approval</u>. On July 7, 2021, the Board adopted the Resolution approving the issuance of the Series 2021 Bonds.

Limited Obligations. THE SERIES 2021 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE (AS DEFINED IN THE BOND INDENTURE), AND EXCEPT FROM SUCH SOURCE, NONE OF THE ISSUER, ANY SPONSOR (AS DEFINED HEREIN), ANY ISSUER MEMBER (AS DEFINED HEREIN), ANY ISSUER INDEMNIFIED PERSON (AS DEFINED IN THE LOAN AGREEMENT), THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2021 BONDS SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST THEREON OR ANY COSTS INCIDENTAL THERETO. THE SERIES 2021 BONDS ARE NOT A DEBT OF THE STATE OR OF ANY ISSUER MEMBER, AND DO NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY ISSUER MEMBER, THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2021 BONDS TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2021 BONDS OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY ISSUER MEMBER, THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2021 BONDS, NOR THE FAITH AND CREDIT OF THE ISSUER, ANY SPONSOR OR ANY ISSUER INDEMNIFIED PERSON, SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2021 BONDS OR ANY COSTS INCIDENTAL THERETO. THE ISSUER HAS NO TAXING POWER.

Other Obligations. The Issuer has issued, sold and delivered in the past, and expects to issue, sell and deliver in the future, obligations other than the Series 2021 Bonds, which other obligations are and will be secured by instruments separate and apart from the Bond Indenture and the Series 2021 Bonds. The holders of such obligations of the Issuer will have no claim on the security for the Series 2021 Bonds, and the owners of the Series 2021 Bonds will have no claim on the security for such other obligations issued by the Issuer.

<u>Limited Involvement of the Issuer</u>. The Issuer has not participated in the preparation of or reviewed any appraisal for the 2021 Project (as hereinafter defined) or any feasibility study or other financial analysis of the 2021 Project and has not undertaken to review or approve expenditures for the 2021 Project, to supervise the construction of the 2021 Project, or to review the financial statements of the Borrowers.

The Issuer has not participated in the preparation of or reviewed this Official Statement and is not responsible for any information contained herein, except for the information in this section (captioned "THE SERIES 2021 BONDS – The Series 2021 Bonds – *The Issuer*") and under the caption "LITIGATION – The Issuer."

Pledge of Trust Estate.

General. The Series 2021 Bonds are special limited obligations of the Issuer and will be secured by and payable from the Trust Estate established under the Bond Indenture for the Series 2021 Bonds (as defined in the Bond Indenture). For the Series 2021 Bonds, the Trust Estate created under the Bond Indenture includes all of the Issuer's right, title and interest, if any, in and to the following:

(a) the Loan Agreement, including, but without limiting the generality of the foregoing, the present and continuing right to claim, collect, and receive any of the moneys, income,

revenues, issues, profits, and other amounts payable or receivable thereunder, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer is or may become entitled to do under the Loan Agreement but reserving, however, to the Issuer the Unassigned Rights (as such term is defined in the Bond Indenture) upon the conditions therein set forth;

- (b) all funds and accounts established under the Bond Indenture except for any amounts held in the Rebate Fund, and moneys and securities therein; and
- (c) all moneys and securities from time to time held by the Bond Trustee under the terms of the Bond Indenture except moneys and securities in the Rebate Fund and any and all other real or personal property of every name and nature concurrently therewith or from time to time thereafter by delivery or by writing of any nature conveyed, mortgaged, pledged, assigned, or transferred as and for additional security under the Bond Indenture by the Issuer or by anyone in its behalf, or with its written consent, to the Bond Trustee, which are hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Bond Indenture.

In addition to the Trust Estate, the obligations of the Borrowers under the Loan Agreement to pay the principal and interest on the Series 2021 Bonds will also be secured by the Senior 2021-1 Note delivered to the Bond Trustee. The Senior 2021-1 Note will be secured pursuant to the terms of the Master Indenture. See "COMMON SECURITY OF OBLIGATED GROUP" herein.

PAYMENT OF THE SERIES 2021 BONDS IS DEPENDENT UPON THE TENANT LEASES AND THE RESULTS OF HBS OPERATIONS BY THE BORROWERS AT THE RESPECTIVE PROJECT SITES. THERE CAN BE NO ASSURANCE THAT THE REVENUES GENERATED BY THE TENANT LEASES AND THE RESULTS OF HBS OPERATIONS AT THE RESPECTIVE PROJECT SITES WILL BE SUFFICIENT TO GENERATE, IN THE AGGREGATE, ADEQUATE REVENUES TO PAY DEBT SERVICE ON THE SERIES 2021 BONDS. ADDITIONALLY, THE BORROWERS HAVE NO SIGNIFICANT ASSETS OTHER THAN THEIR RESPECTIVE LEASEHOLD OR SUBLEASEHOLD INTERESTS IN THE RESPECTIVE PROJECT SITES.

PROSPECTIVE PURCHASERS SHOULD READ THE SECTION "CERTAIN BONDHOLDERS' RISKS" HEREIN FOR A DESCRIPTION OF CERTAIN RISKS WHICH MAY AFFECT THE ABILITY TO GENERATE SUCH REVENUES.

Application of Proceeds.

Upon issuance of the Series 2021 Bonds, the Bond Trustee shall deposit net proceeds (i.e. bond proceeds, less underwriter's discount) of the Series 2021 Bonds, together with certain equity funds received from the Parent, (i) to the Series 2021 Construction Account, to be used to pay the costs of the 2021 Project; (ii) to the Series 2021 Capitalized Interest Account, to be used to pay interest due on the Series 2021 Bonds through the later of (x) December 31, 2024 or (y) six months after the scheduled completion date of the portion of the 2021 Project allocable to such Series 2021 Bonds; (iii) to the Series 2021 Cost of Issuance Account, to be used to pay certain costs of issuance of the Series 2021 Bonds; and (iv) to the Senior DSR Account (the "Debt Service Reserve Fund") in the amount of the Debt Service Reserve Fund Requirement. See "OBLIGATED GROUP PLAN OF FINANCE – Estimated Sources and Uses of Funds" herein.

The Bond Trustee shall disburse moneys in the Series 2021 Construction Account to pay costs related to the 2021 Project, so long as no Event of Default has occurred, upon receipt of a requisition from the Borrower Representative.

The scope of the 2021 Project may be modified by the Borrowers from time to time to include additional facilities located at one or more new or existing Project sites and/or remove facilities not yet constructed at the existing Project sites, upon the satisfaction of certain conditions set forth in the Bond Indenture, provided that the amount of Series 2021 Bond proceeds reallocated from an existing component of the 2021 Project to a new component of the 2021 Project as a result of modifications to the scope of the 2021 Project shall not exceed \$50,000,0000 in the aggregate. In order to effect such a modification, the Borrower Representative shall be required to deliver to the Bond Trustee and the Master Trustee, among other things: (i) a certificate of the Borrower Representative (a) describing the modification of the 2021 Project, estimating the resulting increase or decrease in the cost of the 2021 Project and confirming that the Borrowers have sufficient funds available to complete the 2021 Project as modified, and (b) confirming as of the date of the certificate (1) that no default or Event of Default exists under this Indenture, the Loan Agreement or the Master Indenture and (2) that the Debt Service Coverage Ratio (as defined in the Master Indenture) of the Obligated Group for the most recently completed Fiscal Year is at least equal to 1.25, provided that, if the denominator used in calculating such Debt Service Coverage Ratio in accordance with the definition thereof is less than or equal to \$0.00, the requirements of this clause (2) shall be deemed satisfied; (ii) a Consultant's Report (as defined in the Master Indenture) confirming, based on its reasonable assessment at the time, that the sum of the Projected Senior Debt Service Coverage Ratios (as defined in the Master Indenture) of the Obligated Group for next five full Fiscal Years (the "Five-Year Aggregate DSCR") projected or forecasted assuming the proposed modification of the 2021 Project is implemented, shall not be less than the Five-Year Aggregate DSCR projected or forecasted assuming the proposed modification is not implemented, provided that, if the denominator used in calculating the Projected Senior Debt Service Coverage Ratio in accordance with the definition thereof is less than or equal to \$0.00 for any Fiscal Year, such Fiscal Year shall be excluded from the foregoing calculation; (iii) a certified copy of the resolution of the Issuer approving the modification of the 2021 Project; (iv) evidence of receipt of such other approvals, and compliance with such other requirements or conditions then in effect, necessary for Bond Counsel to issue the hereinafter described opinion; (v) a Favorable Opinion of Bond Counsel with respect to the modification of the 2021 Project; (vi) in the event that the affiliate of the Borrower Representative holding an interest (directly or indirectly) in any such additional facility is not then a Borrower under the Loan Agreement, a supplement or amendment to the Loan Agreement joining such affiliate to the Loan Agreement as a Borrower; (vii) in the event that such additional Borrower is not then a Member of the Obligated Group, such documentation as may be necessary for such additional Borrower to become a Member of the Obligated Group pursuant to the provisions of the Master Indenture; and (viii) in the event that any additional component of the 2021 Project is not then subject to a mortgage or deed of trust in favor of the Master Trustee, a mortgage or deed of trust on such additional component of the 2021 Project in favor of the Master Trustee.

Redemption of the Series 2021 Bonds Prior to Maturity

Optional Redemption. The Series 2021 Bonds maturing on July 1, 2036 are subject to optional redemption, upon the written direction of the Borrower Representative to the Bond Trustee, prior to maturity on or after July 1, 2028 in whole at any time, or in part from time to time, at a redemption price equal to the principal amount thereof plus interest accrued to the redemption date.

The Series 2021 Bonds maturing on July 1, 2041 and July 1, 2054 are subject to optional redemption, upon the written direction of the Borrower Representative to the Bond Trustee, prior to maturity on or after July 1, 2031 in whole at any time, or in part from time to time, at a redemption price equal to the principal amount thereof plus interest accrued to the redemption date.

Special Mandatory Redemption of Series 2021 Bonds In the event the Series 2021 Bonds are not subject to optional redemption as described above, upon the sale of an asset by any Borrower to a Person

not constituting a Member of the Obligated Group, the applicable portion of the Series 2021 Bonds is subject to special mandatory redemption in the years following the date of issuance of the Series 2021 Bonds, as set forth below, at a Redemption Price, (i) with respect to the Series 2021 Bonds maturing on July 1, 2036, equal to the percentage set forth below of the Accreted Value (as defined below) of the principal amount thereof to be redeemed, and (ii) with respect to the Series 2021 Bonds maturing on July 1, 2041 and July 1, 2054, equal to the percentage set forth below of the principal amount thereof to be redeemed, plus, in each case, accrued interest to the redemption date.

Redemption Dates	
(both dates inclusive)	Premium
Date of Issuance through June 30, 2026	110%
July 1, 2026 through June 30, 2027	109
July 1, 2027 through June 30, 2028	108
July 1, 2028 through June 30, 2029	107
July 1, 2029 through June 30, 2030	106
July 1, 2030 through June 30, 2031	105
July 1, 2031 and thereafter	100

The "Accreted Value" of the Series 2021 Bonds maturing on July 1, 2036:

- a) on any interest payment date shall be, the value set forth in the "Accreted Values for the Series 2021 Bonds Maturing July 1, 2036 Based on \$5,000 Par Amount of Bonds" table below for each \$5,000 par amount of such Series 2021 Bond; and
- b) on any date between interest payment dates shall be determined on the basis of a straight line interpolation between the Accreted Values for the prior interest payment date and the succeeding interest payment date, based upon a 30-day month.

<u>Accreted Values for the Series 2021 Bonds Maturing July 1, 2036 Based on \$5,000 Par Amount of Bonds</u>

Payment		
<u>Date</u>	Accreted Values	
1/1/2022	5,057.10	
7/1/2022	5,053.20	
1/1/2023	5,049.20	
7/1/2023	5,045.10	
1/1/2024	5,041.00	
7/1/2024	5,036.75	
1/1/2025	5,032.45	
7/1/2025	5,028.10	
1/1/2026	5,023.60	
7/1/2026	5,019.05	
1/1/2027	5,014.40	
7/1/2027	5,009.70	
1/1/2028	5,004.90	
7/1/2028	5,000.00	
	,	

Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability (as defined below), the Series 2021 Bonds are subject to mandatory redemption in whole on the earliest practicable date for which notice can be given pursuant to the Bond Indenture (but in any event no later than sixty (60) days after the Bond Trustee has actual knowledge thereof), at a redemption price equal to the principal amount thereof plus accrued interest. In the case of any redemption pursuant to this subsection, the Borrower Representative shall deliver to the Bond Trustee a certificate of an Authorized Representative specifying the event giving rise to such inclusion in the gross income of the recipient thereof and the dates which are the Tax Incidence Date and the date of the Determination of Taxability. Such certificate shall be delivered at least ten days before notice of redemption is required to be given.

"Determination of Taxability" means, with respect to any Series 2021 Bonds, a determination that the interest income on any Series 2021 Bond does not qualify as being excludable from the gross income of the holder thereof ("exempt interest") for any reason other than that such holder is a "substantial user" of the 2021 Project or a "related person" as such terms are defined in Section 147 of the Code, which determination shall be deemed to have been made upon the first to occur of any of the following: (a) the date on which the Internal Revenue Service issues any private ruling, technical advice memorandum or any other written communication to the effect that the interest income on any of the Series 2021 Bonds does not qualify as exempt interest; or (b) the date on which the Borrower Representative shall receive notice from the Bond Trustee in writing that the Bond Trustee has been advised by any holder or former holder that the Internal Revenue Service has issued a thirty-day letter or other notice which asserts that the interest on any such Series 2021 Bond does not qualify as such exempt interest; or (c) the date on which the Bond Trustee receives written notice from any Bondholder that any Borrower has, or the Issuer has taken any action inconsistent with, or has failed to act consistently with, the tax exempt status of interest on the Series 2021 Bonds; provided that no Determination of Taxability shall be deemed to have occurred as a result of a determination by any Bondholder pursuant to clause (c) above unless such determination is supported by a Favorable Opinion of Bond Counsel to the effect that the interest income on Series 2021 Bonds does not constitute exempt interest and that the Series 2021 Bonds do not qualify for a remedial action under the applicable regulations, compliance with which would render the interest on the Series 2021 Bonds tax exempt.

Mandatory Sinking Fund Redemption of Series 2021 Bonds. The Series 2021 Bonds described below are subject to mandatory sinking fund redemption in part by lot on July 1 of the years and in the respective principal amounts set forth below, at a Redemption Price equal to the principal amount thereof, from mandatory Sinking Fund payments which will be made in amounts sufficient to redeem, on July 1 of each of the following years, the principal amount of the Series 2021 Bonds set forth opposite such year below:

\$21,085,000 Series 2021 Term Bonds Maturing on July 1, 2036

Amount
\$ 3,505,000
3,210,000
4,190,000
4,780,000
5,400,000
\$

^{*}Stated Maturity.

\$30,435,000 Series 2021 Term Bonds <u>Maturing on July 1, 2041</u>

YEAR	
<u>(July 1)</u>	Amount
2037	\$ 5,615,000
2038	5,835,000
2039	6,075,000
2040	6,325,000
2041*	6,585,000

^{*} Stated Maturity.

\$114,820,000 Series 2021 Term Bonds <u>Maturing on July 1, 2054</u>

YEAR	
<u>(July 1)</u>	Amount
2042	\$ 6,855,000
2043	7,135,000
2044	7,445,000
2045	7,765,000
2046	8,105,000
2047	8,455,000
2048	8,795,000
2049	9,025,000
2050	9,410,000
2051	9,810,000
2052	10,235,000
2053	10,670,000
2054*	11,115,000

^{*} Stated Maturity.

Mandatory Redemption Upon Termination of Ground Lease. The Series 2021 Bonds are subject to extraordinary mandatory redemption, in the amounts set forth below, prior to maturity upon the termination of any Ground Lease of a Borrower (excluding the termination of all or any portion of a Ground Lease in connection with a modification of the scope of the 2021 Project pursuant to the Bond Indenture, provided that the proceeds of the Series 2021 Bonds are reallocated to a new Project site pursuant to such modification within 90 days of the termination of the Ground Lease), unless the following items have been received by the Bond Trustee:

- a) an Opinion of Bond Counsel to the effect that such action will not adversely affect the exclusion of interest on the affected Series 2021 Bonds from gross income of the holders thereof for federal income tax purposes, and
- b) an Officer's Certificate of the Group Representative with a detailed internal report demonstrating and concluding that the Projected Senior Debt Service Coverage Ratio is projected or forecasted to be at least equal to 1.50 (provided that if the Series 2021 Bonds do not then carry an Investment

Grade Rating, such ratio shall be at least equal to 2.25) for each of the first three full Fiscal Years immediately following the date of termination of the Ground Lease.

If the above deliverables are not received by the Bond Trustee, the Series 2021 Bonds must be redeemed in an amount equal to the lesser of (1) the amount needed to be redeemed in order to satisfy the condition set forth in clause (b) above, and (2) the amount of Series 2021 Bonds allocable for federal income tax purposes to the terminated Ground Lease; provided, however, that the amount of the Series 2021 Bonds to be redeemed shall not be less than the amount required to maintain the exclusion of interest from gross income on the remaining Series 2021 Bonds.

Any such redemption shall be at a Redemption Price equal to the Accreted Value of the principal amount to be redeemed, plus accrued interest to the redemption date, and must occur within 45 days of termination of the Ground Lease, unless funds on hand and available for such redemption are insufficient to pay such Redemption Price, in which case, the redemption must occur not later than 180 days after the termination of the Ground Lease, provided that, to the extent necessary to preserve the exclusion of interest on the Series 2021 Bonds from gross income on the remaining Series 2021 Bonds, the Series 2021 Bonds may be subject to earlier redemption or initially subject to defeasance.

Extraordinary Optional Redemption. The Series 2021 Bonds are subject to redemption in whole or in part, on any date, at a Redemption Price equal to the principal amount thereof plus accrued interest to the extent required by the Master Indenture following certain damage or condemnation events. Bonds redeemed as described in this paragraph shall be redeemed at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date.

Selection of Series 2021 Bonds to Be Redeemed. In connection with any partial redemption of any Series 2021 Bonds other than a sinking fund redemption, the Borrower Representative shall specify the maturities to be redeemed, which selection shall be made in accordance with applicable federal tax requirements and if no maturities are so specified, the Bond Trustee shall make a *pro rata* redemption within the maturities. So long as the Series 2021 Bonds are in the Book-Entry-Only System, when Series 2021 Bonds are called, allocation within each maturity shall be made by DTC or any successor securities depository. See "THE SERIES 2021 BONDS—Book-Entry-Only System" herein.

Notice and Effect of Redemption. The Bond Trustee shall give notice of such redemption, which notice may be conditional, in the name of the Issuer specifying the subsection of the Bond Indenture under which the redemption is to be made, the maturities, numbers and amounts of the Series 2021 Bonds or portions thereof to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and the conditions, if any, that must be met as a prerequisite to such redemption. Such notice shall further state that on such date there shall become due and payable, upon each Series 2021 Bond or portion thereof to be redeemed, the Redemption Price thereof together with interest accrued to the redemption date and all other amounts then due under the Loan Agreement and the Senior 2021-1 Note, and that from and after such date interest thereon shall cease to accrue and be payable. Notice of redemption shall be given by the Bond Trustee by mailing a copy of each such notice to the registered owner of each such Series 2021 Bond by first-class mail, postage prepaid, addressed to such owner at its last known address as it appears upon the bond register, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption. Such notice shall be effective when mailed and any failure to receive such notice shall not affect the validity of the proceedings for redemption. Notice having been given in such manner and the conditions for redemption stated in such notice having been met, the Series 2021 Bonds or portions thereof so called for redemption shall become due and payable on the redemption dates so designated at the Redemption Price, plus interest accrued to the redemption date and all other amounts then due under the Loan Agreement and the Senior 2021-1 Note. If, on the redemption date, moneys for the redemption of all Series 2021 Bonds or portions thereof to be redeemed, together with interest to the redemption date and all other amounts then due under the Loan Agreement and the Senior 2021-1 Note, shall be held by the Paying Agent so as to be available therefor on such date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on such Series 2021 Bonds or portions thereof so called for redemption shall cease to accrue and become payable. If such moneys shall not be so available on the redemption date, such Series 2021 Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

If at the time of mailing of notice of an optional redemption or extraordinary optional redemption there shall not have been deposited with the Bond Trustee moneys sufficient to redeem the Series 2021 Bonds called for redemption, such notice may state that it is conditioned upon the deposit with the Bond Trustee on or prior to the redemption date of moneys sufficient to pay the redemption price of the Series 2021 Bonds to be redeemed plus interest, if any, accrued thereon to the date of redemption; such notice shall be of no effect (and the redemption shall not occur) unless such moneys are so deposited.

Purchase in Lieu of Redemption. Any Series 2021 Bonds called for redemption pursuant to the Bond Indenture may be purchased by any Borrower, or by any party designated in writing by the Borrower Representative, on the date upon which such Series 2021 Bonds were to have been redeemed (the "Purchase in Lieu of Redemption Date"), at the Redemption Price thereof. The Borrower Representative will deliver a written direction to the Bond Trustee of the party to purchase the Series 2021 Bonds pursuant to the Bond Indenture, not later than the Business Day immediately preceding the Purchase in Lieu of Redemption Date. Series 2021 Bonds to be purchased pursuant to the Bond Indenture, which are not delivered to the Bond Trustee on the Purchase in Lieu of Redemption Date, will be deemed to have been so purchased, and the purchaser of such Series 2021 Bonds will be the Owner of the Series 2021 Bonds for all purposes under the Bond Indenture. The purchase of Series 2021 Bonds pursuant to the Bond Indenture will not be deemed to constitute a redemption of such Series 2021 Bonds or an extinguishment of the debt evidenced thereby.

NEITHER THE REDEMPTION OF THE SERIES 2021 BONDS IN RESPECT OF ANY PARTICULAR PROJECT SITE OR PROJECT IMPROVEMENTS THEREON AS A RESULT OF DAMAGE OR CONDEMNATION OR DUE TO THE SALE OF A PROJECT SITE OR FACILITY THEREON WILL RELEASE THE APPLICABLE MEMBER OF THE OBLIGATED GROUP APPLICABLE FROM ITS JOINT AND SEVERAL PAYMENT OBLIGATIONS IN RESPECT OF THE SENIOR 2021-1 NOTE, OR THE MASTER INDENTURE OR RESULT IN THE RELEASE OF THE LEASEHOLD MORTGAGE (IF ANY) ON SUCH MEMBER'S LEASEHOLD OR SUBLEASEHOLD INTEREST IN A PROJECT SITE SO LONG AS ITS GROUND LEASE REMAINS IN EFFECT, UNTIL THE SENIOR 2021-1 NOTE HAS BEEN PAID IN FULL OR UNTIL THE MEMBER OF THE OBLIGATED GROUP WOULD OTHERWISE BE RELEASED IN ACCORDANCE WITH THE PROVISIONS OF THE MASTER INDENTURE. See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE—Damage, Destruction and Condemnation" attached hereto for a description of the consequences of any damage, destruction or condemnation with respect to any Project Site or Facility and "APPENDIX B-SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE—Cessation of Status As Member" attached hereto for a description of release of a Member from its obligations under the Master Indenture.

Additional Bonds/Additional Obligations

Under certain circumstances, the Issuer may, but shall not be obligated to, issue additional bonds on a parity with or subordinate to the Series 2021 Bonds pursuant to the terms of and upon the satisfaction of certain conditions set forth in the Bond Indenture to (a) acquire and construct or rehabilitate or renovate new or expanded facilities of any Borrower, (b) to pay the cost of refunding through redemption any

Outstanding Bonds issued under the Bond Indenture and subject to redemption, or (c) to pay the cost of refunding through redemption any other indebtedness of any Borrower and subject to redemption.

Any such additional parity bonds will not be issued unless there is received, among other requirements set forth in the Bond Indenture, (a) a supplemental indenture setting forth, among other things, the terms and priority of the additional bonds and describing the realty and facilities to become part of the project; (b) a supplemental Loan Agreement providing for additional loan payments to be made by the Borrowers thereunder sufficient to pay principal and redemption price, if any, of and interest on the additional parity bonds and all other amounts required to be paid with respect thereto; (c) a note issued under the Master Indenture securing such additional bonds; and (d) an opinion of bond counsel and counsel to the Borrowers. The issuance of supplemental Senior Notes will be subject to the restrictions on additional Indebtedness, see "COMMON SECURITY OF OBLIGATED GROUP—Additional Obligations."

The Initial Members and any new Members of the Obligated Group also may incur additional indebtedness subject to the restrictions described under the heading "COMMON SECURITY OF OBLIGATED GROUP—Additional Obligations."

Book-Entry-Only System

The information provided under this caption, "THE SERIES 2021 BONDS—Book-Entry-Only System," has been provided by The Depository Trust Company, New York, New York ("DTC"). No representation is made by the Issuer, the Bond Trustee or the Underwriters as to the accuracy or adequacy of such information provided by DTC or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2021 Bonds set forth on the inside cover pages of this Official Statement, each in the aggregate principal amount of such maturity, and all certificates will be deposited with DTC or pursuant to its instructions.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules

applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtcc.org.

Purchases of Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of beneficial ownership interests in the Series 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2021 Bonds, except in the event that use of the book-entry only system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If fewer than all of the Series 2021 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal and Redemption Price of and interest on the Series 2021 Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC). DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Bond Trustee on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC (or its nominee), the Bond Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and Redemption Price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Trustee pursuant to the provisions of the Bond Indenture.

Disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct Participants and Indirect Participants.

It is the duty of each beneficial owner to make arrangements with the applicable direct participant or indirect participant to receive from such participant notices of payments of principal, redemption price and interest, and all other payments and communications which the direct participant receives from DTC. Neither the Issuer nor the Bond Trustee has any direct obligation or responsibility to direct participants, indirect participants or beneficial owners.

For every transfer and exchange of ownership interests in the Series 2021 Bonds, the Beneficial Owners may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services as securities depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the Issuer or the Bond Trustee. In addition, the Issuer may decide to discontinue the use of DTC or any successor as securities depository for the Series 2021 Bonds under certain circumstances; any book-entry system will also be discontinued at the written request of 100% of the beneficial owners of the Series 2021 Bonds. Under such circumstances, in the event that a successor securities depository is not required under the Bond Indenture or obtained, bond certificates are required to be printed and delivered in accordance with the Bond Indenture.

So long as Cede & Co., or any successor thereto, is the registered owner of the Series 2021 Bonds, as DTC's partnership nominee, references herein to the Bondholders or Owners or Holders or registered owners of the Series 2021 Bonds shall mean DTC and shall not mean the Beneficial Owners of the Series 2021 Bonds. During such period, the Bond Trustee and the Issuer will recognize DTC or its partnership nominee as the owner of all of the Series 2021 Bonds for all purposes, including the payment of the principal and Redemption Price of and interest on the Series 2021 Bonds, as well as the giving of notices and voting.

The Issuer and the Bond Trustee cannot and do not give any assurances that DTC, the direct participants or the indirect participants will distribute to the beneficial owners of the Series 2021 bonds (1) payments of principal or redemption price of, or interest on, the Series 2021 bonds, (2) confirmation of beneficial ownership interest in the Series 2021 bonds, or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2021 bonds, or that they will do so on a timely basis, or that DTC, direct participants or indirect participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with direct participants are on file with DTC.

Neither the Issuer nor the Bond Trustee will have any responsibility or obligation to any participant or any beneficial owner of the Series 2021 Bonds or any other person not shown on the registration books of the Registrar as being a Bondholder with respect to: (1) the Series 2021 Bonds; (2) the accuracy of any records maintained by DTC or any direct or indirect participant; (3) the payment of any amount due to any direct or indirect participant or beneficial owner in respect of the principal or redemption price of or interest on the Series 2021 Bonds; (4) the delivery by DTC to any direct participant, or by any participant to any beneficial owner of any notice which is required or permitted under the terms of the Bond Indenture or the Series 2021 Bonds to be given to owners of the Series 2021 Bonds; (5) the selection of beneficial owners to receive payment in the event of any partial redemption of the Series 2021 Bonds; or (6) any consent given or other action taken by DTC as the registered owner of the Series 2021 Bonds.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borrowers believe to be reliable, but the Borrowers take no responsibility for the accuracy thereof. Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Issuer, the Borrowers or the Underwriters.

OBLIGATED GROUP PLAN OF FINANCE

Purpose of the Series 2021 Bonds and Other Funds

The Issuer is issuing the Series 2021 Bonds for the benefit of Sky Harbour Sugar Land, Sky Harbour Opa Locka, Sky Harbour Nashville, Sky Harbour Centennial and Sky Harbour Deer Valley. The proceeds of the Series 2021 Bonds, together with other available funds (including a certain equity contribution from the Parent, as described below), will be used to (a) finance the acquisition, construction, renovation, improvement and/or equipping of the New Facilities, as further described herein and in the Bond Indenture (the "2021 Project"); (b) refinance the Existing Loans (as defined below), (c) reimburse the Parent for the costs of acquiring the Existing Facility at the Nashville Site, (d) fund capitalized interest on a portion of the Series 2021 Bonds; (e) fund the Debt Service Reserve Fund to be established and held by the Bond Trustee; and (f) fund the payment of certain costs of issuance of the Series 2021 Bonds.

In connection with the issuance of the Series 2021 Bonds, the Parent will make an equity contribution to SH Capital in the amount of \$68 million (the "Equity Contribution"). A portion of such Equity Contribution will be applied on or before the date of issuance of the Series 2021 Bonds to refinance certain existing loans (the "Existing Loans"), which were used to finance (i) the Existing Facility at the Sugar Land Site, and (ii) the preliminary design and other pre-development expenses at the New Facility to be located at the Opa Locka Site. The balance of such Equity Contribution will be deposited with the Bond Trustee and applied, together with the proceeds of the Series 2021 Bonds, to the costs of financing the New Facilities, funding capitalized interest, funding the Debt Service Reserve Fund and paying costs of issuance. Receipt of the Equity Contribution is a condition of the closing for the Series 2021 Bonds.

The scope of the 2021 Project may be modified by the Borrowers from time to time to include additional facilities located at one or more new or existing Project Sites and/or remove facilities not yet constructed at the existing Project Sites, upon the satisfaction of certain conditions set forth in the Bond Indenture. See "THE SERIES 2021 BONDS – The Series 2021 Bonds – *Application of Proceeds*" herein.

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Estimated Sources and Uses of Funds

Following are the estimated sources and uses of funds in aggregate (rounded to the nearest dollar):

Sources of Funds:	Amount
Bond Proceeds	
Par Amount of Series 2021 Bonds	\$ 166,340,000
Original Issue Premium	249,436
Other Sources of Funds:	
Equity Contribution	68,000,000
Total Sources of Funds ¹	\$ 234,589,436
<u>Uses of Funds</u> :	
Project Fund Deposits:	
Series 2021 Construction Account ²	\$ 170,871,712
Reimbursement of Parent Equity for Project Costs	6,403,937
Other Fund Deposits:	
Series 2021 Capitalized Interest Account ³	20,716,984
Debt Service Reserve Fund	11,749,388
Ramp Up Reserve Account	4,000,000
Refinance Existing Loans ⁴	13,890,174
Delivery Date Expenses:	
Costs of Issuance ⁵	4,412,734
Underwriters' Fee	2,544,508
Total Uses 1	\$ 234,589,436

¹Receipt of sources and disposition of uses of funds does not in all instances occur concurrently with the closing. Totals may not sum due to rounding.

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² Information regarding the cost of construction of certain Facilities is provided in "THE FACILITIES."

³ A portion of the interest on the Series 2021 Bonds will be capitalized through the later of (i) December 31, 2024 or (ii) six months after the scheduled completion date of the portion of the 2021 Project allocable to such Series 2021 Bonds.

⁴ The Existing Loans will be repaid and retired at or prior to closing of the Series 2021 Bonds.

⁵ Includes legal fees, issuer fees, trustee fees, financial advisory fees, consultant fees, printing costs, and other costs of issuance and a rounding amount.

OBLIGATED GROUP DEBT SERVICE REQUIREMENTS ON THE SERIES 2021 BONDS

Following are the debt service requirements on the Series 2021 Bonds through their maturity (rounded to the nearest dollar).

Period Ending	Series 2021	Series 2021	Total Debt	Capitalized	
(July 1)	Bonds Principal	Bonds Interest	Service	Interest	Net Debt Service
2022	-	\$ 5,533,240	\$ 5,533,240	\$(5,533,240)	-
2023	-	6,940,650	6,940,650	(6,940,650)	-
2024	-	6,940,650	6,940,650	(6,940,650)	-
2025	-	6,940,650	6,940,650	(1,302,444)	\$ 5,638,206
2026	-	6,940,650	6,940,650	-	6,940,650
2027	-	6,940,650	6,940,650	-	6,940,650
2028	-	6,940,650	6,940,650	-	6,940,650
2029	-	6,940,650	6,940,650	-	6,940,650
2030	-	6,940,650	6,940,650	-	6,940,650
2031	-	6,940,650	6,940,650	-	6,940,650
2032	\$ 3,505,000	6,940,650	10,445,650	-	10,445,650
2033	3,210,000	6,800,450	10,010,450	-	10,010,450
2034	4,190,000	6,672,050	10,862,050	-	10,862,050
2035	4,780,000	6,504,450	11,284,450	-	11,284,450
2036	5,400,000	6,313,250	11,713,250	-	11,713,250
2037	5,615,000	6,097,250	11,712,250	-	11,712,250
2038	5,835,000	5,872,650	11,707,650	-	11,707,650
2039	6,075,000	5,639,250	11,714,250	-	11,714,250
2040	6,325,000	5,396,250	11,721,250	-	11,721,250
2041	6,585,000	5,143,250	11,728,250	-	11,728,250
2042	6,855,000	4,879,850	11,734,850	-	11,734,850
2043	7,135,000	4,588,513	11,723,513	-	11,723,513
2044	7,445,000	4,285,275	11,730,275	-	11,730,275
2045	7,765,000	3,968,863	11,733,863	-	11,733,863
2046	8,105,000	3,638,850	11,743,850	-	11,743,850
2047	8,455,000	3,294,388	11,749,388	-	11,749,388
2048	8,795,000	2,935,050	11,730,050	-	11,730,050
2049	9,025,000	2,561,263	11,586,263	-	11,586,263
2050	9,410,000	2,177,700	11,587,700	-	11,587,700
2051	9,810,000	1,777,775	11,587,775	-	11,587,775
2052	10,235,000	1,360,850	11,595,850	_	11,595,850
2053	10,670,000	925,863	11,595,863	-	11,595,863
2054	11,115,000	472,388	11,587,388	-	11,587,388*

^{*}Excludes the Debt Service Reserve Fund release potentially available in 2054

THE FACILITIES

General

The Facilities, including the Existing Facilities and the New Facilities to be constructed, provide, or will provide, hangar space for rent and support services to general aviation aircraft. General aviation aircraft account for the majority of the world's air traffic and include non-commercial and commercial enterprises. The Existing Facilities comprise seven hangars at the Sugar Land Site and one hangar at the Nashville Site, amounting to approximately 66,000 square feet and 27,000 square feet, respectively, of rentable space.

The proceeds of the Series 2021 Bonds, together with the Equity Contribution and other funds of the Borrowers, will be used to refinance, reimburse and/or finance the acquisition, construction and equipping of the Existing Facilities and the New Facilities, which comprise the following components at each of the following locations (collectively, the "2021 Project"):

- 1) Sugar Land Site: This project includes the existing, recently acquired, constructed and equipped general aviation and aircraft storage facility at SGR, initially comprising 7 hangars aggregating approximately 66,000 square feet, including approximately 11,700 square feet of related office space for aviation use ("SGR Phase I"), and the development 6 additional hangars aggregating approximately 57,000 square feet, including approximately 9,900 square feet of related office space for aviation use ("SGR Phase II").
- 2) Opa-Locka Site: This project includes the development of a general aviation and aircraft storage facility at OPF, comprising 19 hangars aggregating approximately 254,000 square feet, including approximately 25,000 square feet of related office space for aviation use. This project comprises two phases, respectively defined herein as "OPF Phase I" and "OPF Phase II."
- 3) Nashville Site: This project includes the existing, recently acquired, constructed and equipped 27,000 square foot hangar at BNA, and the development of a general aviation and aircraft storage facility at BNA, comprising 9 hangars aggregating approximately 122,000 square feet, including approximately 15,000 square feet of related office space for aviation use.
- 4) Centennial Site: This project includes the development of a general aviation and aircraft storage facility at APA, initially comprising 13 hangars aggregating approximately 130,000 square feet, including approximately 13,000 square feet of related office space for aviation use ("APA Phase I"), and the subsequent development of 9 additional hangars aggregating approximately 100,000 square feet, including approximately 10,000 square feet of related office space for aviation use ("APA Phase II").
- 5) Deer Valley Site: This project includes the development of a general aviation and aircraft storage facility at DVT, initially comprising 8 hangars aggregating approximately 112,000 square feet ("DVT Phase I") and the subsequent development of 10 additional hangars aggregating approximately 105,000 square feet ("DVT Phase II").

The scope of the 2021 Project may be modified by the Borrowers from time to time to include additional facilities located at one or more new or existing Project Sites and/or remove facilities not yet constructed at the existing Project Sites, upon delivery by the Borrower Representative to the Bond Trustee and the Master Trustee certain items as described in the Bond Indenture, provided that the amount of Series 2021 Bond proceeds reallocated from an existing component of the 2021 Project to a new component of the 2021 Project as a result of modifications to the scope of the 2021 Project made pursuant to this provision shall not exceed \$50,000,000 in the aggregate. See "THE SERIES 2021 BONDS – The Series 2021 Bonds – *Application of Proceeds*" herein.

Set forth below is a summary of the New Facilities, including construction status, construction cost and certain construction contract information. SH Capital uses a standard set of proprietary prototype hangar designs, which are intended to lower costs, minimize development risk, expedite grants of permits, and facilitate the implementation of refinements across SH Capital's portfolio. New Facilities will be designed to address the growing need for hangar space to accommodate larger aircraft. See "APPENDIX A – MARKET AND FEASIBILITY STUDY" attached hereto.

Table 1
Construction of New Facilities

Facility	Status	Scheduled Construction Start	Scheduled Completion Date	Hard Costs (\$mm)	Soft Costs (\$mm)	Project Contingency (\$mm)	Total Project Cost (\$mm)	Contractor	Contract Details
SGR	Predevelopment	April 2023*	July 2024	\$6.5	\$1.2	\$1.0	\$ 8.7	-	-
Phase II OPF Phase I	In Construction	August 2021	November 2022	24.6	7.4	1.2	33.2	Link Construction	GMP with 100% P&P Surety
OPF Phase II	Predevelopment	August 2022	November 2023	14.3	4.4	2.2	20.9	-	-
BNA	In Construction	July 2021	October 2022	20.0	5.8	1.0	26.8	Dunn Building Company	GMP with 100% P&P Surety
DVT Phase I	In Design	April 2022	October 2023	14.5	4.1	2.3	20.8	-	-
DVT Phase II	Predevelopment	May 2023	August 2024	13.9	3.3	2.1	19.3	-	-
APA Phase I	In Design	January 2022	April 2023	17.6	6.1	2.7	26.4	-	-
APA Phase II	Predevelopment	August 2023	November 2024	14.3	4.7	2.2	21.2	-	-
Total	·			\$125.6	\$36.9	\$14.8	\$177.3		

^{*} The Sugar Land Ground Lease provides that if construction of SGR Phase II is not commenced by October 15, 2020, the Sugar Land Ground Lease with parcels comprising the SGR Phase II Project Site will automatically terminate. The City of Sugar Land and Sky Harbour Sugar Land have executed an amendment to the Sugar Land Ground Lease extending the deadline to October 31, 2022. Sky Harbour Sugar Land reasonably expects that it will request and receive an additional extension to accommodate the expected construction schedule. See "APPENDIX D—Summary of the Ground Leases" attached hereto.

Note: The column above with the heading "Hard Costs" includes construction and delivery costs. The column above with the heading "Project Contingency" includes the owner's contingency, over and above GMP, and exclusive of any contractor contingencies. The column with the heading "Soft Costs" includes other development costs, capitalized ground rent, and a development fee charged on 5% of all other hard and soft costs..

The following table sets forth certain summary data regarding the Facilities, Ground Leases, and projected net revenue in 2025, as forecasted by CBRE (see "APPENDIX A—MARKET AND FEASIBILITY STUDY"):

Table 2
Facilities Summary Data

Facility	Ground Lessor	Lessor Details	Ground Lease Commencement	Ground Lease Term	# of Hangars	Leasable SF (000s)	Status	Leased	Preleased	Contracted SF (000s)	CBRE Forecast 2025 NOI (\$mm)
SGR Phase I	City of Sugar Land, TX	-	2/6/2019	30 years	7	66.1	Operating	43%	-	28.1	- \$2.2
SGR Phase II	City of Sugar Land, TX	-	2/6/2019	30 years ¹	6	56.6	Predevelopment	-	-	-	- \$2.Z
OPF Phase I	AA Acquisitions, LLC	Holder of leasehold interest under ground lease from Miami- Dade	7/10/2019	50 years ²	12	160.5	Under GMP	100%	-	160.5	(0)
OPF Phase II	AA Acquisitions, LLC	Holder of leasehold interest under ground lease from Miami- Dade	7/10/2019	50 years ²	7	93.4	Predevelopment	-	-	-	- 6.9
BNA	Metropolitan Nashville Airport Authority	-	1/22/2020	50 years ²	10	149.6	Under GMP, In Construction	18%	-	27.2	3.1
DVT Phase I	City of Phoenix, AZ	-	5/4/2021	40 years	8	112.0	In Design	-	13%	14.0	4.4
DVT Phase II	City of Phoenix, AZ	-	5/4/2021	40 years	10	105.0	Predevelopment	-	-	-	- 4.4
APA Phase I	SunBorne XVI, Ltd.	Holder of leasehold interest under ground lease from Arapahoe County	12/30/2020	76 years ³	13	126.3	In Design	-	-	-	- 6.3
APA Phase II	SunBorne XVI, Ltd.	Holder of leasehold interest under ground lease from Arapahoe County	12/30/2020	76 years ³	9	102.2	Predevelopment	-	-	-	0.3
Total					82	971.7				229.8	\$22.9

¹ The Sugar Land Ground Lease provides that if construction of SGR Phase II is not commenced by October 15, 2020, the Sugar Land Ground Lease with parcels comprising the SGR Phase II Project Site will automatically terminate. The City of Sugar Land and Sky Harbour Sugar Land have executed an amendment to the Sugar Land Ground Lease extending the deadline to October 31, 2022. Sky Harbour Sugar Land reasonably expects that it will request and receive an additional extension to accommodate the expected construction schedule. See "APPENDIX D—Summary of the Ground Leases" attached hereto.

² Includes two 5-year term extensions. See "COMMON SECURITY OF OBLIGATED GROUP—Obligated Group Ground Leases." Includes first term extension option of 15 years and second term extension option of 20 years. See "COMMON SECURITY OF OBLIGATED GROUP—Obligated Group Ground Leases."

Business Strategy for Facility Development

The Parent's business strategy addresses the increased imbalance between private jet storage supply and demand (including the lack of hangar facilities able to accommodate larger aircraft) by profitably growing its portfolio of HBS hangar campuses at key airports across the United States. Parent targets airports with excess demand for private hangar space, typically near metropolitan areas, which include both established and growing markets. In most cases, the Parent occupies the last available land suitable for HBS on a given airfield. The Parent or affiliated entities, typically solicit letters of intent ("LOI") from tenants in the early phases of construction, and typically converts these LOIs into binding leases in the later phases of construction with the goal of achieving 100% occupancy upon project completion. The Parent's planned development program seeks to identify, secure ground leases, and seeks to construct 20 new airport hangar campuses over the next five years for a total investment currently estimated at approximately \$1 billion.

In contrast with community hangars and other facilities provided by fixed-base operators ("FBO"), the HBS hangar campuses offered by SH Capital provide the following services:

- Private hangar space for exclusive use of the tenant.
- Adjoining private lounge and office suites.
- Dedicated line crews and services.
- Climate control to mitigate condensation and associated corrosion.
- Features to support routine maintenance, inspection and wet washing of aircraft.
- No-foam fire suppression.
- Customized software to provide security, control access and monitor hangar space.
- Fuel provided at cost or minimal margin.

This product strategy aims to minimize the risk of damage to aircraft, increase security and control, facilitate maintenance and improve pre-flight convenience. In addition, fuel rates at the Facilities are intended to provide tenants with operating savings without any minimum uplift requirements.

SH Capital seeks to maximize hangar rental charges consistent with capacity utilization at its existing and future Facilities. Rental hangar space is open to the public on a non-discriminatory fashion. Prospective tenants are reviewed for credit quality and nature of intended use of the Facilities. Type of tenants include: individuals (directly or through personally or family owned LLCs), charter operations, flight schools, corporate fleets, government entities and aviation service providers. LOIs are typically executed during construction and, in typical circumstances, final tenant leases are executed before the construction project is completed, with terms typically ranging from three to ten years, with most leases having a five year term. SH Capital intends to develop a diversified portfolio of tenants in terms of geography, type of tenant and length of lease term.

Additional information regarding the Parent's business strategy and SH Capital's developments is provided below and in the Market and Feasibility Study. See "APPENDIX A—MARKET AND FEASIBILITY STUDY" attached hereto.

Facility Attributes

Once the New Facilities are completed, all Facilities are expected to total 82 hangars on 82 acres of ground leases, with an infrastructure of over 970,000 square feet, currently anticipated to be completed

by the end of 2024. Each hangar provides, on average, 12,000 square feet of hangar space and 1,600 square feet of office space. SH Capital uses a standard set of proprietary prototype hangar designs, which are intended to lower costs, minimize development risk, expedite grants of permits, and facilitate the implementation of refinements across SH Capital's portfolio. Hangar features include:

- ability to accommodate heavy business jets in single configuration, medium jets in twin or triplet configuration, or light jets in multi-configuration;
- compliance with National Fire Protection Association ("NFPA") 409 Group III fire code, eliminating foam fire protection systems, resulting in lower construction costs and operating expenses;
- high-voltage, compressed air, industrial drainage and impervious floors that support inhangar maintenance and inspections; and
- control through smartphone application.

Sugar Land Site

The Airport. SGR is located three miles east of the City of Sugar Land, and approximately 19 miles southwest of the Houston central business district. The Airport is owned by the City of Sugar Land and is situated on 622 acres. SGR is a publicly-owned, public-use general aviation facility, and it is included in the Federal Aviation Administration's ("FAA") National Plan of Integrated Airport Systems ("NPIAS").

SGR is designated as a "reliever airport" for George Bush Intercontinental Airport ("IAH") and William P. Hobby International Airport ("HOU") in Houston and is one of 24 such designated airports in the state. Twenty-two companies on the 2020 Fortune 500 list are headquartered in the Houston metro area. The following table summarizes the Fortune 500 companies that are headquartered in the Houston metropolitan area.

FORTUNE 500 COMPANIES HEADQUARTERED IN HOUSTON METRO

Company (Rank)	Revenues (\$ billions)	Company (Rank)	Revenues (\$ billions)
Phillips 66 (27)	\$10.9	CenterPoint Energy (260)	\$12.3
Sysco (56)	60.1	Quanta Services (261)	12.1
ConocoPhillips (93)	36.7	Group 1 Automotive (264)	12.0
Plains GP Holdings (98)	33.7	Calpine (319)	10.1
Enterprise Products (101)	32.8	Cheniere Energy (329)	9.7
Baker Hughes (129)	23.8	Targa Resources (365)	8.7
Halliburton (142)	22.4	National Oilwell Varco (374)	8.5
Occidental (148)	22.0	Westlake Chemical (391)	8.1
EOG Resources (186)	17.4	APA (465)	6.4
Waste Management (207)	15.4	Crown Castle International (496)	5.8
Kinder Morgan (242)	13.2		

Source: Fortune, May 2020

According to the 2018 Texas Aviation Economic Impact Study, a significant portion of SGR activity is attributable to itinerant operations by corporate jet aircraft. SGR is home to seven on-airport businesses which offer services such as FBO amenities, aircraft maintenance, and avionics. The most

frequent general aviation operations at SGR involve corporate and charter flights, flight instruction, recreational flying and law enforcement.

Sugar Land Site Facilities. The Sky Harbour Sugar Land development at SGR is located at the northeast corner of the airfield off of Taxiway Charlie. The total SGR Phase I and SGR Phase II development consists of 13 individually leased NFPA Group 3 modular hangars, with a combined leasable area of 122,660 square feet situated within two buildings. SGR Phase I includes 66,080 square feet and SGR Phase II includes 56,580 square feet. SGR Phase I is divided into seven private hangars, which were completed in January 2021. SGR Phase II (the "Sugar Land Facilities Construction Project") will include six private hangars of 9,430-square feet each. All hangars feature 28'-high doors. The hangars also include 480-, 240- and 120-volt electrical outlets to allow for routine maintenance. The Sugar Land Ground Lease provides that if construction of SGR Phase II is not commenced by October 15, 2020, the Sugar Land Ground Lease with parcels comprising the SGR Phase II Project Site will automatically terminate. The City of Sugar Land and Sky Harbour Sugar Land have executed an amendment to the Sugar Land Ground Lease extending the deadline to October 31, 2022. Sky Harbour Sugar Land reasonably expects that it will request and receive an additional extension to accommodate the expected construction schedule. See "APPENDIX D—Summary of the Ground Leases" attached hereto.

Sugar Land Facilities Construction Project. The total cost of the Sugar Land Facilities Construction Project is estimated to be approximately \$8.7 million. To date, the New Facilities at the Sugar Land Site are in the predevelopment phase, and no Guaranteed Maximum Price ("GMP") construction contract has been awarded.

Sky Harbour Sugar Land Tenant Leases/LOIs. Currently, the Sky Harbour Sugar Land development has one executed lease, comprising approximately 43% of the SGR Phase I leasable area, and 23% of the combined SGR Phase I and SGR Phase II leasable area. The subtenant is an owner of a corporate fleet (the "SGR Subtenant"), who has leased 28,130 square feet located within two, 14,065-square foot hangars. The sublease commenced May 29, 2020 for a five-year term. Annual rent is \$548,535, or \$19.50 per square foot, with 3.0% annual escalations. The SGR Subtenant was granted a \$214,000 rent concession that may be used at any time during the base sublease term. The sublease includes a gross reimbursement structure; the SGR Subtenant is not responsible for any reimbursements other than utilities, which are paid directly to the provider. The SGR Subtenant has three 5-year renewal options at a fair market rent determined by Sky Harbour Sugar Land.

The remaining hangar units are being marketed for lease at approximately \$23.38 per square foot, with a net reimbursement structure wherein tenants are responsible for property taxes, insurance, and utilities. Ground rent and management fees are not reimbursed. Rent concessions of one month per lease year will be considered for new tenants.

General Airport Facilities. General airport facilities at SGR include an 8,000-foot primary runway (Runway 17/35) equipped with high-intensity runway lighting and a full-length parallel taxiway. Other services include avgas and jet fuel, aircraft storage in hangars, and tiedown parking. SGR includes United States Customs facilities.

Runway Characteristics SGR

Runway	Length (feet)	Width (feet)	Instrument
17/35	8,000	100	CAT 1 ILS (35)

Source: FAA Airport Data and Information Portal ("ADIP")

A summary of the airport's facilities is provided in the Market and Feasibility Study. See "APPENDIX A—MARKET AND FEASIBILITY STUDY" attached hereto.

Based Aircraft. According to the 2019 Sugar Land Airport Master Plan Update, SGR accommodated 156 based aircraft in 2017, as shown in the following table:

Based Aircraft SGR

Aircraft Type	Total
Single Engine	101
Multi-Engine	18
Jet	34
Helicopters	3
Total	156

Source: SGR Master Plan Update

Additional information regarding based aircraft data at SGR is provided in the Market and Feasibility Study. See "APPENDIX A—MARKET AND FEASIBILITY STUDY" attached hereto.

Aircraft Operations. Between 2018 and 2019, SGR experienced a 10.07% increase in overall operations. Total general aviation operations increased 3.36%, and local civil operations increased 25.24%. The effects of the COVID-19 pandemic can be seen in the change from 2019 to 2020: total operations at SGR decreased 10.75%, general aviation declined 14.10%, and civil operations declined 4.51%. The significant increase in projected operations from 2020 to 2021 is largely attributable to the fact that the FAA Terminal Area Forecast ("TAF") forward-looking data was produced prior to the pandemic, and does not consider its ongoing effects. As illustrated in the table on the following page, nominal growth is projected in overall operations through 2037.

HISTORICAL AND PROJECTED AIRCRAFT OPERATIONS SGR

		Itiner	Local Operations						
Fiscal Year	Air Carrier	Air Taxi & Commuter	General Aviation	Military	TOTAL	Civil	Military	TOTAL	TOTAL OPS
2018	12	6,492	39,343	140	45,987	21,642	62	21,704	67,691
2019	0	6,577	40,663	114	47,354	27,105	50	28,459	75,813
2020	0	5,502	34,931	153	40,586	25,882	34	25,916	66,502
2021*	0	6,871	41,574	138	48,583	29,863	58	29,921	78,504
2022^{*}	0	6,939	41,575	138	48,652	29,924	58	29,982	78,634
2023^{*}	0	7,008	41,576	138	48,722	29,985	58	30,043	78,765
2024^{*}	0	7,077	41,577	138	48,792	30,046	58	30,104	78,896
2025^{*}	0	7,148	41,578	138	48,864	30,107	58	30,165	79,029
2026^{*}	0	7,220	41,579	138	48,937	30,168	58	30,226	79,163
2027^{*}	0	7,292	41,580	138	49,010	30,229	58	30,287	79,297
2028^{*}	0	7,365	41,581	138	49,084	30,290	58	30,348	79,432
2029^{*}	0	7,438	41,582	138	49,158	30,352	58	30,410	79,568
2030^{*}	0	7,512	41,583	138	49,233	30,414	58	30,472	79,705
2031*	0	7,587	41,584	138	49,309	30,476	58	30,534	79,843
2032^{*}	0	7,662	41,585	138	49,385	30,538	58	30,596	79,981
2033*	0	7,738	41,586	138	49,462	30,600	58	30,658	80,120
2034^{*}	0	7,815	41,587	138	49,540	30,662	58	30,720	80,260
2035^{*}	0	7,892	41,588	138	49,618	30,724	58	30,782	80,400
2036^{*}	0	7,970	41,589	138	49,697	30,786	58	30,844	80,541
2037^{*}	0	8,049	41,590	138	49,777	30,848	58	30,906	80,683

Sources: Historic data derived from FAA Operations Network ("OPSNET").

Regional Airport Competition. Within a 30-mile radius from SGR, there are five alternate locations accommodating corporate jet service and offering a minimum runway length of 5,000 feet, as described in the following paragraphs.

HOU is a commercial and general aviation airport located approximately seven miles southeast of downtown Houston. Currently, 12 commercial airlines serve HOU, and it is Houston's second busiest airport, after IAH, ranked 34th in the nation for passenger traffic. Operated by the City of Houston Department of Aviation, HOU is located within the city limits of Houston, Texas, and the boundary of Harris County, Texas. General aviation is a very active sector at HOU, with general aviation services provided by five FBOs: Signature Flight Support, Jet Aviation, Million Air Houston, Atlantic Aviation and Wilson Air Center.

Ellington Field ("EFD") is a public-use, general aviation reliever facility located in Harris County, Texas, 18 miles east of Houston. EFD offers one museum and nine on-airport businesses, which offer services such as FBO amenities, military training, and flight instruction. The most frequent general aviation operations at EFD include flight instruction, recreational flying, medical transport, search and rescue, law enforcement, powerline and pipeline patrols, military exercises, and corporate flights. With close proximity to Johnson Space Center, EFD supports activities affiliated with the National Aeronautics and Space Administration, and it is home to the Ellington Field Joint Reserve Base. In addition, the airport is home to the Houston Spaceport, the nation's 10th licensed commercial spaceport.

^{*} Forecast data via FAA TAF.

Houston Executive Airport ("TME") is the region's newest airport, located in Waller County, Texas, approximately 15 miles southeast of downtown Houston. TME is a public-use, general aviation facility that is privately-owned and operated by WCF, LLC. The airport has 10 large community hangars, 60 individual plane hangars and a control tower. The airport currently does not have a customs facility and is served by a single FBO, Henricksen Jet Center.

Houston Southwest Airport ("AXH") is a privately-owned, public-use, general aviation facility located 15 miles southwest of Houston's central business district. The airport offers ten on-airport businesses, which offer services such as FBO and corporate amenities, flight instruction, aircraft maintenance, and medical transport. The most frequent general aviation operations at AXH include recreational flying, corporate flying, charter flights, flight instruction, aerial photography, law enforcement, utility patrols, and medical transport. There are 24 hangars on the field, ranging in size from 3,500 square feet to 17,000 square feet. In addition, there are 39 T-hangars available for single engine aircraft through small twin-engine aircraft.

David Wayne Hooks Memorial Airport ("DWH") is privately-owned, medium-sized, primarily general aviation airport near the city of Tomball in unincorporated Harris County, Texas. It is located approximately 23 miles northwest of Houston's central business district and approximately ten miles northwest of IAH. DWH is a public-use, general aviation facility and FBO services are provided by Gill Aviation.

<u>Based Aircraft—Regional Airports</u>. The following chart identifies the latest available information on the number of based aircraft at SGR and each of the alternate airports described above.

Aircraft Based on the Field at SGR and Alternatives

Location	Single Engine	Multi Engine	Jet	Helicopters	Military	Total
Houston Hobby (HOU)**	35	37	212	12	0	296
Ellington Field (EFD)*	33	8	31	0	25	97
Houston Executive (TME)*	62	25	18	0	0	105
Houston Southwest (AXH)**	20	2	1	3	0	26
David Wayne Hooks (DWH)**	117	14	5	0	0	136
Sugar Land Regional (SGR)	101	18	34	3	0	156
TOTAL	368	104	301	18	25	816
SGR as a % of Total	27%	17%	11%	1 7 %	0%	19%

Source: AirNav

* Data current as of 2016.

On-Airport Hangar Services Competition. As the sole FBO onsite at SGR, Global Select is the primary competition for Sky Harbour Sugar Land. Western Airways, also located on-airport, has maintenance hangars onsite, and can accommodate short-term hangar rentals without FBO services until space becomes available with Global Select.

^{**} Data current as of 2020.

Opa-Locka Site

The Airport. OPF is located within the 4.32-mile limits of the City of Opa-locka, and approximately ten miles north of the Miami central business district, 16 miles from Miami Beach and seven miles from Miami International Airport ("MIA"). OPF, a publicly-owned, public-use general aviation facility, is owned by Miami-Dade County, is operated by the Miami-Dade Aviation Department and is situated on 1.810 acres.

According to Miami-Dade County, the Miami Airport System consists of five active airports, with OPF being the largest general aviation airport in the system and designated as a reliever to MIA. Notably, OPF ranks seventh in the FAA's Top Ten Airports for Domestic Business Jet Operations, with 45,480 domestic business jet operations during the period March 2020 through April 2021.

Miami-Opa Locka Facilities Construction Project. The Sky Harbour Opa Locka development at OPF (the "Miami-Opa Locka Facilities Construction Project") is located at the northeast corner of the airfield off of Taxiway Bravo, in a secluded, low-traffic site with no transient aircraft. The Miami-Opa Locka Facilities Construction Project will be constructed in two phases, and in total will consist of 19 individually-leased NFPA Group 3 modular hangars comprising 253,858 total square feet. Each hangar is approximately 13,374 square feet, which is capable of accommodating the latest ultra-long-range jets. The hangars include 480-, 240- and 120-volt electrical outlets to allow for routine maintenance. Every hangar includes a ramp area for aircraft startup and shutdown in front of the hangar doors. Car parking is included in the hangar space, which is climate-controlled with hydraulic lifts to accommodate multiple cars. The adjoining office space includes high-end finishes with a kitchen, storage and a bathroom with showers. Each unit is assigned covered outdoor parking, as well.

The total cost of the Miami-Opa Locka Facilities Construction Project is estimated to be approximately \$54.1 million.

Sky Harbour Opa Locka, as assignee of interest of SH Capital, has entered into a GMP construction contract (the "Miami-Opa Locka Construction Contractor") with Link Construction (the "Miami-Opa Locka Construction Contractor"), as general contractor responsible for the Miami-Opa Locka Facilities Construction Project comprising OPF Phase I. The guaranteed maximum price established pursuant to the Miami-Opa Locka Construction Contract is \$23,396,324. Under the Miami-Opa Locka Construction Contract, the Miami-Opa Locka Construction Contractor bears most risks of cost increases, however, in the event of defaults in the payment of any amounts owed to the Miami-Opa Locka Construction Contractor or other agreement defaults by Sky Harbour Opa Locka in its obligations under the Miami-Opa Locka Construction Contract, the Miami-Opa Locka Construction Contractor may cease work on the projects. The Miami-Opa Locka Construction Contract is solely and exclusively for the benefit of Sky Harbour Opa Locka and the Miami-Opa Locka Construction Contractor. The Master Trustee, however, will have the right to cause the underlying construction documents for the Miami-Opa Locka Facilities Construction Project to be assigned to the Master Trustee or its designee under certain conditions pursuant to the applicable Leasehold Mortgage. To date, the New Facilities comprising OPF Phase II at the Opa-Locka Site are in the predevelopment phase, and a GMP construction contract has not been awarded for OPF Phase II

Sky Harbour Opa Locka Tenant Leases/LOIs. Currently, 5 LOIs and three leases have been executed with respect to OPF Phase I and a fourth lease is in currently in agreed form pending execution. A list of the subtenants and the terms of respective leases or LOIs are provided in the Market and Feasibility Study. The remaining hangar units, comprising OPF Phase II, will be marketed for lease at approximately \$32.50 per square foot, with a net reimbursement structure wherein tenants are responsible for property

taxes, insurance, and utilities. Ground rent and management fees are not reimbursed. See "APPENDIX A—MARKET AND FEASIBILITY STUDY" attached hereto.

General Airport Facilities. Facilities at the OPF include three runways: runway 9L/27R, runway 12/30, and runway 9R/27L. All three runways are served by full-length paved parallel taxiways. Other facilities at OPF include hangars and tiedowns for aircraft parking and 100LL fuel and Jet-A fuel services. Air traffic is coordinated by the airport's FAA contract control tower, which is attended from 7:00am to 11:00pm daily.

Runway Characteristics OPF

Runway	Length (feet)	Width (feet)	Instrument
9L/27R	8,002	150	ILS/DME
12/30	6,800	150	ILS/DME (12)
9R/27L	4,309	100	None

Source: FAA ADIP

A summary of the airport's facilities is provided in the Market and Feasibility Study. See "APPENDIX A— MARKET AND FEASIBILITY STUDY" attached hereto.

Based Aircraft. According to May 2018 FAA data, the airport accommodated 66 based aircraft. The following table shows based aircraft data at OPF:

Based Aircraft OPF

Aircraft Type	Total
Single Engine	35
Multi-Engine	13
Jet	10
Military	5
Helicopters	3
Total	66

Source: FAA as of May 2018

Aircraft Operations. Between 2018 and 2019, OPF experienced a 10.31% increase in overall operations. Total general aviation operations increased 3.94%, and local civil operations increased 25.72%. The effects of the COVID-19 pandemic can be seen in the change from 2019 to 2020: total operations at OPF decreased 20.81%, general aviation declined 19.97%, and civil operations declined 32.41%. The significant increase in projected operations from 2020 to 2021 is largely attributable to the fact that TAF forward-looking data was produced prior to the pandemic, and does not consider its ongoing effects. As illustrated in the table on the following page, nominal growth is projected in overall operations through 2037.

HISTORICAL AND PROJECTED AIRCRAFT OPERATIONS OPF

	-	Itiner	ons		Local Operations				
Fiscal Year	Air Carrier	Air Taxi & Commuter	General Aviation	Military	TOTAL	Civil	Military	TOTAL	TOTAL OPS
2018	69	12,036	85,551	5,195	102,851	47,631	3,685	51,316	154,167
2019	76	13,982	88,923	4,767	107,748	59,882	2,437	62,319	170,067
2020	47	15,374	71,164	4,833	91,418	40,476	2,789	43,265	134,683
2021*	85	13,556	92,145	4,887	110,673	65,239	2,909	68,148	178,821
2022^{*}	85	13,814	92,606	4,887	111,392	65,255	2,909	68,164	179,556
2023*	85	14,074	93,069	4,887	112,115	65,271	2,909	68,180	180,295
2024*	85	14,337	93,534	4,887	112,843	65,287	2,909	68,196	181,039
2025^{*}	85	14,609	94,002	4,887	113,583	65,303	2,909	68,212	181,795
2026^{*}	85	14,889	94,472	4,887	114,333	65,319	2,909	68,228	182,561
2027^{*}	85	15,174	94,944	4,887	115,090	65,335	2,909	68,244	183,334
2028^{*}	85	15,463	95,418	4,887	115,853	65,351	2,909	68,260	184,113
2029^{*}	85	15,758	95,895	4,887	116,625	65,367	2,909	68,276	184,901
2030^{*}	85	16,067	96,375	4,887	117,414	65,383	2,909	68,292	185,706
2031*	85	16,378	96,857	4,887	118,207	65,399	2,909	68,308	186,515
2032^{*}	85	16,691	97,342	4,887	119,005	65,415	2,909	68,324	187,329
2033*	85	17,011	97,829	4,887	119,812	65,431	2,909	68,340	188,152
2034*	85	17,336	98,318	4,887	120,626	65,447	2,909	68,356	188,982
2035^{*}	85	17,667	98,810	4,887	121,449	65,463	2,909	68,372	189,821
2036^{*}	85	18,008	99,304	4,887	122,284	65,479	2,909	68,388	190,672
2037^{*}	85	18,357	99,800	4,887	123,129	65,495	2,909	68,404	191,533

Sources: Historic data derived from FAA OPSNET.

Regional Airport Competition. The following four airports, each accommodating corporate jet service and providing a minimum runway length of 5,000 feet, have been identified as alternate locations within the OPF service area.

MIA is operated by the Miami-Dade Aviation Department and is the property of Miami-Dade County. MIA now offers more flights to Latin America and the Caribbean than any other U.S. airport, is America's third-busiest airport for international passengers, with over 80 airlines serving 150 destinations and is the nation's top airport for international freight. MIA is also the leading economic engine for Miami-Dade County and the State of Florida. MIA's vision is to grow from a recognized hemispheric hub to a global airport of choice that offers customers a world-class experience and an expanded route network with direct passenger and cargo access to all world regions. Signature Flight Support is the only FBO onsite at MIA, offering a 20,000-square foot community hangar. No private hangar space is available.

Miami-Executive Airport ("TMB") is a public airport in unincorporated Miami-Dade County, Florida, 13 miles southwest of downtown Miami. TMB is operated by the Miami-Dade Aviation Department and is a designated reliever airport for MIA. TMB's property is composed of 1,360 acres and includes three active runways. Facilities at TMB include FBOs, T-hangar bays, corporate hangars, an aviation museum and office space. TMB also has a Customs and Border Patrol facility to service international traffic. Among TMB's major tenants are several aircraft maintenance businesses, FBOs, air taxi/charter operators, and flight schools. With its on-site aviation-related schools and the airport's close proximity to businesses in the South Florida region, TMB has a significant number of flight training, corporate and charter operations. The airport includes three FBOs: Reliance Aviation, Signature Flight

^{*} Forecast data via FAA TAF.

Support and Air Sal Aviation. No private hangar space is available among the FBOs at TMB, and certain community hangars cannot accommodate larger aircraft.

Fort Lauderdale-Hollywood International Airport ("FLL") is in unincorporated Broward County, Florida, located in Fort Lauderdale, 21 miles north of Miami. FLL is one of the fastest-recovering U.S. airports, with passenger traffic approaching 2019 pre-pandemic levels. Despite the impact of COVID-19 on the aviation industry in 2020, FLL ranked 6th in total passenger traffic recovery and 4th in international traffic recovery amongst U.S. airports. In 2020, the airport served 16.5 million passengers. In 2019, FLL ranked 18th in total traffic and 10th in total international traffic among U.S. airports. The airport lacks any vacant developable land, providing significant barriers to entry. There are four FBOs at FLL, namely, Jetscape, Sheltair, National Jets and Signature Flight Support. Among these, Sheltair offers a private 15,000-square foot hangar, which is fully occupied.

Palm Beach International Airport ("PBI") is located 2.5 miles west of downtown West Palm Beach and 3.5 miles west of Palm Beach. PBI serves both air carriers (airlines) and general aviation aircraft. The airport has a 24-hour control tower and a U.S. Customs & Immigration port of entry facility. The 560,000 square foot terminal includes a concession mall which runs the length of the building. PBI's general aviation interest is served by three full service FBOs: Atlantic Aviation, JetAviation and Signature Flight Support. Available hangar space is limited to community hangars.

<u>Based Aircraft—Regional Airports</u>. The following chart identifies the latest available information on the number of aircraft based at OPF and alternative general aviation airports in OPF's service area.

Aircraft Based on the Field OPF and Alternatives

Location	Single Engine	Multi Engine	Jet	Helicopters	Military	Total
Miami International (MIA)*	0	13	15	0	0	28
Miami Executive (TMB)*	104	17	5	6	3	135
Fort Lauderdale-Hollywood International (FLL)***	23	13	74	1	0	111
Palm Beach International (PBI)**	7	10	165	13	1	196
Miami-Opa Locka Executive (OPF)*	35	13	10	3	5	66
TOTAL	65	36	249	17	6	536
OPF as a % of Total	54%	36%	4%	18%	83%	12%

Source: AirNav

On-Airport Hangar Services Competition. The existing stock of hangar space at OPF comprises approximately 266,000 square feet of space, with an additional 350,000 square feet of new construction hangar space planned. There are six large nested T-Hangar rows on the airport, capable of storing 99 aircraft. The existing and planned competing hangar space at OPF is summarized in the Market and Feasibility Study. Aside from the proposed Sky Harbour Opa Locka development, no private hangar space is available at OPF.

^{*} Data current as of 2018.

^{**} Data current as of 2020.

^{****}Data current as of 2021.

Nashville Site

The Airport. BNA is the primary commercial air service facility serving the Nashville metropolitan area and is the largest airport in the State of Tennessee. As the only medium hub in the region, BNA serves as the primary commercial service airport for the air service area. BNA is located eight miles from downtown Nashville and serves 79 counties, with a population base of nearly three million within a 100-mile radius in portions of three states, namely, Middle Tennessee, Southern Kentucky and Northern Alabama. BNA is one of the nation's fastest-growing airports. The combination of Nashville's robust economy and business and tourism appeal led to seven successive years of often double-digit growth, which ended with 18.3 million passengers that passed through the airport in 2019.

Nashville Site Facilities. Sky Harbour Nashville obtained lease rights to 15.15 acres of land at BNA on the southwest side of airport. The New Facilities at BNA will consist of nine individually-leased NFPA Group 3 modular hangars comprising 122,400 total square feet. The campus also includes the Existing Facility, Hangar 14, with an area of 27,202 square feet. Groundbreaking on the New Facilities at BNA is projected for the 3rd quarter of 2021.

Each of the 13,600-square foot hangars includes a ramp area for aircraft startup and shutdown in front of the hangar doors. Car parking is included in the hangar space, which is climate-controlled with hydraulic lifts to accommodate multiple cars. The adjoining office space includes high-end finishes with a kitchen, storage and a bathroom with showers. Each unit is assigned covered outdoor parking, as well. The hangars are rented on long-term (3-5 year) leases, with Sky Harbour Nashville including its own line crew and ground service equipment. Sky Harbour Nashville is constructing its own fuel farm and will offer gas at Sky Harbour Nashville's negotiated discounted price for its tenants.

Nashville Facilities Construction Project. The total cost of the Nashville Facilities Construction Project is estimated to be approximately \$26.8 million.

Sky Harbour Nashville, as assignee of interest of SH Capital has entered into a GMP construction contract (the "Nashville Construction Contract") with Dunn Building Company, LLC (the "Nashville Construction Contractor"), as general contractor responsible for the Nashville Facilities Construction Project. The guaranteed maximum price established pursuant to the Nashville Construction Contract is \$19.5 million. Under the Nashville Construction Contract, the Nashville Construction Contractor bears most risks of cost increases, however, in the event of defaults in the payment of any amounts owed to the Nashville Construction Contractor or other agreement defaults by Sky Harbour Nashville in its obligations under the Nashville Construction Contract, the Nashville Construction Contractor may cease work on the projects. The Nashville Construction Contract is solely and exclusively for the benefit of Sky Harbour Nashville and the Nashville Construction Contractor. The Master Trustee, however, will have the right to cause the underlying construction documents for the Nashville Facilities Construction Project to be assigned to the Master Trustee or its designee under certain conditions pursuant to the applicable Leasehold Mortgage.

Sky Harbour Nashville Tenant Leases/LOIs. Currently, the Sky Harbour Nashville development has an executed lease for 100% of Hangar 14, the Existing Facility at BNA. The subtenant, one of the largest charter operators in the U.S., with locations at 20 airports (the "BNA Subtenant"), is currently operating out of the hangar facility. The lease commenced January 1, 2021 for a three-year term, with one 3-year renewal option. Annual rent is \$761,652, or \$28.00 per square foot, with 3.0% annual escalations. The sublease includes a net reimbursement structure; the BNA Subtenant will be responsible for real estate tax, all utilities and their pro rata share of property insurance. Discounted fuel is included in the lease.

The in-place lease reflects 18.2% of the overall leasable area of the Facilities at BNA. The remaining hangar units will be offered for lease at approximately \$28.00 per square foot, with a net reimbursement structure wherein tenants are responsible for real estate tax, insurance, and utilities. Ground rent and management fees are not reimbursed. Discounted fuel will be offered to the Sky Harbour Nashville's tenants.

General Airport Facilities. BNA has four runways, three of which are parallel with one crosswind. The crosswind runway, 13/31, is the longest of the four at 11,030 feet. Berry Field Air National Guard Base is located on the premises of BNA, and since 1937, it has hosted the 118th Airlift Wing.

There are two FBOs that are currently based at BNA: Atlantic Aviation and Signature Flight Support. Both FBOs offer the following amenities: pilot's lounge, waiting area/lounge, weather station, restroom, showers, kitchenette, and conference rooms, flight instruction, rental car, aircraft maintenance and parts supply, hangar rental, aircraft tie-down parking, and aircraft fueling.

Runway Characteristics BNA

Runway	Length (feet)	Width (feet)	Instrument
13/31	11,030	150	ILS
2C/20C	8,001	150	None
2R/20L	8,001	150	ILS/DME
2L/20R	7,704	150	ILS/DME

Source: FAA

A summary of the airport's facilities is provided in the Market and Feasibility Study prepared by CBRE. See "APPENDIX A—MARKET AND FEASIBILITY STUDY" attached hereto.

Based Aircraft. According to 2019 Tennessee Aviation System Plan ("TASP") data, BNA accommodated 113 based aircraft, as summarized in the following table:

Based Aircraft BNA

Aircraft Type	Total
Single Engine	16
Multi-Engine	15
Jet	60
Helicopters	1
Military	21
Total	113

Source: TASP 2019 Data

Aircraft Operations. Between 2018 and 2019, BNA experienced a 7.51% increase in overall operations. Total general aviation operations increased 0.25%. The effects of the COVID-19 pandemic can be seen in the change from 2019 to 2020: total operations at BNA decreased 30.47% and general aviation declined 27.89%. Civil operations saw 26 total operations, where previously there had been none. The

significant increase in projected operations from 2020 to 2021 is largely attributable to the fact that TAF forward-looking data was produced prior to the pandemic, and does not consider its ongoing effects.

As illustrated in the table below, growth in overall operations through 2037 is projected to range from 2.21% to 2.82%, averaging 2.48%. Actual 2019 FAA data for general aviation operations at BNA indicate that 15.7% of the airport's operations were dedicated to iterant and based general aviation. This is typical for a commercial hub, as 71% of total operations for 2019 were attributable to air carrier operations.

HISTORICAL AND PROJECTED AIRCRAFT OPERATIONS BNA

	Itinerant Operations						ocal Opera	tions	
Fiscal Year	Air Carrier	Air Taxi & Commuter	General Aviation	Military	TOTAL	Civil	Military	TOTAL	TOTAL OPS
2018	147,743	31,084	36,874	2,845	218,546	0	0	0	218,546
2019	167,153	27,607	36,966	3,238	234,964	0	0	0	234,964
2020	114,102	19,975	26,658	2,604	163,339	26	0	26	163,365
2021*	189,369	26,668	37,834	3,019	256,890	0	0	0	256,890
2022^{*}	197,614	25,294	38,211	3,019	264,138	0	0	0	264,138
2023*	206,176	23,376	38,592	3,019	271,163	0	0	0	271,163
2024*	213,300	23,089	38,977	3,019	278,385	0	0	0	278,385
2025*	220,070	23,298	39,366	3,019	285,753	0	0	0	285,753
2026^{*}	226,858	23,509	39,759	3,019	293,145	0	0	0	293,145
2027^{*}	233,714	23,723	40,156	3,019	300,612	0	0	0	300,612
2028^{*}	240,738	23,940	40,557	3,019	308,254	0	0	0	308,254
2029^{*}	247,771	24,159	40,962	3,019	315,911	0	0	0	315,911
2030^{*}	254,862	24,381	41,371	3,019	323,633	0	0	0	323,633
2031*	262,093	24,606	41,784	3,019	331,502	0	0	0	331,502
2032*	269,427	24,833	42,201	3,019	339,480	0	0	0	339,480
2033^{*}	276,790	25,062	42,622	3,019	347,493	0	0	0	347,493
2034*	284,162	25,293	43,047	3,019	355,521	0	0	0	355,521
2035^{*}	291,581	25,527	43,477	3,019	363,604	0	0	0	363,604
2036^{*}	299,106	25,764	43,911	3,019	371,800	0	0	0	371,800
2037^{*}	306,632	26,003	44,349	3,019	380,003	0	0	0	380,003

Sources: Historic data derived from FAA OPSNET.

Regional Airport Competition. Primary alternate airports to BNA, which accommodate corporate jet service and provide a minimum runway length of 5,000 feet include Smyrna Rutherford County Airport ("MQY"), John C. Tune Airport ("JWN"), Lebanon Municipal Airport ("M54"), Music City Executive Airport ("XNX") and Murfreesboro Municipal Airport ("MBT").

MQY is located 12 miles south of Nashville and serves corporate and general aviation. With more than 1,700 acres, MQY is the 3rd largest airport in Tennessee. MQY is located in the geographic center of Tennessee and the center of the eastern United States. The airport is served by two FBOs: Azure Flight Support and Hollingshead Aviation. The Azure Flight Support FBO operation is situated on 19 acres under lease with 50,000 square feet of heated hangar space for storage of aircraft, 20 T-Hangar units, and additional land available for development for private/corporate hangars. Azure Flight Support offers only community hangar space, whereas Hollingshead Aviation offers both community and private hangar space.

^{*} Forecast data via FAA TAF.

JWN is located eight miles from downtown Nashville and is the busiest general aviation airport in Tennessee. It serves the needs of regional, corporate and private aircraft, and is owned and managed by the Metropolitan Nashville Airport Authority. JWN serves the region's growing corporate and private aircraft market and acts as a reliever for BNA.

M54 is a public-use, general aviation facility located 20 minutes from Nashville. M54 is Tennessee's fourth largest general aviation airport, it covers 9,600 square feet and includes a state-of-the-art terminal facility located at the west ramp. Direct Flight Solutions is the sole FBO at M54 and the only hangar options on the field are community hangars.

XNX is a city-owned public-use general aviation airport located two miles east of the central business district of Gallatin, in Sumner County, Tennessee. Nashville Jet is the sole FBO at XNX and the only hangar options on the field are community hangars. A new 22,500-square foot community hangar is under construction at the airport.

MBT is a general aviation airport serving Middle Tennessee. MBT is one of the only general aviation airports in the state of Tennessee that is self-supporting. No city tax dollars are used towards the daily operations of the airport. The revenue generated from leases and fuel sales funds the operations and capital improvement programs. Middle Tennessee State University trains professional pilots, aircraft mechanics, air traffic controllers, and airport administrators utilizing the airport. The university maintains a fleet of over 25 aircraft and has continued to maintain a ranking of one of the top five aviation programs in the nation. The FBO offers community and T-hangar space.

<u>Based Aircraft—Regional Airports</u>. The following chart identifies the latest available information on the number of aircraft based at each of BNA and the alternative general aviation airports identified above.

Aircraft Based on the Field BNA and Alternatives

Location	Single Engine	Multi Engine	Jet	Helicopters	Military	Gliders	Ultralights	Total
Smyrna Airport (MQY)	107	61	12	2	0	0	0	182
John C Tune Airport (JWN)	114	23	22	10	0	0	0	169
Lebanon Municipal Airport (M54)	148	8	5	3	0	5	1	170
Music City Executive Airport (XNX)	74	12	4	2	0	0	0	92
Murfreesboro Municipal Airport (MBT)	130	23	3	1	0	1	0	158
Nashville (BNA)	16	15	60	1	21	0	0	113
TOTAL	459	119	103	18	21	5	1	726
BNA as a % of Total	3%	13%	58%	6%	0%	0%	0%	16%

Source: TASP 2040 Data

On-Airport Hangar Services Competition. FBOs currently based at BNA include Atlantic Aviation and Signature Flight Support. Both FBOs offer the following amenities: pilot's lounge, waiting area/lounge, weather station, restroom, showers, kitchenette, and conference rooms, flight instruction,

rental car, aircraft maintenance and parts supply, hangar rental, aircraft tie-down parking, and aircraft fueling. In addition, BNA has several private or corporate hangars that generally provide storage for corporate aircraft, office space, maintenance space, and passenger/pilot lounges. Some of the private or corporate hangars are owned and built by individuals, while others are leased from one of the FBOs. Aside from the proposed Sky Harbour Nashville development, no private hangar space is currently available at BNA.

Centennial Site

The Airport. APA is owned and operated by the Arapahoe County Public Airport Authority and is located in Arapahoe County, Colorado. The airport serves Denver and surrounding areas, is classified as a National airport according to the FAA National Asset Report. APA is the largest general aviation airport in the system, and it is designated as a reliever to Denver International Airport. During the period May 2020 through April 2021, the airport recorded 39,895 domestic business jet operations, ranking it tenth busiest among all airports in the United States.

Centennial Facilities Construction Project. Sky Harbour Centennial obtained lease rights to 19.54 acres of land in the Centennial InterPort masterplanned corporate hangar development on the south side of APA. The Sky Harbour Centennial development at APA (the "Centennial Facilities Construction Project") is located in a secluded, low-traffic site with no transient aircraft. The campus will be constructed in two phases, and in total will consist of 22 individually leased NFPA Group 3 modular hangars comprising 228,540 total square feet. The Sky Harbour Centennial campus will include three hangar layouts, each including a ramp area for aircraft startup and shutdown in front of the hangar doors. Car parking is included in the hangar space, which is climate-controlled with hydraulic lifts to accommodate multiple cars. The adjoining office space includes high-end finishes with a kitchen, storage and a bathroom with showers. Each unit is assigned covered outdoor parking, as well.

The total cost of the Centennial Facilities Construction Project is estimated to be approximately \$47.6 million. To date, the New Facilities at the Centennial Site are in the design and predevelopment phase, and a GMP construction contract has not been awarded.

Sky Harbour Centennial Tenant Leases/LOIs. Currently, there are no LOIs executed at the Centennial Site. The hangar units are being marketed for lease at approximately \$35.00 per square foot, with a net reimbursement structure wherein tenants are responsible for property taxes, insurance, and utilities. Ground rent and management fees are not reimbursed.

General Airport Facilities. APA covers approximately 1,315 acres and has three asphalt runways: 17L/35R, 17R/35L, and 10/28. Other facilities at the airport include hangars and tiedowns for aircraft parking and 100LL fuel and Jet-A fuel services. Air traffic is coordinated by the airport's FAA contract control tower, which is attended 24 hours a day, seven days per week. Services available at APA include aircraft repair and maintenance services, including airframe, power plant and avionics repair. The airport includes a U.S. Customs facility on the airfield. FBO services at APA are provided by Denver jetCenter, TAC Air, Modern Aviation, Signature Flight Support, and The Heliplex.

Runway Characteristics APA

Runway	Length (feet)	Width (feet)	Instrument
17L/35R	10,001	100	ILS/DME
17R/35L	7,001	75	None
10/28	4,800	75	None

Source: FAA ADIP

A summary of the airport's facilities is provided in the Market and Feasibility Study prepared by CBRE. See "APPENDIX A—MARKET AND FEASIBILITY STUDY" attached hereto.

Based Aircraft. According to 2019 FAA data, the airport accommodated 853 based aircraft, as follows:

Based Aircraft APA

Aircraft Type	Total
Single Engine	585
Multi-Engine	100
Jet	144
Helicopters	23
Military	0
Gliders	1
Total	853

Source: FAA as of 2019

Aircraft Operations. Between 2018 and 2019, APA experienced a 3.54% increase in overall operations. Total general aviation operations increased 5.65%, and local civil operations increased 2.30%. The effects of the COVID-19 pandemic can be seen in the change from 2019 to 2020: total operations at APA decreased 5.41%, general aviation declined 13.48%, and civil operations declined 0.66%. The significant increase in projected operations from 2020 to 2021 is largely attributable to the fact that TAF forward-looking data was produced prior to the pandemic, and does not consider its ongoing effects. As illustrated in the table on the following page, nominal growth is projected in overall operations through 2037.

HISTORICAL AND PROJECTED AIRCRAFT OPERATIONS APA

	Itinerant Operations						Local Operations			
Fiscal Year	Air Carrier	Air Taxi & Commuter	General Aviation	Military	TOTAL	Civil	Military	TOTAL	TOTAL OPS	
2018	97	32,045	137,653	3,836	173,631	163,040	1,327	164,367	337,998	
2019	171	32,904	145,435	3,568	182,078	166,795	1,076	167,871	349,949	
2020	54	35,713	125,835	2,991	164,593	165,687	721	166,408	331,001	
2021*	137	33,389	145,549	3,577	182,652	168,192	1,059	169,251	351,903	
2022^{*}	137	33,755	145,986	3,577	183,455	168,710	1,059	169,769	353,224	
2023^{*}	137	34,127	146,424	3,577	184,265	169,230	1,059	170,289	354,554	
2024^{*}	137	34,503	146,864	3,577	185,081	169,751	1,059	170,810	355,891	
2025^{*}	137	34,883	147,305	3,577	185,902	170,274	1,059	171,333	357,235	
2026^{*}	137	35,266	147,747	3,577	186,727	170,798	1,059	171,857	358,584	
2027^{*}	137	35,651	148,191	3,577	187,556	171,324	1,059	172,383	359,939	
2028^{*}	137	36,042	148,636	3,577	188,392	171,851	1,059	172,910	361,302	
2029^{*}	137	36,436	149,082	3,577	189,232	172,380	1,059	173,439	362,671	
2030^{*}	137	36,838	149,529	3,577	190,081	172,910	1,059	173,969	364,050	
2031^{*}	137	37,241	149,978	3,577	190,933	173,442	1,059	174,501	365,434	
2032^{*}	137	37,650	150,428	3,577	191,792	173,976	1,059	175,035	366,827	
2033^{*}	137	38,061	150,880	3,577	192,655	174,511	1,059	175,570	368,225	
2034^{*}	137	38,482	151,333	3,577	193,529	175,049	1,059	176,108	369,637	
2035^{*}	137	38,905	151,788	3,577	194,407	175,587	1,059	176,646	371,053	
2036^{*}	137	39,333	152,244	3,577	195,291	176,128	1,059	177,187	372,478	
2037^{*}	137	39,764	152,701	3,577	196,179	176,670	1,059	177,729	373,908	

Sources: Historic data derived from FAA OPSNET.

Regional Airport Competition. Alternate general aviation airports offering corporate jet service and a minimum runway length of 5,000 feet in APA's service area include Denver International Airport ("DEN"), Greeley-Weld County Airport ("GXY"), Rocky Mountain Metropolitan ("BJC") and Colorado Air & Space Port ("CFO"). Although there are other general aviation airports across the State of Colorado, these facilities are the most likely to compete with Sky Harbour Centennial for tenants and users of hangars space.

DEN is a commercial service airport located 16 miles northeast of downtown Denver. The airport is owned and operated by the City of Denver and was opened as a new airport in February 1995. DEN is the primary commercial service airport for the Denver metropolitan area and acts as an international hub for Colorado and the surrounding states. The airport has six runways including runway 16R/34L, which, at 16,000 feet long, is the longest commercial service runway in North America. In addition to air carrier passenger operations, DEN supports large scale air cargo and charter activities. DEN is the 20th-busiest airport in the world and the 5th-busiest airport in the United States. As a major international airport, DEN does not feature a large general aviation operation. There is one FBO serving the airport - Signature Flight Support. According to the Colorado Aviation System, as of 2020, DEN provides hangars for 80% of based aircraft fleet and 50% of weekly average overnight transient storage. The airport includes three hangar spaces for based aircraft, with two based aircraft representing 80% of the fleet. Hangar space at DEN is limited to community space.

GXY is a general aviation airport in northern Colorado, located approximately three miles east of Greeley's central business district. The airport is owned and operated by the Greeley-Weld County Airport

^{*} Forecast data via FAA TAF.

Authority. GXY has two runways, 17/35 and 10/28, which are 10,501 feet long and 5,502 feet long, respectively. The airport is primarily used by recreational aircraft, flight schools, and corporate aircraft visiting businesses in Greeley, the University of Northern Colorado, or oil extraction operations in the surrounding region. Other activities at GXY include aerial crop application, aerial inspections, and flight testing. According to the Colorado Aviation System, as of 2020, GXY provides hangars for 50% of based aircraft fleet and 50% of weekly average overnight transient storage. The airport includes 218 hangar spaces for based aircraft, with 121 based aircraft representing 60% of the fleet. Hangar space is limited to community space, with no facilities able to accommodate larger aircraft.

BJC is a general aviation airport located nine miles northwest of downtown Denver along the U.S. Highway 36 corridor. The airport is owned and operated by Jefferson County. BJC has three runways, including the primary runway (12L/30R), which is 9,000 feet long by 100 feet wide and equipped with a precision instrument approach. The airport is used heavily for flight training, recreational flying, business activities, and aerial wildland/firefighting. Additionally, the airport frequently receives large corporate and college charter aircraft visiting the University of Colorado. BJC is also home to a U.S. Forest Service heavy tanker base and the National Center for Atmospheric Research Aviation Facility. BJC is the second busiest general aviation airport in Colorado and is home to several large aviation and aerospace businesses. According to the Colorado Aviation System, as of 2020, BJC provides hangars for 60% of based aircraft fleet and 50% of weekly average overnight transient storage. The airport includes 199 hangar spaces for based aircraft, with 255 based aircraft representing 60% of the fleet. Sheltair Aviation provides FBO services at BJC.

CFO is a general aviation airport in the Denver area. The airport is owned and operated by Adams County. CFO has two asphalt runways that both measure 8,000 feet in length by 100 feet in width and are equipped with precision instrument approaches. The airport is used for flight training, recreational flying, aerospace manufacturing, and business/corporate activity. CFO is home to a rocket engine testing facility, an Army National Guard armory, and the Colorado Department of Transportation Division of Aeronautics' office. CFO earned its spaceport license in 2018, making the facility the first and only licensed public-use spaceport in Colorado and the FAA Northwest Mountain region. CFO is located on 3,200 acres of land, less than eight miles southeast of DEN, enabling users to quickly access aerospace companies on the Front Range and around the world. CFO is already home to several aerospace companies, including Reaction Engines, which is conducting research on hypersonic propulsion solutions. According to the Colorado Aviation System, as of 2020, CFO provides hangars for 60% of based aircraft fleet and 50% of weekly average overnight transient storage. The airport includes 291 hangar spaces for based aircraft, with 261 based aircraft representing 60% of the fleet. These are community hangars, able to accommodate only small aircraft up to a Gulfstream IV.

<u>Based Aircraft—Regional Airports</u>. The following chart identifies the latest available information on the number of aircraft based at APA and the alternative general aviation airports described above. As illustrated, APA is ranked first in total number of based aircraft, according to the most recent data available. APA garners 49% of the overall based aircraft market share. Moreover, APA also is first in total number of based jets. The facility garners 51% of the based multi-engine market and 71% of the based jet aircraft market.

Aircraft Based on the Field APA and Alternatives

Location	Single Engine	Multi Engine	Jet	Helicopters	Ultralights	Total
Denver International (DEN)*	0	1	0	0	0	1
Greeley Weld County (GXY)*	127	18	6	3	0	154
Rocky Mountain Metropolitan (BJC)**	316	59	58	20	1	454
Colorado Air & Space Port (CFO)**	247	38	2	4	1	292
Centennial (APA)*	585	100	144	23	0	852
TOTAL	1,148	197	204	47	0	1,753
APA as a % of Total	51%	51%	71%	49%	0%	49%

Source: AirNav

On-Airport Hangar Services Competition. Nine providers of hangar services have been identified at APA, as illustrated in the table below.

Summary of APA Hangar Rentals

No.	Property Name	Type	NRA (SF)	Avail SF	Occupancy	Ask Rent \$/SF	Actual Rent \$/SF	% Diff Ask- Actual
1	Denver jetCenter	FBO	200,000	0	100.00%	\$23.00	\$21.00	-8.70%
2	TACAir	FBO	139,271	0	100.00	20.00	19.00	-5.00
3	Signature Flight	FBO	25,643	5,000	80.50	26.00	24.00	-7.69
	Support							
4	Modern Aviation	FBO	48,000	5,000	89.58	27.00	25.00	-7.41
5	Cloud 7	Private	21,741	0	100.00	26.00	26.00	0.00
6	Willowbrook Park	Private	121,181	0	100.00	17.50	16.00	-8.57
7	SunBorne XVI, Ltd.	Private	75,804	0	100.00	26.00	24.50	-5.77
8	Aero Colorado	Private	30,000	0	100.00	26.00	23.00	-11.54
9	Floors & Doors	Private	21,850	0	100.00	27.00	27.00	0.00
TOT	AL/AVERAGE		683,490	10,000	98.54%	\$24.28	\$22.83	-5.95%

Source: July 30, 2020 Market Conditions Report completed by Stijgend Real Estate, LLC

^{*} Data current as of 2018.

^{**} Data current as of 2019.

Deer Valley Site

The Airport. DVT is a medium sized, predominantly business and general aviation airport that is owned and operated by the City of Phoenix. DVT is located on 914 acres within Phoenix's northern limits, approximately 20 miles north of downtown and approximately 17 miles north of Phoenix Sky Harbor International Airport ("PHX"). DVT serves to relieve general aviation air traffic from PHX and is a convenient alternative to the larger and more congested airport. This convenience has led DVT to become one of the busiest general aviation airports in the country, ranking second in the FAA's Top 10 Busiest General Aviation Airports, as of 2017. The airport is home to several high-activity flight schools, which, along with the large number of itinerant aircraft, results in an extremely busy air traffic environment. No commercial passenger service operations are provided; however, air taxi service is provided by its FBOs.

Deer Valley Facilities Construction Project. Sky Harbour Deer Valley obtained lease rights to 15.44 acres of land at DVT, on the southeast side of the airport. The Sky Harbour Deer Valley development at DVT is located in a secluded, low-traffic site with no transient aircraft (the "Deer Valley Facilities Construction Project"). The campus will consist of 18 individually leased NFPA Group 3 modular hangars comprising 217,000 total square feet. Eight 14,000-square foot hangars will be constructed in DVT Phase I and ten 10,500-square foot hangars will be constructed in DVT Phase I is projected to commence in the 3rd quarter of 2023.

Every hangar includes a ramp area for aircraft startup and shutdown in front of the hangar doors. Car parking is included in the hangar space, which is climate-controlled, with hydraulic lifts to accommodate multiple cars. The adjoining office space includes high-end finishes with a kitchen, storage and a bathroom with showers. Each unit is also assigned covered outdoor parking.

The hangars are rented on long-term (3-5 year) leases, with Sky Harbour Deer Valley including its own line crew and ground service equipment. Sky Harbour Deer Valley is constructing its own fuel farm and will offer gas at Sky Harbour Deer Valley's negotiated discounted price for its tenants.

The total cost of the Deer Valley Facilities Construction Project is estimated to be approximately \$40.1 million. To date, the New Facilities at the Deer Valley Site are in the design and predevelopment phase, and a GMP construction contract has not been awarded.

Sky Harbour Deer Valley Tenant Leases/LOIs. Currently, the Sky Harbour Deer Valley development has one executed LOI. The subtenant, a corporate aircraft owner (the "DVT Subtenant"), has committed to leasing 12,000 square feet located within one hangar. The LOI is dated July 14, 2020, and the lease term is subject to negotiation. Annual rent is \$333,525, or \$27.79 per square foot, with 3.0% annual escalations. The sublease includes a net reimbursement structure; the DVT Subtenant will be responsible for all utilities and their pro rata share of property insurance. The Sky Harbour Deer Valley development will not be subject to taxation; therefore, that expense is not included. The LOI does not discuss renewal options.

The remaining hangar units will be offered for lease at approximately \$26.00 per square foot, with a net reimbursement structure wherein tenants are responsible for insurance and utilities. Currently, the property is exempt from real estate tax. Ground rent and management fees are not reimbursed. Fuel is expected to be offered at a discounted price to Sky Harbour Deer Valley tenants.

General Airport Facilities. DVT has two parallel runways, which are designated as 7L-25R and 7R-25L. The airport offers a complete range of services including fueling, avionics repair, maintenance, parts, flight training, new and used aircraft sales, aircraft rentals, a pilot shop, and a restaurant. The landside

facilities at DVT include the terminal building, the Cutter Aviation FBO, Westwind School of Aeronautics and TransPac Aviation Academy flight schools, fueling facilities, major utilities, and support facilities.

Runway Characteristics DVT

Runway	Length (feet)	Width (feet)	Instrument
7R/25L	8,196	100	RNAV (GPS)
7L/25R	4,500	75	None

Source: FAA ADIP

A summary of the airport's facilities is provided in the Market and Feasibility Study prepared by CBRE. See "APPENDIX A—MARKET AND FEASIBILITY STUDY" attached hereto.

Based Aircraft. According to 2017 FAA data, the airport accommodated 917 based aircraft, as summarized in the following table:

Based Aircraft DVT

Aircraft Type	Total
Single Engine	776
Multi-Engine	92
Jet	19
Helicopters	16
Military	2
Gliders	10
Ultralights	2
Total	917

Source: FAA as of 2017

Aircraft Operations. Between 2018 and 2019, DVT experienced a 10.03% increase in overall operations. Total general aviation operations decreased 30.59%, and local civil operations increased 14.07%. The effects of the COVID-19 pandemic can be seen in the change from 2019 to 2020: total operations at DVT decreased 11.9%, general aviation declined 16.44%, and civil operations declined 12.87%. The significant increase in projected operations from 2020 to 2021 is largely attributable to the fact that TAF forward-looking data was produced prior to the pandemic, and does not consider its ongoing effects. As illustrated in the table on the following page, nominal growth is projected in overall operations through 2037.

HISTORICAL AND PROJECTED AIRCRAFT OPERATIONS DVT

	-	Itiner	ant Operati	Lo					
Fiscal Year	Air Carrier	Air Taxi & Commuter	General Aviation	Military	TOTAL	Civil	Military	TOTAL	TOTAL OPS
2018	13	4,600	140,700	117	145,430	269,689	47	269,736	415,166
2019	42	51,326	97,666	92	149,126	307,645	19	307,664	456,790
2020	20	52,662	81,608	50	134,340	268,064	40	268,104	402,444
2021^{*}	18	37,444	113,375	96	150,933	326,583	19	326,602	477,535
2022^{*}	18	37,444	113,489	96	151,047	327,563	19	327,582	478,629
2023^{*}	18	37,444	113,603	96	151,161	328,547	19	328,566	479,727
2024^{*}	18	37,444	113,717	96	151,275	329,534	19	329,553	480,828
2025^{*}	18	37,444	113,831	96	151,389	330,523	19	330,542	481,931
2026^{*}	18	37,444	113,945	96	151,503	331,515	19	331,534	483,037
2027^{*}	18	37,444	114,059	96	151,617	332,509	19	332,528	484,145
2028^{*}	18	37,444	114,173	96	151,731	333,508	19	333,527	485,258
2029^{*}	18	37,444	114,287	96	151,845	334,509	19	334,528	486,373
2030^{*}	18	37,444	114,401	96	151,959	335,513	19	335,532	487,491
2031^{*}	18	37,444	114,515	96	152,073	336,519	19	336,538	488,611
2032^{*}	18	37,444	114,629	96	152,187	337,529	19	337,548	489,735
2033^{*}	18	37,444	114,743	96	152,301	338,542	19	338,561	490,862
2034*	18	37,444	114,858	96	152,416	339,557	19	339,576	491,992
2035^{*}	18	37,444	114,973	96	152,531	340,577	19	340,596	493,127
2036^{*}	18	37,444	115,088	96	152,646	341,599	19	341,618	494,264
2037^{*}	18	37,444	115,203	96	152,761	342,624	19	342,643	495,404

Sources: Historic data derived from FAA OPSNET.

Regional Airport Competition. Primary alternate airports to DVT that accommodate corporate jet service and offer a minimum runway length of 5,000 feet include PHX, Scottsdale International Airport ("SDL"), Glendale Municipal Airport ("GEU") and Goodyear Airport ("GYR").

PHX has been owned and operated by the City of Phoenix since 1935. PHX occupies approximately 3,400 acres of land located about four miles east of the downtown Phoenix area. It is the only Arizona airport designated as a large hub by the FAA and is the principal commercial service airport serving metropolitan Phoenix and most of Arizona's population. There are no other U.S. large-hub commercial service airports within a five-hour drive of Phoenix, with the closest being Las Vegas' McCarran International Airport (approximately 290 miles to the northwest). PHX served over 17.3 million enplaned passengers in fiscal year 2020 and over 22.8 million enplaned passengers in fiscal year 2019. PHX has two FBOs, only one of which offers hangar space for lease. Cutter Aviation provides community hangar space in a 24,000 square foot of hangar that can accommodate aircraft sizes up to a Gulfstream G-550 or Bombardier Global Express. No private hangar space is available.

SDL is located in the northeastern portion of the Phoenix Metropolitan Area, within the City of Scottsdale. The airport consists of approximately 282 acres and is situated between the McDowell Mountains to the north and the Camelback Mountain to the south. The airport is surrounded by commercial and industrial developments within the Scottsdale Industrial Airpark and Scottsdale Business Center. SDL is a public-use, general aviation reliever facility. Facilities at the airport include Runway 3/21, which is 8,249 feet and is equipped with high-intensity runway lighting, avgas and jet fuel services, and aircraft storage in hangars and tiedowns. SDL includes two FBOs offering hangar space for lease: Jet Aviation and

^{*} Forecast data via FAA TAF.

Signature Flight Support. Neither offer private hangar space. Jet Aviation's 30,000-square foot hangar is a community hangar. Signature Flight Support's 150,000-square foot community hangar is marketed for transient use.

GEU is a general aviation airport that is owned by the City of Glendale and is operated on a daily basis by a fulltime Airport Administrator who reports to the Deputy Public Works Director – Transportation. GEU is a public-use, general aviation reliever facility. Facilities at the airport include one runway, Runway 1/19, which is 7,150 feet and equipped with high-intensity runway lighting as well as Jet-A and 100LL fuel service. Glendale Hangars provides private hangar rentals at GEU, which consist of "bare bones" facilities, with no office space or onsite amenities.

GYR is a general aviation airport located in Goodyear, Arizona, approximately twenty miles west of downtown Phoenix. The airport is designated as a general aviation reliever airport to PHX. GYR has no commercial airline activity and is a center for flight training, aircraft maintenance, repair and overhaul, and aircraft storage. GYR is owned and operated by the City of Phoenix. Facilities at the airport include Runway 3/21 at 8,500 feet, equipped with high-intensity runway lighting, as well as avgas and jet fuel services, and aircraft storage in box and T-hangars. Several long-standing tenants of GYR include an aircraft maintenance, repair and overhaul company, flight schools, and Lux Air Jet Center, an FBO that offers rentals within community hangars. Such hangars are "bare bones" facilities, with no office space or onsite amenities.

<u>Based Aircraft—Regional Airports</u>. The following chart identifies the latest available information on the number of aircraft based at each of DVT and the four primary alternate general aviation airports in DVT's service area.

Aircraft Based on the Field DVT and Alternatives

Location	Single Engine	Multi Engine	Jet	Helicopters	Gliders	Ultralights	Total
Phoenix Sky Harbor (PHX)**	14	10	27	11	0	0	70
Scottsdale Airport (SDL)*	167	26	137	26	0	0	356
Glendale Municipal Airport (GEU)*	82	8	0	2	1	1	94
Phoenix Goodyear Airport (GYR)*	188	7	7	1	0	0	209
Deer Valley (DVT)*	776	92	19	16	10	2	917
TOTAL	1,227	143	190	56	11	3	1,646
DVT as a % of Total	63%	64%	10%	29%	91%	67%	56%

Source: AirNav

On-Airport Hangar Services Competition. Currently, the only aircraft hangar rental providers at DVT are the DVT Airport Authority and Cutter Aviation. According to the DVT Airport Authority, they do not have any corporate/executive hangars, but they have available land to build hangars. Cutter Aviation is currently based in two locations at DVT and its future plans at the Airport include the construction of new hangars as well as a modern FBO facility.

^{*} Data current as of 2017.

^{**}Data current as of 2019.

MANAGEMENT OF THE FACILITIES

Manager

The Facilities are managed by Sky Harbour Services LLC (the "Manager"), pursuant to the Home Based Aircraft Management and Development Agreement, to be dated as of September 1, 2021 (the "Management Agreement") with each Member.

The Manager's duties are to lease, operate, maintain, manage and repair the Facilities and to prepare and implement the budget, collect rents, pay project expenses, and deal with all inquiries concerning the Facilities among other duties. The Manager will receive a monthly property management fee equal to four percent (4.00%) of the monthly gross revenues, net of fuel costs, from aircraft HBS facilities, plus a monthly asset management fee equal to two percent (2.00%) of the monthly gross revenues, net of fuel revenues, from aircraft HBS facilities. Upon the substantial completion of each phase of each Member's HBS facilities as reasonably determined by the Manager, the Manager is additionally entitled to a single development fee equal to five percent (5.00%) of all development costs incurred for such phase of such Member's HBS facilities.

Parent

The Parent's headquarters are located at 136 Tower Road at Westchester County Airport, West Harrison, New York. SH Capital HBS are currently operating at the Sugar Land Site and Nashville Site, with additional facilities currently under development at the Project Sites. SH Capital HBS, at the five airport hangar campuses comprising the 2021 Project, are expected to generate over \$21 million in revenues annually and employ more than 20 people by the time of stabilized operations, currently anticipated in November 2024. See "MARKET AND FEASIBILITY STUDY," "FINANCIAL PROJECTIONS" and "APPENDIX A—MARKET AND FEASIBILITY STUDY" attached hereto. The Parent expects to enter into other ground leases and develop additional facilities at other airports beyond the 2021 Project.

While the Obligated Group is part of the Parent's corporate system, neither the Parent nor any other entity related or associated with the Parent, including Sky Harbour Holdings LLC ("Sky Harbour Holdco") and the Manager, is a Member of the Obligated Group. Furthermore, prospective purchasers of the Series 2021 Bonds should be aware that none of the other entities are parties to the Bond Indenture, the Loan Agreement or the Master Indenture nor do any other entities have any obligation to make payments if the Borrowers fail to make any loan payments under the Loan Agreement, or the Members of the Obligated Group fail to generate sufficient revenues to fulfill their obligations under the Senior 2021-1 Note.

Unless the context clearly indicates otherwise, references in this Official Statement to "Management" shall be deemed to refer to the management of the Parent and, in particular, Tal Keinan, Chief Executive Officer; Alex Saltzman, Chief Operating Officer; Francisco Gonzalez, Chief Financial Officer; Tim Johnson, Senior Vice President, Corporate Development; Peter Rusnak, Vice President of Operations; Tim Herr, Vice President of Development; and Millie Hernandez-Becker, Director of Sales and Marketing. See "—Key Management Personnel" below.

Parent History

The Parent was founded by Tal Keinan in late 2017 with a vision to provide premium hangar facilities at general aviation airports in the United States. The Parent was incorporated in Delaware and is headquartered at the Westchester County Airport, New York. The Parent addresses the market opportunity created by (i) the growth of the United States business aviation fleet, both in number of aircraft and the average aircraft size, which, generally, increases every year, (ii) the relative undersupply of business

aviation hangar space, particularly in and around major metro centers, and (iii) the pronounced lack of private-hangar offerings catering to the higher-end of the business and private aviation fleet. The Parent is not a Fixed-Base Operator (FBO), but a Home Basing Solution (HBS).

The Parent's small but growing team of 15 employees and consultants is composed of experienced professionals in business aviation, real estate, and includes top-level design, construction, operations and finance expertise. The team was assembled with the express purpose of executing the Parent's business plan.

The Parent's plan typically develops its hangar campuses on long-term ground leases (or sub-leases thereof) at NPIAS airports. To date, the company has entered into five Ground Leases, including:

- 1. Sugar Land Regional Airport, Sugar Land, TX (Houston area);
- 2. Miami-Opa Locka Executive Airport, Opa-locka, FL (Miami area);
- 3. Nashville International Airport, Nashville, TN;
- 4. Centennial Airport, Arapahoe County, CO (Denver area); and
- 5. Phoenix Deer Valley Airport, Phoenix, AZ.

Business Strategy and Planned Development Program

An increased number of business aircraft and proportionally larger aircraft are driving an accelerated demand for hangar facilities at airports in the U.S. Between 2010 and 2020, the total square footage of the U.S. business jet fleet increased by 27.5 million square feet, or 42%.

Larger aircraft feature greater tail heights, and many currently available hangar facilities are unable to contain such aircraft. As a result, since 2010, the total square footage of business jets with a tail height greater than 24 feet has increased 16 million square feet, or 70%.

Parent targets airports where prevailing market conditions (expressed mainly in the form of hangar lease rates and fuel prices) allow the company to achieve a spread of at least 400 basis points between net operating income yield on project cost and the cost of long term debt. The Parent's pursuit sequence is as follows:

- Rank and target airfields on the basis of proprietary validation metrics
- Online and in-person mapping exercise of available land at the target field
- Land Acquisition
 - a. Direct ground lease from municipality
 - b. Sub-lease from an existing ground lessee
 - c. Public RFP process from airport administration
 - d. Fee simple purchase
 - e. Acquisition/barter with existing airport tenants

Parent solicits tenant LOIs in the early phases of construction, and converts these LOIs into binding leases in the later phases of construction with the goal of achieving 100% occupancy upon project completion. Disciplined underwriting standards and bondholder security provisions and covenants will underpin robust debt service coverage for potential future debt and equity financed projects to be incorporated into the Obligated Group of the Parent's hangar campuses.

Parent's "core" competencies include: (i) ability to identify and close on target ground leases at key airports, (ii) prudent management of development and construction costs, (iii) marketing to the jet owner community and (iv) low cost bond financing structures.

In addition to the Facilities, the Parent's planned development program seeks to identify, secure ground leases, and construct at least 20 new airport hangar campuses over the next five to seven years, for a total investment of close to \$1 billion.

Equity Raise and Proposed Business Combination

On August 2, 2021, the Parent announced that it had entered into definitive agreements relating to (1) the sale of \$55.0 million of its newly authorized Series B Preferred Units (the "Series B Units") to an affiliate (the "BOC Purchaser") of Boston Omaha Corporation (NASDAQ: BOMN) ("Boston Omaha") (the "Series B Purchase") and (2) a proposed business combination with Yellowstone Acquisition Company (NASDAQ: YSAC) ("Yellowstone"), a special purpose acquisition company, or SPAC, sponsored by Boston Omaha (the "Business Combination").

Pursuant to the terms of the definitive agreement in respect of the Series B Purchase (the "Series B Purchase Agreement"), the BOC Purchaser agreed to purchase Series B Units from the Parent for an aggregate purchase price of \$55.0 million, that will be redeemed and exchanged for 5.5 million shares of Class A Common Stock of Yellowstone upon consummation of the Business Combination (valued at \$10.00 per share) or, otherwise, remain outstanding until called or redeemed by the Parent as part of a subsequent equity raise or initial public offering. Consummation of the transactions contemplated by the Series B Purchase Agreement is conditioned upon, and will occur substantially concurrently with, the closing of the Series 2021 Bonds.

The Business Combination will involve the purchase by Yellowstone of Common Units of the Parent at a pre-money equity valuation of the Parent of \$450,000,000.

Consummation of the Business Combination is subject to a closing condition that the Series 2021 Bonds offering shall have closed, as well as the satisfaction of other standard closing conditions, including approval by a majority of Yellowstone's stockholders. Consummation is also subject to at least an aggregate of \$150,000,000 of transaction cash proceeds being available from (1) Yellowstone's trust account following any redemptions by Yellowstone's stockholders, (2) the \$55.0 million of proceeds from the sale of the Class B Units, (3) any private investment in public equity ("PIPE investment") raised in connection with the Business Combination, (4) other sources of funds or assets to be potentially contributed to Yellowstone (in addition to the Series B Purchase, Boston Omaha has agreed to invest up to an additional \$45,000,000 in cash and/or stock in certain circumstances). Following required filings with the Securities and Exchange Commission and stockholder approvals, the Business Combination is expected to close by year end 2021. As a result of the Business Combination, Parent will become a subsidiary of a publicly traded company, listed on the NASDAQ Stock Market, and such company's operations will consist solely of those of Parent and its subsidiaries. There can be no assurances that such closing conditions, including with respect to aggregate transaction proceeds, will be satisfied.

Effective on the closing of the Series 2021 Bonds, the ownership of Sky Harbour LLC will be approximately 37% by the Founder (Tal Keinan), 10% by the rest of management team, 42% by the Series A investors and 11% by Series B investors (if and when converted). Depending upon the ultimate results of the planned Business Combination (including the number of redemptions by the counterparty's public shareholders) and any PIPE transaction, if any, it is expected that the current shareholders will represent approximately 69% of the combined entity's ownership.

Series A investors include Due West Partners LLC (22% ownership) and Center Capital Partners LLC (22% ownership). Both are private equity funds serving institutional and high net worth capital investors in the US with a long-term investment perspective. Series B investor is Boston Omaha (NASDAQ: BOMN), a public holding company with businesses engaged in real estate, advertising, insurance and telecommunications. Known also for their long-term investment horizon, Boston Omaha is the sponsor of Yellowstone Acquisition Company (NASDAQ: YSAC).

For additional information regarding risks relating to these transactions, see "CERTAIN BONDHOLDERS' RISKS—Failure to Satisfy Closing Conditions of the Business Combination; Risks Relating to Projections Associated with Business Combination."

To the extent that the Business Combination is consummated, Management's investment will be subject to lock-up until the earlier of (i) 12 months after the date of closing of the Business Combination and (ii) the date on which last sale price of the common stock of the post-closing publicly traded company equals or exceeds \$12.00 per share for any twenty (20) trading days within any thirty (30)-trading day period commencing at least one hundred fifty (150) days after the date of closing of the Business Combination.

Tal Keinan, as Founder and CEO, and the rest of the current management team expect to continue to operate the company after closing of the Business Combination.

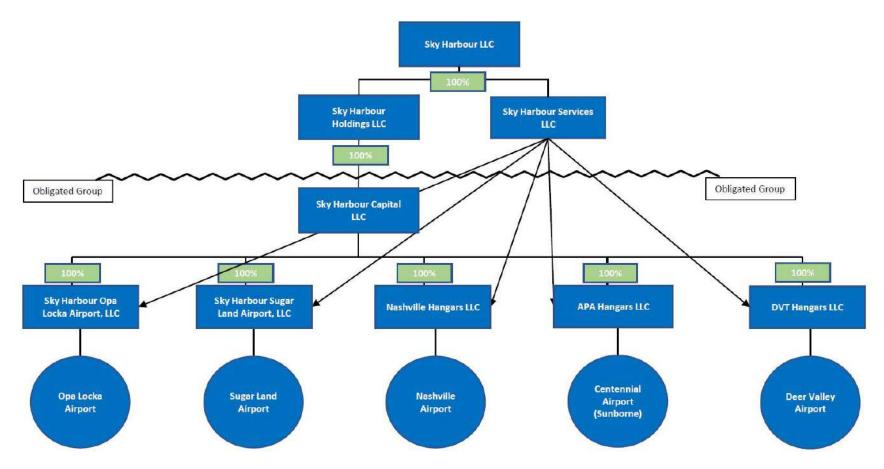
The closing of the Business Combination is not a condition precedent to the closing of the Series 2021 Bonds offering.

The Parent, Yellowstone and Boston Omaha are not part of the Obligated Group and will not guarantee the Series 2021 Bonds. Any cash or other assets at the Parent are not part of the collateral security package of the Series 2021 Bonds and may not be relied upon to satisfy the Obligated Group's obligations under the Series 2021 Bonds.

Corporate Structure

Set forth below is an organizational chart reflecting the proposed organizational structure of the Parent, Sky Harbour Holdco, the Manager, various affiliated entities and the Obligated Group to be in effect at the time of closing of the Series 2021 Bonds. SH Capital and the Borrowers will constitute the Obligated Group and the ownership interest of SH Capital in the Borrowers will be pledged as collateral to the benefit of bondholders, inclusive of all their assets and revenues. Bondholders should be aware that only entities 100% owned by SH Capital (i.e. Members of the Obligated Group) will be obligated under the Related Financing Documents and will have an obligation under the Master Indenture to fulfill the obligations under the Master Indenture and no other entity or entities referenced in the below organizational chart will have any obligation under the Related Financing Documents or under the Master Indenture.

Proposed Organizational Structure



Key Management Personnel

Each of the following individuals manage the Parent as described below and hold the associated titles.

Tal Keinan, Chief Executive Officer. Mr. Keinan assembled and leads the Parent's team. He works closely with aviation professionals and operators to constantly improve the Parent's model.

Mr. Keinan serves on the board of directors of Clarity Capital, a global asset-management firm. He is the chairman of Koret Israel Economic Development Funds, Israel's largest nonprofit lender to small and micro businesses, and additionally serves on the boards of foundations engaged in veterans' affairs, Post Traumatic Stress Disorder, and youth leadership. He is a member, and outgoing chairman, of the YPO Intercontinental Chapter.

Mr. Keinan is a veteran of the Israel Air Force, where he served for eighteen years as an operational F-16 pilot and an air combat instructor, retiring with the rank of Lieutenant Colonel. He remains a licensed commercial pilot.

Mr. Keinan holds a master's degree in Business Administration from the Harvard Business School and is a graduate of The Israel Air Force Academy. He is the author of *God Is in the Crowd*, Random House, 2018.

Alex Saltzman, Chief Operating Officer. As Chief Operating Officer, Mr. Saltzman sets and drives the firm's strategy to achieve robust corporate growth through actionable goals, plans, and budgets.

Previously, as a partner at Alchemy Properties, Mr. Saltzman directed the development of commercial and residential real estate and oversaw the entire arc of the business from acquisitions and financing through design and construction, into marketing and sales. During his career, Mr. Saltzman has developed well over a million square feet spanning diverse projects in both urban and suburban markets with a transaction value in excess of \$1 billion. He specializes in complex acquisitions and developments epitomized by the conversion of The Woolworth Building - a national historic landmark - to super premium residential condominiums.

Mr. Saltzman holds an MS in Real Estate Finance from New York University and a BA from the University of Pennsylvania. He is a former professor at the Schack Institute of Real Estate at New York University and has lectured at The Wharton School at The University of Pennsylvania. He is an active member of the Urban Land Institute.

Francisco Gonzalez, Chief Financial Officer. Mr. Gonzalez oversees all financial, capital markets, treasury, tax and accounting functions at the Parent. During his 26-year career as a banker (Goldman Sachs & Co., RBC Capital Markets and LSN Global Projects), Mr. Gonzalez led or was involved in over \$25 billion of municipal bond financings, interest rate swaps and public private partnerships for infrastructure and municipal clients, with an emphasis in transportation related projects. He remains a senior advisor to LSN Global Projects, a boutique infrastructure advisory firm.

Mr. Gonzalez has served for over 20 years on the advisory board for the Conservation Trust of Puerto Rico, is a trustee and current chair of the Colegio San Ignacio Scholarship Trust, a board member of Bridgeport Caribe Youth Leaders, is a former treasurer and board member of the Museo del Barrio (NYC), a former Trustee of the Luis A. Ferre Foundation and the 2015 Man of the Year of the Westchester County Leukemia and Lymphoma Society campaign.

Mr. Gonzalez holds a BA in Economics from Harvard College and an MBA from the Harvard Business School.

Tim Johnson, Senior Vice President, Corporate Development. Mr. Johnson leads the firm's new development efforts, scouting the best fields for the Parent's campuses and securing the best locations on those fields for the Parent's based members. Mr. Johnson is a member of the Parent's Management Committee. Mr. Johnson's aviation career has spanned 25 years, beginning in the United States Air Force, with deployments both in the United States and overseas. His prior experience in the FBO industry spans sixteen years, serving in corporate leadership roles at Signature Flight Support and Atlantic Aviation. He has deployed nearly \$1 billion in development capital at airfields across the United States.

Mr. Johnson attended Embry-Riddle Aeronautical University, where he earned B.A. and MBA degrees in Aviation, specializing in Airport Planning and Operations. He was a member of the Omicron Delta Kappa Honor Society.

Peter Rusnak, Vice President of Operations. Mr. Rusnak oversees operations at both the corporate and field levels, ensuring consistent implementation of the Parent's best practices across all campuses during both development and operations phases. Mr. Rusnak brings more than 30 years of commercial real estate experience, most recently as principal at Envision Realty Advisors, providing development services to Starwood Capital, JP Morgan and Hines Global REIT among others. Prior to Envision, Mr. Rusnak served as the Director of Real Estate at Crate and Barrel. At Crate and Barrel, Mr. Rusnak managed the challenge of securing new store and warehouse locations across the United States, adapting a standardized business model and physical offering to local conditions, including zoning, regulation and market. His responsibilities at the Parent are similar.

Mr. Rusnak holds a B.A. degree from Georgetown University and is an Instrument Rated Private Pilot.

Tim Herr, Vice President of Development. Mr. Herr is responsible for coordinating the interdependent functions required to commence airfield operations, including regulatory compliance, operations, procurement, finance, and others. Mr. Herr is a veteran of the United States Navy, where he piloted the MH-60R Seahawk and the C-26D, accumulating over 1800 flight hours across multiple deployments to the Middle East. Mr. Herr interacts intimately with Airport Sponsors, Regulators and Flight Departments, bringing deep knowledge of aviation operations to his role.

Mr. Herr holds a BA from Duke University and an MBA from Columbia Business School, where he graduated with Dean's Honors.

Millie Hernandez-Becker, Director of Sales and Marketing. Ms. Becker leads the Parent's sales and tenant-relations efforts, managing the critical feedback loop between users and designers. Ms. Becker brings decades of experience in FBO management, aircraft sales, air charter, aircraft maintenance and hangar leasing. She has worked with Goldman Sachs, The Carlyle Group, Macquarie, and Million Air.

Ms. Hernandez-Becker is a graduate of Fordham University and is a member of the National Business Aviation Association, The Wings Club and International Women in Aviation.

MARKET AND FEASIBILITY STUDY

The Parent retained CBRE to prepare the Market and Feasibility Study, which is attached hereto as "APPENDIX A—MARKET AND FEASIBILITY STUDY." The Market and Feasibility Study presents an analysis of the general aviation market, business jet products and sales, and national hangar market

conditions. In addition, the Market and Feasibility Study provides an overview of the Airports, Project Sites and Facilities, as well as includes additional schedules showing various cash flow projection models. Cash flow projection models contained in the Market and Feasibility Study only include projections relating to the facilities undertaken or to be undertaken by (i) Sky Harbour Sugar Land Airport, LLC and located at Sugar Land Regional Airport in Sugar Land, Texas; (ii) Sky Harbour Opa Locka Airport, LLC and located at Miami-Opa Locka Executive Airport in Opa-locka, Florida; (iii) Nashville Hangars LLC and located at Nashville International Airport in Nashville, Tennessee; (iv) APA Hangars LLC and located at Centennial Airport in Arapahoe County, Colorado; and (v) DVT Hangars LLC and located at Phoenix Deer Valley Airport in Phoenix, Arizona, and such cash flow projections do not relate to any other airport facility of the Parent or subsidiary of the Parent other than the foregoing entities.

Based on its analysis, CBRE concluded:

- The SH Capital portfolio benefits from geographically diverse locations in some of the busiest general aviation, commercial and business jet airports across the U.S.
- After record sales of new and used private and corporate jet aircraft in the second half of 2020, sustained expansion is projected, albeit at a more moderate pace.
- Aircraft manufacturers have responded to the demand for larger and longer-range aircraft, as illustrated in the expanded size of new inventory. As such, many existing hangars cannot accommodate this larger fleet. These factors combine to bode well for new hangar development.
- Sustained growth is projected in all five of the Project Sites' development markets. Moreover, CBRE's discussions with providers of hangar space reveal a lack of private hangar space in all Airports, as well as at competing locations. As such, the Facilities have been described as welcomed and long overdue.
- Limited availability of land with airside access and the significant cost required to construct new sites with airside infrastructure creates true barriers to entry to new supply. Additionally, there are substantial costs associated with the development of facilities, a significant deterrent to expansion, creating further high barriers to entry.
- Threats for the portfolio include increasing fuel costs. This concern is somewhat offset by the deals that Management has been able to execute in most locations, which allow the company to provide some of the lowest fuel prices available in the region to their tenants.
- Additional risk is presented by a non-credit tenant base; however, this is also mitigated by the comparatively long-term leases, few viable options for tenants at other locations, and the assumed renewal probability of 75%.
- Rapidly rising construction costs are also a factor. Construction contracts have been secured for most sites. Additionally, the pre-fabricated construction components are a cost-saving feature of the plans.
- Given the foregoing conclusions and consideration of various factors related to the portfolio, and the generally conservative assumptions in the CBRE cash flow and debt service coverage projections, the overall risk profile is considered to be favorable for the proposed bond financing.

See "APPENDIX A – MARKET AND FEASIBILITY STUDY" attached hereto.

FINANCIAL PROJECTIONS

The Market and Feasibility Study presents financial projections of the Facilities prepared by CBRE, provides the assumptions underlying the financial projections, and expresses an opinion of CBRE regarding the reasonableness of the projections and the underlying assumptions. See "APPENDIX A— MARKET AND FEASIBILITY STUDY" attached hereto. Cash flow projection models contained in the Market and Feasibility Study only include projections relating to the facilities undertaken or to be undertaken by (i) Sky Harbour Sugar Land Airport, LLC and located at Sugar Land Regional Airport in Sugar Land, Texas; (ii) Sky Harbour Opa Locka Airport, LLC and located at Miami-Opa Locka Executive Airport in Opa-locka, Florida; (iii) Nashville Hangars LLC and located at Nashville International Airport in Nashville, Tennessee; (iv) APA Hangars LLC and located at Centennial Airport in Arapahoe County, Colorado; and (v) DVT Hangars LLC and located at Phoenix Deer Valley Airport in Phoenix, Arizona, and such cash flow projections do not relate to any other airport facility of the Parent or subsidiary of the Parent other than the foregoing entities.

The financial projections presented in Market and Feasibility Study were, in part, provided by Management and are based on information and assumptions developed by CBRE and Management. The Market and Feasibility Study should be read in its entirety for an understanding of the projections and the underlying assumptions. In the opinion of Management and CBRE, the projections and the underlying assumptions are reasonable given the information available and circumstances existing as of the date of the Market and Feasibility Study. However, any projection is subject to uncertainties—in particular, uncertainties regarding the pace of economic growth, fuel costs, inflation, construction costs and corporate and private aviation activity. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, the actual results achieved may vary from the projections and the variations could be material. Neither the Issuer nor the Underwriters make any representation or warranty as to the correctness or completeness of the Market and Feasibility Study or the opinions or conclusions set forth therein.

Base Case—Summary Schedule

The schedule below summarizes the projected cash flow during the Facilities' construction period (in Millions).

		Construction Perio	<u>od</u>
Fiscal Year End 12/31	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues			
Potential Base Rent	\$ 4.5	\$ 16.7	\$ 24.9
Absorption & Turnover Vacancy	(0.9)	(2.6)	(1.6)
Free Rent	(0.6)	(0.1)	0.0
Expense Recoveries	0.2	1.2	1.6
Vacancy Allowance	(0.1)	(0.3)	(0.5)
Effective Gross Revenue	\$ 3.1	\$ 15.0	\$ 24.4
Total Operating Expenses	\$ 2.9	\$ 4.7	\$ 5.6
Net Operating Income	\$ 0.2	\$ 10.2	\$ 18.8
Leasing Commissions	2.4	2.4	1.6
Cash Flow Before Debt Service ¹	\$(2.2)	\$ 7.8	\$ 17.2
Debt Service Coverage ²	-	-	-

Source: Market and Feasibility Study

^{1.} Excludes construction costs and ground rent during construction which are capitalized

^{2.} Excludes replacement reserves as calculated by CBRE

The schedule below summarizes the projected cash flow and debt service coverage during the Facilities' operation period (in Millions).

Fiscal Year End 12/31 Revenues	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>
Potential Base Rent	\$ 30.3	\$ 31.2	\$ 32.1	\$ 32.7	\$ 33.5	\$ 34.3	\$ 35.3	\$ 36.3	\$ 37.2	\$ 38.1	\$ 39.1	\$ 40.2	\$ 41.3	\$ 42.2
Absorption & Turnover Vacancy	(0.8)	(0.0)	(0.9)	(0.9)	(0.6)	(0.4)	(0.0)	(1.0)	(0.7)	(0.8)	(0.5)	(0.0)	(0.5)	(1.3)
Free Rent	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expense Recoveries	2.0	2.1	2.1	2.2	2.3	2.3	2.4	2.4	2.5	2.5	2.6	2.7	2.7	2.8
Vacancy Allowance	(0.7)	(0.9)	(0.6)	(0.6)	(0.6)	(0.8)	(1.0)	(0.6)	(0.7)	(0.6)	(0.9)	(1.2)	(0.9)	(0.7)
Effective Gross Revenue	\$ 30.9	\$ 32.4	\$ 32.7	\$ 33.5	\$ 34.6	\$ 35.5	\$ 36.6	\$ 37.1	\$ 38.3	\$ 39.2	\$ 40.3	\$ 41.6	\$ 42.7	\$ 42.9
Total Operating Expenses	\$ 6.4	\$ 6.7	\$ 6.9	\$ 7.1	\$ 7.3	\$ 7.4	\$ 7.6	\$ 7.8	\$ 8.0	\$ 8.2	\$ 8.4	\$ 8.6	\$ 8.8	\$ 9.0
Net Operating Income	\$ 24.4	\$ 25.7	\$ 25.8	\$ 26.4	\$ 27.3	\$ 28.0	\$ 29.0	\$ 29.3	\$ 30.3	\$ 31.0	\$ 31.9	\$ 33.1	\$ 33.9	\$ 33.9
Leasing Commissions	1.1	0.1	2.0	1.5	1.6	1.0	0.0	1.0	2.6	2.0	1.4	0.0	1.1	2.6
Cash Flow Before Debt Service ¹	\$ 23.4	\$ 25.6	\$ 23.9	\$ 24.9	\$ 25.7	\$ 27.0	\$ 29.0	\$ 28.3	\$ 27.7	\$ 29.1	\$ 30.5	\$ 33.1	\$ 32.8	\$ 31.3
Net Debt Service ²	5.6	6.9	6.9	6.9	6.9	6.9	6.9	10.4	10.0	10.9	11.3	11.7	11.7	11.7
Debt Service Coverage ^{2,3}	4.15 x	3.69 x	3.44 x	3.59 x	3.70 x	3.89 x	4.17 x	2.71 x	2.77 x	2.68 x	2.70 x	2.82 x	2.80 x	2.68 x

Source: Market and Feasibility Study (except for Net Debt Service and Debt Service Coverage, which have been determined based upon the pricing of the Series 2021 Bonds).

^{1.} Excludes construction costs and ground rent during construction which are capitalized

^{2.} Net of interest paid from capitalized interest account.

^{3.} Excludes replacement reserves as calculated by CBRE

The schedule below summarizes the projected cash flow and debt service coverage during the Facilities' operation period (in Millions).

Fiscal Year End 12/31	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>	<u>2045</u>	<u>2046</u>	<u>2047</u>	<u>2048</u>	<u>2049</u>	<u>2050</u>	<u>2051</u>	<u>2052</u>	<u>2053</u>	<u>2054</u>
Revenues	Φ 42 1	0.440	O 45 4	Φ 46 0	ф 47 О	6.40.0	ф. 5 0.0	Ф. 5.1 .4	A 50 0	0.540	Φ.5.5.0	0.56.5	A 50 1	Φ. 50. 0	Φ (1.1	0.62.4
Potential Base Rent	\$ 43.1	\$ 44.2	\$ 45.4	\$ 46.8	\$ 47.8	\$ 48.9	\$ 50.0	\$ 51.4	\$ 52.9	\$ 54.0	\$ 55.2	\$ 56.5	\$ 58.1	\$ 59.8	\$ 61.1	\$ 62.4
Absorption & Turnover	(1.0)	(0.7)	0.0	(0.6)	(1.3)	(1.2)	(0.8)	(0.1)	(0.2)	(1.9)	(1.4)	(0.9)	(0.1)	(0.2)	(2.2)	(1.5)
Vacancy																
Free Rent	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expense Recoveries	2.9	3.0	3.1	3.1	3.1	3.3	3.4	3.5	3.5	3.5	3.7	3.8	3.9	4.0	3.9	4.2
Vacancy Allowance	(0.8)	(1.0)	(1.4)	(0.9)	(0.8)	(1.0)	(1.2)	(1.5)	(1.4)	(0.9)	(1.1)	(1.4)	(1.7)	(1.6)	(1.0)	(1.3)
Effective Gross Revenue	\$ 44.2	\$ 45.4	\$ 47.1	\$ 48.3	\$ 48.8	\$ 49.9	\$ 51.4	\$ 53.3	\$ 54.8	\$ 54.7	\$ 56.4	\$ 58.0	\$ 60.2	\$ 61.9	\$ 61.9	\$ 63.8
Total Operating	\$ 9.2	\$ 9.4	\$ 9.7	\$ 10.0	\$ 10.2	\$ 10.4	\$ 10.7	\$ 10.9	\$ 11.2	\$ 11.4	\$ 11.7	\$ 12.0	\$ 12.3	\$ 12.5	\$ 12.7	\$ 12.9
Expenses																
Net Operating Income	\$ 35.0	\$ 36.0	\$ 37.4	\$ 38.4	\$ 38.6	\$ 39.5	\$ 40.7	\$ 42.4	\$ 43.7	\$ 43.3	\$ 44.7	\$ 46.0	\$ 47.9	\$ 49.5	\$ 49.2	\$ 50.9
Leasing Commissions	2.5	1.6	0.2	0.5	3.7	2.8	1.8	0.2	0.5	4.3	3.0	2.2	0.2	0.4	4.6	3.7
Cash Flow Before Debt	\$ 32.6	\$ 34.4	\$ 37.2	\$ 37.9	\$ 34.9	\$ 36.8	\$ 38.9	\$ 42.2	\$ 43.2	\$ 39.0	\$ 41.7	\$ 43.8	\$ 47.7	\$ 49.0	\$ 44.6	\$ 47.2
Service ¹																
Net Debt Service ²	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.6	11.6	11.6	11.6	11.6	11.6
Debt Service Coverage ^{2,3}	2.78 x	2.93 x	3.17 x	3.23 x	2.98 x	3.13 x	3.31 x	3.59 x	3.68 x	3.32 x	3.60 x	3.78 x	4.12 x	4.23 x	3.85 x	4.07 x

Source: Market and Feasibility Study (except for Net Debt Service and Debt Service Coverage, which have been determined based upon the pricing of the Series 2021 Bonds).

^{1.} Excludes construction costs and ground rent during construction which are capitalized

^{2.} Net of interest paid from capitalized interest account.

^{3.} Excludes replacement reserves as calculated by CBRE

Assumptions

In preparing the projected cash flows for the five airport hangar campuses comprising the 2021 Project, as provided in the Market and Feasibility Study, CBRE used and relied upon certain information provided by Management and other sources believed to be reliable. Management and the Members of the Obligated Group believe the use of such information is reasonable for the purposes of the Market and Feasibility Study given the information available and circumstances existing as of the date of the Market and Feasibility Study. The financial projections are, in part, based on unaudited results of the operations of certain Members of the Obligated Group and various assumptions with respect to conditions that may exist or events that may occur in the future. While CBRE and Management believe these assumptions to be reasonable for the purpose of the Market and Feasibility Study, they are dependent upon future events and actual conditions may well differ from those assumed. For purposes of preparing these projections, CBRE and Management relied on certain assumptions regarding material contingencies and other matters that are not within the control of the Obligated Group or any other person. These assumptions are inherently subject to uncertainties and actual results may differ, perhaps materially, from those projected. These projections are not necessarily indicative of current values or future performance. Therefore, no representations are made or intended, nor should any be inferred, with respect to the likely existence of a particular future set of facts or circumstances. If actual results are materially less favorable than those shown, or if the assumptions used in formulating these projections prove to be incorrect, the ability of the Borrowers to generate revenue (and, consequently, the ability of the Borrowers to make payments of principal of and interest on the Series 2021 Bonds), may be materially adversely affected. Additionally, the assumptions have not been updated since the date of the Market and Feasibility Study. See "APPENDIX" A—MARKET AND FEASIBILITY STUDY" attached hereto.

The assumptions in the Market and Feasibility Study, and various considerations material to CBRE's analysis, are listed in "APPENDIX A—MARKET AND FEASIBILITY STUDY—CASH FLOW METHODOLOGY & ROLL-UP." The following is a selection of a few of the significant assumptions underlying the financial projections.

- The analysis of CBRE is based on projected financial information for the majority of the Facilities. The analysis is based on Management's data, coupled with CBRE's analysis of the five individual developments, their five markets, any existing and projected lease commitments, and comparable properties.
- CBRE's portfolio analysis is on a calendar year basis, beginning January 1, 2022 and ending December 31, 2054. The holding period for the properties is based on the expiration dates of the respective land leases through the term of all exercisable option periods.
- In all cases, CBRE has assumed that Management will exercise its renewal rights, as applicable.
- CBRE's individual estimates of General Vacancy & Collection Loss ranged from 2% to 5% (or conversely 95% to 98% occupancy), depending on the specific market conditions for each individual asset, as previously discussed.
- Analysis assumes a conservative general inflation rate of 2.50%, which is applied to both income and expenses.
- Estimate included typical lease terms of five years, based on lease terms of the Borrowers and comparable properties surveyed.

- As the Project Sites represent developments in varying phases and stages of completion, CBRE assumed the following regarding expenses:
 - O Construction costs occur contemporaneously with construction commencement. There is currently volatility in construction costs that could impact the feasibility of the project and returns, should actual costs vary significantly from estimates employed in the analysis.
 - All expenses associated with Ground Leases are projected to commence according to lease terms.
 - O Utilities are assumed to be brought to each Project Site early in construction, and are therefore projected to commence concurrent with construction commencement.
 - All other expenses considered to be associated with the completed improvements and operation of the Facilities are assumed to commence as of the construction completion/projected delivery date.
- CBRE has excluded tenant improvement allowances from capital expenses.
- Leasing commissions are estimated at 5.00% for new tenants and 3.00% for lease renewals.
- Property management fees reflect payment to each local property manager and cover the day-today operations of managing the facilities including collecting rent from tenants, negotiating rates for utilities and services, managing local employees, filling vacancies and keeping track of financial records for tax purposes. Management Fees are estimated at 5.0% of Effective Gross Income.
- Replacement Reserves are estimated at \$0.13 per square foot for each property, based on the new construction status, size, construction components and local market parameters.
- The contract lease terms for the existing tenants are utilized within the DCF analysis, with market leasing assumptions applied for renewals and absorption tenants. All subsequent years vary according to the growth rate assumptions applied to the Year 1 estimate.
- The downtime estimate at lease rollover incorporated within the market leasing assumptions has been estimated at 3 months. This rate is considered reasonable based on the rent comparable data and a survey of market participants.
- In determining a reasonable market rent for each location, CBRE reviewed Management's target rent and LOIs against each location's market analysis regarding supply, demand and, when available, comparable rental rates. As comparable, high-end private hangar space with office was scarce at each location, CBRE also reviewed other comparables from CBRE files that reflect similar new construction high-end private hangar rentals across the U.S. Overall, CBRE concludes that, given the unique market characteristics of each Facility location, Management's target rents were considered reasonable, and have employed pro forma target rents to all properties except the Sugar Land Site and Centennial Site. Currently, asking rent at the Sugar Land Site is \$23.38 per square foot. Based on its market analysis, CBRE concludes a market rent slightly lower, at \$23.25 per square foot.
- Real estate taxes will soon be levied against the Centennial Site, which increases tenant's expenses under the projected net lease structure. Due to this factor, coupled with the pro forma target rent of \$35.00 per square foot, which is above the comparables surveyed, and the lack of pre-leasing

that might support a higher rent, CBRE has estimated achievable rents for the Facility at the Centennial Site to be \$32.50 per square foot, net.

POTENTIAL PURCHASERS OF THE SERIES 2021 BONDS SHOULD READ THE MARKET AND FEASIBILITY STUDY IN ITS ENTIRETY. AS STATED IN THE MARKET AND FEASIBILITY STUDY, THERE WILL USUALLY BE DIFFERENCES BETWEEN THE FORECASTED DATA AND ACTUAL RESULTS BECAUSE EVENTS AND CIRCUMSTANCES FREQUENTLY DO NOT OCCUR AS EXPECTED, AND THOSE DIFFERENCES MAY BE MATERIAL. See "APPENDIX A—MARKET AND FEASIBILITY STUDY." Potential purchasers should also read "THE FACILITIES," "MANAGEMENT OF THE FACILITIES" and "CERTAIN BONDHOLDERS' RISKS" herein for various factors affecting the security for and payment of the Series 2021 Bonds.

SECURITY FOR THE SERIES 2021 BONDS

Limited Obligations; Pledge of Trust Estate; Certain Funds Held By Bond Trustee

General. The Series 2021 Bonds are payable pursuant to payments made by the Borrowers under the Loan Agreement. Payments under the Loan Agreement will be made by the Master Trustee, on behalf of the Borrowers, to the Bond Trustee from funds deposited by the Obligated Group under and in accordance with the Master Indenture. The Issuer's rights under the Loan Agreement (except for certain rights reserved to the Issuer) have been assigned by the Issuer to the Bond Trustee pursuant to the Bond Indenture. To secure its limited obligation to pay the principal or Redemption Price of, if applicable, and interest on the Series 2021 Bonds, the Issuer has assigned and pledged to the Bond Trustee, and granted a security interest in, the funds created by the Bond Indenture (other than the Rebate Fund), all of the Issuer's right, title and interest in the Trust Estate established under the Bond Indenture including, without limitation, all of the Issuer's right, title and interest in the Loan Agreement (except for certain rights reserved to the Issuer) and all revenues, payments, receipts and moneys to be received and held thereunder.

To secure the Borrowers' obligations under the Loan Agreement, the Borrower Representative has executed and delivered the Senior 2021-1 Note pursuant to the Master Indenture. The Series 2021 Bonds are secured by the Senior 2021-1 Note, which, along with Senior Obligations, if any, and Subordinated Obligations, if any, issued to secure other issues of bonds and other evidence of Indebtedness, are the joint and several obligations of the Obligated Group under the Master Indenture. The rights of the holders of Senior Obligations shall in all respects be superior to the rights of the holders of Subordinate Obligations, if any. On the date of issuance of the Series 2021 Bonds, no Senior Obligations, other than the Series 2021 Bonds, and no Subordinate Obligations are outstanding. The Senior 2021-1 Note is issued under the Master Indenture and is to be paid in accordance with the terms of the Master Indenture.

The Series 2021 Bonds and the interest thereon constitute special limited obligations of the Issuer and are payable solely from the Trust Estate (as defined in the Trust Indenture). None of the Issuer, any Sponsor (as defined herein), any Issuer Member (as defined herein), any Issuer Indemnified Person (as defined in the Loan Agreement), the State or any political subdivision or agency thereof or any political subdivision approving the issuance of the Series 2021 Bonds shall be obligated to pay the principal of, premium, if any, or interest thereon or any costs incidental thereto. The Series 2021 Bonds are not a debt of the State or of any Issuer Member, and do not, directly, indirectly or contingently, obligate, in any manner, any Issuer Member, the State or any political subdivision or agency thereof or any political subdivision approving the issuance of the Series 2021 Bonds to levy any tax or to make any appropriation for payment of the principal of, premium, if any, or interest on Series 2021 Bonds or any costs incidental thereto. Neither the faith and credit nor the taxing power of any Issuer Member, the State or any political subdivision or agency thereof or any political subdivision approving the issuance of the Series 2021 Bonds, nor the faith and credit of the Issuer, any Sponsor or any Issuer Indemnified Person, shall be pledged to the

payment of the principal of, premium, if any, or interest on, the Series 2021 Bonds or any costs incidental thereto. The Issuer has no taxing power.

Debt Service Reserve Requirement. At the issuance of the Series 2021 Bonds, the Bond Trustee will deposit into the Debt Service Reserve Fund established under the Bond Indenture with respect to the Series 2021 Bonds, an amount equal to the Debt Service Reserve Requirement with respect to the Series 2021 Bonds. The "Debt Service Reserve Requirement" shall mean, with respect to the Series 2021 Bonds, (a) so long as the Series 2021 Bonds do not carry an Investment Grade Rating, an amount equal to the least of (i) the maximum annual principal and interest requirements of the Series 2021 Bonds, (ii) ten percent (10%) of the Sale Proceeds and (iii) one hundred twenty-five percent (125%) of the average annual principal and interest requirements of the Series 2021 Bonds, and (b) so long as the Series 2021 Bonds carry an Investment Grade Rating, an amount equal to 50% (unless and until such date as the Bond Trustee has received a Notice of Reserve Fund Increase, after which date it shall equal 100% until such time as the Bond Trustee has received a Notice of Reserve Fund Decrease) of the maximum annual debt service requirements of the Series 2021 Bonds.

No later than 60 days after the end of each fiscal quarter, commencing with the fiscal quarter ending December 1, 2024, the Borrower Representative shall file with the Bond Trustee: (i) if the Senior Debt Service Coverage Ratio or the Projected Senior Debt Service Coverage Ratio delivered with the certification has been below 1.30 for eight consecutive fiscal quarters, a notice (a "Notice of Reserve Fund Increase") notifying the Bond Trustee that the Debt Service Reserve Requirement has increased to 100% of maximum annual debt service for the Senior Bonds (as defined in the Bond Indenture) (subject to the requirements of Section 148(g) of the Code); and (ii) at any time following the delivery of a Notice of Reserve Fund Increase, if the Senior Debt Service Coverage Ratio and the Projected Senior Debt Service Coverage Ratio has been above 1.30 for 20 consecutive fiscal quarters, a notice (a "Notice of Reserve Fund Decrease") notifying the Bond Trustee that the Debt Service Reserve Requirement has decreased to 50% of the maximum annual debt service for the Senior Bonds (subject to the requirements of Section 148(g) of the Code).

Debt Service Reserve Fund. As described above, at the time of issuance of the Series 2021 Bonds the Bond Trustee will deposit into the Debt Service Reserve Fund established under the Bond Indenture with respect to the Series 2021 Bonds (the "Debt Service Reserve Fund") an amount equal to the Debt Service Reserve Requirement with respect to the Series 2021 Bonds. Amounts in the Debt Service Reserve Fund shall be used to cure any deficiency in the Debt Service Fund on the date for the payment of principal or interest on such Series 2021 Bonds. If, on any Interest Payment Date, the amounts in the Debt Service Reserve Fund are less than the Debt Service Reserve Requirement, the Bond Trustee shall request the Borrowers shall or shall cause the Master Trustee to deposit with the Bond Trustee, on or before the 15th day of the month next following the date the Borrower Representative is notified of such deficiency, sufficient moneys to meet the Debt Service Reserve Requirement. No withdrawal from the Debt Service Reserve Fund to restore a deficiency in the Debt Service Fund will be deemed to cure any failure by the Borrowers to pay the amounts required by the Loan Agreement in respect of debt service on the Series 2021 Bonds. Deficiencies in the Debt Service Reserve Fund are required to be replenished from Gross Revenues held by the Master Trustee prior to transferring Gross Revenues to make payment with respect to any Subordinate Class B Bonds or to fill any deficiencies in any Subordinate Class A DSR Account. See "COMMON SECURITY OF OBLIGATED GROUP – Flow of Funds" herein. Deposits to replenish any withdrawal from the Debt Service Reserve Fund (including any debt service reserve fund established for any other bonds outstanding) will be made by the Master Trustee from Gross Revenues of the Members deposited pursuant to the Master Indenture. See "COMMON SECURITY OF OBLIGATED GROUP-Flow of Funds" herein. The Debt Service Reserve Fund established with respect to Series 2021 Bonds will be held by the Bond Trustee.

The Bond Indenture provides that the amount of such Debt Service Reserve Requirement shall be recalculated by the Borrower Representative upon the issuance of any Additional Bonds under the Bond Indenture and in connection with the mandatory, optional or extraordinary redemption of any Bonds, increased pursuant to a Notice of Reserve Fund Increase, or reduced pursuant to a Notice of Reserve Fund Decrease, all as provided under the Bond Indenture.

Ramp-Up Reserve Fund. An initial deposit in the amount of \$4 million shall be deposited in the Ramp-Up Reserve Fund on the date of closing of the Series 2021 Bonds. Thereafter, if and to the extent Gross Revenues are available in the Revenue Fund, following certain other transfers therefrom, as required by the Master Indenture, such excess amounts shall be transferred each month, subject to certain provisions, to the Ramp-Up Reserve Fund to the extent required to make the amount therein equal to 50% of the Maximum Annual Debt Service Requirements on all Indebtedness then Outstanding (the "Ramp-Up Reserve Requirement"). See "COMMON SECURITY OF OBLIGATED GROUP—Flow of Funds" herein. Any moneys in the Ramp-Up Reserve Fund shall be disbursed and expended by the Master Trustee solely for the payment of (i) Debt Service in accordance with the priorities set forth in the Master Indenture if insufficient moneys therefor are available in the Debt Service Fund, and (ii) Operation and Maintenance Expenses, at the written request of the Group Representative, if amounts in the Current Operations Fund are insufficient to pay such Operation and Maintenance Expenses.

On the earlier of (i) the first day of the first full month after the 2021 Project is substantially complete and (ii) the date that the Series 2021 Bonds are first assigned an Investment Grade Rating, the Master Trustee shall transfer all remaining funds on deposit in the Ramp-Up Reserve Fund, to the extent available, <u>first</u>, to the Current Operations Fund in the amount set forth in the Master Indenture, <u>second</u>, to the Payment Account in the amount set forth in the Master Indenture, <u>third</u>, to the Tenant Improvement Fund in an amount required for the amount on deposit in the Tenant Improvement Fund to equal to the Current Tenant Improvement Fund Requirement, and <u>fourth</u>, all remaining funds to the Revenue Account, and thereafter the Ramp-Up Reserve Fund shall be closed and no further transfers shall be made to the Ramp-Up Reserve Fund from the Revenue Fund.

Maintenance Reserve Fund. The Maintenance Reserve Fund will not be funded on the date of issuance of the Series 2021 Bonds. After the 2021 Project is substantially complete, if and to the extent Gross Revenues are available in the Revenue Fund, following certain other transfers therefrom, such excess amounts shall be transferred each month to the Maintenance Reserve Fund in an amount equal to 1/12th of the Annual Maintenance Reserve Fund Deposit. See "COMMON SECURITY OF OBLIGATED GROUP – Flow of Funds" herein. The "Annual Maintenance Reserve Fund Deposit" shall mean initially an amount equal to \$0.13 times the aggregate number of square feet of building space at all Projects, all Mortgaged Properties and all Additional Properties. The Annual Maintenance Reserve Fund Deposit will increase automatically each year by an amount equal to the lesser of: (1) the Consumer Price Index or (2) 3%, subject to adjustment by the Group Representative each fifth Fiscal Year (and more often, to the extent the Group Representative determines, in its sole discretion, advisable) in accordance with the provisions of the Master Indenture.

Any moneys deposited into the Maintenance Reserve Fund shall be disbursed and expended by the Master Trustee solely for the payment of (i) Debt Service in accordance with the priorities set forth in the Master Indenture if insufficient moneys therefor are available in the Debt Service Fund, and (ii) (A) Maintenance Expenses and Capital Costs designated by the Group Representative to be paid from the Maintenance Reserve Fund; and (B) provided that no Event of Default exists under this Master Indenture, other Maintenance Expenses, at the written request of the Group Representative if amounts in the Current Operations Fund are insufficient or not permitted to be used (i.e. for capitalizable repairs) to pay such Maintenance Expenses.

Debt Service Fund. The Bond Indenture provides for the establishment of a Debt Service Fund into which funds shall be deposited amounts received by the Bond Trustee pursuant to the Master Indenture, in satisfaction of the Borrowers' obligation to pay the principal or Redemption Price of, if applicable, and interest on the Series 2021 Bonds when due. Moneys are deposited into the Debt Service Fund as and when required by the Master Trustee from the Debt Service Fund established under the Master Indenture and funded from Gross Revenues of the Members deposited into the Master Indenture. See "COMMON SECURITY OF OBLIGATED GROUP – Gross Revenue Pledge under Master Indenture" herein. The Master Indenture provides that moneys on deposit in the Debt Service Fund established under the Master Indenture be used first, to pay the principal or Redemption Price of, if applicable, and interest on the Senior Obligations (including, but not limited to the Senior 2021-1 Note), without priority or preference, second, to pay the principal or Redemption Price of, if applicable, and interest on the Subordinate Class A Obligations, without priority or preference, and third, to pay the principal or Redemption Price of, if applicable, and interest on the Subordinate Class B Obligations. Under the Master Indenture, the Master Trustee is required to transfer all amounts due on the Series 2021 Bonds to the Bond Trustee on the Business Day prior to the date payment is due on the Series 2021 Bonds.

Additional Bonds/Additional Obligations

The Bond Indenture provides for issuance of additional bonds secured by either a Senior Obligation, a Subordinate Class A Obligation or a Subordinate Class B Obligation, subject to certain procedures and conditions and to satisfaction of the conditions of the Master Indenture to issuance of the corresponding Obligated Group Obligation. See "COMMON SECURITY OF OBLIGATED GROUP" herein.

COMMON SECURITY OF OBLIGATED GROUP

General

All payment obligations under the Senior 2021-1 Note and any Additional Obligations of the Obligated Group are secured through a shared security interest in the Mortgages, the Gross Revenues and certain funds and accounts held under the Master Indenture.

Obligated Group Ground Leases

Pursuant to the Ground Sublease, dated as of December 1, 2020 (as the same may be amended and supplemented from time to time, the "Centennial Ground Lease"), by and between the SunBorne XVI, LTD. ("SunBorne"), as sublessor, and Sky Harbour Centennial, as sublessee, which is scheduled to expire on February 28, 2062 (the "Initial Expiration Date"), SunBorne has subleased the Centennial Site to Sky Harbour Centennial. The Initial Expiration Date will be automatically extended to February 28, 2077 if SunBorne exercises its first option to extend the term of the Ground Lease and Agreement dated March 1, 2007, by and between Arapahoe County Public Airport Authority and SunBorne, covering, inter alia, the Centennial Site (as the same has been amended, and as it may hereafter be amended from time to time, the "Master Lease") for an additional 15 years, and further extended to February 28, 2097 if SunBorne exercises its second option to extend the term of the Master Lease for an additional 20 years.

The Nashville Site is leased pursuant to the Lease, made and entered into as of January 22, 2020 (as the same may be amended and supplemented from time to time, the "Nashville Ground Lease"), by and between The Metropolitan Nashville Airport Authority, as landlord, and Sky Harbour Nashville, as tenant, which is scheduled to expire on January 21, 2060. The Nashville Ground Lease provides for two additional term extensions of up to five years, each subject to the terms of the lease.

The Deer Valley Site is leased pursuant to the Unsubordinated Ground Lease and Option to Lease Additional Land (the "Deer Valley Ground Lease"), effective as of May 4, 2021 (the "Effective Date"), by and between the City of Phoenix, Arizona, as lessor, and Sky Harbour Deer Valley, as lessee. The term of the Deer Valley Ground Lease is 40 years and is projected to commence on May 1, 2022. The Deer Valley Ground Lease does not contain an option to renew or extend the term of the lease.

The Opa-Locka Site is subleased pursuant to the Sublease, made and entered into on May 2, 2019 (as the same may be amended and supplemented from time to time, the "Opa Locka Ground Lease"), by and between AA Acquisitions, LLC, as landlord, and Sky Harbour Opa Locka, as tenant, and is scheduled to expire on May 1, 2059. The Opa Locka Ground Lease provides for two additional term extensions of up to five years, each subject to the terms of the lease.

The existing hangar campus on the Sugar Land Site is leased pursuant to a Standard Form Airport Corporate Hangar Land Lease, dated February 6, 2019, as amended and restated by the Amended and Restated Standard Form Airport Corporate Hangar Land Lease, dated October 15, 2019 (the "Sugar Land Ground Lease" and collectively, with the Centennial Ground Lease, the Nashville Ground Lease, the Deer Valley Ground Lease, and the Opa-Locka Ground Lease, the "Ground Leases") by and between The City of Sugar Land, Texas, as owner, and Sky Harbour Sugar Land, as lessee, which has a term of thirty (30) years. See "APPENDIX D" attached hereto for a summary of certain terms, conditions and provisions of each respective Ground Lease.

Mortgages

To secure the joint and several obligations of the Obligated Group to repay all obligations issued pursuant to the Master Indenture, including, without limitation, the Senior 2021-1 Note and any Additional Obligations, if any, each Initial Member (other than SH Capital) will enter into a leasehold mortgage or deed of trust, assignment of rents and leases, security agreement and fixture filing, as applicable (each, a "Leasehold Mortgage" and collectively, the "Leasehold Mortgages") pursuant to which each such Member grants to the Master Trustee all of its interest in the leasehold or subleasehold estate granted to such Member under its respective Ground Lease, and its respective interest as landlord under the Tenant Leases, and a security interest in certain personal property situated on the premises and used in the operation of their respective Project Sites. In the Leasehold Mortgage to which it is a party, each Member collaterally assigns and transfers to the Master Trustee all the leases pertaining to the mortgaged Project Site including, but not limited to, the leases pertaining to the respective Project Site and all the rents and revenues such Member receives in connection with any lease, sublease or other agreement for the occupancy or use of all or any part of its mortgaged Project Site.

On the date of issuance of the Series 2021 Bonds, each Borrower will enter into a Leasehold Mortgage for the benefit of the Master Trustee relating to its respective Project Sites.

Under the Master Indenture, the security interest created under the Leasehold Mortgages with respect to all Senior Obligations of the Obligated Group, including, without limitation, the Senior Notes, is superior to the security interest with respect to the Subordinate Obligations of the Obligated Group, if any.

The Leasehold Mortgages secure Obligations of the Members under the Master Indenture and because such Obligations are joint and several, each Leasehold Mortgage secures all Obligations of the Obligated Group under the Master Indenture. Therefore, an Event of Default under the Master Indenture is also an Event of Default under each Leasehold Mortgage that would entitle the Master Trustee to exercise remedies under any or all Leasehold Mortgages, including proceeding with foreclosure and enforcing the assignment of rents included in the Leasehold Mortgages.

The Leasehold Mortgages on the leasehold interests in the Ground Leases expire when the related Ground Lease expires. See "COMMON SECURITY OF OBLIGATED GROUP—Obligated Group Ground Leases" and "—Ground Lease Consents to Leasehold Mortgages and Estoppels" herein. See "CERTAIN BONDHOLDERS' RISKS – Risks Arising under the Ground Leases" herein.

Ground Lease Consents to Leasehold Mortgages and Estoppels

All of the real property interests held by Members of the Obligated Group will consist of leasehold interests in Facilities. In order to provide a Leasehold Mortgage or other security interest in such a leasehold interest, the related Ground Lease must permit the applicable Member to mortgage or otherwise encumber its leasehold interest.

In connection with the issuance of the Series 2021 Bonds, the Members will deliver to the Master Trustee consents (to the extent required by the respective Ground Lease) and/or estoppels from each ground lessor for the Ground Leases, relating to the Leasehold Mortgages on the Facilities. The form of each consent and/or estoppel varies depending on the requirements of each Ground Lease and the mortgagee protection provisions contained therein; however, the consents and/or estoppels generally provide for recognition, among other things, that the applicable ground lessor recognizes the Master Trustee as mortgagee entitled to the mortgagee protection provisions contained in the related Ground Lease or in the consent and/or estoppel.

Gross Revenue Pledge under Master Indenture

The obligations of the Members of the Obligated Group under the Master Indenture are joint and several and are jointly secured by the pledge of the Gross Revenues of the Obligated Group. The term "Gross Revenues" means all operating and non-operating revenues, receipts and income of each Member (provided that distributions to the Group Representative from the Facility Surplus Fund shall not constitute Gross Revenues) and all rights to receive the same, whether in the form of accounts receivable, contract rights, chattel paper, instruments, general intangibles or other rights and all proceeds thereof, including insurance proceeds and condemnation awards, whether now existing or hereafter coming into existence and whether now owned or hereafter acquired and all amounts contributed to the capital of a Member by its owners.

The Master Indenture requires that all Members deposit with the Master Trustee all their respective Gross Revenues immediately upon receipt (but in any event within five days of receipt). The Master Trustee is required to deposit all Gross Revenues it receives to the Revenue Fund established under the Master Indenture. The Master Trustee is required, on or before the 15th day of each month to make the deposits and transfers described under "– Flow of Funds" below.

Pursuant to the Master Indenture, each of the Members of the Obligated Group has agreed to a number of covenants which will affect their business operations.

The Bond Trustee, as holder of Senior 2021-1 Note issued pursuant to the Master Indenture, is entitled to rely on and benefit from the covenants, restrictions and obligations imposed on the Members of the Obligated Group.

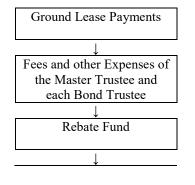
UNDER THE MASTER INDENTURE, GROSS REVENUES OF THE OBLIGATED GROUP HELD BY THE MASTER TRUSTEE WILL BE APPLIED TO SATISFY PAYMENT OBLIGATIONS, ON A PARITY BASIS, OF THE MEMBERS UNDER THE RESPECTIVE FINANCING

AGREEMENTS AND OTHER SENIOR OBLIGATIONS, SUBORDINATE CLASS A OBLIGATIONS, IF ANY, AND SUBORDINATE CLASS B OBLIGATIONS, IF ANY, ISSUED UNDER THE MASTER INDENTURE WITHOUT PREFERENCE OR PRIORITY OF ONE OBLIGATION OVER ANOTHER OBLIGATION EXCEPT THAT (I) EACH AND EVERY SENIOR OBLIGATION SHALL HAVE PRIORITY AND PREFERENCE OVER EACH AND EVERY SUBORDINATE OBLIGATION (OF EITHER CLASS) AND (II) EACH AND EVERY SUBORDINATE CLASS A OBLIGATION SHALL HAVE PRIORITY AND PREFERENCE OVER EACH AND EVERY SUBORDINATE CLASS B OBLIGATION. IN THE EVENT GROSS REVENUES ARE NOT SUFFICIENT TO SATISFY EACH MEMBER'S PAYMENT OBLIGATION UNDER ANY FINANCING AGREEMENT, AN EVENT OF DEFAULT BY ANY MEMBER UNDER ANY FINANCING AGREEMENT, LEASEHOLD MORTGAGE OR INDENTURE CONSTITUTES AN EVENT OF DEFAULT UNDER THE MASTER INDENTURE AND UNDER EACH LEASEHOLD MORTGAGE, WHICH MAY RESULT IN ACCELERATION OF ALL OR A PORTION OF THE SERIES 2021 BONDS. INDENTURE PROVIDES THAT IN THE CASE OF (I) AN EVENT OF DEFAULT RELATING TO THE PAYMENT OF PRINCIPAL OR REDEMPTION PRICE OF, IF APPLICABLE, OR INTEREST ON THE SERIES 2021 BONDS, OR (II) ANY OTHER EVENT OF DEFAULT (UPON THE WRITTEN REQUEST OF THE HOLDERS OF MORE THAN 25% OF THE OUTSTANDING PRINCIPAL AMOUNT OF THE SERIES 2021 BONDS), THE PRINCIPAL AND INTEREST ON THE SERIES 2021 BONDS SHALL BECOME IMMEDIATELY DUE AND PAYABLE.

Flow of Funds

Under the Master Indenture, the Master Trustee has established and maintains the following Funds: the Revenue Fund, the Current Operations Fund, the Tenant Improvement Fund, the Debt Service Fund, the Maintenance Reserve Fund, the Facility Surplus Fund, the Rebate Fund, the Renewal Fund and a Ramp-Up Reserve Fund. The Revenue Fund includes a General Account and a Prepaid Rent Account. The Debt Service Fund consists of a Payment Account and a Special Redemption Account.

The Master Trustee will withdraw and pay or deposit from the amounts on deposit in the Revenue Fund without regard to which Member provided which Gross Revenues, as discussed herein. Amounts held in the Revenue Fund will be paid or deposited by the Master Trustee on or before the 15th day of each month in the following order of priority:



<u>First</u>, pay to the respective lessors the amount needed to pay rent coming due in such month under each Ground Lease, as directed by the Group Representative;

<u>Second</u>, pay to the Master Trustee and each Bond Trustee amounts equal to all fees or expenses which are then due and payable to such Person;

<u>Third</u>, transfer to the Rebate Fund the amount necessary to make up any established deficiency in any account of the Rebate Fund;

Current Operations Fund Debt Service Fund for Senior Obligations Debt Service Reserve Funds for Senior Bonds Maintenance Reserve Fund and Tenant Improvement Fund Debt Service Fund for Subordinate Class A Obligations

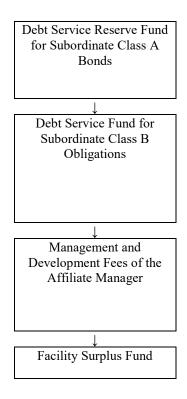
Fourth, transfer to the appropriate account in the Current Operations Fund, an amount equal to the Operation and Maintenance Expenses (not designated by the Group Representative to be paid from the Maintenance Reserve Fund) for each Member for the current month as requested in writing by the Group Representative (exclusive of Operation and Maintenance Expenses paid pursuant to clauses First to Third above); provided, however, that the Master Trustee (1) shall not in any month deposit to the Current Operations Fund an amount to pay Operation and Maintenance Expenses of the Members which is reasonably expected to cause the projected annual Operation and Maintenance Expenses for the Members of the Obligated Group to exceed the Budgeted Operation and Maintenance Amount as set forth in the annual budget (as delivered pursuant to the Master Indenture) for the then current Fiscal Year by more than ten percent (10%); and (2) shall not pay Operation and Maintenance Expenses for the Members which exceed budgeted monthly Operation and Maintenance Expenses as approved in such budget for such month by more than twenty percent (20%), unless the Group Representative certifies that such costs are consistent with normal operations and maintenance requirements; the Group Representative shall deliver a written requisition to the Master Trustee (upon which the Master Trustee may conclusively rely without making any independent investigation) requesting the transfers contemplated by this section and certifying that the conditions contained herein have been met;

<u>Fifth</u>, transfer to the Debt Service Fund, an amount sufficient to make all Required Monthly Deposits and to remedy any prior deficiencies relating to previously Required Monthly Deposits not being made in full, with respect to the Senior Obligations (amounts deposited pursuant to this clause shall be credited first against any previously due and unpaid Required Monthly Deposit with respect to the Senior Obligations, in order of past due date);

<u>Sixth</u>, transfer to the appropriate account of the Debt Service Reserve Funds established under the Related Financing Documents for each series of Senior Bonds (under the Master Indenture or any Supplemental Indenture), including the Series 2021 Bonds, an amount sufficient to make the balance in each such Debt Service Reserve Fund equal the Debt Service Reserve Requirement therefor;

Seventh, only after the Initial Projects are substantially complete, (A) transfer to the Maintenance Reserve Fund an amount equal to 1/12th of the Annual Maintenance Reserve Fund Deposit and (B) transfer to the appropriate account of the Tenant Improvement Fund the amount required to fund 1/24th of the Current Estimated Tenant Improvement Requirement, unless the amounts in the Tenant Improvement Fund equal or exceed the Current Estimated Tenant Improvement Requirement;

Eighth, transfer to the Debt Service Fund, an amount sufficient to make all Required Monthly Deposits and to remedy any prior deficiencies relating to previously Required Monthly Deposits not being made in full with respect to the Subordinate Class A Obligations, if any (amounts deposited pursuant to this clause shall be credited first against any previously due and unpaid Required Monthly Deposit with respect to the Subordinate Class A Obligations, if any, in order of past due date);



Ninth, transfer to the appropriate account of the Debt Service Reserve Fund established under the Related Financing Documents for each series of Subordinate Class A Bonds, if any, an amount sufficient to make the balance in each such Debt Service Reserve Fund equal the Debt Service Reserve Requirement therefor;

<u>Tenth</u>, to the Debt Service Fund, transfer an amount sufficient to make all Required Monthly Deposits and to remedy any prior deficiencies relating to previously Required Monthly Deposits not made in full, with respect to Subordinate Class B Obligations, if any (amounts deposited pursuant to this clause shall be credited first against any previously due and unpaid Required Monthly Deposit with respect to the Subordinate Class B Obligations, if any, in order of past due date); and

<u>Eleventh</u>, pay to the Manager the amount needed to pay all Management and Development Fees due in the current month under the Management Agreement (exclusive of expenses and out-of-pocket reimbursements constituting Operation and Maintenance Expenses and Management and Development Fees due to any Manager that is not an Affiliate of any Member of the Obligated Group paid from the Current Operations Fund pursuant to the Fourth clause above);

<u>Twelfth</u>, to the Facility Surplus Fund, the balance, if any, of such moneys after making the payments or deposits required under clauses First to Eleventh above.

Each of the transfers set forth in the Seventh to Twelfth clauses above shall only be made after the requirements set forth under the caption "—Intermediate Transfers for Additional Reserves" below have been fully satisfied).

Intermediate Transfers for Additional Reserves

To the extent of the amounts remaining in the General Account of the Revenue Fund on or before the 15th day of each month (or if such fifteenth (15th) day is not a Business Day, the next Business Day) following the transfers required in clause (i) to (vi) above, such excess amounts shall be transferred first, subject to the Master Indenture, to the Ramp-Up Reserve Fund to the extent required to make the amount therein equal to the Ramp-Up Reserve Requirement, second, to the Current Operations Fund to the extent required to make the amount therein equal the Budgeted Operation and Maintenance Amount of all Members (to the extent not designated by the Group Representative to be paid from the Maintenance Reserve Fund) for the next six months (counting the current month as one of the months), and third, subject to the Master Indenture, to the Payment Account to the extent required to make the amount therein equal to the total of the Scheduled Debt Service with respect to the Senior Obligations coming due (and not yet paid or transferred to the Bond Trustees) on or before the next January 1 or July 1, whichever comes first (and counting as due on each such date at least half of the annual principal and sinking fund payments due on all Bonds).

Acceleration

Upon the acceleration of the principal of all Senior Obligations or all Obligations pursuant to the Master Indenture, the Master Trustee shall immediately transfer all amounts in the Revenue Fund over to the Debt Service Fund for payment of debt service on such Senior and other Obligations.

Distributions to the Group Representative

After substantial completion of the Initial Projects, upon delivery to the Master Trustee by the Group Representative of a Qualified Distribution Notice (as defined below), and so long as there is no Event of Default continuing, all moneys in the Facility Surplus Fund not required to be transferred to any other Fund in accordance with the Master Indenture shall be remitted promptly to (or upon the direction of) the Group Representative.

The Group Representative may deliver to the Master Trustee on a quarterly basis, on the first Business Day on and after each February 16, May 16, August 16 and November 16, a notice (a "Qualified Distribution Notice") in which the Group Representative shall certify and provide evidence that certain requirements are met as follows:

- (i) certify that no Event of Default has occurred and is continuing under the Master Indenture; and
- (ii) certify that all requirements (including all transfers to other Funds required by the Master Indenture) that must be satisfied before amounts may be transferred to the Facility Surplus Fund for the immediately prior month have been so satisfied; and
 - (iii) either:
- (A) certify and provide copies of the Senior Debt Service Coverage Ratio most recently required to be delivered pursuant to the Master Indenture demonstrating that such Senior Debt Service Coverage Ratio equals or exceeds 1.30 (provided that if the Senior Bonds do not then carry an Investment Grade Rating, such ratio equals or exceeds 1.75); and certify and provide copies of the Projected Senior Debt Service Coverage Ratio most recently required to be delivered pursuant to the Master Indenture demonstrating that such Projected Senior Debt Service Coverage Ratio equals or exceeds 1.30 (provided that if the Senior Bonds do not then carry an Investment Grade Rating, such ratio equals or exceeds 1.75); or
- (B) provide a Qualified Distribution Notice requesting a distribution of less than all of the amounts on deposit in the Facility Surplus Fund, and certify that the amount on deposit in the Facility Surplus Fund immediately following the requested distribution will not be less than 250% of the Maximum Annual Debt Service Requirements on all Indebtedness then Outstanding; and certify that the ratio of (x) Revenues Available for Debt Service for the immediately preceding twelve full consecutive calendar months, to (y) the sum of all fees payable to the Manager as described under "– Flow of Funds–Management and Development Fees of the Affiliate Manager–Eleventh" above, during the immediately preceding twelve full consecutive calendar months, plus Maximum Annual Debt Service Requirements on all Indebtedness then Outstanding, equals or exceeds 1.00.

Payment of Ground Rent/Ground Leases Are Principal Asset

Each of the Project Sites are located on land the fee interest in which is owned by a governmental unit and leased or subleased to the related Member pursuant to the related Ground Lease. The Leasehold Mortgages relating to such Facilities are leasehold or subleasehold mortgages or deeds of trust and, as such, will be extinguished upon expiration or termination of the applicable Ground Lease. The Tenant Leases, the primary source of revenues of the Obligated Group for the payment of the Obligations, are subleases of each Member's leasehold or subleasehold interest in its related Project Site pursuant to the applicable Ground Lease. See "FINANCIAL PROJECTIONS."

If a Member fails to direct the Master Trustee to pay rent under its Ground Lease when due, or if Gross Revenues are insufficient for such purpose, or if a Member otherwise fails to perform its obligations under its Ground Lease, the lessor under such Ground Lease may terminate the Ground Lease. Any such termination would result in the loss of rental income from the Tenant Leases for such Facility. See "APPENDIX D—SUMMARY OF THE GROUND LEASES."

THE MEMBERS OF THE OBLIGATED GROUP HAVE NO SIGNIFICANT ASSETS OTHER THAN THE GROUND LEASES AND THE TENANT LEASES, AND PAYMENT OF THE SERIES 2021 BONDS IS THEREFORE DEPENDENT UPON REVENUES GENERATED BY EACH BORROWER'S HBS BUSINESS AT ITS RESPECTIVE PROJECT SITE, INCLUDING RENTALS RECEIVED FROM THE TENANT LEASES. FURTHER, THE TERMS OF ALL OF THE CURRENT TENANT LEASES EXPIRE PRIOR TO THE FINAL MATURITY DATE OF THE SERIES 2021 BONDS. PROSPECTIVE PURCHASERS SHOULD READ "CERTAIN BONDHOLDERS' RISKS" HEREIN FOR A DESCRIPTION OF CERTAIN RISKS WHICH MAY AFFECT THE ABILITY OF THE OBLIGATED GROUP TO GENERATE SUCH REVENUES.

Additional Obligations

The Master Indenture includes provisions to allow the Members, and any new Members, to complete additional financings and refinancings but no Member may issue Indebtedness of any kind (including additional bond-related debt) except in accordance with the requirements of the Master Indenture either through the issuance of Additional Obligations thereunder or in very limited cases, through other Indebtedness.

Members of the Obligated Group may finance the acquisition, construction, renovation, rehabilitation and improvement of additional Facilities through the issuance of Additional Obligations by an existing or a new Member of the Obligated Group, which would own the fee or leasehold interest in such Facilities. See "THE OBLIGATED GROUP AND THE GROUP REPRESENTATIVE" herein. Any such issuance of Additional Obligations may be accompanied by a corresponding issuance of additional bonds or may secure other Indebtedness.

Upon the issuance of the Series 2021 Bonds, the Senior 2021-1 Note will be the only Obligation outstanding under the Master Indenture.

Members of the Obligated Group may not become indebted on any Indebtedness except as permitted by the Master Indenture. A Member may issue Additional Obligations under the Master Indenture, consisting of additional (i) Senior Notes on a parity with its existing Senior Notes and senior to Subordinate Class A Notes and Subordinate Class B Notes, (ii) Subordinate Class A Notes on a parity with other Subordinate Class A Notes, senior to all Subordinate Class B Notes and subordinate to all Senior Notes and (iii) Subordinate Class B Notes on a parity with other Subordinate Class B Notes and subordinate to all Senior Notes and Subordinate Class A Notes, upon meeting the requirements of the Master Indenture. Such Additional Obligations may be issued on parity with or subordinate to the Series 2021 Bonds.

No Member of the Obligated Group shall be permitted to incur additional Indebtedness (whether through the creation of new Indebtedness, the assumption of existing Indebtedness or the guaranteeing of any new or existing Indebtedness), except Indebtedness incurred to purchase personal property secured by a purchase money security interest as permitted by the Master Indenture unless, as of the date of such incurrence, the Master Trustee shall have received, among other things:

(i) an Officer's Certificate of the Group Representative with a detailed internal report (provided that if the Senior Bonds do not then carry an Investment Grade Rating, such report shall be prepared or

confirmed by an Independent Consultant) demonstrating and concluding that, (A) following incurrence of the contemplated Indebtedness, the Projected Senior Debt Service Coverage Ratio is projected or forecasted to be at least equal to 1.50 (provided that if the Senior Bonds do not then carry an Investment Grade Rating, such ratio shall be at least equal to 2.25), during the period being the first three full Fiscal Years immediately following (x) in the case where the proposed Indebtedness is to finance construction (including renovations), the later of (1) the end date of the period for which all interest on the proposed Indebtedness is to be paid from amounts on deposit (hereunder or under the documents governing the Indebtedness) at the issuance of such Indebtedness (or from reasonably expected earnings on such deposited amounts) and (2) the completion of such construction (including renovations) but in no event later than the date five (5) years after the issuance of the proposed Indebtedness, or (y) if no such construction is to be financed, the issuance of the Indebtedness in question, and (B) the Senior Debt Service Coverage Ratio during the last full Fiscal Year immediately prior to the incurrence of the Indebtedness in question, was no less than 1.40 (provided that if the Senior Bonds do not then carry an Investment Grade Rating, such ratio was not less than 2.00). Notwithstanding the foregoing, the historical ratio set forth in clause (B) hereof need not be met during the period that interest on the Initial Indebtedness is being paid from amounts on deposit (under the Master Indenture or under the documents providing for the issuance of such Initial Indebtedness) at the issuance of the Initial Indebtedness (or from reasonably expected earnings on such deposited amounts); and

(ii) an Officer's Certificate of the Group Representative with a detailed internal report (provided that if the Senior Bonds do not then carry an Investment Grade Rating, such report shall be prepared or confirmed by an Independent Consultant) demonstrating and concluding that, (A) following incurrence of the contemplated Indebtedness, the Projected Debt Service Coverage Ratio is projected or forecasted to be at least equal to 1.25 for each of the first three full Fiscal Years immediately following (x) in the case where the proposed Indebtedness is to finance construction (including renovations), the later of (1) the end date of the period for which all interest on the proposed Indebtedness is to be paid from amounts on deposit (under the Master Indenture or under the documents governing the Indebtedness) at the issuance of such Indebtedness (or from reasonably expected earnings on such deposited amounts) and (2) the completion of such construction (including renovations) but in no event later than the date five (5) years after the issuance of the proposed Indebtedness, or (y) if no such construction is to be financed, the issuance of the Indebtedness in question, and (B) the Debt Service Coverage Ratio during the last full Fiscal Year immediately prior to the incurrence of the contemplated Indebtedness was no less than 1.25. Notwithstanding the foregoing, the historical ratio set forth in clause (B) hereof need not be met during the period that interest on the Initial Indebtedness is being paid from amounts on deposit (hereunder or under the documents providing for the issuance of such Initial Indebtedness) at the issuance of the Initial Indebtedness (or from reasonably expected earnings on such deposited amounts).

However, the Officer's Certificates described above shall not be required:

- (i) in the case of Indebtedness incurred to complete any construction (including renovations) for which other Indebtedness has previously been incurred, provided that if the Master Trustee receives (a) an Officer's Certificate to the effect that (1) the construction to be completed is of substantially the same type and scope as was contemplated at the time of the previous incurrence and (2) that the cost of completion of the subject Project or other property does not exceed ten percent (10%) of the principal amount of Indebtedness originally issued to finance such Project and (b) an Independent Consultant's Report confirming that the proceeds of the Indebtedness to be incurred, and other available moneys, are sufficient to pay the estimated cost of completing such construction;
- (ii) in the case of Indebtedness incurred for the purpose of refinancing, repurchasing or refunding other Indebtedness, if the Master Trustee receives (a) an official action of the Governing Person of the applicable Member finding that such refinancing, repurchasing or

refunding is in the best interests of the applicable Member and (b) an Officer's Certificate from the Group Representative demonstrating and concluding that, after giving effect to the issuance of such Indebtedness and the application of the proceeds thereof, the Maximum Annual Debt Service Requirements on all Indebtedness will not exceed the Maximum Annual Debt Service Requirements on all Indebtedness prior to such refinancing, repurchasing or refunding by more than ten percent (10%);

- (iii) in the case of the issuance of a Credit Facility in support of any Indebtedness which is properly incurred under the Master Indenture or in the case of any drawing under such Credit Facility to pay amounts due under the Indebtedness supported thereby; or
- (iv) in the case of any conversion of Variable Rate Indebtedness to bear interest at a fixed rate or rates or to bear interest at variable rates determined at different intervals or on the basis of a different methodology.

Unless a certificate of the Group Representative is delivered to the Master Trustee together with appraisals or a valuation report showing that the value of all Mortgaged Properties and all Facilities that are subject to a mortgage or deed of trust in favor of the Master Trustee, equals or exceeds the Indebtedness secured by the Master Indenture, the Master Trustee shall receive a mortgage on some or all of the property to be financed in excess of the Outstanding amount of the Indebtedness under the Master Indenture.

Rate Covenant

Debt Service Coverage Ratio. The Members of the Obligated Group shall use all commercially reasonable efforts to jointly maintain a Debt Service Coverage Ratio of at least 1.25 for each applicable test period specified in "– *Testing Compliance*" below; *provided, however*, that notwithstanding any other provision of the Master Indenture, the failure of the Members of the Obligated Group to maintain a Debt Service Coverage Ratio shall not be deemed to constitute an Event of Default under the Master Indenture, so long as (i) the Obligated Group takes all commercially reasonable action to comply with the procedures for preparing and implementing a report for correcting such deficiency, and (ii) if the Debt Service Coverage Ratio tested in accordance with "– *Testing Compliance*" below, as of the end of any fiscal quarter, is less than 1.0, the owners of the Members shall have made contributions to the Members or otherwise caused the Debt Service Coverage Ratio to be at least 1.0 within ten (10) Business Days of the applicable test date, as evidenced by a new Officer's Certificate of the Group Representative.

Testing Compliance. In order to measure compliance with the covenant set forth in "—Debt Service Coverage Ratio" above, the Debt Service Coverage Ratio shall be calculated (and certified as so calculated) in accordance with the requirements of the definition thereof, by the Group Representative and reported in accordance with the Master Indenture: (i) quarterly (as of the end quarter of the Fiscal Year commencing with the quarter ending December 31, 2024) for the twelve month period ending on the last day of such quarter, each quarterly testing shall be performed within 60 days of the end of the applicable quarter and shall be based upon the quarterly unaudited financial reports for the immediately preceding four quarters required by the Master Indenture; provided, however, that in the first three years following issuance of the initial Obligations hereunder, such testing shall be based on an annualization of the period from such issuance until the date for which the test is to be computed shall be based upon the quarterly unaudited financial reports for the immediately preceding one, two or three quarters (as applicable) required the Master Indenture, and (ii) annually (as of the end of each Fiscal Year commencing with the Fiscal Year ending December 31, 2024) for such Fiscal Year; each annual testing shall be performed within 120 days of the end of the Fiscal Year on the basis of the annual financial statements of the Members for such Fiscal Year required to be delivered to the Master Trustee pursuant to the Master Indenture.

Failure to Maintain Debt Service Coverage Ratio. If the actual Debt Service Coverage Ratio is less than 1.25 (i) as of any quarterly testing date or (ii) as of the end of a Fiscal Year, then, within 120 days of receipt of the certification showing such deficiency, the Group Representative shall deliver to the Master Trustee and each Bond Trustee an Independent Consultant's report setting forth in detail the reasons for such deficiency and recommending a specific plan designed to achieve a Debt Service Coverage Ratio of 1.25 in the following Fiscal Year (which plan may include a recommendation that one or more Members retain a different Manager). Such report and plan shall be prepared and implemented pursuant to "– Reports" below.

Reports. Whenever the Group Representative is required pursuant to the above paragraph to deliver an Independent Consultant's report, the Group Representative shall cause such report to be prepared and shall adopt such report within the applicable time limit prescribed. Such report shall be prepared by an Independent Consultant, shall be in writing and shall contain sufficient detail to support the conclusions made concerning the reasons for the deficiency and the steps to be taken for its correction. Each such report must be acknowledged in writing by the Group Representative and each affected Member (although concurrence in every conclusion or recommendation in the report and plan shall not be required). Each such report and plan shall be implemented immediately upon its adoption except to the extent limited by law or existing contracts and except for such recommendations (i) the implementation of which the Group Representative or an affected Member shall have determined by internal official action are unreasonable, impractical or not feasible and (ii) the omission of which does not, in the reasonable judgment of the Independent Consultant, prevent the implementation of other recommendations sufficient in the aggregate to enable the Obligated Group to attain the Debt Service Coverage Ratio covenanted as described in the paragraph above by the end of the quarter during which the six-month anniversary of the date of implementation of the plan occurs (or such longer time as the Independent Consultant projects to be necessary). Any plan that does not meet the requirements of the preceding sentence shall within 45 days be amended to meet such requirements or be replaced with a substitute plan meeting such requirements. Copies of each such report and plan shall be sent to the Master Trustee and the Bond Trustee.

For the second consecutive Fiscal Year that the Group Representative is required pursuant to the paragraph above to deliver an Independent Consultant's Report and for each consecutive Fiscal Year thereafter, the Master Trustee (if so instructed by the written direction of the Majority Applicable Holders) shall select the Independent Consultant appointed to deliver such Independent Consultant's Report.

Rating Solicitation Covenant

Upon receipt of a rating on any future Senior Bond, the Group Representative, at its sole cost and expense, shall use commercially reasonable efforts to obtain and apply such rating to the Series 2021 Bonds. Notwithstanding the foregoing, none of the Issuer, the Borrowers or the Underwriters can make any assurance concerning such rating, if any, any secondary market for, and therefore the liquidity of, the Series 2021 Bonds.

Pledge Agreement

Pursuant to a Membership Interest Pledge and Security Agreement, dated as of September 1, 2021 (the "SH Capital Membership Pledge Agreement"), from SH Capital to the Master Trustee, as security for all Obligations issued under the Master Indenture, SH Capital will pledge and grant to the Master Trustee a security interest in all of its present and future interests in the other Members, including its limited liability company interests or limited partnership interests, as applicable, in each of the other Members (the "Member Pledged Interests") and all dividends, distributions, cash, warrants, rights, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for the Member Pledged Interests (collectively, the "Member Pledged Membership Collateral").

In addition, pursuant to a separate Membership Interest Pledge and Security Agreement, dated as of September 1, 2021 (the "Sky Harbour Holdco Membership Interest Pledge Agreement") from Sky Harbour Holdco to the Master Trustee, as security for all Obligations issued under the Master Indenture, Sky Harbour Holdco will pledge and grant to the Master Trustee a security interest in all of its present and future limited liability company interest in SH Capital (the "Sky Harbour Holdco Pledged Interests") and all dividends, distributions, cash, warrants, rights, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for the Sky Harbour Holdco Pledged Interests (collectively, the "Sky Harbour Holdco Pledged Membership Collateral").

In addition, pursuant to a separate Membership Interest Pledge and Security Agreement, dated as of September 1, 2021 (the "Parent Membership Interest Pledge Agreement" and together with the SH Capital Membership Pledge Agreement and the Sky Harbour Holdco Membership Interest Pledge Agreement, each a "Pledge Agreement") from the Parent to the Master Trustee, as security for all Obligations issued under the Master Indenture, the Parent will pledge and grant to the Master Trustee a security interest in all of its present and future limited liability company interest in Sky Harbour Holdco (the "Parent Pledged Interests" and together with the Member Pledged Interests and the Sky Harbour Holdco Pledged Interests, the "Pledged Interests") and all dividends, distributions, cash, warrants, rights, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for the Parent Pledged Interests (collectively, the "Parent Pledged Membership Collateral," and together with the Member Pledged Membership Collateral and the Sky Harbour Holdco Pledged Membership Collateral, the "Pledged Membership Collateral").

As further described in each of the Pledge Agreements, upon an event of default under the Master Indenture, all powers, rights and remedies permitted to SH Capital, Sky Harbour Holdco, the Parent (collectively, the "Pledgors") will cease and the Master Trustee, as pledgee, will be entitled to exercise the rights, powers and remedies granted to the Pledgors, respectively, under the respective Pledge Agreement and the Master Indenture with respect to the Pledged Membership Collateral. See "CERTAIN BONDHOLDERS' RISKS—Impact of a Loan Agreement Default, Senior Note Default or Bankruptcy of a Borrower or Member—*Pledge Agreement*" herein.

Events of Default

The Leasehold Mortgages and the Pledge Agreements secure the Senior 2021-1 Note, and an Event of Default under the Master Indenture is an Event of Default under such Leasehold Mortgages and the Pledge Agreement that would entitle the Master Trustee to exercise its remedies under any or all of the Leasehold Mortgages and the Pledge Agreement, including proceeding with foreclosure and enforcing the assignment of rents included in the Leasehold Mortgages as provided therein. Furthermore, an event of default under the Master Indenture and certain defaults under Leasehold Mortgages constitute events of default under the Bond Indenture and the Loan Agreement. See "APPENDIX C—SUMMARY OF THE BOND DOCUMENTS—THE LOAN AGREEMENT—Events of Default" attached hereto.

THE OBLIGATED GROUP AND THE GROUP REPRESENTATIVE

General

The Series 2021 Bonds are secured by the Senior 2021-1 Note issued under the Master Indenture to the Bond Trustee. Each Member of the Obligated Group will be jointly and severally liable on all Obligations issued under the Master Indenture including the Senior 2021-1 Note. Contemporaneously with the issuance of the Series 2021 Bonds, the Members will form the Obligated Group. The Members of the Obligated Group are affiliated entities and include SH Capital, Sky Harbour Sugar Land, Sky Harbour Opa Locka, Sky Harbour Nashville, Sky Harbour Centennial and Sky Harbour Deer Valley.

Each of the Members, other than SH Capital, has entered into a Ground Lease, directly or indirectly, with a municipal entity for the lease or sublease of the Project Sites upon which such Members have constructed or will construct the Facilities. The Members will lease or sublease each of their respective Facilities to the Tenants, who use all or a portion of such Facilities to conduct aviation-related businesses or other businesses permitted under the Ground Leases. The only source of revenue of the Obligated Group is revenues generated by each Borrower's HBS business at its respective Project Site, including rentals received from such Tenants.

Group Representative

SH Capital is the Group Representative for the Obligated Group under the Master Indenture.

Generally, obligations of the Members under the Master Indenture to deliver notices, certifications and other items or to take responsibility for having items approved fall primarily to the Borrower Representative.

The Group Representative may cease to act as the Group Representative by giving the Members and the Master Trustee at least 30 days' prior written notice of its intention to do so. In the event that the Group Representative ceases to act as the Group Representative, the Members whose aggregate Total Revenues constitute at least 60% of the Total Revenues of the Obligated Group in the most recent Fiscal Year for which financial statements are available shall designate a Member to assume all of the responsibilities assigned under the Master Indenture to the Group Representative and shall send written notice of such designation to the Master Trustee. If no new Group Representative is so designated within 30 days after the prior Group Representative shall have ceased such status, any Member or Members whose aggregate Total Revenues constitute at least 20% of the Total Revenues of the Obligated Group in the most recent Fiscal Year for which financial statements are available may assume the position of Group Representative by an instrument executed by all such Members and filed with the other Members and the Master Trustee.

Additional Members

Any Person (other than the Initial Members) that is not a Member of the Obligated Group may become a Member of the Obligated Group, if:

- (a) the Person which is becoming a Member executes and delivers to the Master Trustee an appropriate instrument (a "Joinder Agreement"), satisfactory to the Master Trustee, containing the agreement of such Person (i) to become a Member of the Obligated Group under the Master Indenture and thereby become subject to compliance with all provisions of the Master Indenture pertaining to a Member, including, without limitation, the performance and observance of all covenants and obligations of a Member thereunder; (ii) covenanting to the Master Trustee and each other Member that it will pay all Obligations in accordance with the terms thereof and of the Master Indenture, and that it will be jointly and severally liable on each Obligation issued under the Master Indenture; and (iii) pledging some or all of its Gross Revenues;
- (b) each Joinder Agreement executed and delivered to the Master Trustee in accordance with clause (a) above shall be accompanied by an Opinion of Counsel to the effect that (i) such Joinder Agreement has been duly authorized, executed and delivered by such Person, and constitutes the valid and binding obligation of such Person enforceable in accordance with its terms, except as limited by bankruptcy laws, insolvency laws and other laws affecting creditors' rights generally; and (ii) the proposed new Member is not subject to any previous commitments or

encumbrances that would prohibit it from joining the Obligated Group and being subject to the Master Indenture:

- the Master Trustee shall also have received (i) an Officer's Certificate stating and (c) demonstrating that, (A) immediately upon any Person becoming a Member, no other Member would, as part of or as a result of such transaction, be in default in the performance or observance of any covenant or condition to be performed or observed by it under the Master Indenture, and that the new Member is one hundred percent owned, directly or indirectly, by SH Capital, the Special Limited Member; and (B)(1) the Obligated Group could meet the conditions described under the Master Indenture for the incurrence of one dollar of additional Indebtedness, or (2) the ratio of Revenues Available for Debt Service to Indebtedness, for the period of twelve (12) full consecutive calendar months immediately succeeding the proposed date of the applicable transaction, is expected to be no less than it would have been had the Person not become a Member, or (3) upon becoming a Member, each new Member is individually forecasted to meet the Debt Service Coverage Ratio of at least 1.30 and will use all commercially reasonable efforts to maintain this ratio for each applicable test period specified in "COMMON SECURITY FOR THE OBLIGATED GROUP - Rate Covenant - Testing Compliance"; (ii) an Officer's Certificate that such officer reasonably expects to be able to provide to the Master Trustee, subsequent to the admission of the new Member to the Obligated Group, an annual certificate relating to financial statements of the Members; and (iii) an Opinion of Bond Counsel to the effect that consummation of such transaction would not adversely affect any applicable exemption from federal income taxation on the interest payable on any Tax-Exempt Bonds which were previously issued pursuant to and are secured by the Related Financing Documents for any Obligations or other Indebtedness incurred or permitted to be incurred hereunder or any similar Indebtedness of the new Member;
- (d) the Group Representative shall have approved in writing any such Person becoming a Member; and
- (e) the Group Representative shall have delivered to the Master Trustee a Confirmation of Rating with respect to all Senior Bonds then rated and an Opinion of Counsel as to the enforceability of the Joinder Agreement.

Upon any Person becoming a Member pursuant to the Master Indenture:

- (a) such Member may execute and deliver Obligations thereafter issued and any Supplemental Indenture thereafter entered into;
- (b) the computations required by any provision of the Master Indenture shall be made on a consolidated or combined basis and shall include the new Member in accordance with generally accepted accounting principles consistently applied, with the elimination of material intercompany balances and transactions; and
- (c) any covenant contained under the Master Indenture obligating any Member to perform any matter with respect to its property or its operations shall be deemed to obligate such Member to perform such matter with respect to property owned by it or its operations.

Contemporaneously with the issuance of the Series 2021 Bonds, certain Members will form the Obligated Group.

Cessation of Status As Member

Under the terms of the Master Indenture, each Member covenants that it will not take any action which would cause it to cease to be a Member unless:

- (a) the Group Representative shall have consented thereto;
- (b) prior to taking any such action, there is delivered to the Master Trustee an Officer's Certificate stating and demonstrating that the requirements set forth in paragraph (g) under the caption "—Sale, Lease or Other Disposition of Assets" below are met as if the assets of the departing Member were being sold (provided that if the Senior Bonds do not then carry an Investment Grade Rating, the calculations of the Senior Debt Service Coverage Ratio and Debt Service Coverage Ratio required hereby shall be prepared or confirmed by an Independent Consultant); and
- (c) all remaining Obligations of such Member not concurrently redeemed or defeased in accordance with the terms of the Master Indenture are specifically assumed by the remaining Members to the extent required to preserve such Obligations as Obligations of the remaining Members.

Sale, Lease or Other Disposition of Assets

Pursuant to the Master Indenture, each Member shall be permitted to transfer assets to other Members without limitation hereunder, but may not transfer assets to any other Person, unless:

- (a) the transfer is permitted under the requirements of the Master Indenture relating to the consolidation, merger, sale or conveyance of assets of Members;
- (b) the transfer involves only property (including, without limitation, cash and cash equivalents used to pay for Operating and Maintenance Expenses) which is retired, replaced or otherwise disposed of in the ordinary course of business, including but not limited to property which has become or is reasonably expected to become, within twenty-four (24) months, inadequate, obsolete or unnecessary;
- (c) the transfer involves only cash and investments (i) excluded from Gross Revenues or (ii) being distributed or paid to the Members (or their owners) from the Facility Surplus Fund in accordance herewith;
- (d) the transfer (i) involves (A) cash, investments or accounts receivable (whether made with or without recourse for uncollectible accounts), (B) contract rights or (C) any other property (including real property, fixtures and tangible personal property) from the ownership or operation of which no Operating Revenues are or have been received during the preceding twelve months and (ii) is made for fair consideration.
- (e) the transfer consists of relinquishing a Ground Lease for a Ground Lease on the same Project, Mortgaged Property or Additional Property consented to by the Master Trustee in accordance with the Master Indenture;
- (f) the transfer is in connection with the posting of collateral under a Note securing a Hedge in accordance with the terms of the Hedge; and

(g) in all other cases:

- (i) the Master Trustee receives an Officer's Certificate certifying either (or both) of the following: (A) if less than all Allocable Bonds are to be redeemed, or if there are no Allocable Bonds, how much, if any, of each Obligation will need to be redeemed, refinanced or defeased as necessary in order to maintain a Senior Debt Service Coverage Ratio for the twelve month period following such redemption or defeasement which equals or exceeds 1.50 (provided that if the Senior Bonds do not then carry an Investment Grade Rating, such ratio shall be at least equal to 2.25) and Debt Service Coverage Ratio for the next twelve month period which equals or exceeds 1.25; or (B) if all Allocable Bonds are to be redeemed or defeased, that the Senior Debt Service Coverage Ratio for the twelve month period following such redemption or defeasance will equal or exceed 1.40 (provided that if the Senior Bonds do not then carry an Investment Grade Rating, such ratio shall be at least equal to 2.00) and the Debt Service Coverage Ratio for such twelve month period will equal or exceed 1.25.
- (ii) the Obligated Group within sixty (60) days causes the Allocable Bonds to be redeemed, refinanced or defeased in at least the amounts, if any, certified to in (i) above;
- (iii) if the asset is a Project or portion thereof, the Master Trustee receives an Opinion of Bond Counsel to the effect that the exclusion of interest on the related Tax-Exempt Bonds from gross income for federal income purposes will not be adversely affected by such disposition and that all state law requirements arising from the repayment of the Bonds to be redeemed have been fulfilled; and
- (iv) a Confirmation of Rating with respect to all Senior Bonds then rated is first obtained.

Limited Assets of the Obligated Group

THE OBLIGATED GROUP HAS NO SIGNIFICANT ASSETS OTHER THAN ITS LEASEHOLD INTERESTS IN CERTAIN FACILITIES AT THE PROJECT SITES AND THE GROUND LEASES AND RELATED TENANT LEASES. PAYMENT OF THE SERIES 2021 BONDS IS DEPENDENT UPON THE RESULTS OF HBS OPERATIONS BY THE BORROWERS AT THE RESPECTIVE PROJECT SITES, INCLUDING RENTAL REVENUES GENERATED BY THE TENANT LEASES. THERE CAN BE NO ASSURANCE THAT THE REVENUES GENERATED BY THE RESULTS OF SUCH HBS OPERATIONS AND TENANT RENTS AT THE RESPECTIVE PROJECT SITES WILL BE SUFFICIENT TO GENERATE, IN THE AGGREGATE, ADEQUATE REVENUES TO PAY DEBT SERVICE ON THE SERIES 2021 BONDS. ADDITIONALLY, SH CAPITAL HAS NO SIGNIFICANT ASSETS OTHER THAN ITS OWNERSHIP OF THE BORROWERS. IN TURN, EACH BORROWER HAS ONLY ITS LEASEHOLD INTEREST IN THE RESPECTIVE PROJECT SITE AND HAS NO OTHER SIGNIFICANT ASSETS.

PROSPECTIVE PURCHASERS SHOULD READ THE SECTION "CERTAIN BONDHOLDERS' RISKS" HEREIN FOR A DESCRIPTION OF CERTAIN RISKS WHICH MAY AFFECT THE ABILITY TO GENERATE SUCH REVENUES.

CERTAIN BONDHOLDERS' RISKS

Purchase of the Series 2021 Bonds involves a high degree of risk. This section discusses certain risks associated with the Series 2021 Bonds but is not intended to be a dispositive, comprehensive or definitive listing of all risks associated with respect to the Project Sites, the repayment of the Series 2021 Bonds or the purchase and ownership of the Series 2021 Bonds. The risks and uncertainties described herein are not intended to be, nor can they be, a complete recitation of the risks and uncertainties involved in the purchase and ownership of the Series 2021 Bonds. Additional risks and uncertainties not presently known or currently believed to be immaterial may also materially and adversely affect the payment of the Series 2021 Bonds. This section should be read in conjunction with the rest of this Official Statement, including the appendices.

This Official Statement contains statements relating to future events that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "intend," "anticipate," "expect," "assume" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events or circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

The Series 2021 Bonds May Not Be a Suitable Investment

The Series 2021 Bonds are not suitable investments for all investors. In particular, an investor should not purchase any Series 2021 Bonds unless the investor understands and is able to bear the prepayment, payment, credit, liquidity and market risks associated with the Series 2021 Bonds. For those reasons and for the reasons set forth under this heading the yield to maturity and the aggregate amount and timing of payments on the Series 2021 Bonds will be subject to material variability from period to period and over the life of the Series 2021 Bonds. The interaction of the foregoing factors and their effects will be impossible to predict and are likely to change from time to time.

SH Capital Could Experience Significant Operating Losses in the Future

For any number of reasons, including those addressed in these risk factors, SH Capital and the other Members of the Obligated Group might fail to maintain profitability, might experience significant losses and might experience liquidity issues due to any number of contingencies. In particular, contagious infections, the condition of the economy, the level and volatility of fuel prices and its impact on profit margins, the demand for general aviation commercial and business jet travel and intense competition in the aircraft hangar industry have had and will continue to have an impact on the operating results of the Members of the Obligated Group, and may increase the risk that the Members of the Obligated Group will experience losses which would impact their ability to pay their obligations under the Master Indenture and Series 2021 Bond transaction documents.

Failure to Satisfy Closing Conditions of the Business Combination; Risks Relating to Projections Associated with Business Combination

There can be no assurances that the closing conditions required to effect the Business Combination, including with respect to aggregate transaction proceeds, will be satisfied and, therefore, it is possible that the Business Combination does not close or does not close on the terms as currently contemplated or described herein. Further, it is possible that the parties to the Business Combination will publish certain

projections concerning the business of the Parent following the consummation of the Business Combination. Investors in this offering are cautioned that those projections, if any, are subject to change, subject to inherent risk and uncertainty and prepared in the context of an unrelated transaction and should not be relied upon in making an investment decision with respect to this offering.

Recession or Depression Subsequent to Issuance of the Series 2021 Bonds; Sensitivity to Global Financial Markets

Volatility and disruption in financial markets regionally, nationally and globally could significantly impact the Obligated Group's customers, weaken the markets the Members serve, adversely impact fuel prices and the rental price of hangars, and inflict overall harm to the Members' operations and financial performance. The Obligated Group's financial performance depends, in large part, on conditions in the markets that its Members serve, and on the United States and global economies in general. United States and global financial markets have experienced extreme disruption in the last 10 years, including, among other things, concerns regarding the global recession, high historical levels of unemployment, the decline in the housing market, a severe tightening in the credit markets, a low level of liquidity in many financial markets, and extreme volatility in credit and equity markets. The 2008-2009 recession caused a significant reduction in general aviation operations that had a significant impact on the aircraft hangar real estate industry. More recently, the COVID-19 pandemic adversely affected the global economy and travel industry.

There can be no assurance that there will not be a future deterioration in financial markets and confidence in major economies. In addition, a tightening of credit in financial markets may adversely affect the Obligated Group's customers' spending habits and could result in a decrease in or cancellation of orders for the services of the Members of the Obligated Group as well as impact the ability of its customers to make payments. Similarly, tightening of credit may adversely affect the Obligated Group's supplier base and increase the potential for one or more of its suppliers to experience financial distress or bankruptcy. These conditions would harm the Obligated Group's business by adversely affecting sales, results of operations, profitability, cash flows, financial condition and long-term anticipated growth rate.

Economic Impact of COVID-19 Pandemic

General. COVID-19, a highly contagious upper respiratory tract illness caused by a novel strain of coronavirus, is causing significant adverse health and financial impacts throughout the world and has caused significant disruptions to domestic and international air travel. The World Health Organization declared the outbreak of COVID-19 to be a pandemic, and many state and local governments in the United States issued "stay at home" or "shelter in place" orders as well as travel advisories requiring all travelers coming from states with significant rates of transmission of COVID-19 to quarantine for a 14-day period from the time of their last contact. Such measures severely restricted movement and limited businesses and activities to essential functions. In addition, a number of nations have effectively closed their borders by restricting entry and exit to only essential travel and/or requiring travelers to self-isolate for up to 14 days, further depressing demand for passenger air travel.

Airports and the aviation industry in the United States and the rest of the world have been acutely impacted by the reductions in passenger volumes and flights, as well as by the broader economic shutdown resulting from the COVID-19 outbreak. Although general aviation flight activity has improved since the first half of 2020, the ongoing outbreak and associated mandated and voluntary restrictions on travel continue to adversely affect domestic and international travel and travel-related industries.

Federal Relief Efforts. The United States government, the Federal Reserve Board and foreign governments are taking legislative and regulatory actions and implementing other measures to mitigate the

broad disruptive effects of the COVID-19 outbreak on the United States and global economies. The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), approved by the United States Congress and signed by President Trump on March 27, 2020, is one of the actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid for airports as well as direct aid, loans, and loan guarantees for passenger and cargo airlines. Provisions of the CARES Act, which provides \$10 billion of grant assistance to airports, generally include the following: (1) \$3.7 billion to be allocated among all U.S. commercial service airports based on number of enplanements in calendar year 2018; (2) \$3.7 billion to be allocated among all U.S. commercial service airports based on formulas that consider fiscal year 2018 debt service relative to other airports, and cash-to-debt service ratios; (3) \$2 billion to be apportioned in accordance with FAA's Airport Improvement Program ("AIP") entitlement formulas, subject to CARES Act formula revisions; (4) \$500 million to increase the federal share to 100% for grants awarded in federal fiscal year 2020 under certain grant programs including the AIP; and (5) \$100 million reserved for general aviation airports.

On December 27, 2020, President Trump signed the Consolidated Appropriations Act, 2021. Division M of that Act is the Coronavirus Response and Relief Supplemental Appropriation Act, 2021 ("CRRSA"). Title IV of CRRSA provides approximately \$2 billion in economic relief to airports to mitigate, prepare for, and respond to the COVID-19 pandemic, including relief from rent and minimum annual guarantees. The \$2 billion generally includes the following: (1) \$1.75 billion to be apportioned in accordance with AIP entitlement formulas, subject to CARES Act formula revisions with the balance allocated among all U.S. commercial service airports based on number of enplanements in calendar year 2018, (2) \$45 million for general aviation and non-primary commercial service airports, (3) \$200 million to be provided to commercial services airports to provide relief for rent and minimum annual guarantees for on-airport parking, on-airport rental car and in-terminal airport concessions located at primary airports, and (4) \$5 million to the Small Community Air Service Development Program.

The American Rescue Plan Act of 2021, signed into law by President Biden on March 11, 2021, includes \$8 billion in funds to be awarded as economic assistance to eligible U.S. airports to prevent, prepare for, and respond to the COVID-19 pandemic. To distribute these funds, the FAA has established the Airport Rescue Grants. The FAA will make grants to all airports that are part of the national airport system, including all commercial service airports.

CARES Act funding, CRRSA funding and American Rescue Plan funding are not sources of revenue of the Obligated Group and there is no expectation that such funding will be used to pay debt service on the Series 2021 Bonds.

Payment of Debt Service by the Obligated Group Is Dependent Upon Net Revenues from the Project Sites

The Obligations of the Obligated Group with respect to the Series 2021 Bonds are secured by the Net Revenues (after deduction for payment of Ground Leases and certain direct operational expenses) derived from the operations on the Project Sites, which constitute income-producing commercial property. Even the liquidation value of the Project Sites and the operations thereon and the valuation of the Leasehold Mortgages is determined, in substantial part, by the capitalization of the property's future cash flow. The repayment of debt service by the Obligated Group is dependent upon the ability of the operations at the individual Project Sites to produce cash flow through the business activities carried on at the property and revenues derived from the operation of the Project Sites which can be volatile and may be insufficient to cover debt service at any given time.

The net operating income and property value of a property, such as any of the Project Sites, may be adversely affected by a large number of factors. Some of these factors relate to the property itself, which

include, but are not limited to: (a) the age, design and construction quality of the property; (b) perceptions regarding the safety, convenience and attractiveness of the property; (c) the proximity and attractiveness of competing properties; (d) the adequacy of the property's management and maintenance; (e) increases in interest rates, real estate taxes and other operating expenses (including costs of energy or fuel) at the property and in relation to competing properties; (f) an increase in the capital expenditures needed to maintain the property or make improvements; (g) competitive conditions which may affect the ability of a borrower to obtain or maintain full occupancy of a property; (h) an increase in vacancy rates; and (i) a decline in rental rates as leases are renewed or entered into with new tenants.

Other factors are more general in nature, such as: (a) national, regional or local economic conditions, including unemployment rates; (b) local real estate conditions, such as an oversupply of competing properties; (c) demographic factors; (d) consumer confidence; (e) consumer tastes and preferences; (f) zoning laws or other governmental rules and policies (including environmental restrictions); (g) retroactive changes in building codes; (h) changes or continued weakness in specific industry segments; (i) the public perception of safety for customers and clients; (j) inflation; and (k) civil disorder, acts of war or of terrorists, acts of God, such as floods or earthquakes, and other factors beyond the control of a borrower.

The volatility of net operating income will be influenced by many of the foregoing factors, including, but not limited to: (a) the length of ground leases and any CPI-based adjustments provided for therein; and (b) the property's "operating margin" which is generally the percentage of total property expenses in relation to revenue, the ratio of fixed operating expenses to those that vary with revenues, and the level of capital expenditures required to maintain the property and to retain or replace tenants.

2021 Project Costs and Schedule

The estimated costs of, and the projected schedule for the 2021 Project and other capital projects are subject to a number of uncertainties. The ability of the Members of the Obligated Group to complete these projects within the current budgets and on the current schedules may be adversely affected by various factors including: (1) estimating errors, (2) design and engineering errors, (3) cost increases because of demand for labor and materials, (4) contractors' difficulty in predicting costs over a lengthy constructions period, (5) the need to estimate costs of unbid project elements, (6) changes to the scope of the projects, (7) delays in contract awards, (8) material and/or labor shortages, (9) unforeseen site conditions, (10) adverse weather conditions, (11) contractor defaults and bankruptcy, (12) labor disputes, (13) unanticipated levels of inflation, (14) litigation and (15) environmental issues. No assurance can be given that the costs of the projects will not exceed the current budget or the guaranteed maximum price for these projects or that the completion will not be delayed beyond the currently projected completion dates. Any schedule delays or cost increases could impact the ability of the Members of the Obligated Group to pay their Obligations under the transaction documents. At present, the Members of the Obligated Group are unable to estimate the costs associated with each of the risks identified above and the total impact of these risks if such events were to occur.

Limited Assets of SH Capital and Members of the Obligated Group

SH Capital's assets consist exclusively of its membership interests in the Borrowers, consequently distributions by each Borrower from revenues generated by such Borrower's HBS business at its respective Project Site, including rents paid under the Tenant Leases, are its only source of revenues, and in the aggregate, the only sources of revenue for the Obligated Group. The Obligated Group has no significant assets other than the Ground Leases, the Tenant Leases, the Facilities and certain equipment used in their HBS operations. Payment of the Series 2021 Bonds is therefore dependent upon revenues generated by the HBS operations of each Borrower at the respective Airport, including rents paid under the Tenant Leases.

Failure of a Borrower as a Member of the Obligated Group to perform its obligations related to the collection of rent at the respective Facility and operation of its respective HBS under its Ground Lease would likely materially adversely affect the Borrower's and the Obligated Group's ability to realize sufficient revenues and receipts to pay debt service on the Series 2021 Bonds.

Apart from the resources obtained through the financing described herein and the respective interest of the Members of the Obligated Group in the Ground Leases, the Tenant Leases and the Facilities, the Obligated Group does not have any financial assets, nor is there any expectation of financial support from any other source. There is limited equity in the Facilities located at the Project Sites. In the event any Member of the Obligated Group is unable to pay amounts under the Master Indenture, the only remedy to replace the revenues of such Member from its Project Site would be for the Master Trustee to exercise its remedies pursuant to the provisions of the applicable Leasehold Mortgage. Those remedies include but are not limited to performance of the defaulted obligation by the trustee, enforcement of security interests, and foreclosure against the leasehold estate (which may be substantially limited by the respective terms of the related Ground Leases) or pursuit of such other remedies as may be available under the applicable law. Such remedies will be available only if the relevant Ground Lease has not been terminated due to defaults by the Member holding such Ground Lease thereunder. Any loss of such revenue would diminish the ability of the Obligated Group to pay the Series 2021 Bonds as a whole.

Competition

The hangar space rental segment of the aviation services industry in which the Members of the Obligated Group operate is fiercely competitive. The Members compete with national, regional and local FBO operators and other hangar real estate companies. Competitors to the Parent and the Members of the Obligated Group may include FBOs currently operating at certain Airports, as well as possible entrants into each Member's HBS market due to consolidation, merger, modification of airport master plans, or any other number of factors. These entrants may have financial or other resources and/or lower cost structure than the Parent or Members of the Obligated Group. Other competitors have been in business longer than the Members of the Obligated Group have and may have greater financial resources available to them. Having greater financial resources may make it easier for these competitors to absorb higher construction costs and other increases in expenses. This could impact the gross margin and profit margin of the Members of the Obligated Group. Furthermore, despite limited space for further development at certain airports, existing competitors with FBO facilities located at the respective airports could expand their hangar facilities and additional operators of HBS could begin operations at such airports. Competitors might seek acquisitions in regions and markets competitive to one or more Members of the Obligated Group. Given the variety of factors that impact competiveness within the HBS industry, the Members of the Obligated Group can give no assurance that any of them will be able to successfully compete in the HBS industry.

See "APPENDIX A—MARKET AND FEASIBILITY STUDY" attached hereto for a description of competitors of the Members of the Obligated Group at their respective Airports.

Key Management

The Obligated Group's operations will be heavily dependent on the performance of its executive officers and managers. Although the Obligated Group believes it will be able to hire and retain qualified personnel, it can give no assurance that it will be successful in obtaining, recruiting and retaining such personnel in sufficient numbers to increase revenue, attain profitability, or successfully implement its business strategy.

Market and Feasibility Study's Reliance upon Management Projections

With regard to the issuance of the Series 2021 Bonds and the 2021 Project, it is important to note that the financial projections presented in the Market and Feasibility Study were provided by Management and are based upon information and assumptions developed by Management. CBRE has opined as to the reasonableness of the projections and assumptions, given the information available and circumstances existing as of the date of the Market and Feasibility Study, as such have been provided by Management. The projections provided by Management included in the Market and Feasibility Study are subject to uncertainties, in particular uncertainties regarding the pace of economic growth, fuel costs, inflation, construction costs, and corporate and private aviation activity. Inevitably some assumptions will not be realized and unanticipated events and circumstances may occur. The actual results of operations of the Obligated Group may materially vary from the projections.

Marketing; Failure to Attract Tenants

The revenues generated from the respective Tenant Leases and each Borrower's HBS activity in the respective Project Site are the only sources of revenues for the Obligated Group and payment of the Series 2021 Bonds is dependent upon the ability of the Members of the Obligated Group to maintain their respective HBS operations at the respective Project Sites. Should a Member default on its respective Ground Lease, then there can be no assurance that the efforts of the other Members of the Obligated Group would succeed in attracting substitute tenants or managers, or that such substitution can be obtained upon terms and conditions which would provide the Obligated Group with revenues sufficient to pay the Senior Notes and, ultimately, the Series 2021 Bonds. Any such operations, managers or tenants may be affected by a variety of unforeseen or unforeseeable events and conditions, including, without limitation, adverse business conditions in the hangar rentals industry, including decrease in business and travel activity, increases in operating costs of aircraft, economic slowdown or competition from other facilities. A default under the respective Ground Leases could jeopardize the ability of the Members of the Obligated Group to generate revenues at the Project Sites sufficient to pay debt service on the Senior 2021-1 Note and, ultimately on the Series 2021 Bonds.

Impact of a Ground Lease Default and Bankruptcy of a Borrower Ground Lessee

General. The Members of the Obligated Group rely upon the authority granted under the Ground Leases to operate the Project Sites, the operating income of which is the sole source of repayment for amounts payable under the Loan Agreement and the Senior 2021-1 Note. Each Member of the Obligated Group is structured as a special purpose entity. In the event of the bankruptcy of one or more of the Members of the Obligated Group, delays in the payment of rent, fees or loan payments may occur under the automatic stay provisions of the United States Bankruptcy Code. Moreover, a Borrower debtor as lessee or a trustee in bankruptcy may reject a Ground Lease altogether, thereby extinguishing the respective Borrower's duty to pay rent and its right to use the leased property. In addition, a Borrower lessee may fail to make rental or fee payments when due to the respective airport landlord, regardless of its financial situation. Such bankruptcy or default of a Borrower lessee could result in the loss of the leased property and a default in the payment of debt service on the Series 2021 Bonds. In order to foreclose upon and exercise the rights granted under the applicable Leasehold Mortgage in the leasehold interest granted to the Master Trustee to secure the Senior 2021-1 Note, the Master Trustee would have to cure the defaults under the related Ground Lease. Additionally, the Obligated Group is jointly and severally liable for the payment of the Senior 2021-1 Note. The bankruptcy of one Borrower would adversely affect the financial performance of the remaining Borrowers.

Effect of Borrower Bankruptcies-Assumption or Rejection of Lease Agreements. To the extent the Ground Leases constitute "true leases," a Borrower that has executed its applicable Ground Lease, or

other executory contract, with an airport landlord and seeks protection under the U.S. bankruptcy laws must, subject to the bankruptcy court's approval, assume or reject (a) its Ground Lease within 120 days after the bankruptcy filing (subject to court approval, a one-time 90-day extension is allowed (further extensions are subject to the consent of the relevant airport landlords)), and (b) its other executory contracts with the airport landlord no later than the confirmation of a plan of reorganization.

In the event of assumption and/or assumption and assignment of any executory contract with a third party, the Borrower would be required to cure any pre- and post-petition monetary defaults and provide adequate assurance of future performance under the Ground Lease or other applicable agreements.

Rejection of a Ground Lease or other executory contract, in general, is treated as a pre-petition breach of contract. Subject to certain exceptions, this rejection relieves the Borrower of performing future obligations under the contract, but will give rise to the tenant's loss of use of the leased property and a pre-petition general unsecured claim of the airport landlord for rejection damages, the amount of which in the case of a Ground Lease or other agreement is limited by the United States Bankruptcy Code generally to any amounts due and payable prior to the bankruptcy plus the greater of (a) the rent reserved by such lease, without acceleration, for one year of rent; or (b) 15% of the total remaining rent payments, not to exceed three years. However, the amount ultimately received in the event of a rejection of a Ground Lease or other agreement could be considerably less than the maximum amounts allowed under the United States Bankruptcy Code. In addition, payments made by a Borrower in bankruptcy within 90 days of filing a bankruptcy case could be deemed to be an "avoidable preference" under the United States Bankruptcy Code and thus subject to recapture by the debtor-in-possession or its trustee in bankruptcy. In general, risks associated with bankruptcy include risks of substantial delay in payment or of non-payment and the risk that the airport landlord may not be able to enforce any of its remedies under the agreements with a bankrupt Borrower.

Upon a default, the Master Trustee may be able to avoid a rejection of a Ground Lease by exercising remedies under the Ground Lease. In order to foreclose on and exercise rights under an applicable Leasehold Mortgage, the Master Trustee would have to cure the defaults under the Ground Lease.

Effect of Borrower Bankruptcies—Pre-Petition Obligations. During the pendency of a bankruptcy proceeding, a debtor Borrower may not, absent a court order, make any payments to the airport landlord or the Issuer on account of goods and services provided prior to the bankruptcy. Thus, the airport landlord or the Issuer's stream of payments from a debtor Borrower would be interrupted to the extent of pre-petition goods and services, including accrued loan and lease payments.

Impact of a Loan Agreement Default, Senior Note Default or Bankruptcy of a Borrower or Member

Limitations on Enforceability. Upon a default under the Loan Agreement or a Senior Note or the Pledge Agreement or any of the related transaction documents, the remedies available to the Issuer, its assigns or the Master Trustee may depend upon judicial actions that may be subject to substantial discretion and delay. Some of these remedies in fact may turn out not to be enforceable at all. The rights of the Issuer, its assigns or the Master Trustee and the enforceability of the foregoing agreements may be subject to the exercise of judicial discretion under a variety of circumstances in various jurisdictions. The opinions of various counsel relating to the enforceability of the above agreements will be qualified as to bankruptcy, insolvency and such other legal events.

Certain Bankruptcy-Related Risks. In the event of the bankruptcy of one or more of the Members of the Obligated Group, the Issuer, their assigns or the Master Trustee could be prohibited from taking any action to enforce the applicable Loan Agreement, the Senior 2021-1 Note or the Pledge Agreement or any

of the transaction documents without the permission of the bankruptcy court. Regardless of the terms of the Loan Agreement, the Senior 2021-1 Note or the Pledge Agreement or any of the transaction documents, and regardless of the instructions of those authorized to direct the Bond Trustee's or the Master Trustee's actions, the filing of a bankruptcy petition creates an "automatic stay" that enjoins litigation against the bankrupt Borrower or Member of the Obligated Group and other efforts by creditors to enforce their claims or to enforce their lien on the assets of the bankrupt party, pending further order of the bankruptcy court. However, to the extent the claims of the Master Trustee under the Senior 2021-1 Note are secured, the Master Trustee would be entitled to "adequate protection" of its security interest against a decrease in the value of the related collateral or any proposed use of or priority lien on such collateral. Such adequate protection may take the form of (among other things) periodic cash payments, additional liens, or such other relief as will result in protecting the Master Trustee's interests in its collateral.

A Member of the Obligated Group as a debtor in possession or the bankruptcy trustee of a Member of the Obligated Group may be able to restructure its obligations under the Loan Agreement, the Senior 2021-1 Note or the Pledge Agreement or any of the transaction documents. A Borrower or Member of the Obligated Group may be able to confirm a plan of reorganization that modifies the terms of the Loan Agreement, the Senior 2021-1 Note or the Pledge Agreement or any of the transaction documents, but the approval of any such plan by the bankruptcy court would be subject to the requirements of the United States Bankruptcy Code. These requirements relating to confirming a plan include, generally speaking, the right of a secured creditor to retain its lien on the assets that secure their claim and receive payments at least equal to the total value of such assets that secure their claim, as of the effective date of the plan. The bankruptcy court could authorize the Member, as a debtor in possession, to obtain credit secured by a senior, priority lien on property of the bankruptcy estate already encumbered by existing liens, but only if the bankruptcy court determines that there is adequate protection of the interests of the holders of those existing liens on the property of the estate on which the senior or equal lien is proposed to be granted.

The Issuer or Master Trustee (including holders of Bonds) may also be required to return certain payments already received if a Member of the Obligated Group were to become a debtor in a bankruptcy case, to the extent such transfer would constitute an avoidable transfer under the United States Bankruptcy Code or applicable state law.

In addition, with the authorization of the bankruptcy court, a Member of the Obligated Group, as a debtor in possession, may be able to reject any transaction document to which it is a party that constitutes an executory contract. That rejection would excuse the Member of the Obligated Group from performing its obligations (including payment obligations) under the applicable transaction document, and any right under that document that has been assigned by the Issuer or to the Master Trustee may be limited or terminated. That rejection also could excuse the other parties to the applicable transaction document from performing their obligations. However, any rejection of an executory contract would result in the right of the other parties to such contract to assert a claim for rejection damages in the debtor's bankruptcy case.

The Members of the Obligated Group are also jointly and severally liable for the payments on the Senior 2021-1 Note. Thus, the default or bankruptcy of one Member may adversely affect the financial performance of the remaining Members.

Regardless of any decision made by a court, the fact that a bankruptcy case has been commenced by or against a Member of the Obligated Group could have an adverse effect on the liquidity and value of the Series 2021 Bonds.

Senior 2021-1 Note Collateral. Although the Senior 2021-1 Note is supported by a pledge of various collateral in favor of the Master Trustee, it may be difficult for the Master Trustee to realize the value of the collateral. Foreclosure on the collateral on behalf of the holders of the Series 2021 Bonds may

be subject to perfection and priority issues, the need for third-party approvals and consents and to practical problems associated with the realization of the security interest in the collateral. A debtor may also contest the value of collateral or the validity or extent of a secured party's lien, which could result in a creditor's claim being unsecured or split into a secured claim and an unsecured deficiency claim. The enforcement of the security interest with respect to the collateral, and the proceeds received from a sale of the collateral, may not provide sufficient funds to repay all amounts due on the Senior 2021-1 Note or the Series 2021 Bonds. In a bankruptcy of a debtor, claims that are unsecured would be paid on a pro rata basis with other unsecured creditors.

Pledge Agreement. The Pledgors will pledge respective membership interests under each respective Pledge Agreement to the Master Trustee to secure the Senior 2021-1 Note. Regardless of the terms of each Pledge Agreement, the Master Trustee's ability to foreclose on the foregoing membership interests upon a default under the Senior 2021-1 Note and own or control a Pledged Interest may be subject to the discretion of a court. The pledge may also be limited by a court to the economic value of the membership interests, which may be of limited economic value. Each Pledge Agreement and related Pledged Membership Collateral are subject to similar limits on enforceability and bankruptcy risks as discussed herein. See "—Certain Bankruptcy-Related Risks" above.

Borrowers as Special-Purpose Entities. SH Capital and each of the Borrowers have been formed as special purpose entities in that they have generally covenanted to limit their operations to operating the properties subject to the Ground Leases, and to limit indebtedness that SH Capital and each Borrower may incur and to have an Independent Manager whose affirmative vote is required for a voluntary bankruptcy filing by the Borrowers. In addition, their organizational documents contain certain covenants intended to maintain SH Capital's and each Borrower's separateness from other entities. Provided that SH Capital and each Borrower abides by the special-purpose covenants, the risk that SH Capital or a Borrower could have other creditors or that its operations may not be and remain independent of its affiliates may be diminished. However, while the formation of SH Capital and each Borrower as special-purpose entities may limit their operations or debt, no assurance can be made that SH Capital or one or more Borrowers will not become insolvent or become subject to voluntary or involuntary bankruptcy. If SH Capital or a Borrower were to breach its special-purpose covenants, there would be an increased risk of it becoming substantively consolidated with or into its parent or an affiliate, including in a bankruptcy case commenced by or against such parent or affiliate. In addition, courts have not always enforced terms of a special-purpose entity's agreements or organizational documents that could be construed as intended to inhibit or preclude a bankruptcy filing or that could give a creditor a direct or indirect right to consent to a bankruptcy filing of a debtor.

Enforceability of Lien on Gross Revenues

The effectiveness of the security interest in the Gross Revenues pursuant to the Master Indenture may be limited by a number of factors, including, but not limited to: (a) statutory liens; (b) rights arising in favor of the United States of America or any agency thereof; (c) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (d) federal bankruptcy laws which may affect the priority of claims against the assets of the Obligated Group and the enforceability of the Senior 2021-1 Note, the Loan Agreement, the Bond Indenture and the Master Indenture or the security interest in the Gross Revenues which are earned by any Member of the Obligated Group within 90 days preceding and after any effectual institution of bankruptcy proceedings by or against such Member; (e) rights of third parties in the Gross Revenues converted to cash and not in the possession of the Master Trustee; and (f) claims that might gain priority if appropriate financing or continuation statements are not filed in accordance with the Uniform Commercial Codes of the jurisdiction where such statements are to be filed as from time to time in effect.

Risks Relating to Enforceability of Cross-Collateralization

Cross-collateralization arrangements involving more than one borrower, such as the cross-collateralization arrangement relating to the Obligated Group, could be challenged as fraudulent conveyances by creditors of a Member of the Obligated Group in an action brought outside a bankruptcy case, or a Member, as a debtor, in a bankruptcy case.

A lien granted by a Member in the Gross Revenues in a Project Site or in a Ground Lease could be avoided if a court were to determine that:

- (a) the Member was insolvent when it granted the lien, was rendered insolvent by the granting of the lien, was left with inadequate capital when it allowed its Project Site to be encumbered by a lien securing the entire indebtedness of the Obligated Group, or was not able to pay its debts as they matured when it granted the lien; and
- (b) the Member did not receive fair consideration or reasonably equivalent value when it allowed its Project Site to be encumbered by a lien securing the entire indebtedness of the Obligated Group.

Among other things, a legal challenge to the granting of the liens may focus on the benefits realized by that particular Member from the proceeds of the Series 2021 Bonds, as well as the overall cross-collateralization. If a court were to conclude that the granting of the liens was an avoidable fraudulent conveyance, that court could:

- (a) subordinate all or part of the loan made pursuant to the Loan Agreement to existing or future indebtedness of that Member:
- (b) recover payments made relative to the Series 2021 Bonds under the Loan Agreement; or
- (d) take other actions detrimental to the holders of the Series 2021 Bonds, including, under certain circumstances, invalidating the Loan Agreement, the Bond Indenture, the Master Indenture, the Pledge Agreement or the Leasehold Mortgages securing the cross-collateralization.

Matters Relating to Enforceability of Certain Covenants in the Master Indenture

In determining whether various covenants and tests contained in the Master Indenture are met, the accounts of the Obligated Group will be combined for financial reporting purposes, notwithstanding uncertainties hereinafter set forth as to the enforceability of certain obligations of the Members of the Obligated Group contained in the Master Indenture which bear on the availability of the Gross Revenues of the Obligated Group for payment of debt service in respect of the Series 2021 Bonds.

The joint and several obligation described herein of the Members of the Obligated Group to make payments under the Senior 2021-1 Note, if proceeds of the Series 2021 Bonds were not loaned or otherwise distributed to such Member, may not be enforceable to the extent such payments are requested to be made pursuant to any loan violating applicable usury laws. The joint and several obligation of each Member of the Obligated Group to make payments under the Senior 2021-1 Note or the Master Indenture on behalf of another Member of the Obligated Group also may not be enforceable against a Member in the event a court were to determine that such Member lacked the authority to guaranty or be responsible for the debts of the other Member under its organizational documents.

A Member of the Obligated Group may not be required to make payments under the Senior 2021-1 Note or the Master Indenture incurred by or for the benefit of another Member to the extent any such payment would render such Member insolvent or would conflict with, not be permitted by or would be subject to recovery for the benefit of other creditors of such Member under applicable fraudulent conveyance, bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights. There is no clear precedent in the law as to whether payments by a Member of the Obligated Group in order to pay debt service under the Senior 2021-1 Note incurred by or for the benefit of another Member may be voided by a trustee in bankruptcy in the event of a bankruptcy of the Member or by third-party creditors in an action brought pursuant to state fraudulent conveyance statutes. Under the United States Bankruptcy Code, a trustee in bankruptcy and, under state fraudulent conveyance statutes, a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor if, among other bases therefor, (a) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty, and (b) the guaranty renders the guarantor insolvent, as defined in the United States Bankruptcy Code or state fraudulent conveyance statutes, or the guarantor is undercapitalized.

Application by courts of the tests of "insolvency," "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. It is possible that, in an action to compel a Member of the Obligated Group to make payments under the Senior 2021-1 Note issued by or for the benefit of another Member, a court might not enforce such a payment in the event it is determined that such Member is analogous to a guarantor and that fair consideration or reasonably equivalent value for such guaranty was not received and that the incurrence of such obligation has rendered and will render the Member insolvent or the Member is or will thereby become undercapitalized or that the Member intended to incur or believed it would incur debts beyond its ability to pay at maturity.

Risks Arising Under the Ground Leases

Each of the Project Sites is owned by a governmental entity pursuant to the respective Ground Leases. Leasehold Mortgages on the Project Sites are leasehold or subleasehold mortgages and, as such, will be extinguished upon expiration or termination of the applicable Ground Lease. The Sugar Land Ground Lease commenced on February 6, 2019 and has a term of 30 years, subject to, among other things, certain termination provisions described below. If the City of Sugar Land, Texas, as landlord under the Sugar Land Ground Lease (the "Sugar Land Landlord"), needs the Sugar Land Site during the term of the Sugar Land Ground Lease for future expansion of SGR in accordance with an approved Airport Layout Plan (as defined in the Sugar Land Ground Lease), the Sugar Land Landlord may terminate the Sugar Land Ground Lease by giving Sky Harbour Sugar Land one hundred eighty (180) days prior written notice, whereupon all Facilities comprising SGR Phase I and SGR Phase II (the "Sugar Land Improvements") become the Sugar Land Landlord's sole property, subject to payout for the appraised value of the Sugar Land Improvements by the Sugar Land Landlord. The Opa Locka Ground Lease commenced on July 10, 2019 and has a term of 50 years. The Nashville Ground Lease commenced on January 22, 2020 and has a term of 50 years. Pursuant to certain conditions, the Metropolitan Nashville Airport Authority, as landlord under the Nashville Ground Lease, may terminate the Nashville Ground Lease at any time after eight (8) years from the effective date of the Nashville Ground Lease if, as to some or the entirety of, the Nashville Site requires modification and/or expansion in order to adequately provide airport facilities and air service at BNA. The Deer Valley Ground Lease has a term of 40 years, which is projected to commence on May 1, 2022. The Centennial Ground Lease commenced on December 30, 2020 and has a term of 76 years. Ground Leases may contain the option to renew or extend the term of such Ground Lease. See "COMMON SECURITY OF OBLIGATED GROUP—Obligated Group Ground Leases" and "APPENDIX D— SUMMARY OF THE GROUND LEASES" attached hereto.

The Sugar Land Ground Lease provides that if construction of SGR Phase II is not commenced by October 15, 2020, the Sugar Land Ground Lease with parcels comprising the SGR Phase II Project Site

will automatically terminate. The City of Sugar Land and Sky Harbour Sugar Land have executed an amendment to the Sugar Land Ground Lease extending the deadline to October 31, 2022. Sky Harbour Sugar Land reasonably expects that it will request and receive an additional extension to accommodate the expected construction schedule. See "APPENDIX D—SUMMARY OF THE GROUND LEASES" attached hereto.

All rights of each Member of the Obligated Group to use and occupy its Project Site are created in the Ground Leases applicable to each Project Site. Pursuant to the Master Indenture, all Members of the Obligated Group are required to deliver or cause to be delivered to their respective Revenue Funds all Gross Revenues immediately upon receipt (but in any event within five days of receipt), and the Master Trustee is required to make monthly transfers in the amounts needed to pay the applicable rent under each Ground Lease. If a Borrower fails to pay rent under its Ground Lease when due or otherwise fails to perform its obligations under its Ground Lease, the lessor under such Ground Lease may terminate the Ground Lease. Any termination of a Ground Lease would result in the inability of the related Borrower to conduct HBS operations at the related Airport. See "—Risks Arising Under Ground Leases" herein.

For the Master Trustee to foreclose upon the Leasehold Mortgage applicable to a Project Site and exercise its rights thereunder, it will have to cure such default under the terms of the applicable Ground Lease. The Master Trustee is not obligated to cure any such default and there is no assurance that the Master Trustee will attempt to cure or have the ability to cure such a default.

TERMINATION OF ANY GROUND LEASE WILL TERMINATE A MEMBER'S LEASEHOLD INTEREST IN SUCH GROUND LEASE, AND THE SECURITY INTEREST OF THE MASTER TRUSTEE IN SUCH LEASEHOLD PURSUANT TO THE APPLICABLE LEASEHOLD MORTGAGE AND ANY RIGHTS TO COLLECT RENTALS FROM TENANT LEASES OR FEES FROM MANAGEMENT AGREEMENTS PURSUANT TO THE LEASEHOLD MORTGAGE. IN SUCH EVENT, THERE WILL BE NO REVENUES AVAILABLE FROM THE PROJECT SITE PERTAINING TO SUCH GROUND LEASE TO PAY THE SERIES 2021 BONDS.

Risks Arising Under the Tenant Leases

Payment of the Obligations will depend on the ability of the Tenant Leases, both current and future, to generate revenues sufficient in the aggregate to pay debt service on the Obligations after payment of expenses as described under "THE FACILITIES" and "FINANCIAL PROJECTIONS" herein. The ability of the Tenant Leases to generate revenues may be adversely affected by a wide variety of unforeseen or unforeseeable events and conditions, including, without limitation, economic changes affecting the HBS industry generally, the Airports or the Tenants specifically, which could result in a default under the Tenant Leases. In addition, the ability of Tenant Leases to generate revenues may be adversely affected by competition from other facilities within or outside the airports where the Facilities are located, including construction of new facilities at the Airports. There can be no assurances that the Airports or their competitors will not undertake future improvements that may adversely impact the ability of Tenant Leases to generate revenues.

Moreover, the terms of the Tenant Leases do not extend past the final maturity date of the Series 2021 Bonds. The terms of the Tenant Leases range from three to ten years, with most leases having a five year term. The ability of the Obligated Group to pay the principal or Redemption Price of, if applicable, and interest coming due on the Series 2021 Bonds through their final maturity will depend upon the success of the Obligated Group in renewing current Tenant Leases or in reletting the Facilities. The loss of one or more of Tenants may (without a similar tenant or tenants to replace such tenant or tenants) have a material adverse effect on the Obligated Group's ability to collect rents sufficient to pay the principal or Redemption

Price of, if applicable, and interest due on the Series 2021 Bonds. See "THE FACILITIES" and "FINANCIAL PROJECTIONS" herein.

A Member may default in its obligations under one or more Tenant Leases. Upon the breach by such Member of certain terms, covenants or conditions in a Tenant Lease, the Tenant may, under state law, litigate and seek a termination of such Tenant Lease.

The Tenant Leases are the primary source of revenue of the Obligated Group. Failure of any Member to perform its obligations under a Tenant Lease could have a material adverse effect on the Obligated Group's ability to collect rents sufficient to pay the principal or Redemption Price of, if applicable, and interest due on the Series 2021 Bonds.

Limited Amount of Leasehold Mortgage Insurance

The Group Representative will have obtained leasehold mortgagee title insurance policies with respect to the Sugar Land Site, the Opa-Locka Site, the Deer Valley Site, the Nashville Site and the Centennial Site for the benefit of the Master Trustee, as of the closing date of the Series 2021 Bonds. It is expected that the aggregate amount of such insurance will be in an amount at least equal to the aggregate principal amount of the Series 2021 Bonds.

Default of One or More Major Tenants May Result in a Material Decline in Gross Revenues and May Result in a Decline in the Value of the Mortgaged Property

In the event of a default by one or more major Tenants in payment of its rent obligations, Gross Revenues from the Facilities may be impaired to a material extent such that payment of principal or Redemption Price of, if applicable, and interest due on the Series 2021 Bonds shall no longer be assured. If the default occurs and no recovery is available from the Obligated Group or the defaulting Tenant, it is unlikely that the Master Trustee will be able to recover in full the amount then due under the Financing Agreements. The value of a Facility occupied by such defaulting Tenant or Tenants will likely be substantially lower following a default by any of the major Tenants under their respective Tenant Leases. No representations are made herein as to the financial condition of any present Tenant at the Facilities or as to the future financial prospects of any such Tenant.

Factors Limiting Enforcement or Rights and Realization on Collateral

Upon the occurrence of an Event of Default under the Master Indenture, there can be no assurance that an exercise of remedies by the Master Trustee under the Master Indenture, either of the Leasehold Mortgages or either of the Pledge Agreement, including foreclosing on the leasehold interests of each of the Borrowers under the Ground Leases in the Project Sites in a judicial proceeding, will provide sufficient funds to repay all amounts due on the Series 2021 Bonds.

Pursuant to the Leasehold Mortgages, the Borrowers have granted to the Master Trustee for the benefit of the Holders of the Obligations, among other collateral, a mortgage on their respective leasehold interests under the Ground Leases. However, in many instances, the ability of the Master Trustee to cure defaults and foreclose on any leasehold interest is substantially limited by the terms of the related Ground Leases. The Ground Leases provide that the mortgage of the Ground Leases and the rights of the Master Trustee as mortgagee are subject and subordinate to the terms, covenants, conditions and provisions set forth in the Ground Leases. Pursuant to the Ground Leases, the applicable lessor has agreed to accept the making of defaulted payments and performance of defaulted obligations by the Master Trustee to cure any default by the Borrowers. However, the Ground Leases impose certain obligations on the Master Trustee if it attempts to cure a default under the Ground Leases, which may impact its decision to take curative

action. No assurance can be made that the Master Trustee will be willing or able to meet such obligation (which may involve the advance of significant funds by the Master Trustee and its assumption of the related Member's obligations under the applicable Ground Lease) to avoid the termination of such Ground Lease. Additionally, the Ground Leases may limit the methods by which the Master Trustee can foreclose, which limitations may impact its ability to obtain sufficient funds to repay all amounts due on the applicable bonds. See "APPENDIX D—SUMMARY OF THE GROUND LEASES."

Pursuant to the Pledge Agreement, SH Capital has pledged all of its membership interest in each of the Borrowers to the Master Trustee. Although there are fewer obstacles to the Master Trustee enforcing its rights under the Pledge Agreement than there are on enforcing its rights under the Leasehold Mortgages, there can be no assurance that management of the Obligated Group may not seek to impede the enforcement of those rights.

The Master Indenture provides that remedial action by the Master Trustee, upon an Event of Default, is to be directed by the majority in principal amount of applicable Holders. "Holders," under the Master Indenture, are the Holders of Obligations issued under the Master Indenture. Initially, only the Bond Trustee holds the Senior 2021-1 Note and can direct remedies. The Bond Trustee is, in turn, directed by the applicable owners of the Series 2021 Bonds ("Beneficial Owners") in accordance with the Bond Indenture.

The terms of the Ground Leases significantly restrict any subsequent purchasers of the Ground Leases in a foreclosure sale from pledging their interests in the Ground Leases to lenders in connection with the financing of the purchase price. Such restrictions could limit the number of lenders willing to extend credit to such purchasers and could further limit the amount of financing available for such purchase. Accordingly, at a foreclosure sale, the Master Trustee may not be able to realize the full value of the Ground Leases. See "APPENDIX D—SUMMARY OF THE GROUND LEASES" attached hereto.

Inability to Pay Series 2021 Bonds upon Mandatory Redemption or Acceleration

In the event the Outstanding principal amount of the Series 2021 Bonds should become due and payable, in whole or in part, whether by reason of mandatory redemption or acceleration, there can be no assurance that sufficient moneys can be raised to make such payment. The Members may not conduct any other activities or own any other significant assets except those related to the operation of the Project Sites. As a consequence, payment of the Members' obligations under the Master Indenture with respect to the Series 2021 Bonds depends upon the generation of sufficient revenues from the permitted business activities at the Project Sites, after payment of amounts due under the Ground Leases and operating expenses. If any Member defaults under the Senior 2021-1 Note, there can be no assurance that the exercise of remedies under the Master Indenture, the Leasehold Mortgages (including foreclosure upon the collateral) and the Pledge Agreement would provide sufficient funds to pay the amounts due under the Series 2021 Bonds.

In the event the principal amount of the Series 2021 Bonds should become accelerated by reason of an Event of Default under the Bond Indenture or the Series 2021 Bonds shall become subject to mandatory redemption in whole, the fees charged by the Members at the Project Sites are not subject to increase for such reason, and it is, therefore, unlikely that the revenues generated at the Project Sites will be sufficient to pay the principal amount of and interest on the Series 2021 Bonds in those cases.

Governmental Regulation

Aviation services companies are subject to extensive regulatory requirements that could result in significant costs. For example, the Federal Aviation Administration, from time to time, issues directives

and other regulations relating to the management, maintenance and operation of aircraft and facilities. Compliance with those requirements may cause the Obligated Group to incur significant expenditures.

Additional laws, regulations and charges have been proposed, from time to time, that could significantly increase the cost of Obligated Group's operations or reduce overall revenue. The Obligated Group cannot and does not provide assurance that laws or regulations enacted in the future will not adversely affect its revenue and future profitability.

Damage, Destruction or Condemnation

Upon full or partial damage, destruction or condemnation of a Project Site, there can be no assurance that insurance proceeds or condemnation awards will be sufficient to restore the damaged Project Site to its prior condition or, if restoration is not feasible, to pay, in whole or in part, the Series 2021 Bonds that may be required to be redeemed as a result of the damage, destruction or condemnation. In addition, there can be no assurance that the remaining portion of such Project Site together with all other Project Sites will produce sufficient revenues to pay debt service on the Series 2021 Bonds that remain Outstanding. See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE—Damage, Destruction and Condemnation" for a description of the consequences of any damage, destruction, condemnation or taking with respect to any Project Site.

Insurance

Each of the Members of the Obligated Group is obligated to obtain insurance providing coverage in the amounts required by the Master Indenture and the applicable Ground Lease. See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE—Insurance" and "APPENDIX D—SUMMARY OF THE GROUND LEASES" attached hereto. An unanticipated number of claims under the insurance policy or policies, however, could result in payment of unanticipated deductibles and increased premiums, with a resultant adverse effect on the ability of the Obligated Group to meet its obligations.

Further, any uninsured loss could have a material adverse impact on the amount available to make payments on the Senior 2021-1 Note, and consequently, the Series 2021 Bonds. As with all real estate, if reconstruction (for example, following fire or other casualty) or any major repair or improvement is required to the damaged property, changes in laws and governmental regulations may be applicable and may materially affect the cost to, or ability of, the applicable Member to effect such reconstruction major repair or improvement. As a result the amount realized with respect to a particular Project Site, and the amount available to make payments of principal of or interest on the Series 2021 Bonds, could be reduced. In addition, there can be no assurance that the amount of insurance required or provided would be sufficient to cover damages caused by any casualty, or that such insurance will be commercially available in the future.

There can also be no assurance that any loss incurred with respect to the Project Sites will be of a type covered by such insurance and will not exceed the limits of such insurance. Should an uninsured loss or a loss in excess of insured limits occur, the related Member could suffer disruption of income, potentially for an extended period of time, while remaining responsible for any financial obligations relating to the applicable Project Site. In addition, the Members are relying on the creditworthiness of the insurers providing insurance with respect to the Project Sites.

Additional Obligations/Additional Bonds

The Master Indenture and the Bond Indenture permit the Obligated Group to incur additional indebtedness which may be equally and ratably secured with the Senior 2021-1 Note. Any such additional parity indebtedness would be entitled to share ratably in security interest with the owners of the Senior 2021-1 Note. There is no assurance that, despite compliance with the conditions upon which additional parity indebtedness may be incurred at the time such debt is incurred, the ability of the Obligated Group to make the necessary payments to repay the Senior 2021-1 Note and ultimately the Series 2021 Bonds, would not be materially adversely affected upon the incurrence of additional parity indebtedness.

Members of the Obligated Group may not become indebted on any indebtedness except as permitted by the Master Indenture and the Bond Indenture. See "THE SERIES 2021 BONDS—Additional Bonds/Additional Obligations" herein and "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE—Initial Obligations Under the Master Indenture" and "—Additional Indebtedness – General Provisions" attached hereto.

Environmental Risks

Each of the Members of the Obligated Group is subject to environmental laws that could impose significant costs on it and the failure to comply with such laws could subject it to sanctions and material fines and expenses.

Each of the Members of the Obligated Group is subject to a variety of federal, state and local environmental laws and regulations, including those governing the discharge of pollutants into the air or water, the management and disposal of hazardous substances and wastes and the responsibility to investigate and clean up contaminated sites that are or were owned, leased, operated or used by the Member of the Obligated Group or their predecessors. Some of these laws and regulations require the Members of the Obligated Group to obtain permits, which contain terms and conditions that impose limitations on their ability to emit and discharge hazardous materials into the environment and periodically may be subject to modification, renewal and revocation by issuing authorities. Fines and penalties may be imposed for noncompliance with applicable environmental laws and regulations and the failure to have or to comply with the terms and conditions of required permits. Each of the Members of the Obligated Group intends to comply with these laws and regulations, however, from time to time, its operations may not be in full compliance with the terms and conditions of its permits. Each of the Members of the Obligated Group periodically reviews its procedures and policies for compliance with environmental laws and requirements. Each of the Members of the Obligated Group believes that its operations generally are in material compliance with applicable environmental laws, requirements and permits and that any lapses in compliance would not be expected to result in any Member of the Obligated Group incurring material liability or cost to achieve compliance. Historically, the costs of achieving and maintaining compliance with environmental laws, and requirements and permits have not been material; however, the operations of the Members of the Obligated Group's businesses entail risks in these areas, and a failure by any of the Members of the Obligated Group to comply with applicable environmental laws, regulations, or permits could result in civil or criminal fines, penalties, enforcement actions, third-party claims for property damage and personal injury, requirements to clean up property or to pay for the costs of cleanup, or regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures. Moreover, if applicable environmental laws and regulations, or the interpretation or enforcement thereof, become more stringent in the future, the Members of the Obligated Group could incur capital or operating costs beyond those currently anticipated.

More particularly, the Members of the Obligated Group, as long-term lessees under the Ground Leases and operators of the Project Sites, have potential liability for hazardous substances at the Project

Sites under state and federal environmental statutes, laws and regulations. In addition to liability for release of hazardous substances at the Project Sites by a Member of the Obligated Group or one of their tenants or customers, the Members of the Obligated Group could be held liable for release of hazardous substances by previous users of the Project Sites. Such environmental statutes, laws and regulations are subject to change in the future which could result in one or more of the Members of the Obligated Group and/or the Project Sites being subject to increased environmental liability exposure or compliance requirements.

No recent environmental assessment has been performed relative to the Project Sites, although, the Obligated Group has at certain times conducted Phase I Environmental Site Assessments (collectively, the "Environmental Reports") for each of the Project Sites. No recognized environmental conditions were observed in connection with any Project Site that, according to Management, would require substantial costs to remediate. The possibility exists that contamination not reflected in the Environmental Reports could exist on or beneath one or more of the Project Sites for which Borrowers could be held liable.

Absence of Rating

The Series 2021 Bonds are unrated and there is no plan for the Series 2021 Bonds to be rated. The absence of a rating on the Series 2021 Bonds could adversely affect the marketability of the Series 2021 Bonds.

No Secondary Market for the Series 2021 Bonds

It is not expected that a secondary market for the Series 2021 Bonds will exist and the Obligated Group does not expect that a secondary market for the Series 2021 Bonds will develop, which will make it difficult for Bondholders to sell or transfer Series 2021 Bonds and may affect the price at which Series 2021 Bonds could be sold.

The Series 2021 Bonds are only offered in minimum denominations of \$500,000 and integral multiples of \$5,000 in excess thereof. The Bond Indenture provides that the unredeemed portion of any Series 2021 Bonds redeemed in part shall be \$500,000 or more.

Possible Loss of Tax-Exempt Status of Interest on the Series 2021 Bonds

On the date of delivery of and payment for the Series 2021 Bonds, Bond Counsel will render its opinion with respect to the tax-exempt status of the interest on the Series 2021 Bonds, the form of which opinion is set forth in "APPENDIX F—FORM OF BOND COUNSEL OPINION" attached hereto. The opinion represents Bond Counsel's best legal judgment, but is not binding on the Internal Revenue Service or any court. The Internal Revenue Service has a program to audit tax-exempt obligations to determine whether interest thereon is includable in gross income for federal income tax purposes. See "TAX MATTERS" herein.

If the interest on the Series 2021 Bonds is determined to be includable in gross income of holders of Beneficial Owners of the Series 2021 Bonds for federal tax purposes as a result of a violation by the Members of the Obligated Group of their covenants set forth in the Master Indenture, the Loan Agreement and the Tax Certificate, or any action taken by any other person with respect to the 2021 Project, the Series 2021 Bonds will be subject to mandatory redemption as described under "THE SERIES 2021 BONDS—Redemption of the Series 2021 Bonds Prior to Maturity—*Mandatory Taxability Redemption*" herein. In such event, the Series 2021 Bonds are required to be redeemed at a redemption price equal to the Outstanding principal amount plus interest accrued to the date of redemption, but there will be no adjustment in the interest rate on the Series 2021 Bonds and the Owners will not be indemnified against losses sustained (including but not limited to tax deficiencies, interest and penalties) as a result of a

determination that the interest on the Series 2021 Bonds is not excludable from gross income for federal income tax purposes. Further, a determination that the interest on the Series 2021 Bonds is includable in gross income of the holders or Beneficial Owners may not occur for a substantial period of time after interest first becomes includable in the gross income of the owners thereof for federal income tax purposes.

The loss of the exclusion of the interest on any Series 2021 Bonds from gross income of the owners thereof for federal income tax purposes could be retroactive to the date of issuance of the Series 2021 Bonds. The tax liability of the holders or Beneficial Owners of any Series 2021 Bonds for failure to include interest on such Series 2021 Bonds in their gross income may extend to years for which interest was received or accrued on such Series 2021 Bonds, or some portion thereof, and for which the relevant statute of limitations has not yet run. The failure by the applicable Member of the Obligated Group to observe or perform a covenant or agreement in the Master Indenture, the Loan Agreement or the Tax Certificate, or the inaccuracy of any representation or warranty made by the applicable Member of the Obligated Group in the Loan Agreement or the Tax Certificate, either of which results in a Determination of Taxability, may not constitute an Event of Default under the Master Indenture or the Bond Indenture and in such case payment of the redemption price specified above shall constitute full and complete payment and satisfaction to the owners of the Series 2021 Bonds for any claims, damages, costs or expenses arising out of or based upon such failure by the Members of the Obligated Group.

Potential Limitation of Tax-Exemption of Interest on the Series 2021 Bonds

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Series 2021 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation, or otherwise prevent owners of the Series 2021 Bonds from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended, or court decisions may also cause interest on the Series 2021 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Internal Revenue Code of 1986, as amended, or court decisions may also affect the market price for, or marketability of, the Series 2021 Bonds. Prospective purchasers of the Series 2021 Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. See "TAX MATTERS—Series 2021 Bonds—Changes in Federal and State Tax Law."

CONTINUING DISCLOSURE

General

The Group Representative will covenant for the benefit of the Bondholders and the Beneficial Owners of the Series 2021 Bonds (as such terms are defined in the Continuing Disclosure Agreement which the Group Representative expects to execute on or before the date of delivery of the Series 2021 Bonds (the "Continuing Disclosure Agreement") to provide or cause to be provided an Annual Report (as defined below) by not later than 120 days after the end of each fiscal year and notices of the occurrence of certain enumerated events (the "Listed Events") and certain additional information as described in "CONTINUING DISCLOSURE—Provision of Certain Additional Information" to be filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system ("EMMA").

Failure To Comply

In the event of a failure of the Obligated Group to comply with any provision of the Continuing Disclosure Agreement, any registered owner may take such actions as may be necessary and appropriate,

including seeking mandamus or specific performance by court order, to cause the Group Representative to comply with its obligations under the Continuing Disclosure Agreement. A failure of the Group Representative to comply with its covenants under the Continuing Disclosure Agreement shall not be deemed a default under the Bond Indenture, the Loan Agreement, or the Master Indenture and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the Group Representative to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

The Annual Report

The Annual Report will contain or incorporate by reference at least the following items:

- (a) audited financial statements of the Members of the Obligated Group on (as the Group Representative shall determine in its reasonable discretion) an individual or consolidated basis, prepared in accordance with generally accepted accounting principles, provided that if such audited financial statements are unavailable at such time, the Members of the Obligated Group shall provide unaudited financial statements for such period and thereafter will provide immediately audited financial statements if and when they become available; and
- (b) the Debt Service Coverage Ratio, Senior Debt Service Coverage Ratio, Projected Debt Service Coverage Ratio and Projected Senior Debt Service Coverage Ratio calculated in accordance with the requirements of the Master Indenture.

Items (a) and (b) are referred to herein as the "Annual Report."

Provision of Certain Additional Information

Further, the Group Representative has covenanted that it will file with the MSRB through EMMA, within the expiration of 60 calendar days after the end of each fiscal quarter of the Obligated Group commencing with the fiscal quarter ending December 31, 2021, (a) the quarterly unaudited financial statements of the Members of the Obligated Group on a consolidated basis, including a combined statement of operations prepared on a budget comparative basis for such fiscal quarter and Fiscal Year to date, a combined statement of financial position, a combined statement of cash flows and a combined statement of changes in Members' equity, (b) an occupancy report for each Member, (c) subleasing and rental information for each Project, Mortgaged Property and Additional Property of the type contained under the respective subheadings regarding tenant leases and LOIs under the heading "THE FACILITIES" above, and (d) the Debt Service Coverage Ratio, Senior Debt Service Coverage Ratio, Projected Debt Service Coverage Ratio and Projected Senior Debt Service Coverage Ratio calculated in accordance with the requirements of the Master Indenture. In addition, the Group Representative has covenanted that it will file with the MSRB through EMMA, within the expiration of 20 days after the end of each month, a monthly construction status report with respect to the New Facilities.

Notices of Certain Events

The Group Representative has covenanted that it will file with the MSRB through EMMA in a timely manner not in excess of 10 Business Days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Series 2021 Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;

- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancement reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2021 Bonds, or other material events affecting the tax status of the Series 2021 Bonds;
 - (g) modification to rights of Bondholders or Beneficial Owners;
 - (h) bond calls, and tender offers;
 - (i) defeasance of all or any portion of the Series 2021 Bonds;
- (j) release, substitution or sale of property securing repayment of the Series 2021 Bonds:
 - (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of any Member of the Obligated Group;
- (m) the consummation of a merger, consolidation or acquisition involving any Member of the Obligated Group or the sale of all or substantially all of the assets of any Member of the Obligated Group, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation of any Member of the Obligated Group, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of any Member of the Obligated Group, any of which affect Bondholders or Beneficial Owners, if material;
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of any Member of the Obligated Group, any of which reflect financial difficulties and the issuance of any Additional Obligations; and
- (q) in a timely manner, notice of a failure of the Group Representative to provide required annual financial information, on or before the date specified in Continuing Disclosure Agreement.

Any notice given pursuant to clause (o) above will include a debt service schedule with respect to such financial obligation.

TAX MATTERS

General - Opinions

The following discussion is a summary of the opinions of Greenberg Traurig, LLP ("Bond Counsel") that are to be rendered on the tax status of interest on the Series 2021 Bonds and of certain federal income tax considerations that may be relevant to prospective purchasers of the Series 2021 Bonds. This summary is based on existing law, including current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed regulations under the Code, and current administrative rulings and court decisions, all of which are subject to change.

Upon issuance of the Series 2021 Bonds, Bond Counsel will provide its opinions, expected to be in the proposed form set forth in "APPENDIX F—FORM OF BOND COUNSEL OPINION", to the effect that, under existing law, as currently enacted and construed, and subject to the assumptions described under "— Series 2021 Bonds" below: (i) interest on the Series 2021 Bonds is excludable from gross income for federal income tax purposes, except for interest on any Series 2021 Bonds for any period during which such Series 2021 Bonds are held by a person who is a "substantial user" of the facilities financed or a "related person," as those terms are used in Section 147(a) of the Code; and (ii) interest on the Series 2021 Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

Series 2021 Bonds

Federal Tax Matters. In the opinion of Bond Counsel, assuming the accuracy of certain certifications and compliance with certain covenants of the Issuer and each of the Borrowers designed to assure compliance with the requirements of the Code, interest on the Bonds is excludable from the gross income of the holders thereof for federal income tax purposes, except for interest on any Series 2021 Bond for any period during which such Series 2021 Bond is held by a "substantial user" of the 2021 Project or a "related person" within the meaning of Section 147(a) of the Code; however, interest on the Series 2021 Bonds is an item of tax preference for purposes of the alternative minimum tax imposed on individuals. Interest on Series 2021 Bonds held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

Bond Counsel has not undertaken to advise in the future whether any events after the date of execution and delivery of the Series 2021 Bonds may affect the federal tax status of the interest on the Series 2021 Bonds.

Ownership of the Series 2021 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations with "excess net passive income," individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2021 Bonds. Bond Counsel expresses no opinion as to any such collateral tax consequences. Purchasers of Series 2021 Bonds should consult their own tax advisors as to such collateral tax consequences.

The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2021 Bonds for interest thereupon to remain excludable from the gross income of the owners of the Series 2021 Bonds for federal income tax purposes. Each of the Borrowers will covenant to comply with such requirements in the Loan Agreement, and the Issuer will covenant in the Bond Indenture to comply with such requirements, to the extent of its control over investment or use of proceeds of the Series 2021 Bonds and of its own actions. Noncompliance with such requirements may cause interest on the

Series 2021 Bonds to be required to be included in the gross income of the owners of the Series 2021 Bonds for federal income tax purposes, retroactive to the date of issuance of the Bonds or as of some later date.

A form of the opinion of Bond Counsel is attached hereto as "APPENDIX F—FORM OF BOND COUNSEL OPINION." A copy of such opinion will be available at the time of the initial delivery of the Series 2021 Bonds.

Original Issue Premium. Certain of the Series 2021 Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of the amount payable at maturity, in the case of a Premium Bond not subject to optional redemption (the "Noncallable Premium Bonds"), or their earlier call date in the case of the Premium Bonds subject to optional redemption (the "Callable Premium Bonds"). Under the Code, the difference between the amount payable at maturity of the Noncallable Premium Bonds and the tax basis to the purchaser and the difference between the amount payable at the call date of the Callable Premium Bonds that minimizes the yield to a purchaser of a Callable Premium Bond and the tax basis to the purchaser (other than a purchaser who holds a Noncallable or Callable Premium Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) is "bond premium." Bond premium is amortized for federal income tax purposes over the term of a Noncallable Premium Bond and over the period to the call date of a Callable Premium Bond that minimizes the yield to the purchaser of the Callable Premium Bond. A purchaser of a Noncallable or Callable Premium Bond is required to decrease his adjusted basis in the Premium Bond by the amount of amortizable bond premium attributable to each taxable year he holds the Premium Bond. The amount of amortizable bond premium attributable to each taxable year is determined at a constant interest rate compounded actuarially. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of the Noncallable or Callable Premium Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Noncallable or Callable Premium Bonds and with respect to the state and local consequences of owning and disposing of Noncallable or Callable Premium Bonds.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or otherwise prevent beneficial owners of the Series 2021 Bonds from realizing the full current benefit of the tax status of such interest, or adversely affect the market value of the Series 2021 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2021 Bonds. Purchasers of the Series 2021 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2021 Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending or proposed legislation, regulatory initiatives or litigation.

Information Reporting and Backup Withholding. Interest paid on tax-exempt bonds such as the Series 2021 Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2021 Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2021 Bonds, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Series 2021 Bonds and proceeds from the sale of Series 2021 Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2021 Bonds. This withholding generally applies if the owner of Series 2021 Bonds (i) fails

to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The proposed form of Bond Counsel's approving opinion is attached hereto as "APPENDIX F—FORM OF BOND COUNSEL OPINION."

UNDERWRITING

Goldman Sachs & Co. LLC and Barclays Capital Inc. (together, the "Underwriters") have agreed, subject to certain conditions, to purchase Series 2021 Bonds at an aggregate purchase price of \$166,589,435.55, which is equal to the aggregate principal amount of the Series 2021 Bonds of \$166,340,000, plus aggregate premium in the amount of \$249,435.55. In consideration for their purchase of the Series 2021 Bonds, the Underwriters will be paid an underwriting fee of \$2,544,507.62 by the Group Representative, which amount includes reimbursement to the Underwriters for certain out-of-pocket expenses. The Underwriters are obligated to purchase all of the Series 2021 Bonds, if any are purchased, such obligation being subject to certain terms and conditions set forth in the Bond Purchase Contract (the "Bond Purchase Contract") between the Underwriters and the Issuer, and agreed and approved on behalf of the Obligated Group by the Group Representative, the approval of certain legal matters by counsel and certain other conditions. The Obligated Group has agreed to indemnify the Underwriters and the Issuer against certain liabilities, and to contribute to any payments required to be made by the Underwriters or the Issuer relating to such liabilities, including liabilities under the federal securities laws. The initial offering prices may be changed from time to time by the Underwriters.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriters and their affiliates have provided, and may in the future provide, a variety of these services to the Issuer and to persons and entities with relationships with the Issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer. The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and delivery of the Series 2021 Bonds by the Issuer are subject to the applicable approving opinion of Greenberg Traurig, LLP, Bond Counsel. Bond Counsel undertakes no responsibility for the accuracy, completeness, or fairness of this Official Statement except for the information under the heading of "TAX MATTERS" herein. Certain legal matters will be passed on for the Obligated Group by Greenberg Traurig, LLP and by Morrison & Foerster LLP; for the Underwriters by Katten Muchin Rosenman LLP; for the Bond Trustee and the Master Trustee by Paparone Law PLLC; and for the Issuer by von Briesen & Roper, s.c.

STRUCTURING ADVISOR

LSN Global Projects LLC served as structuring advisor to the Obligated Group and to the Parent.

LITIGATION

The Issuer

To the Issuer's knowledge, as of the date of this Official Statement there is not pending or threatened, any litigation restraining or enjoining the issuance or delivery of the Series 2021 Bonds or questioning or affecting the validity of the Series 2021 Bonds or the proceedings or authority under which they are to be issued or which in any manner questions the right of the Issuer to enter into the Bond Indenture and Loan Agreement or to secure the Bonds in the manner provided therein.

Members of the Obligated Group

There is no known pending or, to the knowledge of any Member of the Obligated Group, threatened litigation against any Member of the Obligated Group which in any way questions or materially affects the validity of the Series 2021 Bonds, or any proceedings or transactions relating to the issuance, sale or delivery of the Series 2021 Bonds, the validity or enforceability of any Ground Lease, any Leasehold Mortgages, the Loan Agreement, the Master Indenture, the Senior 2021-1 Note or the Pledge Agreement or which may materially affect the operation and management of the Project Sites.

MISCELLANEOUS

The summaries and descriptions of provisions of the Bond Indenture, the Master Indenture, the Senior 2021-1 Note, the Loan Agreement, the Ground Leases, the Leasehold Mortgages, the Pledge Agreement and all references to other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the documents and other materials summarized or described. Copies of the Bond Indenture, the Master Indenture, the Senior 2021-1 Note, the Loan Agreement, the Ground Leases, the Leasehold Mortgages and the Pledge Agreement may be obtained from the Bond Trustee or, during the offering period, the Underwriters.

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The execution and delivery of this Official Statement on behalf of the Obligated Group by the Group Representative has been duly authorized by the Members of the Obligated Group.

SKY HARBOUR CAPITAL LLC

By <u>/s/ Tal Keinan</u> Name Tal Keinan
Title Chief Executive Officer
SKY HARBOUR SUGAR LAND AIRPORT, LLC
By /s/ Tal Keinan
Name <u>Tal Keinan</u> Title <u>Chief Executive Officer</u>
Title Chief Executive Officer
SKY HARBOUR OPA LOCKA AIRPORT, LLC
By <u>/s/ Tal Keinan</u>
Name Tal Keinan
Title Chief Executive Officer
NASHVILLE HANGARS LLC
By /s/ Tal Keinan
Name Tal Keinan
Title Chief Executive Officer
APA HANGARS LLC
By /s/ Tal Keinan
Name Tal Keinan
Title Chief Executive Officer
DVT HANGARS LLC
By /s/ Tal Keinan
Name Tal Keinan
Title Chief Executive Officer

APPENDIX A MARKET AND FEASIBILITY STUDY





CONTENTS

- 01 | Cover
- | Executive Summary 03
- Introduction **05**
- | General Aviation Market Analysis
- | Sky Harbour Locations Market Analyses
- 207 | Cash Flow Methodology & Roll-Up
- 220 | Sensitivity Analysis
- 233 | Conclusion
- 235 | Appendix



EXECUTIVE SUMMARY

The Sky Harbour Private Hangar Campus Portfolio ("the Portfolio") is comprised of uniquely-positioned existing and proposed airside facilities at general aviation airports in Texas, Florida, Colorado, Arizona and Tennessee. In total, this Portfolio will include 11 buildings at 5 airports and more than 970,000 square feet of hangar and office space, with supporting ramp and apron space. Sky Harbour specializes in the development, financing, construction, leasing and management of aircraft hangar properties. The Portfolio is comprised of hangar facilities located on leased airport land, which are, in turn, leased to tenants in the corporate, private and charter industries.

Sky Harbour, as the parent company, wishes to obtain tax-exempt financing for its hangar campus portfolio, which includes the 5 existing and proposed facilities located in Texas, Florida, Colorado, Arizona and Tennessee, to finance or refinance the acquisition, construction, equipping and/or improving of private hangar facilities and fuel farm facilities located at Sugar Land Regional Airport (SGR) in Sugar Land, Texas; Miami-Opa Locka Executive Airport (OPF) in Opa-Locka, Florida; Centennial Airport (APA) in Arapahoe County, Colorado; Phoenix Deer Valley Airport (DVT) in Phoenix, Arizona and Nashville International Airport (BNA) in Nashville, Tennessee.

This analysis is comprised of nine sections:

- 1. Introduction and Background
- 2. General Aviation Overview and Market Analysis
- 3. Market Analysis of greater Houston, Sugar Land Regional Airport and Sky Harbour Sugar Land
- 4. Market Analysis of greater Miami, Miami-Opa Locka Executive Airport and Sky Harbour Opa-Locka
- 5. Market Analysis of greater Denver, Centennial Airport and Sky Harbour Centennial
- 6. Market Analysis of greater Phoenix, Phoenix Deer Valley Airport and Sky Harbour Deer Valley
- 7. Market Analysis of greater Nashville, Nashville International Airport and Sky Harbour Nashville
- 8. Consolidation of the individual project cash flows available for debt service
- 9. Risk assessment, identifying and evaluation the risk profile of the portfolio



The following table provides a summary of the portfolio.

SKY HARBOUR PRIVATE HANGAR PORTFOLIO SUMMARY										
Project Name	Phase	City	State/ County	Nearest Major A/P	Ground Leased Site (AC)			Construction Start	Status	Projecte Completio
Sugar Land (SGF)	Phase 1	Sugar Land	TX	HOU	4.08	7	66,080	Oct 2019	Delivered	Dec 202
	Phase 2	Sugar Land	TX	HOU	4.04	6	56,580	2Q 2023	Proposed	3Q 202
Opa-Locka (OPF)	Phase 1	Opa-Locka	FL	MIA, PBI,	14.72	12	160,488	3Q 2021	Commenced	4Q 202
	Phase 2	Opa-Locka	FL	MIA, PBI,	7.93	7	93,370	3Q 2022	Proposed	4Q 202
Centennial (APA)	Phase 1	Centennial	Arapahoe Co.	DEN	11.36	13	126,330	1Q 2022	Proposed	2Q 2023
	Phase 2	Centennial	Arapahoe Co.	DEN	8.19	9	102,210	3Q 2023	Proposed	4Q 202
Deer Valley (DVT)	Phase 1	Phoenix	AZ	PHX	8.83	8	112,000	3Q 2022	Proposed	4Q 2023
	Phase 2	Phoenix	AZ	PHX	6.62	10	105,000	2Q 2023	Proposed	3Q 2024
Nashville (BNA)	N/A	Nashville	TN	N/A	15.15	10	149,602	July 2021	Hangar 14 is existing; New hangar development is underway	3Q 2022
Total Sugar Land					8.14	13	122,660			
Total Opa-Locka					22.65	19	253,858			
Total Centennial					19.54	22	228,540			
Total Deer Valley					15.44	18	217,000			
Total Nashville					15.15	10	149,602			
TOTAL PROJECT					80.92	82	971,660			
Source: Sky Harbour										



INTRODUCTION

OFFERING SUMMARY

Sky Harbour LLC, through its wholly owned subsidiary, Sky Harbour Holdings LLC and Sky Harbour Capital LLC, plans to access long term project financing through the issuance by the Public Finance Authority of \sim \$155 million of private activity taxexempt bonds ("PABs"). Bond proceeds along with a corresponding equity contribution from Sky Harbour will fully fund the construction of Phases I and II at the five airport campuses described in this Report.

The PABs will be issued as fixed rate bonds with a final maturity of \sim 30-35 years, pay current interest semi-annually, and an opinion is expected to be issued by bond counsel to the effect that interest on the PABs are exempt from US federal income taxes (but subject to the alternative minimum tax) from tax counsel.

Both the bond proceeds and equity contribution will be deposited at the bond closing with the Trustee for the benefit of bondholders and to fund, thru a construction fund, the payments to general contractor (GC) construction companies and other vendors to complete the proposed five sites. Each GC company has or will be providing fixed price construction guarantees and be appropriately bonded. An existing loan facility of \sim \$15 million used to finance the construction of the Sugar Land Regional Airport campus and some predevelopment work at Miami-Opa Locka Airport-Locka Executive Airport Airport will refinanced and extinguished also at the bond closing.

Bond investors will benefit from a collateral package consistent with market practice for "obligated group" facilities bond structures, including a crosscollateralized obligation of all Airport properties and revenues to the payment of debt service. A first mortgage on the interest in each ground lease, the leasehold improvements, and a pledge of tenant leases are part of the security for the bonds. Standard reserve fund, maintenance fund, capital improvement fund, revenue ramp-up reserve, and other funds will be created at the closing for the benefit of bondholders.

Sky Harbour's plan of finance includes raising an addition minimum \$55 million in equity capital in Q3 2021 that in conjunction with its available cash resources of over \$20 million, will provide the equity capital to support a planned private activity tax-exempt bond issuance of approximately \$155 million in long term bonds. Both fundraising transactions are contingent on each other and are expected to close within Q3 2021. The project developments and feasibility study of this Report are predicated upon the successful completion of such plan of finance or alternative resources.

SKY HARBOUR HISTORY

Sky Harbour LLC was founded by Tal Keinan in late 2017 with a vision to provide premium hangar facilities at airports in the US. Sky Harbour was incorporated in Delaware and is headquartered at Westchester County Airport, New York. Sky Harbour addresses the market opportunity created by: a) the growth of the US business aviation fleet, both in number of aircraft and the average aircraft size, which increases every year, b) the relative undersupply of business aviation hangar space, particularly in and around major metro centers, and c) the pronounced lack of private-hanger offerings catering to the higher-end of the business and private aviation fleet. Sky Harbour is not a Fixed Based Operator (FBO), but a Home Basing Solution (HBS).

Sky Harbour's small but growing team of employees and consultants is composed of some of the most experienced professionals in business aviation real estate, and includes top-level design, construction, operations and finance expertise. The team was assembled with the express purpose of executing Sky Harbour's unique business plan, as described in this Report.

Sky Harbour's plan typically develops its hangar campuses on long-term ground leases (or sub-leases thereof) at National Plan of Integrated Airport Systems (NPIAS) airports. To date, the company has entered five ground leases, including:

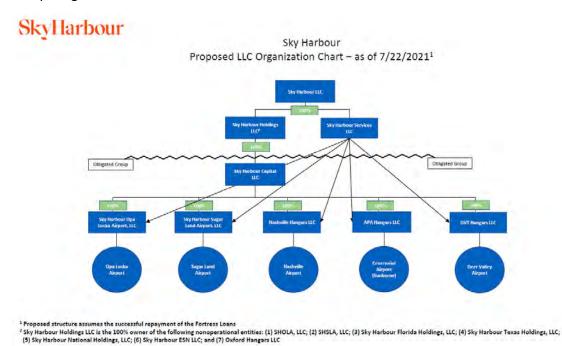
- 1. Sugar Land Regional Airport, Houston, TX
- 2. Miami-Opa Locka Executive Airport, Miami, FL (sub-lease)
- 3. Nashville International Airport, Nashville, TN
- 4. Centennial Airport, Arapahoe County, CO (sub-lease)
- 5. Phoenix Deer Valley Airport, Phoenix, AZ



In March 2021, Due West Partners, Center Sky Capital, and four additional invested \$31 million into Sky Harbour as part of an ownership reorganization. On August 2nd 2021, BOC YAC Funding LLC, an affiliate of Boston Omaha Corporation, placed in escrow a \$55 million equity investment into Sky Harbour LLC as part of a second round of project finance equity capital to support the PABs issuance.

The corporate structure of Sky Harbour is composed of holding and 100% owned sub-holding limited liability companies, all formed in the State of Delaware. Sky Harbour Capital LLC is the sub-holding company through which all airport campuses and projects are owned and operated through individual airport LLCs. Sky Harbour Services LLC is the developer, asset and operational manager of all the Facilities.

The diagram below depicts all the corporate entities. Sky Harbour Capital LLC and all its subsidiaries constitute the Obligated Group, the revenues and assets of which are pledged as collateral to the benefit of bondholders.



SKY HARBOUR BUSINESS STRATEGY & PLANNED DEVELOPMENT

Sky Harbour's business strategy is to profitably grow its portfolio of Home Basing Solution ("HBS") hangar campuses at key airports across the US. Sky Harbour



PROGRAM

targets airports with excess demand for private hangar space, typically near metropolitan areas. These include both established and growing markets. most cases, Sky Harbour occupies the last available land suitable for Home Basing Solutions on a given airfield.

Sky Harbour targets airports where prevailing market conditions (expressed mainly in the form of hangar lease rates and fuel prices) allow the company to achieve a spread of at least 400 basis points (bps) between net operating income (NOI) yield on project cost and the cost of long term debt. Sky Harbour pursuit sequence is as follows:

- Target and Rank airfields based on MSA size, runway length, number of based planes
- Determine rent and fuel prices at a given airfield. If the metrics are appealing, they continue due diligence
- Online and in-person mapping exercise of available land at the target field
- Land Acquisition
 - a. Direct ground lease from municipality
 - b. Sub-lease from an existing ground lessee
 - c. Public RFP process from airport administration
 - d. Fee simple purchase
 - e. Acquisition/barter with existing airport tenants

The company solicits tenant Letters of Intent (LOIs) in the early phases of construction, and converts these LOIs into binding leases in the later phases of construction with the goal of achieving 100% occupancy upon project completion. Disciplined underwriting standards and bondholder security provisions and covenants will underpin robust debt service coverage for potential future debt and equity financed projects to be incorporated into the Obligated Group of Sky Harbour hangar campuses.

Sky Harbour's "core" competencies include: (i) ability to identify and close on target ground leases at key airports, (ii) prudent management of development and construction costs, (iii) marketing to the jet owner community and (iv) low cost bond financing structures.



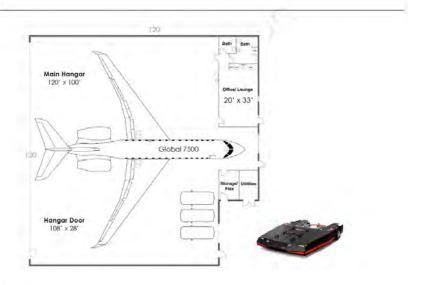
In addition to the initial five airport campus Phase I and II facilities that will be part of the initial Sky Harbour Obligated Group and pledged to the PABs, Sky Harbour's planned development program seeks to identify, secure ground lease, and construct at least 20 new airport hangar campuses over the next five to seven years for a total investment of close to \$1 billion.

Hangar layouts are illustrated in the following graphics:

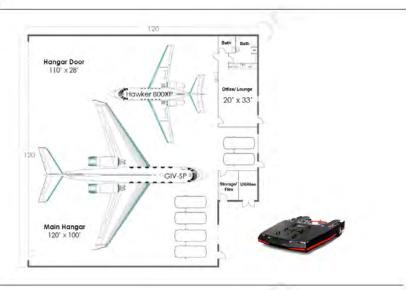




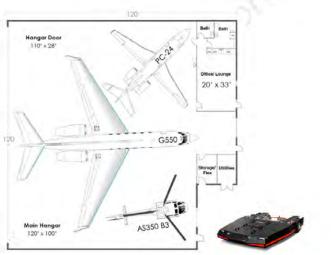
SH16 SINGLE



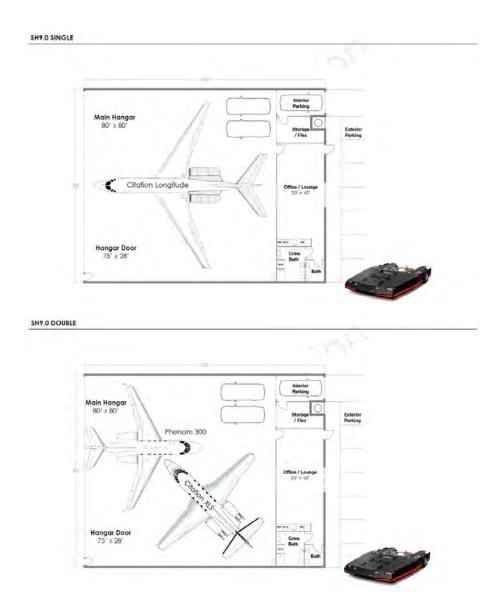
SH16 DOUBLE



SH16 MULTI







SKY HARBOUR METHOD OF LEASING & MARKETING

Sky Harbour's leasing and marketing strategy is focused on achieving a diversified mix of high-credit, quality tenants that range from single individual aircraft owners to corporate flight departments and government fleets. Management companies, including Fractional and Air Charter operators as well as flight schools are also targeted market segments. The Company's offering is a home basing solution to prospective tenants who live and work close to Sky Harbour Once the Company executes a ground lease, secures airports. necessary permits and starts construction, it begins the marketing process. This is achieved by conducting direct outreach by phone to qualified owners.



SkyHarbour has a robust digital and social media platform as well as networking and leveraging industry relationships on the airfields. The Company works closely with the local airport authorities and the departments of economic development to identify new companies with aircraft who are relocating to the area. They also enlist local brokers as representatives on the ground. The Company seeks to execute Letters of Intent and/or formal leases with cash deposits to cover 80-90% of the campus rentable space, leaving 1-2 hangars to meet demand at the optimal rental rates after campus opening. The Company leases for terms of 3-10 years, with 5 years as the most common. With the passage of time, the Company seeks to achieve risk reduction with a diversified, uncorrelated, mix of tenants and lease terms.



GENERAL AVIATION MARKET ANALYSIS

GENERAL AVIATION OVERVIEW

General aviation, or GA, refers to all topics related to flying for private citizens, outside of commercial air service. According to the Aircraft Owners and Pilots Association (AOPA), more than 90% of the roughly 210,000 civil aircraft registered in the United States are GA aircraft. Additionally, of the nation's approximately 600,000 pilots, more than 500,000 fly general aviation airplanes. An estimated 65% of GA flights are conducted for business and public services that need more transportation flexibility than the airlines can offer, which is illustrated in the example of a 700-mile business trip to see four clients, which often takes four days and three hotel bills, using the commercial hub-and-spoke system. The AOPA reports that the same trip can be accomplished in one day flying a small airplane via general aviation airports. They further assert that it would be impossible for a CEO and staff to work at 30,000 feet in a commercial airliner en-route to a major meeting; however, this is a regular event in a private jet.

General aviation is an important economic driver and the source of jobs in the U.S. and worldwide. These aircraft comprise \$20 billion a year in sales for an industry that generates more than \$219 billion in economic activity. Communities across the country benefit from the rapid, on-demand air transportation municipal airports provide, as well as being the gateway for local tourism.

Moreover, every day, general aviation transports blood supplies, vital transplant organs, and other time-critical, life-saving elements. Air ambulances carry out medevac rescues and provide urgent transportation to trauma and other emergency medical centers. Helicopter emergency medical evacuation is nearly doubling survival rates by transporting accident victims to hospitals within the first critical "Golden Hour." Many pilots volunteer their services (and often the use of their own aircraft) to organizations that transport patients who cannot endure land travel to distant, specialized treatment centers, at no cost to patients in need.



If scheduled airlines represent the nation's air transportation arteries, general aviation is its equally-important capillary system. Charter and air taxi flights carry passengers to and from smaller cities, thousands of which have no commercial airline service. Because of GA, business, cargo and leisure travel flights can be available anywhere, any time—on the traveler's or shipper's schedule. Approximately 75% of legacy commercial airline flights operate out of just 46 major metropolitan airports, with 70% of all airline passengers shuttled among 30 hub airports. Overall, only about 560 U.S. airports are certified for scheduled airline service for aircraft seating more than 30 passengers. General aviation fills the void with its ability to access all 19,600 public and private landing facilities in the United States.

General Aviation Aircraft and Storage

Within general aviation, operations are divided into two categories by the FAA: Itinerant Operations are performed by an aircraft, that lands at an airport, arriving from outside the airport area, or departs from an airport and leaves the airport area. Local Civil Operations are performed by private and commercial aircraft.

General Aviation aircraft are typically categorized into two groups at airports based aircraft and transient aircraft:

- Based aircraft are planes normally stored at the airport, requiring a parking position either on the apron or in a hangar. The tenants (pilots, aircraft owners, etc.) choose between these two options according to their aircraft's characteristics (size, condition, age, needs, etc.) and based on space availability, preference, price, location, weather, and other criteria (maintenance, storage of parts, frequency of usage, etc.).
- Transient aircraft are visiting aircraft and, therefore, do not rent parking positions; typically using the airport for takeoff, landing, fueling, occasional maintenance and limited parking and storage.

Two types of hangars are typically provided for GA operators: T-hangars and conventional hangars:

 T-hangars and box hangars typically serve smaller single-engine and twinengine aircraft, and often can accommodate one aircraft.



Conventional hangars are characterized as high-bay, clear span, rectangular structures, often capable of accommodating larger and/or multiple aircraft. Conventional hangars provide more flexibility to store a variety of different aircraft types and sizes. These hangars characteristically have the majority of space dedicated to aircraft storage, with a small fraction of space dedicated to offices and equipment storage.

MAJOR CONSIDERATIONS FOR PRIVATE AND CORPORATE TRAVELERS

A Fixed Base Operator (FBO) is a VIP private/corporate jet terminal, usually located in a stand-alone building, and offers a range of services for private and corporate jet customers, aircraft and crew. Many private and corporate jet customers prefer a certain FBO because of the services and amenities it provides. When considering a particular airport or FBO, the following features have been identified as key to both passengers and pilots.

1. Private and corporate jet passengers typically seek maximum comfort, crowd-avoidance, scheduling flexibility and minimum time spent at the airport. Many general aviation (GA) airports are located proximate to, and are often designated as relievers for, larger commercial/international airports. However, while the commercial airport may seem to be the default choice, GA airports are often less crowded, provide greater ease of parking and far greater timeliness and ease of moving through the enplanement process. Avoiding long lines and time wasted at security checkpoints and clearing customs are primary reasons travelers choose private and corporate jet services.

Moreover, business travelers' travel preferences have been affected by the pandemic. The idea of limiting contact with others in order to reduce possible exposure to COVID-19 is now a significant driver of business for private and corporate aviation. Market participants have noted that, when the pandemic struck, the cost differential to fly private versus commercial was immediately justified to gain a greater locus of control over travelers' health. Those individuals and corporations that can afford to fly private/corporate were further motivated to choose this option by COVID concerns and avoiding crowds in commercial airports.

- 2. Aircraft operators can avoid ground congestion and waiting times at the airport by selecting an airport where getting slots and parking is troublefree. Market participants note that many small- to mid-sized, privately-held companies became further motivated during the pandemic to use private jets to fly both their families and key staff, due to the number of dropped flights by the commercial carriers.
- 3. For pilots, as well as business travelers, the location of an airport with regard to routes most often traveled is a key differentiator. Fuel consumption is a factor in the cost of air travel. Arriving and departing from an airfield nearer to the destination shaves off both travel time and the cost of fuel.
- 4. While availability is not as frequently a concern, the rising cost of fuel in 2021 has and will continue to affect selection of airfields. Fiscal-minded operators and business travelers will seek, among the alternatives meeting other requirements such as location, those airports with FBOs offering lower fuel prices.
- 5. Runway length is a key feature in selecting the right airport to accommodate For aircraft weights below approximately 200,000-lbs, a the aircraft. runway of at least 6,000 feet is generally said to be adequate. Larger aircraft require a runway of at least 8,000-feet at sea level; however, higher altitude airports require longer runway length.
- Proximity to a major city/central business district (CBD) is also a factor. In a major city, it often makes sense to choose the airport that provides the shortest ground transfer to or from the airport.

GENERAL AVIATION MARKET CONDITIONS

Year-End 2020 Airplane Shipments

The General Aviation Manufacturers Association (GAMA) presented the 2020 yearend general aviation aircraft billings (closed sales) and shipments report, during its annual State of the Industry press conference in February 2021. They report that aircraft deliveries reached a value of \$22.8 billion in 2020, a decrease compared to \$27.3 billion in 2019. Deliveries of piston airplanes (smaller, aircraft seating no more than 6 passengers) were steady, while turboprop (larger aircraft



with greater capacity and longer ranges), business jet and helicopter deliveries declined, as compared to 2019.

The GAMA year-end report data is summarized in the following table.

YEAR-END AIRCRAFT SHIPMENTS & BILLINGS							
Aircraft Type	2019	2020	Change				
Piston Airplanes	1,324	1,312	-0.90%				
Turboprops	525	443	-15.60%				
Business Jets	809	644	-20.40%				
Total Airplanes	2,658	2,399	-9.70%				
Total Airplane Billing	\$23.5B	\$20B	-14.80%				
Piston Helicopters	179	142	-20.70%				
Turbine Helicopters	640	532	-16.90%				
Total Helicopters	819	674	-17.70%				
Total Helicopter Billing	\$3.2B	\$2.7B	-16.20%				
Source: GAMA							

"As expected, in 2020, the COVID-19 pandemic negatively impacted general aviation and stifled the industry's growth. While we continue to face headwinds globally, all signs point to strong demand for our products and services that are unfortunately being constrained by pandemic-induced supply chain limitations and a vast array of disjointed barriers to air travel across national borders. As we progress through the recovery process, our member companies have made the health and safety of their employees and that of their suppliers an overarching priority, and rigorously support economic policies that preserve our skilled aerospace workforce." said GAMA President and CEO Pete Bunce. encouraging to see that segments of our industry saw a solid rebound in the fourth quarter of 2020. In 2021, it will be important for the general aviation industry to work together with our commercial sector colleagues to keep our interlinked but very fragile supply chain secure, while continuing to engage global regulatory authorities to leverage their mutually-recognized safety competencies to keep pace with accelerating technological innovations that improve aviation safety and environmental sustainability and facilitate industry recovery."

Airplane shipments in 2020, when compared to 2019, saw piston airplane deliveries decline 0.9%, with 1,312 units; turboprop airplane deliveries decline 15.6%, with 443 units; and business jet deliveries decline 20.4%, with 644 units. The value of airplane deliveries for 2020 was \$20 billion, a decline of approximately 14.8%.

Preliminary civil-commercial turbine helicopter deliveries for 2020, when compared to 2019, saw a decline of approximately 16.9%, with 532 units; and piston helicopter deliveries saw a decline of 20.7%, with 142 units.

The piston engine airplane market in North America accounted for 67.9% of overall shipments. The second-largest market for piston airplanes for the sixth year in a row was the Asia-Pacific market, at 17.4%. Turboprop airplane shipments to North American customers accounted for 54.9% of the global deliveries. second largest market for turboprop airplane deliveries was Europe, at 14.4%. The North American market accounted for 66.0% of business jet deliveries. second-largest market for business jet deliveries during the year was Europe, at 16.7%.

GAMA 2020 Mid- to Year-End Shipments

While GAMA Year-End General Aviation Aircraft Billings and Shipments Report numbers were depressed due to the worldwide pandemic, an analysis of mid-year 2020 results actually shows promise in the market.

Business aircraft deliveries totaled 2,399 units, which is an overall decline by 9.7% from the 2019 total. However, improvements are evident when the totals at midyear (when deliveries lagged by 21.5%), and after Q3 (when they were behind by 12.65%) are compared. Viewed in that context, the year-end results are encouraging.

According to the report, 2020 finished at \$20B in sales, down 14.8% from the \$23.5B recorded in 2019. Again, billings improved as the year progressed: Jet sales were down 20.4% at the end of 2020, at 644 units (compared with 809 a year ago); however, mid-year the numbers had been down 26.7%. Turboprops (per GAMA report) were down 15.6%, with 443 units this year compared with 525 in 2019, representing a big gain from the 27% the turboprop market trailed by at mid-year. Overall, piston deliveries were actually marginally ahead of 2019 by 0.9%.

Used Jet Sales Soared in 2020

According to the AvBuyer April 2021 Business Aviation Market Overview, those involved in the pre-owned jet sales business know from experience that December 2020 was an exceptional month for closings. AMSTAT performs business aircraft market research and presents detailed information on the worldwide fleet of



corporate, business and private jets, turbo-props and turbine helicopters. According to AMSTAT data, there were 535 transactions in December 2020, representing a record for any single month in the last 20 years. The previous record number of transactions in any given month over the past two decades was 307 units logged a year earlier in December 2019 (43% fewer). Notably, that was considered a reasonably-good month at the time.

The AvBuyer report goes further to review the AMSTAT pre-owned transaction data, revealing that last December also set a record for the most used jet sales as a percentage of the active worldwide business jet fleet. The data suggests that 2.22% of the entire world's business jets transacted, exceeding the previous record of 1.48% set in December 2003, when there were 182 transactions, and considering the significantly smaller fleet size of 12,300 aircraft at the time.

Brian Proctor, founder, president and CEO of Mente Group, a corporate and private aircraft services firm providing fleet planning, valuation and consulting services, reported that from mid-June 2020 onwards, sales transactions picked up, with light- to mid-sized jets highly sought-after by buyers. He noted many small- to mid-sized, privately-held companies began using private jets to fly both their families and key staff, due to both Covid-19 concerns and the lack of available commercial flights. He reports that, in the second half of 2020, a surge of demand for mid-sized and larger jets occurred from ultra-high-net-worth individuals, and that many customers were first-time buyers. The second half of 2020 saw more than \$400 million of transactions for Mente group, and from Thanksgivig to Christmas, the company closed 14 transactions – more than any single month in their history, which typically averaged four transactions per month.

Aircraft Sales Projections for 2021

The first two months of 2021 set records regarding the fewest number of preowned jets for sale as a percentage of the fleet (5.5% and 5.8%, respectively), according to the AVBuyer report. Interestingly, the previous low-inventory levels on record were in November and December of 2020 when levels were 6.6% and 7.0% of the fleet for sale, respectively. This would suggest that demand currently exceeds supply.

In response, it is believed that pre-owned pricing should stabilize and consistently increase over the year until a more traditional figure of approximately 10% of the fleet is again available for sale, or when supply equals demand.



While January's worldwide pre-owned transactions started out just as robust in January 2019, February 2020 was notably slower. At the time of of the AvBuyer report, the numbers were not finalized, but closed deals registered 141 for February 2020, compared to 156 in February 2019. That reflects a 15 unit (10%) drop, with some time to catch up as completed transactions for February continue to be tallied.

The report acknowledges the possilbility that some deals may not have closed in time in December, yet buyers still moved forward with transactions despite the possibility that favorable US tax incentives might vanish under the new administration. This, in turn, may have caused January sales to be higher than they normally would have been.

Regardless, as the pandemic continues to be controlled, coupled with a favorable economic outlook for the year, the AVBuyer report projects that 2021 will be a good year for pre-owned sales, albeit not not at record levels seen in the second half of 2020.

This sentiment is echoed by others in the market, as the biggest trend of 2021 noted by Mr. Proctor of the Mente Group is the return of corporate buyers, noting that Fortune 500 companies are attempting to get their fleet right-sized and back in the air. He is also seeing a trend away from reserving corporate aircraft solely for top executives, with access being granted to middle managers and executives, intended to save employees' time waiting in airports. As this trend accelerates, it is projected that fleets will become a mix of both light- and mid-to-super-mid, as well as ultra-long-range aircraft.

David Kilcup of International Jets, and aircraft brokerage firm, noted that, after an initial pause, 2020 turned into one their better years, with an influx of first-time buyers who were motivated by COVID concerns and did not want to mix with crowds in commercial airports. Of these new buyers, the vast majority were travellers, rather than pilots. Many were motivated by the opportunity to fly FBOto-FBO, avoiding the long security lines at a commercial airport. He expects 2021 to be a good year, based on encouraging data, and noting that people will still be cautious, which he notes is good for business aviation travel in general.



Flight Activity in the United States

According to the AvBuyer April 2021 Business Aviation Market Overview, the US saw some solid trends in Business Aviation traffic, with only 7% fewer segmentss flown year-over-year (YoY). The charter market was particularly strong, with only 1% fewer YoY departures, and an increase of 4% more flight hours.

Private flight activity – encompassing owner and corporate flight departments – was still depressed, with flying 13% below normal. Fractional operations, meanwhile, seemed to have recovered to within 5% of normal, and Aircraft Management operators were flat YoY.

- Florida continued to lead the way, with 16% growth in activity for January to February 2021. February continued to be strong, with 29,000 flights operated (15% more than in February 2020).
- California was the second busiest US State for business jet traffic, YTD, though travel restrictions frustrated the recovery, and flight segments were down 11%.
- Demand in Texas took a nosedive during the February 2021 cold weather event. Flights trended 7% down for February, but bounced back during the last week of the month.
- Colorado, a strong market for business jet demand during the pandemic, added 14% in terms of flight activity for February 2021.
- Arizona also continued to attract more business jet demand than ever, and was 5% up on last year.
- In New Jersey, however, flights still lagged 40%. By contrast, New York was flat – though it recorded strong growth in flights back and forth with Florida.

BUSINESS JET MARKET CONDITIONS

Global Jet Capital's Quarterly Market Brief covers the state of the aviation market for new and pre-owned business jets; including, an overview of overall economic conditions, business jet flight operations, pre-owned and new market conditions, business jet transactions, and changes in aircraft residual values. The following represents excerpts from their Q1 2021 Market Briefing:



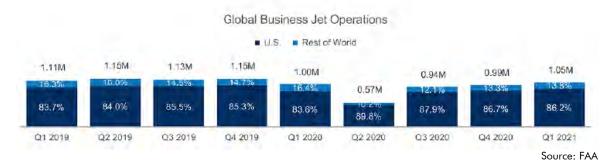
Overview

As the world begins to emerge from COVID-19, the economy – and the business jet market with it – have started to recover. A full recovery, however, is still far away. Furthermore, vaccine distribution and vital return-to-normal global travel patterns have been uneven. Against this backdrop, business aviation demonstrated remarkable resilience in 2020 and continued to demonstrate strength into Q1 2021.

- Led by industrial orders and production, the global economy has begun to recover from the COVID-19 pandemic and lockdowns of 2020.
- Driven by the U.S. market, as well as charter and fractional usage, business aviation flight activity was 4.9 percent higher than in Q1 2020 and the quarter was the sector's best performance since the beginning of the pandemic.
- Orders for business jets were up at major OEMs as low inventory and continued demand appear to be driving habitual pre-owned buyers to purchase new aircraft.
- New unit deliveries were down in Q1 while pre-owned transactions were up. However, an increase in transactions involving heavy aircraft resulted in increases in dollar volume for both new and preowned transactions.
- Inventory levels continued to decline in Q1 2021 and remained at historically low levels.
- Generally, aircraft residual values declined slightly in Q1 2021; however, not all models declined in value, and some even experienced increases. In addition, declines were not as significant as those seen during the financial crisis of 2008 and 2009 or even declines seen in 2016 when falling commodity prices affected business jet demand. It remains to be seen what effect continued low inventory will have on business jet values.



Flight Operations

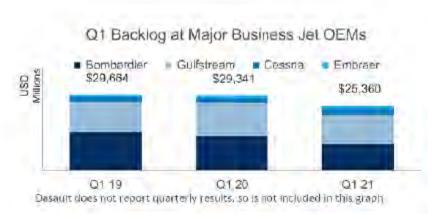


Q1 2021 business jet flight operations were 4.9 percent higher than in Q1 2020. The growth in flight operations was led by the U.S., where flights increased 8 percent in Q1 2021 compared to year-ago levels. While this growth benefited from a weak year-ago comparison, flight operations in Q1 were down only 5.3 percent when compared to Q1 2019 and reflected the best level since the start of the pandemic. This performance has been driven by charter and fractional usage, as large corporate operations have improved at a slower rate.

Throughout the pandemic, business aviation benefitted from the entry of new customers into the market as people sought to avoid crowded commercial flights and terminals. One study found that flying privately can reduce almost 700 "person-to-person" touchpoints compared to a commercial flight.

As the pandemic recedes, the industry looks poised to maintain its position of strength. A recent study found that 96 percent of these new users will continue flying in business aircraft at least some of the time, even after the pandemic is over. A separate study conducted by the Global Business Travel Association (GBTA) found that 79 percent of respondents would be comfortable traveling for business after being vaccinated. The business aviation market will benefit as large corporate business travel returns and new users continue to leverage the charter and fractional market, in turn driving continued growth in business jet flight operations.

OEM (Original Equipment Manufacturer) Backlogs

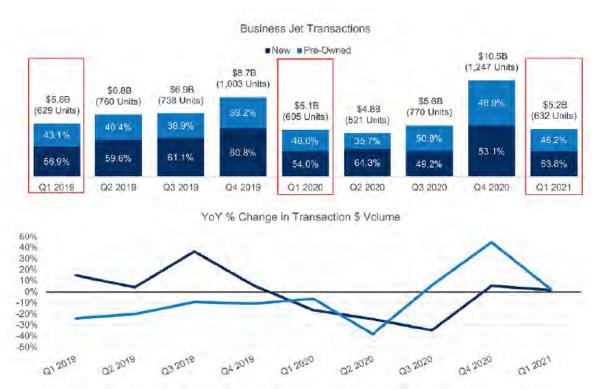


Source: Global Jet Capital

At the end of Q1 2021, industry backlog was \$25.4 billion, about 13.6 percent lower than a year earlier. However, much of that difference was the result of declines in early 2020. Q1 2021 was a strong quarter for business jet orders. Most of the major business jet OEMs that report quarterly results indicated that orders exceeded deliveries. All experienced improved book-to-bill ratios compared to Q4 2020. Orders are being driven by strong overall demand and low pre-owned inventory, leading habitual pre-owned buyers to buy new. While some manufacturers plan to use strong orders to rebuild backlog, the demand for business jets will eventually drive up deliveries.



Transactions (\$ Volume)



Source: JetNet and Global Jet Capital Analysis

New and pre-owned transaction dollar volume increased slightly in Q1 2021. However, unit volume told a different story, with new deliveries down 19.5 percent and pre-owned transactions up 10.6 percent when compared to Q1 2020.

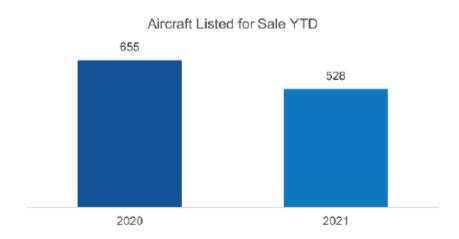
New delivery unit declines were a continuation from much of 2020 as OEMs continued to conservatively restart production and to work towards recovering supply chains that were disrupted by COVID-19. New unit deliveries of all size segments were down, except for heavy aircraft, which were up 20.5 percent as a result of increased deliveries of aircraft introduced shortly before the outbreak of COVID-19.

In the pre-owned market, demand continued to be strong. As a result, increases in dollar and unit volume in the pre-owned segment were broad-based across size, age, and geographic subsegments.

In another sign of continued demand, OEM orders were up in Q1 2021 as stated above. With inventories of pre-owned aircraft low and orders for new aircraft high, new deliveries will likely improve as the year goes on. The path of pre-owned deliveries is less clear. As inventories become increasingly constrained, it may

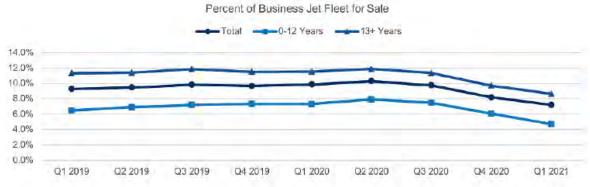
become more difficult for buyers to find aircraft that meet their needs, resulting in challenges to transaction momentum. However, pre-owned demand has remained strong throughout H2 2020 and into Q1 2021. In addition, buyers who take delivery of new aircraft typically list their current aircraft for sale, supporting inventory and driving market activity.

For Sale Inventory



Source: Amstat and Global Jet Capital Analysis

Declines in the number of aircraft listed for sale started in 2020 as owners held onto their business jets during COVID-19. That trend continued in Q1 2021, with listings 19.4 percent lower than in Q1 2020. In 2020, the average number of aircraft listed for sale per week was 45 and that declined to 40.6 in 2021. That compares favorably to an average of 70 listings per week during the onset of the Great Recession in 2008. Listings may remain low until new deliveries begin to pick up, driving owners to list current aircraft once they take delivery of new aircraft.



Source: JetNet and Global Jet Capital Analysis

Increasing pre-owned transactions and declining aircraft listings led to declining business jet inventory in Q1 2021. Inventory ended the quarter at 7.2 percent of the total fleet, lower than at any time during the last two years and near all-time lows. Furthermore, inventory of aircraft younger than 13 years old (typically seen as more desirable) was 4.7 percent of the global fleet.

Conclusion

By remaining healthier than many thought possible in 2020, the business jet industry demonstrated a new level of production discipline, maturity, and stability. Based on Q1 2021 market dynamics, the industry is building from an overall position of strength. Flight operations continued to improve, pre-owned transactions increased year-over-year, orders for new aircraft increased, and inventories – already at historically low levels – continued to decline. While residual values for some models did decline in Q1, others increased and overall, they were more modest than during past economic recessions.

The global economic future is uncertain in the near term, despite pockets of strength, due to continued COVID-19 related lockdowns and uneven vaccine rollouts. The business jet market, however, remains strong and is set to grow in 2021 following the disruptions of 2020.

Business Jets Are Getting Bigger

Jet manufacturers are also launching products better suited to the new market. Speed, comfort and cost have traditionally been among the top concerns for business jet travelers. However, much of the focus in the current business jet market is in the growing demand for larger and longer-range aircraft. This is supported by historical data regarding expanding average size of aircraft, as illustrated in the following table.



	CHANGES	IN BUSINE	SS JET AIRC	RAFT SIZE	
Year	Average Wingspan (W)	Average Length (L)	Average Height (H)	Avg Footprint (W*L)	% Change
2010	55.55	57.69	17.59	3,205	N/A
2011	56.30	58.44	17.85	3,290	2.66%
2012	56.30	58.44	17.85	3,290	0.00%
2013	57.10	59.20	18.04	3,381	2.75%
2014	57.58	59.64	18.15	3,434	1.58%
2015	58.04	60.06	18.24	3,486	1.51%
2016	58.52	60.47	18.33	3,539	1.52%
2017	58.86	60.72	18.40	3,574	1.00%
2018	59.22	60.99	18.47	3,612	1.05%
2019	59.51	61.15	18.51	3,639	0.76%
2020	59.90	61.41	18.58	3,678	1.08%

As indicated, in 2010 the average business jet footprint was 3,205 feet. By 2020, the size had expanded to 3,678 feet, or an annual average growth rate of 1.39%.

Further, the difference can be seen in the average size of aircraft retired and delivered from 2010 through 2020, as summarized in the following table.

					US BI	JSINESS JET I	LEET RETIRE	MENTS & D	ELIVERIES					
					Total					Total		~	Cumulative	
	# of	Average	Average	Average	Retired Square	# of	Average	Average	Average	Delivered Square	Total Fleet Square	% Growth of Square	Square Footage	% Square Footage
Year	Retirements	Wingspan	Length	Height	Footage	Deliveries	Wingspan	Length	Height	Footage	Footage	Footage	Growth	Growth
2010	83	48.51	52.70	16.14	219,563	723	62.45	63.90	19.52	3,140,567	59,030,072		2,921,004	
2011	123	50.51	55.26	17.01	364,032	615	64.58	65.87	19.83	2,813,369	61,479,409	4.1%	5,370,341	104.15%
2012	159	50.26	54.77	16.89	459,035	622	66.13	67.58	20.14	2,977,277	63,997,651	4.1%	7,888,583	108.42%
2013	169	50.28	54.64	16.83	488,351	637	69.43	71.05	20.90	3,368,718	66,878,018	4.5%	10,768,950	113.29%
2014	192	49.69	53.27	16.78	532,156	664	69.91	70.93	20.79	3,533,167	69,879,028	4.5%	13,769,961	118.38%
2015	171	52.35	56.16	17.35	528,221	702	69.88	70.42	20.66	3,697,427	73,048,235	4.5%	16,939,167	123.75%
2016	153	52.86	56.80	17.43	484,777	638	68.07	67.76	20.24	3,158,237	75,721,695	3.7%	19,612,627	128.28%
2017	190	52.71	56.62	17.34	598,810	624	67.60	67.08	20.14	3,050,932	78,173,817	3.2%	22,064,749	132.43%
2018	327	49.99	54.02	16.72	928,116	595	67.94	67.29	20.14	2,918,396	80,164,097	2.5%	24,055,029	135.80%
2019	273	51.83	54.91	16.99	820,368	670	69.45	69.15	20.50	3,458,770	82,802,499	3.3%	26,693,431	140.27%
2020	221	53.26	56.80	17.14	704,688	269	71.86	72.47	21.07	1,510,379	83,608,191	1.0%	27,499,123	141.64%
Source: Je	tnet													

Based on the number of retired aircraft versus the number of deliveries, the data indicates that the US fleet is growing, which suggests increased demand for hangar facilities. Moreover, as will be detailed later in this report, surveyed providers of hangar space often reported that their facilities could not accommodate larger aircraft - many noting their hangar doors were too low. These facilities will be challenged to contain newer aircraft that are being manufactured with greater height requirements, as illustrated in the following table.



	CH	ANGES IN BU	SINESS JET AIRC	RAFT HEIG	НТ	
	Square Footage of Delivered Aircraft over	Square Footage of Retired Aircraft over	Total >24' Tail	% Growth	Cumulative Square	Cumulative % Square
Year			Height Fleet Square Footage	of Square Footage	Footage Growth	Footage Growth
2010	1,595,075	49,915	20,626,091		1,545,160	
2011	1,406,723	133,907	21,898,907	6.2%	2,817,977	106.17%
2012	1,529,885	134,858	23,293,934	6.4%	4,213,004	112.93%
2013	2,015,685	137,660	25,171,959	8.1%	6,091,029	122.04%
2014	2,046,312	141,200	27,077,072	7.6%	7,996,141	131.28%
2015	1,985,109	173,770	28,888,411	6.7%	9,807,480	140.06%
2016	1,541,532	185,879	30,244,064	4.7%	11,163,133	146.63%
2017	1,514,682	191,430	31,567,316	4.4%	12,486,385	153.05%
2018	1,397,639	235,801	32,729,153	3.7%	13,648,223	158.68%
2019	1,763,318	195,493	34,296,979	4.8%	15,216,048	166.28%
2020	941,621	219,265	35,019,335	2.1%	15,938,404	169.78%
Source: Jetnet		<u> </u>				

Overall, these data suggest that a percentage of existing hangar space will become obsolete as new deliveries of aircraft are increasingly larger. Demand for larger and more long-range aircraft will drive the market for larger hangar space at general aviation airports.

THE EFFECTS OF THE PANDEMIC ON CORPORATE AND PRIVATE AVIATION

Though corporate travel has remained far below normal levels, charter and fractional shares have picked up, with many new customers entering the private aviation arena for the first time. According to Doug Wilson, president and senior partner of FBO Partners, "The industry saw another new tranche of customers enter the private aviation market from the front of the [Part]121 cabin, who had likely been on-the-fence prior to COVID. The value proposition changed for them when COVID struck as the cost differential was immediately justified to gain a greater locus of control over their health."

Among the FBOs that Aviation International News (AIN) spoke with this year as part of its annual survey report, most indicated that traffic ramped up in the second half of 2020 and has stayed strong through the beginning of 2021. Operators report that the current recovery from 2020 looks different in the industry since the benefits of private travel are being spotlighted and shifting more passengers from airline terminals to FBOs.

Kevin Thomas, President and COO of XOJET Aviation, a provider of business jet operations reported in the Winter edition of Business Aviation Management, that, in



private charter, his company was already flying 10% more hours at the end of 2020 thank the previous year. He also noted that early booking figures for the first part of 2021 looked strong, remarking that is very encouraging for the industry in general, as it is in stark contrast to the decline in the number of hours that commercial airlines are flying. The idea of limiting contact with others in order to reduce possible exposure to COVID-19 is now a significant driver of business for private aviation.

In the same publication, Alexis Fecteau, Director of Boeing Business Jets, reports that the business jet side, while still down, has proven much more resilient than the commercial side. Flight hours are much healthier than on the commercial flight side, with some private jet segments showing even higher demand than before the pandemic. As an example, he notes that business aviation's flight hours are down around 15-18% by comparison with last year's traffic, while flight hours for commercial aviation are down around 55-60%.

According to Mark Baker, AOPA President, general aviation is in a mini boom right now. Flights are up 10-15% as are fuel sales. Most days, there are actually more 172 Cessnas in the air than there are Boeing 737s, he reports. According to Mr. Baker, "general aviation is thriving." He notes that GA offers a different value proposition than commercial airlines. If you do not feel safe from a transmission of virus issue on a commercial flight, GA is an alternative.

NATIONAL HANGAR MARKET CONDITIONS

While there are no known formal market research reports describing the aircraft hangar market, in June 2021, the Airline Owners and Pilots Association (AOPA) reported the results of a survey sent to more than 700 AOPA Support Network volunteers. The responses indicate that aircraft hangars are in high demand and short supply, with some airports compiling waiting lists lasting several years.

The AOPA provides several examples of backlogs: The wait for hangar space at DeKalb-Peachtree Airport north of Atlanta was seven years; howeverl the airport initiated a new list three years ago that excluded owners that had been on the seven-year list and had sold their aircraft and/or moved away. The wait for space is still three years.



Hangar space at Frederick Municipal Airport in Maryland tightened when the airport demolished facilities to lengthen the main runway.

New York City-based pilots report that the closest hangar space available is 20 miles away in Caldwell, New Jersey. In Oregon, San Luis County Regional Airport and Ken Jernstedt Airfields both have several-year waiting lists, at a cost that is double that of similar California hangar space.

The results of the Airport Support Network survey indicated that 71% of the airports surveyed have a waiting list for their hangars, and at those airports with a waiting list, 72% of aircraft owners waited from six months to more than two years. When the wait is over, the available hangar may not be in the desired condition. Only 8% of hangars were described as in "excellent" condition, while 36% were described as in need of "some" or "major" repair.

In addition to a lack of funding, grant availability was cited in the survey as a major impediment to new hangar construction. Other challenges included costs associated with site development, insurance, engineering and architectural designs, and building code compliance, as well as concern about recouping the development costs at current lease rates. Airports that have successfully developed new T-hangars and community hangars have noted a rise in airport gross revenues, increased local economic impact, and increased employment opportunities. The AOPA is partnering with state aviation directors to assess the hangar supply issue and develop solutions.

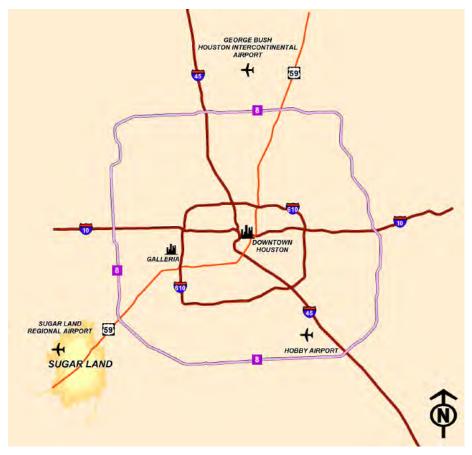
National Hangar Sales

The increased demand from corporate, leisure and high-net-worth individuals combines to produce demand for hangar space that is the right product in the right market. Katrin Gist, who leads CBRE's Airport Properties practice and focuses on aircraft hangar transactions, reports robust demand nationally for large, high-end private hangar space, driven in part by the pandemic. In 2020 she had some highly-competitive bidding situations for large high-end corporate hangars listed in the Seattle, Washington area and at Burbank, California. In February 2021 she started marketing a new 27-hangar development at John Wayne Airport in Santa Ana, California, and had presold the entire development prior to ground-breaking.



SKY HARBOUR LOCATIONS **MARKET ANALYSES**

Sugar Land Regional Airport (SGR)



GREATER HOUSTON AREA

Houston is the nation's fourth largest metropolitan area and a major engine of global economic activity. Houston is internationally recognized as the Energy Capital of the World, a top manufacturing metro, and a global trading hub. While all three of these sectors are interrelated, energy dominates.



Recent and Projected Growth

Houston's metropolitan statistical area ranked 3rd in the nation in terms of raw population growth year-over-year, as of July 1, 2020. The Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (MSA) had an estimated 91,078 more residents as of July 1, 2020, compared to the same date in 2019, according to U.S. Census Bureau figures released May 4, 2021.

The year ending July 2020 also saw a resurgence in domestic migration. Note that these figures do not reflect the full extent of the pandemic, as they only extend through July 2020.

More people equate to increased demand for housing, and Houston continues to lead the nation in single-family home construction. In 2020, there were 48,208 construction permits issued for single-family houses in Houston, according to the National Association of Home Builders, ranking Houston No. 1.

The population growth has also supported Houston's industrial sector, which has seen booming e-commerce growth and tenant demand from homebuilding suppliers and retailers. In the second quarter of 2021, nearly a year after the census data was collected, Houston ranked 2nd in the nation for industrial deliveries and seventh for industrial absorption over the prior 12 months. Like single-family and retail development, nearly all the industrial development is occurring in the suburbs. Nearly all development over the past 12 months occurred outside the I-610 Loop and the majority is outside of the next concentric highway ring, Beltway 8, and the Grand Parkway.

Houston also ranked third for international migration after New York and Miami, having added 24,587 new international migrants.

An area where Houston lagged, however, is domestic migration. The region ranked 11th among U.S. metropolitan areas, having added 19,760 domestic migrants. Yet, this was the best year for domestic migration in Houston since 2016, following negative years in 2017 and 2018 in the wake of the shale bust, and more than two-thirds higher than the level seen in 2019, according to Census data.

Fortune 500 Companies

Twenty-two companies on the 2020 Fortune 500 list are headquartered in the Houston metro area, ranking Houston fourth in the country behind New York (65), Chicago (33) and Dallas-Ft. Worth (24). The Houston Metropolitan Statistical Area (MSA) is home to 41 companies on the Fortune 1000 list.



Fortune 500 Companies Headquartered in Houston, 2020

			Revenues				Revenues
Rank	Company	Employees	(\$ Billion)	Rank	Company	Employees	(\$ Billion)
27	Phillips 66	14,500	10.9	260	CenterPoint Energy	14,262	12.3
56	Sysco	69,000	60.1	261	Quanta Services	40,300	12.1
93	ConocoPhillips	10,400	36.7	264	Group 1 Automotive	15,296	12.0
98	Plains GP Holdings	5,000	33.7	319	Calpine	2,256	10.1
101	Enterprise Products	7,300	32.8	329	Cheniere Energy	1,530	9.7
129	Baker Hughes	68,000	23.8	365	Targa Resources	2,680	8.7
142	Halliburton	55,000	22.4	374	National Oilwell Varco	34,645	8.5
148	Occidental	14,400	22.0	391	Westlake Chemical	9,430	8.1
186	EOG Resources	2,900	17.4	465	APA	3,163	6.4
207	Waste Management	44,900	15.4	496	Crown Castle International	5,100	5.8
242	Kinder Morgan	11,086	13.2				
Source:	Fortune, May, 2020						

Nearly half of all Fortune 500 energy companies are headquartered in Houston. Houston accounts for 21 of the 45 Fortune 500 company headquarters that are in the energy industry (Fortune's sectors defined as: Energy, Mining/Crude Oil Production, and Pipelines).

Globally regarded as the Energy Capital of the World, it is the headquarters for most segments of the energy industry including exploration, production, transmission, marketing, supply, and technology. Houston employs nearly a third of the nation's jobs in oil and gas extraction. Home to 4,600 energy-related firms, the region remains at the forefront of foreign investment in energy.

Houston offers a well-developed suite of key global industries outside of energy, such as life science, manufacturing, logistics and aerospace. As these industries digitize, Houston is becoming a center of rapid technological development.

CITY OF SUGAR LAND

The City of Sugar Land is home to a variety of prominent corporations including United Healthcare, Schlumberger, Fluor Corporation, Noble Drilling Services, and Minute Maid. The city is conveniently located within a 30-minute drive of Houston and is positioned just south of the Interstate 10 "Energy Corridor."

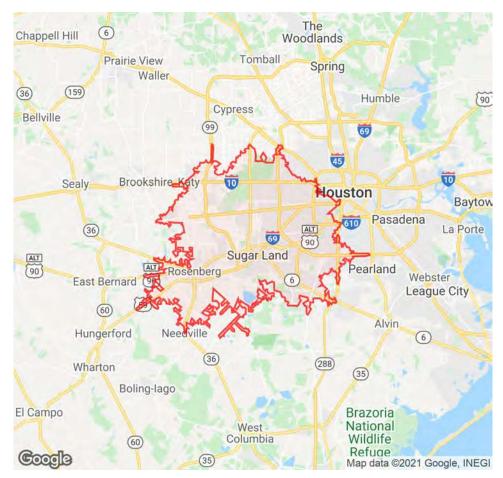
Sugar Land Regional Airport Service Area

The airport service area is generally defined as the geographic region served by an airport. The National Plan of Integrated Airport Systems (NPIAS) developed by the FAA defines service area as being within a 30-minute drive time from a given airport, which often translates into 20 miles or more. The number of competing public-use airports, however, can both widen or contract the service area depending on various users



perceived level of service and amenities offered at a given airport. Given Sugar Land Regional's facilities, including well-established infrastructure, a competitive rate structure, and convenient access to the fourth largest MSA in the nation, it is reasonable to assume that users would be willing to travel a bit further to conduct operations at SGR. Therefore, we employ a 30-minute and 60-mile drive in the analysis, with a primary focus on the 30minute drive time.

The Sugar Land Regional Airport service area (30-minute drive) is illustrated in the following graphic.





Service Area Demographics

12888 S Hwy 6, Sugar Land, TX	30-Min Drive	60-Mile Drive	State	US
Population				
2025 Total Population	2,390,404	7,787,068	32,172,745	346,021,282
2020 Total Population	2,151,123	7,108,178	29,806,340	333,793,107
2010 Total Population	1,734,707	5,831,014	25,145,561	308,745,538
2000 Total Population	1,356,898	4,625,775	20,851,820	281,421,906
Annual Growth 2020 - 2025	11.12%	9.55%	7.94%	3.66%
Annual Growth 2010 - 2020	24.00%	21.90%	18.54%	8.11%
Annual Growth 2000 - 2010	27.84%	26.05%	20.59%	9.71%
Households				
2025 Total Households	856,009	2,686,277	11,341,452	130,658,485
2020 Total Households	773,776	2,457,232	10,521,548	126,083,849
2010 Total Households	630,339	2,031,059	8,922,933	116,716,292
2000 Total Households	507,627	1,624,002	7,393,354	105,480,101
Annual Growth 2020 - 2025	10.63%	9.32%	7.79%	3.63%
Annual Growth 2010 - 2020	22.76%	20.98%	17.92%	8.03%
Annual Growth 2000 - 2010	24.17%	25.07%	20.69%	10.65%
Income				
2020 Average Household Income	\$107,622	\$96,981	\$87,674	\$90,054
2020 Per Capita Income	\$38,657	\$33,590	\$31,057	\$34,136
2025 Average Household Income	\$116,882	\$106,506	\$96,301	\$99,510
2025 Per Capita Income	\$41,782	\$36,800	\$34,048	\$37,691
Average Annual Growth 2020-2025				
Average Household Income	1.66%	1.89%	1.90%	2.02%
Per Capita Income	1.57%	1.84%	1.86%	2.00%

Source: Environmental Systems Research Institute (ESRI)

Both the 30-minute and 60-mile SGR service areas have experienced significant population and household growth since 2000; a trend that is projected to continue into the foreseeable future. Growth in the area has outpaced the state and the nation since 2000 and is projected to continue to surpass growth in the state and nation in ensuing years.

Average household income in the SGR 30-minute drive service area is currently 22.75% higher than the state, and 19.51% higher than the US average. Per capita Income is 24.47% higher than the state and 13.24% higher than the nation. While growth in average household and per capita income in the SGR service area is projected to lag behind the state and nation, neither geographical area will catch up to the SGR's 2025 projected annual average household income of \$116,882 and per capita income of \$41,782.

When considering demand drivers for the Sky Harbour's development, the most likely user of the hangar facilities can be broken into three main categories:

1. Private aircraft owner/users



2. Corporate fleets (including private corporations and public service users such as Medevac and government – e.g. Forestry Departments, Police, etc)

Charter Users

Each of these user categories represents potentially different motivations for their selection of airports, among those available. Private aircraft owners are typically high-net-worth individuals for whom convenience trumps cost; meaning proximity to, and ease of traveling to, the airport is among their primary concerns. Similarly, corporate users prefer airports proximate to their offices. Charter users seek airports proximate to central business districts, and also consider which direction they fly most often, as airports directly in their typical flight path are more fuel-efficient alternatives than others further away.

The preceding demographics support and illustrate the composition of the most likely user of general aviation facilities at Sugar Land Regional. The demographics within a 30minute drive time from the airport suggest higher per capita income - significantly higher than the state and nation. These high-net-worth individuals are likely to select Sugar Land over the available alternates due to its closer-in location. Similarly, the majority of energy companies in the Houston area are situated on the west side of the city, within the 30minute drive time to SGR. Thus, demand from both the corporate and private user base is concentrated in this area. Due to the location of Texas within the US, coupled with the Houston area's Fortune 500 composition, the majority of destinations of flights from the Houston-area airports are to the west and north.

SUGAR LAND REGIONAL AIRPORT

Sugar Land Regional Airport is located three miles east of the City of Sugar Land, and approximately 19 miles southwest of the Houston central business district. The Airport is owned by the City of Sugar Land and is situated on 622 acres. Sugar Land Regional Airport (SGR) is a publicly-owned, public-use general aviation facility, and it is included in the FAA's National Plan of Integrated Airport Systems (NPIAS).

SGR is designated as a "reliever airport" for George Bush Intercontinental Airport (IAH) and Hobby Airport (HOU) in Houston and is one of 24 such designated airports in the state. Airports within this category are located in, or proximate to, major metropolitan areas and provide alternative airport facilities for general aviation users to relieve congestion at the larger Commercial Service airports. Reliever airports have, or must be forecast to have, 100-based aircraft or 25,000 annual itinerant operations. Reliever airports generally serve population centers of 250,000 or more.

Notably, Houston Hobby Airport (HOU) is in the FAA's Top Ten Airports for Domestic Business Jet Operations, as illustrated in the following graphic depicting Enhanced Traffic



Management System Counts (ETMSC) from the FAA Air Traffic Airspace (ATA) Lab's May 2021 report.



As a reliever for HOU, Sugar Land Regional Airport is well-positioned to benefit from increased demand generated by the expanding business district, growing population and the continued importance of the fuel industry.

Facilities at Sugar Land Regional Airport include an 8,000-foot primary runway (Runway 17/35) equipped with high-intensity runway lighting and a full-length parallel taxiway. Operations at the airport are supported by ILS, RNAV(GPS), and VOR/DME-A approaches. Other services include avgas and jet fuel, aircraft storage in hangars, and tiedown parking. The airport includes Customs facilities.

According to the 2018 Texas Aviation Economic Impact Study, significant portion of SGR activity is attributable to itinerant operations by corporate jet aircraft. Sugar Land Regional Airport is home to seven on-airport businesses which offer services such as FBO amenities, aircraft maintenance, and avionics. The most frequent general aviation operations at Sugar Land Regional involve corporate and charter flights, flight instruction, recreational flying and law enforcement.





Recently, Sugar Land Regional Airport received a \$12 million grant from TxDOT. This grant is believed to be the largest single grant allocated by TxDOT and will be used to fund construction of Taxiway F, which is an FAA-mandated project to maintain proper separation between the runway and taxiway and to improve airport drainage. Once completed, the city plans to undertake landside development, including non-aviation property revenue-producing projects, as well as long-term airside development plans.

Runways

SGR RUNWAY CHARACTERISTICS									
Runway 17/35	Length (Ft)	Width (Ft)	Instrument CAT 1 ILS (35)						
Source: FAA A	8,000 DIP	100	CATTILS (55)						

SGR features one runway with ILS capability that can accommodate commercial aircraft as well as corporate and private jets.

Airport Operations

The number of jet operations an airport annually supports is indicative of the facilities and services it offers and the type of aircraft it can support. Specific operational thresholds provide an adequate indication of an airport's role within the market(s) that it serves.

FAA data regarding Sugar Land Regional Airport operations are summarized in the following table.



		ltineran [.]	t Operat	ions		Loca	l Operati	ons	
	Air	Air Taxi &							TOTAL
FY	Carrier	Commuter	GA	Military	TOTAL	Civil	Military	TOTAL	OPS
2018	12	6,492	39,343	140	45,987	21,642	62	21,704	67,691
2019	0	6,577	40,663	114	47,354	27,105	50	28,459	75,813
2020	0	5,502	34,931	153	40,586	25,882	34	25,916	66,502
2021*	0	6,871	41,574	138	48,583	29,863	58	29,921	78,504
2022*	0	6,939	41,575	138	48,652	29,924	58	29,982	78,634
2023*	0	7,008	41,576	138	48,722	29,985	58	30,043	78,765
2024*	0	7,077	41,577	138	48,792	30,046	58	30,104	78,896
2025*	0	7,148	41,578	138	48,864	30,107	58	30,165	79,029
2026*	0	7,220	41,579	138	48,937	30,168	58	30,226	79,163
2027*	0	7,292	41,580	138	49,010	30,229	58	30,287	79,297
2028*	0	7,365	41,581	138	49,084	30,290	58	30,348	79,432
2029*	0	7,438	41,582	138	49,158	30,352	58	30,410	79,568
2030*	0	7,512	41,583	138	49,233	30,414	58	30,472	79,705
2031*	0	7,587	41,584	138	49,309	30,476	58	30,534	79,843
2032*	0	7,662	41,585	138	49,385	30,538	58	30,596	79,981
2033*	0	7,738	41,586	138	49,462	30,600	58	30,658	80,120
2034*	0	7,815	41,587	138	49,540	30,662	58	30,720	80,260
2035*	0	7,892	41,588	138	49,618	30,724	58	30,782	80,400
2036*	0	7,970	41,589	138	49,697	30,786	58	30,844	80,541
2037*	0	8,049	41,590	138	49,777	30,848	58	30,906	80,683

The data presented is comprised of a mix of sources: historic data has been retrieved from FAA OPSNET, as it is the only actual data available regarding operations. Projections have been retrieved from FAA TAF data.

Between 2018 and 2019, Sugar Land Regional experienced a 10.07% increase in overall operations. Total general aviation operations increased 3.36%, and local civil operations increased 25.24%. The effects of the COVID-19 pandemic can be seen in the change from 2019 to 2020: total operations at SGR decreased 10.75%, general eviation declined 14.10%, and civil operations declined 4.51%. The significant increase in projected operations from 2020 to 2021 is largely attributable to the fact that TAF foreward-looking data was produced prior to the pandemic, and does not consider its ongoing effects.

As illustrated, nominal growth is projected in overall operations through 2037. strength of an FBO can be determined, in part, by the amount of operations attributable to general aviation (GA), iterant and based. A low number of annual operations indicates low activity, which translates to minimal fuel sales, the primary revenue source for FBOs. Few aircraft flying means low fuel sales, which equals low FBO revenue. As illustrated in the previous table, 2019 actual FAA data for GA operations at SGR indicate that 89% of the airport's operations were dedicated to iterant and based GA, which suggests a healthy FBO. We exclude 2020 from this observation, as it is considered an atypical year.



Based Aircraft

Based aircraft are aircraft typically stored at the airport, requiring a parking position either on the apron or in a hangar. The tenants (pilots, aircraft owners, etc.) choose between these two options according to their aircraft's characteristics (size, condition, age, needs, etc.) and based on space availability, price, location, weather and other considerations (maintenance, storage of parts, frequency of usage, etc.).

Based general aviation aircraft that are regularly flown equate to significant purchases of jet fuel, which is the primary revenue source for FBOs. Fewer based aircraft typically equates to lower total fuel sales, and FBOs encourage based aircraft tenants to consume/purchase as much fuel as possible.

The most recent data regarding based aircraft at Sugar Land Regional Airport are summarized in the following table.

SGR BASED AIRCRAFT							
Туре	# of A/C						
Single Engine	101						
Multi-Engine	18						
Jet	34						
Helicopters	3						
Total	156						
Source: SGR Master Plan	Update						

According to the 2019 Sugar Land Regional Airport Master Plan Update, the airport accommodated 156 based aircraft in 2017. SGR is ranked in the top five airports in the region (including both IAH and HOU) with regard to based corporate jets. The report notes that a higher number of based jets are found at airports with air traffic control towers, precision approaches and aircraft maintenance services. Sugar Land Regional Airport features all of these amenities.

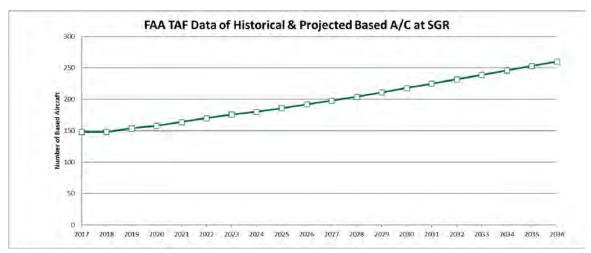
Based aircraft comprise the target market for the Sky Harbour facilities, and are the target market for the Sky Harbour business model, as it is based on long-term hangar leasing. Moreover, as discussed earlier, Sky Harbour's preferred tenant is an aircraft owner/user that is more interested in a high-end, safe and comfortable unit than extensive flight time in the aircraft.

FAA TERMINAL AREA FORECAST (TAF) PROJECTIONS

The Terminal Area Forecast (TAF) contains historical and forecast data for enplanements, airport operations, Terminal Radar Approach Control (TRACON) operations, and based



aircraft. The data cover FAA-towered airports, Federal contract tower airports, TRACON facilities and non-FAA airports. Data in the TAF are presented on a U.S. Government fiscal year basis (October through September). FAA projections for based aircraft at SGR from their January 2020 report (most recent available) are summarized in the following table.



According to the FAA, the TAF assumes a demand-driven forecast for aviation services based upon local and national economic conditions as well as conditions within the aviation industry. In other words, an airport's forecast is developed independent of the ability of the airport and air traffic control system to furnish the capacity required to meet demand. However, if the airport historically functions under constrained conditions, the FAA forecast may reflect those constraints since they are embedded in historical data. In statistical terms, the relationships between economic growth data and data representing growth in aviation activity reflect those constraints.

The FAA estimates that there were 158 based aircraft at SGR in 2020. The number of based aircraft is projected to increase at an annual rate of 4.0% through 2023, with an average annual rate of 3.0% thereafter. It is noted that independent estimates in the SGR Master Plan for based aircraft project 177 in 2022; 191 in 2027 and 220 in 2037, which is slightly lower than FAA projections, overall.

TEXAS AVIATION SYSTEM PLAN (TASP)

Throughout the various chapters of this report, you will see references to the Aviation System Plans produced by each state within which Sky Harbour has plans to operate. These state Plans identify current conditions, forecast growth and provide guidelines to help planners determine how to maximize the return on investment of public funds and identifies what capital improvements would best serve the state's aviation needs. We researched the Texas Aviation Sytem Plan, and found it was produced in 2010; therefore, it was considered too dated to include in this analysis.

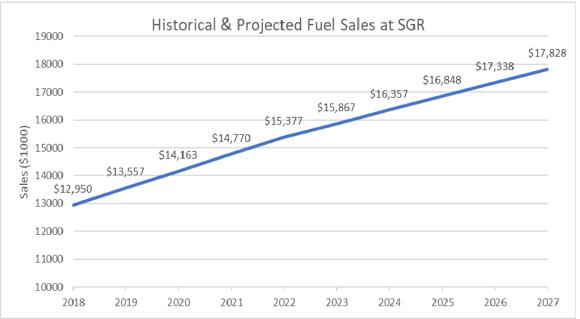


HISTORIC & PROJECTED FUEL SALES

The number of gallons of jet fuel dispensed at an airport is a good general indicator as to the total size of the market and how active the airport is – the more fuel dispensed at the airport, the more active the airport is.

An atypical situation at Sugar Land Regional Airport is that the City of Sugar Land controls fuel sales at the airport. The City of Sugar Land owns and operates the FBO -GlobalSelect. As the sole provider of fuel at SGR, the city is not compelled to negotiate fuel costs with its lessees - it's a 'take it or leave it' situation with regard to pricing, with no discounts or premiums offered, and all lessees at the airport pay the same fuel cost.





Source: Sugar Land Master Plan Update (2019)

Fueling data is proprietary, and we have relied on historic and projected fuel sale data reported in the Sugar Land Master Plan Update (2019). As previously noted, the Plan's projections for Based Aircraft are slightly below the FAA projections, so Plan data is considered to be a conservative estimate of future operations.

Actual fuel sales at SGR were \$12,950,156 in 2018. The Master Plan projected sales to increase by 5.0% in 2019. From 2020 to 2022, sales were projected to increase by 4.0% annually, with 3.0% annual growth thereafter. We note that this growth trajectory is generally in-line with the FAA projected growth of based aircraft at SGR. The strength of the location is further illustrated by the growth trajectory, despite the city's unwillingness to negotiate fuel deals to be passed along to general aviation users at the airport.



HANGAR SUPPLY & DEMAND

Occupancy

There are 21 conventional hangars at SGR, comprising approximately 370,000 square feet of space. There are six large nested T-Hangar rows on the airport, capable of storing 99 aircraft. These T-Hangar facilities collectively make up approximately 137,000 square feet of hangar storage space. According to the SGR Master Plan, for planning purposes, hangars should accommodate at least 95% of all based aircraft. The existing hangar space at Sugar Land Regional Airport is summarized in the following table.

	EXIS	TING HANGAR S	PACE AT SGR		
		Private/			
Building #	Building Type	Community	Area (SF)	Occupied	Waitlist
4	Conventional	Community	42,000	100%	Yes
5	Conventional	Community	31,000	100%	Yes
6	Conventional	Community	37,000	100%	Yes
7	Conventional	Community	29,000	100%	Yes
8	Conventional	Community	20,000	100%	Yes
9	Conventional	Community	15,500	100%	Yes
10	Conventional	Community	18,000	100%	Yes
11	Conventional	Community	8,250	100%	Yes
12	Conventional	Community	11,600	100%	Yes
13	Conventional	Community	14,350	100%	Yes
14	Conventional	Community	14,700	100%	Yes
15	Conventional	Community	20,900	100%	Yes
16	Conventional	Community	23,400	100%	Yes
17	Conventional	Community	12,600	100%	Yes
30	Conventional	Community	9,700	100%	Yes
31	Conventional	Community	24,000	100%	Yes
Total Conve	ntional		332,000	100%	Yes
19	T-Hangar	Community	12,000	100%	Yes
20	T-Hangar	Community	12,000	100%	Yes
21	T-Hangar	Community	3,600	100%	Yes
22	T-Hangar	Community	4,180	100%	Yes
23	T-Hangar	Community	8,000	100%	Yes
24	T-Hangar	Community	20,700	100%	Yes
25	T-Hangar	Community	20,500	100%	Yes
26	T-Hangar	Community	23,600	100%	Yes
27	T-Hangar	Community	23,500	100%	Yes
28	T-Hangar	Community	23,200	100%	Yes
29	T-Hangar	Community	26,000	100%	Yes
Total T-Hang	gar		177,280	100%	Yes

As noted, GlobalSelect is the sole FBO service provider at Sugar Land Airprt. We spoke with Kendrick Smith, GlobalSelect Airport Leasing Coordinator for Sugar Land Regional Airport. SGR does not offer private hangars; rather, Common or 'Gang' hangars are available, at \$0.50 per square foot. There is currently a waitlist of 3 potential tenants for



this space. There had previously been a waitlist of 7 tenants, but 2 slots were filled within the last two months.

Mr. Smith noted that Western Airways, also located on-airport, may be able to accommodate short-term hangar rentals without FBO services. This provider has maintenance hangars onsite, and will house aircraft until space becomes available with GlobalSelect. Cleaning services are 'wrapped into' lease rates, which range from \$1,000 - \$1,200 per month. Mr. Smith noted that the owner of Western Airways would rather provide maintenance services than lease hangar space.

Mr. Kendrick reports that GlobalSelect, Western Airways and Sky Harbour are the only providers of hangar space at Sugar Land Regional Airport.

Sugar Land Master Plan Hangar Supply & Demand Analysis

Further, the 2019 Sugar Land Regional Airport Master Plan includes an analysis of supply and demand projections regarding hangar space. Space requirements were based on the assumption that aircraft hangars should accommodate 95% of all based aircraft, as well as the following standards for size attributable to each class of aircraft based at the airport:

> Jet Aircraft: 8,000 square feet Single-Engine Aircraft: 1,200 square feet Multi-Engine Aircraft: 3,000 square feet Rotorcraft: 1,500 square feet

The following assumptions were made regarding the percentage of aircraft housed in each type of hangar:

> 100% of Jet Aircraft Conventional Hangar 100% of Rotorcraft Conventional Hangar 50% of Multi-Engine Conventional Hangar T-hangar

50% of Multi-Engine

20% of Single-Engine Conventional Hangar

70% of Single-Engine T-hangar

10% of Single-Engine Apron Tie-Down

Based on existing and projected supply and demand, the Master Plan provides the following chart detailing the projected supply and demand for hangar space at the airport.



Location/Item	Current	2022	2027	2037
Conventional Hangar				
Jet Aircraft	258,400	326,800	372,400	486,400
Single-Engine	24,900	27,200	28,400	29,900
Multi-Engine	25,700	29,900	34,200	44,200
Rotorcraft	4,300	5,700	5,700	5,700
Maintenance	47,000	58,400	66,100	84,900
Conventional Hangar Demand	360,300	448,000	506,800	651,100
Existing Provision	370,000	280,000	280,000	280,000
Shortage		168,000	226,800	371,100
T-Hangar				
Single-Engine	87,300	95,100	99,400	104,600
Multi-Engine	25,700	29,900	34,200	44,200
T-Hangar Demand	113,000	125,000	133,600	148,800
Existing Provision	137,000	137,000	137,000	137,000
Shortage				11,800

Source: Sugar Land 2019 Master Plan

We note that the existing square footage is somewhat inconsistent with previous statistics reported from the Master Plan; however, it is the best data available for this analysis. As illustrated, in 2019, existing hangar space totaled 370,000 square feet, while demand was estimated at 360,300 square feet, resulting in an excess of hangar space of 9,700 square feet. Beginning in 2022, demand for hangar space is projected to outpace supply. A deficit of 168,000 square feet is projected for 2022, which is expected to increase to a shortage of 226,800 square feet in 2027 and 371,100 in 2037. We note that we have not included T-Hangar space in the analysis, as it cannot accommodate jet aircraft and is not an indicator of potential market capture for the Sky Harbour development.

Additional Supply & Demand Projections

Employing the Sugar Land Master Plan estimates for required space per aircraft type and percentage of each aircraft type housed in hangars (as opposed to shade hangars and tiedowns), coupled with FAA projections for future growth in overall airport operations and our research of existing hangar space at SGR, we have compiled the following forecast estimates of either a shortage or surplus of hangar space through 2035.



	SUGAR LAND	REGIONAL AII	RPORT HANG	AR SUPPLY &	DEMAND PRO	OJECTIONS	
	Hangar Area Required		Estimate of		Required		Shortage/
A/C Type	Per Aircraft (SF)*	FAA # Based A/C 2020	% of A/C Stored in Hangars*	# of A/C Stored in Hangars	SF of Hangar Space	Existing Hangar Space	Surplus Hangar Space
Single-Engine	1,200	101	20%	20	24,240	•	•
Multi-Engine	3,000	18	50%	9	27,000		
Jet	8,000	34	100%	34	272,000		
Helicopter	1,500	3	100%	3	4,500		
'	· ·	156		66	327,740	332,000	4,260
clearance of 10 feet	Hangar Area Required Per	2020 # of	FAA Estimate	2025 # of	Required SF of	Existing	Shortage, Surplus
	Aircraft	A/C Stored	Growth	A/C Stored	Hangar	Hangar	Hangar
A/C Type	(SF)*		2020-2025	in Hangars	Space	Space	Space
Single-Engine	1,200	20	18%	24	28,603		
Multi-Engine	3,000	9	18%	11	31,860		
Jet	8,000	34	18%	40	320,960		
Helicopter	1,500	3	18%	4	5,310		
		66		78	386,733	332,000	-54,733
A/C Type	Hangar Area Required Per Aircraft (SF)*	2025 # of A/C Stored in Hangars	FAA Estimate Growth 2025-2030	2030 # of A/C Stored in Hangars	Required SF of Hangar Space	Existing Hangar Space	Shortage/ Surplus Hangar Space
Single-Engine	1,200	24	17%	28	33,466		
Multi-Engine	3,000	11	17%	12	37,276		
Jet	8,000	40	17%	47	375,523		
Helicopter	1,500	4	17%	4	6,213		
		78		91	452,478	332,000	-120,478
	Hangar Area Required Per	2030 # of	FAA Estimate	2035 # of	Required SF of	Existing	Shortage,

Due to their limited size and inability to house larger aircraft, coupled with the reports by airports that they are demolishing these hangars in favor of conventional community hangars, we exclude T-Hangars from the existing hangar inventory at Sugar Land Regional Airport. Additionally, aside from the Sky Harbour development, we are unaware of any other hangars planned to be built at the airport. Our estimates do not include the Sky Harbour development.

Growth

16%

16%

16%

16%

in Hangars 2030-2035

A/C Stored

in Hangars

32

14

54

5

106

Hangar

Space

38,820

43,240

435,607

7,207

524,874

Hangar

Space

332,000

Hangar

Space

-192,874



A/C Type

Helicopter

Single-Engine Multi-Engine

Aircraft

(SF)*

1,200

3,000

8,000

1,500

Source: SGR Master Plan, AirNav FAA TAF Data

A/C Stored

28

12

47

As indicated in the preceding table, as of 2020, there was a slight surplus of hangar space at SGR of 4,260 square feet. Our estimates for 2025 indicate that this will be absorbed, with an additional 54,733 square feet needed to accommodate growth. demand will exceed supply by 120,478 square feet, and by 2035, there is a projected shortage of 192,874 square feet of hangar space.

Supply & Demand Projections – Including the Sky Harbour Development

The following table illustrates projected supply and demand at Sugar Land Regional Airport after the completion of the Sky Harbour hangar campus.



	SUGAR LAND	REGIONAL AI	RPORT HANG	AR SUPPLY &	DEMAND PE	ROJECTIONS	
	Hangar						
	Area Required Per	FAA #	Estimate of % of A/C	# of A/C	Required SF of	Existing	Shortage, Surplus
	Aircraft	Based A/C	Stored in	Stored in	Hangar	Hangar	Hangar
A/C Type	(SF)*	2020	Hangars*	Hangars	Space	Space	Space
Single-Engine	1,200	101	20%	20	24,240	•	•
Multi-Engine	3,000	18	50%	9	27,000		
Jet	8,000	34	100%	34	272,000		
Helicopter	1,500	3	100%	3	4,500		
'	,	156		66	327,740	332,000	4,260
*Based on estimate clearance of 10 fee						f hangared aircra	
A/C Type	Area Required Per Aircraft (SF)*	2020 # of A/C Stored in Hangars	FAA Estimate Growth 2020-2025	2025 # of A/C Stored in Hangars	Required SF of Hangar Space	Existing Hangar Space (incl Sky Harbour)	Shortage, Surplus Hangar Space
Single-Engine	1,200	20	18%	24	28,603		
Multi-Engine	3,000	9	18%	11	31,860		
Jet	8,000	34	18%	40	320,960		
Helicopter	1,500	3	18%	4	5,310		
		66		78	386,733	454,660	67,927
	Hangar Area Required Per	2025 # of	FAA Estimate	2030 # of	Required SF of	Existing Hangar Space (incl	Shortage, Surplus
	Aircraft	A/C Stored	Growth	A/C Stored	Hangar	Sky	Hangar
A/C Type	(SF)*	in Hangars	2025-2030	in Hangars	Space	Harbour)	Space
Single-Engine	1,200	24	17%	28	33,466		
Multi-Engine	3,000	11	17%	12	37,276		
Jet	8,000	40	17%	47	375,523		
Helicopter	1,500	4	17%	4	6,213		
		78		91	452,478	454,660	2,182
	Hangar Area Required Per Aircraft	2030 # of A/C Stored	FAA Estimate Growth	2035 # of A/C Stored	Required SF of Hangar	Existing Hangar	Shortage Surplus Hangar
A/C Type	(SF)*	in Hangars		in Hangars	Space	Space	Space
Single-Engine	1,200	28	16%	32	38,820	-	- 17 - 13
Multi-Engine	3,000	12	16%	14	43,240		
Jet	8,000	47	16%	54	435,607		
Helicopter	1,500	4	16%	5	7,207		
	1,555	-	1070		,,20,		

Overall, between 2020 and 2025, demand will exceed supply of hangar space at Sugar Land Regional Airport. The projected shortage of 54,733 square feet will be absorbed by the Sky Harbour development Phase I and Phase II square footage, which totals 122,660 square feet, leaving a surplus of 67,927 by 2025; however, the surplus will be nearly fully absorbed by 2030.

106

524,874

454,660

-70,214

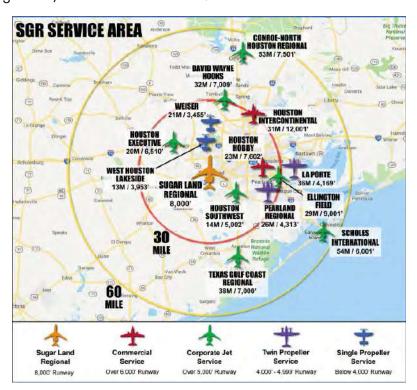


Source: SGR Master Plan, AirNav FAA TAF Data & Sky Harbour

We further note that there is a paucity of private hangar space at the airport, and it is reasonable to presume that aircraft owners currently leasing space within community hangars, because it is the only option available, would move from their current location within existing hangars to the Sky Harbour development.

ALTERNATE LOCATIONS

The Sugar Land Regional Airport Service Area is illustrated in the following graphic. The inner ring indicates a 30-mile radius from SGR that is considered in our analysis. Considering the facilities, services and amenities provided by SGR, our focus is on alternate locations accommodating Corporate Jet Service. As noted earlier, considering the composition of the target market (private, corporate and charter jet owners/users), a minimum runway length of 5,000' is a consideration.



Houston William P. Hobby Airport (HOU)

William P. Hobby International Airport (HOU) is a commercial and general aviation airport located approximately 7 miles southeast of downtown Houston. Currently, 12 commercial airlines serve Hobby Airport. William P. Hobby Airport is Houston's second busiest airport, after Bush Intercontinental Airport, ranked 34th in the USA for passenger traffic. Operated by the City of Houston Dept. of Aviation, Hobby airport is located within the city limits of Houston, Texas, and the boundary of Harris County, Texas.



The Airport covers more than 1,300 acres of land. It currently includes a 25-gate terminal complex. All airlines now occupy the Central Concourse.

The airport is convenient for business travelers, as it is only a few miles from downtown Houston, as well as near the massive oil refinery complex along the Houston Ship Channel. Financed by Southwest Airlines, the new international passenger terminal was completed in 2016. It added additional loading gates, customs facilities and a new parking garage.

Major facilities at the airport include four runways: Runway 13R/31L is 7,599 feet, Runway 17/35 is 6,000 feet, and Runway 13L/31R is 5,148 feet. Operations at the airport are supported by ILS/DME, RNAV (GPS), and TACAN approaches. Other services include avgas and jet fuel, and aircraft storage in hangars and on tie downs.

Due to its location, facilities, available services and the perception of prestige associated with hangaring an aircraft at an international commercial hub, Houston Hobby is considered Sky Harbour's main competitor in the market.

General Aviation is a very active sector at Houston Hobby, with many corporate hangers. The airport's general aviation services are provided by five FBOs: Signature Flight Support, Jet Aviation, Million Air Houston, Altantic Aviation and Wilson Air Center. General managers at these FBOs report significant competition among the companies, noting that all provide similar services at competitive rates, with service as the differentiator. They also report high demand for hangar space, with long-standing requests with the Airport Authority for more land to build more supply, while also noting cost, bureaucratic red-tape and protracted timelines as limitations.

According to Houston Hobby Airport FBO general managers we interviewed, all aircraft storage provided by these operators is community hangar space. None were aware of private hangar space currently being leased to 3rd-party tenants at the airport. Interestingly, one FBO manager, when queried about private hangar space, referred us to Sky Harbour at Sugar Land, going so far as to provide contact information for Millie Hernandez-Becker, Director of Sales and Marketing for Sky Harbour. The representative noted that, if private hangar space is needed, the Sky Harbour development was, "...different from anything offered at Hobby."

Ellington Field (EFD)

Ellington Field is a public-use, general aviation reliever facility located in Harris County, Texas, 18 miles east of Houston. Major facilities at the airport include three runways: Runway 4/22 is 8,001 feet, Runway 17R/35L is 9,001 feet, and Runway 17L/35R is 4,609 feet. Runways 4/22 and 17R/35L are equipped with high-intensity runway lighting. Runway 17R/35L offers a full-length parallel taxiway while the other runways are accessed via



connectors. Operations at the airport are supported by ILS, RNAV (GPS), and TACAN approaches. Other services include avgas and jet fuel, and aircraft storage in box and Thangars.

Ellington Field offers nine on-airport businesses and one museum, which offer services such as FBO amenities, military training, and flight instruction. The most frequent general aviation operations at Ellington Field include flight instruction, recreational flying, medical transport, search and rescue, law enforcement, powerline and pipeline patrols, military exercises, and corporate flights. With close proximity to Johnson Space Center, Ellington Field supports activities affiliated with the National Aeronautics and Space Administration (NASA), and it is home to the Ellington Field Joint Reserve Base. In addition, the airport is home to the Houston Spaceport, the nation's 10th licensed commercial spaceport. The airport also hosts the annual Wings Over Houston Airshow with public attendance over 80,000.

We spoke with Matt Daugherty of Signature Flight Support at EFD. Matt reported available hangar space for community hangars only, at a rate of \$1,500/mo (or approximately \$10.29 psf). He cited current fuel cost of \$2.00 per gallon plus \$1.75 - \$1.85, at an estimated rate of 7,500 gal/year. He noted that the price would be adjusted based on lower or higher fuel usage.

Houston Executive (TME)

Constructed in 2005, Houston Executive Airport is the region's newest airport. The airport is privately-owned and operated by WCF, LLC. It is located in Waller County, Texas approximately 15 miles southeast of downtown Houston. The airfield lies north of Interstate 10 and Highway 90.

Houston Executive Airport is a public-use, general aviation facility. Major facilities at the airport include a 6,610-foot runway (Runway 18/36) equipped with medium intensity runway lights. Operations at the airport are supported by RNAV(GPS) and VOR/DME approaches. The airport has 10 large community hangars, 60 individual plane hangars and a control tower. The airport currently does not have a customs facility.

Amazon is planning to construct a fulfillment center adjacent to the airport, which may lead to consideration for the airport to serve as a Maintenance, Repair & Overhaul (MRO) facility. The airport also features the largest arrival canopy in the world, at 0.75 acres.

With regard to this airport's competitive position, the Sugar Land Master Plan Update notes that SGR doesn't have an awning, canopy, or otherwise covered area for passengers to deplane out of the weather. It is reported that some customers choose to go to Houston Executive for this single amenity.



The airport is served by a single FBO – Henricksen Jet Center. According to an FBO representative, there are no private hangars available, and there is a waitlist.

Houston Southwest (AXH)

The Houston Southwest Airport is a privately-owned, public-use, general aviation facility located un Arcola, a city in Fort Bend, Texas, 15 miles southwest of the Houston CBD. Major facilities at the airport include a 5,002-foot runway (Runway 9/27) equipped with medium intensity runway lights and a full-length parallel taxiway. Operations at the airport are supported by RNAV(GPS) and LOC/DME approaches. Other services include fueling, aircraft storage in box and T-hangars, and apron tiedowns. Houston Southwest Airport is included in the National Plan of Integrated Airport Systems, making it eligible for federal Airport Improvement Program grants.

Houston Southwest Airport offers 10 on-airport businesses which offer services such as FBO and corporate amenities, flight instruction, aircraft maintenance, and medical transport. The most frequent general aviation operations at Houston Southwest Airport include recreational flying, corporate flying, charter flights, flight instruction, aerial photography, law enforcement, utility patrols, and medical transport. The airport has recently seen an increase in medical transport service from Reach Air Medical and PHI who are currently operating approximately 70 flights per week.

There are 24 hangars on the field, ranging in size from 3,500 square feet to 17,000 square feet. In addition, there are 39 T-hangars available for single engine aircraft through small twin-engine aircraft.

We spoke with AXH Manager Len Franklin. Currently, there are no private hangars available at the airport. Quoted rent for a 40' x 70' private hangar previously offered by a private owner was \$2,500/month, or approximately \$10.71 per square foot. Community Hangars are also fully-leased, with rental rates of approximately \$4.76 per square foot. No fuel discount is provided for home-based jet aircraft.

David Wayne Hooks (DWH)

David Wayne Hooks Memorial Airport is privately-owned, a medium sized, primarily-GA airport near the city of Tomball in unincorporated Harris County, Texas. It is located about 23 miles northwest of Houston's central business district and about 10 miles northwest of George Bush International Airport in Houston.

DWH is a public-use, general aviation facility. Major facilities at the airport include three runways: Runway 17R/35L is 7,009 feet; Runway 17L/35R is 3,500 feet; and Runway 17W/35W is 2,530 feet. Operations at the airport are supported by RNAV(GPS) and



VOR/DME approaches. Other services include avgas and jet fueling, aircraft storage in box and T-hangars, and apron tiedowns.

We spoke with Brittney Thornton of Gill Aviation, the airport's FBO. She reported that only private hangars are available for lease, and they are rented on a month-to-month basis. The hangars range in size from large corporate hangars to small-to-medium hangars. Currently there are no hangars available, and there is a waitlist of 15 people for mediumsized hangars. In the Medium category, rental rates range from \$1,000 for smaller units to \$1,800-\$2,000 for larger units. Electricity is the only tenant expense, and there are no minimum fuel purchase requirements.

BASED AIRCRAFT AT SGR AND ALTERNATIVES

As previously noted, according to the 2019 Sugar Land Regional Airport Master Plan Update, the airport accommodated 156 based aircraft in 2017, and is ranked in the top five airports in the region with regard to based corporate jets.

The following table summarizes the number of based aircraft at SGR and the alternate airports.

		BASED AIRCRAFT AT SGR AND ALTERNATIVES					
	Single-	Multi-					
Location	Engine	Engine	Jet	Helicopters	Military	Total	
Houston Hobby (HOU)**	35	37	212	12	0	296	
Ellington Field (EFD)*	33	8	31	0	25	97	
Houston Executive (TME)*	62	25	18	0	0	105	
Houston Southwest (AXH)**	20	2	1	3	0	26	
David Wayne Hooks (DWH)**	117	14	5	0	0	136	
Sugar Land Regional (SGR)	101	18	34	3	0	156	
TOTAL	368	104	301	18	25	816	
SGR as a % of Total	27%	17%	11%	17%	0%	19%	

Source: AirNay - *data current as of 2016; **data current as of 2020

As illustrated, Sugar Land Regional Airport is #2 in total number of based aircraft, after Houston Hobby, according to the most recent data available. SGR garners 19% of the overall based aircraft market share. Moreover, SGR is also #2 in total number of based jets. The facility garners 17% of the based multi-engine market and 11% of the based jet aircraft market.



AIRPORT OPERATIONS AT SGR AND ALTERNATIVES

As noted, the number of jet operations an airport annually supports is indicative of the facilities and services it offers and the type of aircraft it can support. Specific operational thresholds provide an adequate indication of an airport's role within the market(s) that it serves.

The following table summarizes airport operations at SGR and the alternate airports.

AIRPORT OPERATIONS AT SGR AND ALTERNATIVES							
			% Transient		%		
Location	#/Day	% Local GA	GA	% Air Taxi	Commercial	% Military	Total % GA
Houston Hobby (HOU)	555	0%	26%	13%	61%	0%	26%
Ellington Field (EFD)	280	22%	40%	9%	2%	27%	62%
Houston Executive (TME)	46	54%	46%	0%	0%	0%	100%
Houston Southwest (AXH)	117	62%	31%	7%	0%	<1%	93%
David Wayne Hooks (DWH)	342	50%	47%	2%	0%	1%	97%
Sugar Land Regional (SGR)	208	36%	54%	9%	0%	<1%	89%
Source: OPSNET							1

As expected, Houston Hobby exhibits the highest number of daily aircraft operations; however, 61% of those are attributable to commercial operations. Similarly, Ellington Field, at #2, includes 27% military operations. Commercial operations, military, etc. generally do not translate to significant fuel sales and/or profitability, if volume at all, for an FBO. With regard to number of based aircraft and airport operations, David Wayne Hooks and Houston Southwest Airports exhibit high percentages of local and transient GA operations. The remaining airports have significantly lower daily aircraft operations and/or based aircraft.

EXISTING HANGAR SPACE AT ALTERNATE AIRPORTS

The following table summarizes the existing hangar space at the SGR alternate airports.



	EXISTING HANGAR SPACE AT ALTERNATIVES					
Location	# Based A/C	Size (SF)	Building Type	Private/ Community	Occupied	Waitlist
Houston Hobby (HOU)	296					
Wilson Air		80,000	Conventional	Community	96%	No
Jet Aviation		85,000	Conventional	Community	98%	No
Million Air		88,225	Conventional	Community	100%	Yes
Signature		200,000	Conventional	Community	95%	No
Atlantic Aviation		98,000	Conventional	Community	100%	Yes
Galaxy		77,895	Conventional	Community	100%	Unknown
Starflite Aviation		173,084	Conventional	Private/	100%	N/A
Summit Sea Food Supply		93,419	Conventional	Corporate Private/ Corporate	100%	N/A
Ellington Field (EFD)	97					
Signature		125,000	Conventional	Community	100%	Yes
Houston Executive (TME)	105					
Henriksen Jet Center		160,000	Conventional	Community	100%	Yes
Houston Southwest (AXH)	26	77,000				
David Wayne Hooks (DWH)	136					
Gill Aviation		493,000	Conventional	Private	100%	Yes
Tomball Jet Center		106,201	Conventional	Community	100%	Unknown
Hooks Hangars		11,900	Conventional	Community	100%	Unknown
TOTAL	660	1,868,724				
Source: Various sources compiled by CBR	 E					

As illustrated, the five alternate airports to Sugar Land Regional Airport currently total 1,868,724 square feet of community and private corporate hangar space. Recently, Wilson Air completed construction of new hangar facilities, which are currently in lease-up. The majority of facilities are fully occupied; many with waitlists. Overall, the alternative airports exhibit a 99% occupancy.

Also, according to the Houston Hobby International Airport 2014 Master Plan, 158,300 square feet of Signature Flight Services hangar space and 56,300 square feet of Jet Aviation hangar space was slated for demolition in 2021, for Runway 12L upgrades. As of the date of this study, the demolition has not occurred. The removal of this space should increase occupancy in the region, as owners and operators seek replacement accommodations.

AVAILABLE LAND

The Sugar Land Master Plan Update (2019) suggested a future need for almost 383,000 square feet of additional hangar space. The following graphic illustrates the report's projected location of future hangars.





The Plan includes development of 130,000 square feet of hangar space on the existing east landside area, and development of at least 163,000 square feet of hangar space on the west landside area, beginning from the south and working toward the north. According to the Plan, an additional 10 T-Hangars are needed to meet projected demand. Regarding conventional hangar space, the exact number and size range of future conventional hangars will depend on market conditions and negotiations with Airport management, but the following mix of hangar sizes and number of units provides an example of a possible mix that would meet the future demand within the planning period:

Hangar Size (s.f.)	Number		
30,000+	3		
20,000+	5		
10,000+	9		
5,000+	4		
Total # of Hangars	21		

Source: Sky Harbour Master Plan Update (2019)

Commencement of hangar development on the east and west side of the airport is projected within a 6-10-year timeframe, with supporting infrastructure projected in a 11-20-year timeframe.

SKY HARBOUR DEVELOPMENT

1. Description of development

The Sky Harbour development at SGR is located at the northeast corner of the airfield off of Taxiway Charlie. The total Phase 1 and 2 development consists of 13 individuallyleased NFPA Group 3 modular hangars, with a combined leasable area of 122,660 square feet situated within two buildings. Phase 1 includes 66,080 square feet and Phase



2 includes 56,580 square feet. The Phase 1 building is divided into 7 private hangars and the facility delivered in January 2021.

The Phase 2 building will include 6 private hangars of 9,430-square feet each. All hangars feature 28'-high doors. The hangars also include 480-, 240- and 120-volt electrical outlets to allow for routine maintenance.

Each hangar includes a ramp area for aircraft startup & shutdown in front of the hangar doors. Car parking is included in the hangar space, which is climate-controlled with hydraulic lifts to accommodate multiple cars. The adjoining office space includes high-end finishes with a kitchen, storage and a bathroom with showers. Each unit is assigned covered outdoor parking, as well.

The hangars are rented on long-term (3-5 year) leases, with Sky Harbour providing facility line crew and ground service equipment. Fueling is provided by the GlobalSelect FBO and, as noted, the City of Sugar Land sets fuel prices at the airfield.

The Sky Harbour Sugar Land hangar campus is depicted in the following photographs.





2. Discussion of in-place agreements

a. Ground Lease

Sky Harbour entered into a ground-lease with The City of Sugar Land, Texas for a 4.08-acre (Phase 1) and a 4.04-acre (Phase 2) site, commencing February 6, 2019, for a 30-year term. Currently, rent is paid for both sites, and totals \$0.50 per square foot or \$176,980 annually, with 10% rent bumps every 5 years. The lease is triple-net, with the Sky Harbour responsible for real estate tax, insurance, maintenance and utilities.

The Sugar Land Ground Lease provides that if construction of SGR Phase II is not commenced by October 15, 2021, the Sugar Land Ground Lease with parcels comprising the SGR Phase II Project Site will automatically terminate. The City of



Sugar Land and Sky Harbour Sugar Land have negotiated an extension of this provision that will extend the deadline to October 31, 2022. Sky Harbour Sugar Land reasonably expects that it will request and receive an additional extension to accommodate the expected construction schedule.

b. Leases, LOIs

Currently, the Sky Harbour development has one executed hangar sub-lease, comprising approximately 43% of the Phase 1 leasable area, and 23% of the combined Phase 1 & 2 leasable area. The Subtenant is an owner of a corporate fleet, who has leased 28,130 square feet located within two, 14,065-square foot hangars. The sublease commenced May 29, 2020 for a five-year term. Annual rent is \$548,535, or \$19.50 per square foot, with 3.0% annual escalations. The Subtenant was granted a \$214,000 rent concession that may be used at any time during the base sublease term. The sublease includes a gross reimbursement structure; the Subtenant is not responsible for any reimbursements other than utilities, which are paid directly to the provider. The Subtenant has three 5-year renewal options at a Fair Market Rent determined by the Landlord (Sky Harbour).

The remaining hangar units are being marketed for lease at approximately \$23.38 per square foot, with a net reimbursement structure wherein tenants are responsible for property taxes, insurance, and utilities. Ground rent and Sky Harbour management fees are not reimbursed. Rent concessions of one month per lease year will be considered for new tenants.

SUMMARY OF THE SKY HARBOUR DEVELOPMENT AT SUGAR LAND REGIONAL **AIRPORT**

Sugar Land Regional Airport benefits from its location proximate to the Houston central business district, and all of the business generated in the region. The SGR service area has historically outpaced the state and nation with regard to population growth and per capita income. Although FAA projections indicate nominal growth in total operations at SGR airport, it remains the top reliever airport for Houston International and Hobby airports, and has garnered 19% of total based aircraft among the alternative airports identified. Another benefit is the lack of hangar space available at SGR and the alternate airports. There is a waitlist for hangar space at SGR, as well as at two of the alternative airports. Of the remaining airports, only one currently has hangar space available. This lack of supply bodes well for future demand.



A weakness of operations at Sugar Land Regional is the dominance of the city as the sole fuel provider; a situation that is keeping prices high, and consequently, increases the cost to hangar a plane at the airport.

We note that Sky Harbour is considering rent concessions to entice tenants, and they are included in the currently-executed lease. Additionally, despite the higher rent, there are mitigating factors for potential lessees to consider that may offset the higher total hangaring costs. As discussed earlier, geography is a main consideration for the development's target market. For high-net-worth individuals, convenience often trumps cost. However, Sky Harbour's primary competitor, Houston Hobby, is located in Harris County, where the sales tax imposed on aircraft is 2.5%. Sugar Land is located in Fort Bend County, where the tax is 2.1%. For a new aircraft costing several million dollars, this can be a substantial differentiator to potential tenants.

Additionally, as previously noted, due to its location within the US, many corporate and charter flights take off to the north and west out of Houston airports. SGR's location on the southwest side of the city often results in lower fuel costs for these users, as their flight plan is shortened by flying out of this airport, as compared to the alternatives.

Based on this data, coupled with Sugar Land's proximity to HOU and categorization as a reliever airport, its proximity to the Houston central business district, its high per capita income, and lack of competition for fuel, the higher fuel prices at SGR are understandable. Also, based on these favorable attributes, coupled with the lack of hangar space available, Sky Harbour should receive favorable market acceptance, particularly as ownership is aggressively marketing the space.

We spoke with Millie Hernandez-Becker, the facility's leasing agent, who projected leaseup in the next six months. As noted, the Sky Harbour campus is being aggressively marketed, and Ms. Hernandez-Becker noted she has been in discussions with some prospective tenants. Market participants such as FBO operators we contacted report that the Sky Harbour concept is long overdue for the airport, as the MSA has continued to expand, but very little critical infrastructure has been developed at the airport to support the burgeoning metropolitan area.

Because of the its attractive physical characteristics, the Sky Harbour property is considered to have a wide appeal to a variety of aviation users, including corporate, charter, and those with private aircraft. The surrounding aviation uses have demonstrated relatively strong operational stability throughout the years. The foregoing should contribute to reasonably positive acceptance for the Sky Harbour development, for the foreseeable future, with increasing prospects as the continued heightened uncertainty owing to the ongoing pandemic wanes.



Moreover, as discussed, the Sugar Land Regional Airport Master Plan indicates a significant shortage of hangar space projected into the foreseeable future. This also bodes well for the Sky Harbour development, as it has the potential to not only fulfill some of this demand, but also attract tenants in existing hangars that may be dissatisfied with community hangar space.

We consider the prospects good for leasing the remaining Phase 1 building area, and based on conversations with the leasing broker, have estimated the Phase 1 component to achieve stabilized occupancy by 4th quarter 2021. We would not expect an extended lease-up period subsequent to completion of the Phase 2 improvements, which groundbreaking is scheduled to commence in 2nd Quarter 2023, with completion projected for 3rd Quarter 2024. Beyond the expected completion of the Phase 2 improvements, we have estimated a conservative five-month lease-up period, or stabilized occupancy by 4th quarter 2022.

CASH FLOW PROJECTIONS

Our analysis included a review of management's cash flow projections for each property. We then applied metrics derived from our market study to generate our own projections. The Sugar Land cash flow projections are summarized on the following page.

Our market leasing assumptions for Sugar Land Regional Airport are summarized in the following table. Please refer to the portfolio cash flow roll up discussion for additional assumptions employed in the analysis.

Location	SGR
Market Rent (\$/SF/YR)	\$23.25
Concessions (New)	1mo/yr 1st generation only
Concessions (Renewal)	None
Reimbursements	RET, Ins, Uti
Escalations	3.0%
Term	5.0 Yrs.
Leasing Commissions (New)	5.00%
Leasing Commissions (Renewal)	3.00%



Cash Flow Sugar Land (Amounts in USD)

Sugar Land (Amounts in USD)													
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>
Rental Revenue													
Potential Base Rent	\$2,222,992	\$2,829,137	\$2,914,011	\$3,024,234	\$3,153,913	\$3,204,300	\$3,272,389	\$3,370,561	\$3,466,771	\$3,552,705	\$3,626,799	\$3,705,947	\$3,817,125
Absorption & Turnover Vacancy	(\$288,765)	\$0	\$0	(\$58,693)	(\$48,697)	(\$157,305)	\$0	\$0	(\$66,405)	(\$36,731)	(\$196,801)	\$0	\$0
Free Rent	(\$585,551)	(\$109,624)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Scheduled Base Rent	\$1,348,675	\$2,719,514	\$2,914,011	\$2,965,542	\$3,105,216	\$3,046,994	\$3,272,389	\$3,370,561	\$3,400,366	\$3,515,975	\$3,429,998	\$3,705,947	\$3,817,125
Total Rental Revenue	\$1,348,675	\$2,719,514	\$2,914,011	\$2,965,542	\$3,105,216	\$3,046,994	\$3,272,389	\$3,370,561	\$3,400,366	\$3,515,975	\$3,429,998	\$3,705,947	\$3,817,125
Other Tenant Revenue													
Expense Recoveries	\$126,066	\$142,405	\$209,273	\$287,954	\$326,583	\$323,431	\$348,508	\$357,220	\$359,153	\$371,434	\$363,949	\$394,304	\$404,162
Total Other Tenant Revenue	\$126,066	\$142,405	\$209,273	\$287,954	\$326,583	\$323,431	\$348,508	\$357,220	\$359,153	\$371,434	\$363,949	\$394,304	\$404,162
Total Tenant Revenue	\$1,474,742	\$2,861,919	\$3,123,285	\$3,253,496	\$3,431,799	\$3,370,425	\$3,620,897	\$3,727,781	\$3,759,519	\$3,887,409	\$3,793,947	\$4,100,251	\$4,221,287
Potential Gross Revenue	\$1,474,742	\$2,861,919	\$3,123,285	\$3,253,496	\$3,431,799	\$3,370,425	\$3,620,897	\$3,727,781	\$3,759,519	\$3,887,409	\$3,793,947	\$4,100,251	\$4,221,287
Vacancy and Credit Loss													
Vacancy Allowance	(\$56,687)	(\$143,096)	(\$156,164)	(\$106,917)	(\$125,328)	(\$61,747)	(\$181,045)	(\$186,389)	(\$124,891)	(\$159,476)	(\$51,045)	(\$205,013)	(\$211,064)
Total Vacancy and Credit Loss	(\$56,687)	(\$143,096)	(\$156,164)	(\$106,917)	(\$125,328)	(\$61,747)	(\$181,045)	(\$186,389)	(\$124,891)	(\$159,476)	(\$51,045)	(\$205,013)	(\$211,064)
	(400,001)	(+= 10,000)	(+===,====,	(+===)==: /	(+===)===)	(+ = -)	(+===/= :=)	(+===)===	(+ ',')	(+200) 0)	(+==/= :=)	(+===,===,	(+===/== :/
Effective Gross Revenue	\$1,418,055	\$2,718,823	\$2,967,121	\$3,146,579	\$3,306,471	\$3,308,678	\$3,439,852	\$3,541,392	\$3,634,628	\$3,727,932	\$3,742,901	\$3,895,238	\$4,010,223
Operating Expenses													
Accounting/Audit	\$25,000	\$25,625	\$39,398	\$53,845	\$55,191	\$56,570	\$57,985	\$59,434	\$60,920	\$62,443	\$64,004	\$65,604	\$67,244
Ground Rent	\$176,980	\$176,980	\$193,167	\$194,636	\$194,636	\$194,636	\$194,636	\$212,514	\$214,142	\$214,142	\$214,142	\$214,142	\$233,775
Hangar Op	\$16,520	\$16,933	\$24,787	\$33,023	\$33,848	\$34,695	\$35,562	\$36,451	\$37,362	\$38,296	\$39,254	\$40,235	\$41,241
Insurance	\$44,274	\$45,380	\$66,429	\$88,501	\$90,714	\$92,982	\$95,306	\$97,689	\$100,131	\$102,634	\$105,200	\$107,830	\$110,526
Management	\$67,823	\$77,078	\$114,211	\$157,329	\$165,324	\$165,434	\$171,993	\$177,070	\$181,731	\$186,397	\$187,145	\$194,762	\$200,511
Payroll	\$104,406	\$107,017	\$156,653	\$208,704	\$213,922	\$219,270	\$224,752	\$230,371	\$236,130	\$242,033	\$248,084	\$254,286	\$260,643
RE Tax	\$96,477	\$98,889	\$144,755	\$192,853	\$197,675	\$202,617	\$207,682	\$212,874	\$218,196	\$223,651	\$229,242	\$234,973	\$240,848
Utilities	\$39,251	\$40,232	\$41,238	\$42,269	\$43,326	\$44,409	\$45,519	\$46,657	\$47,824	\$49,019	\$50,245	\$51,501	\$52,789
Total Operating Expenses	\$570,731	\$588,134	\$780,639	\$971,161	\$994,635	\$1,010,612	\$1,033,435	\$1,073,060	\$1,096,436	\$1,118,615	\$1,137,316	\$1,163,333	\$1,207,577
Net Operating Income	\$847,324	\$2,130,688	\$2,186,482	\$2,175,418	\$2,311,836	\$2,298,066	\$2,406,417	\$2,468,332	\$2,538,192	\$2,609,317	\$2,605,585	\$2,731,905	\$2,802,646
Non-Operating Expenses													
Replacement Reserves	\$12,881	\$16,344	\$16,753	\$17,172	\$17,601	\$18,041	\$18,492	\$18,955	\$19,428	\$19,914	\$20,412	\$20,922	\$21,445
Total Non-Operating Expenses	\$12,881	\$16,344	\$16,753	\$17,172	\$17,601	\$18,041	\$18,492	\$18,955	\$19,428	\$19,914	\$20,412	\$20,922	\$21,445
Leasing Costs													
Leasing Commissions	\$408,135	\$0	\$0	\$130,875	\$72,391	\$387,865	\$0	\$0	\$148,073	\$40,952	\$428,658	\$53,455	\$0
Total Leasing Costs	\$408,135	\$0	\$0	\$130,875	\$72,391	\$387,865	\$0	\$0	\$148,073	\$40,952	\$428,658	\$53,455	\$0
Capital Expenditures													
Construction costs		\$8,652,214											
Total Capital Expenditures	\$0	\$8,652,214	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$408,135	\$8,652,214	\$0	\$130,875	\$72,391	\$387,865	\$0	\$0	\$148,073	\$40,952	\$428,658	\$53,455	\$0
Cash Flow Before Debt Service	\$426,309	(\$6,537,870)	\$2,169,729	\$2,027,372	\$2,221,844	\$1,892,159	\$2,387,925	\$2,449,377	\$2,370,691	\$2,548,451	\$2,156,515	\$2,657,528	\$2,781,200
	,	0 1 1- 21	. ,, -			. , . ,		. , -,	. , -,	. , -, -		. , ,	

Note: Construction costs & Ground Rent during construction are capitalized

Cash Flow Sugar Land (Amounts in USD)

Sugar Land (Amounts in OSD)													
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast							
	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>	<u>2045</u>	<u>2046</u>	<u>2047</u>
Rental Revenue													
Potential Base Rent	\$3,927,938	\$4,024,506	\$4,113,415	\$4,197,739	\$4,322,858	\$4,450,450	\$4,583,885	\$4,684,353	\$4,775,320	\$4,915,982	\$5,063,462	\$5,186,231	\$5,303,638
Absorption & Turnover Vacancy	(\$75,131)	(\$20,779)	(\$217,499)	(\$27,123)	\$0	(\$85,004)	\$0	(\$240,239)	(\$61,374)	\$0	\$0	(\$98,579)	(\$237,935)
Free Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Scheduled Base Rent	\$3,852,806	\$4,003,727	\$3,895,915	\$4,170,616	\$4,322,858	\$4,365,445	\$4,583,885	\$4,444,115	\$4,713,946	\$4,915,982	\$5,063,462	\$5,087,652	\$5,065,703
Total Rental Revenue	\$3,852,806	\$4,003,727	\$3,895,915	\$4,170,616	\$4,322,858	\$4,365,445	\$4,583,885	\$4,444,115	\$4,713,946	\$4,915,982	\$5,063,462	\$5,087,652	\$5,065,703
Other Tenant Revenue													
Expense Recoveries	\$406,349	\$422,433	\$412,319	\$443,261	\$457,272	\$459,747	\$480,422	\$467,117	\$498,276	\$517,361	\$530,296	\$533,165	\$532,069
Total Other Tenant Revenue	\$406,349	\$422,433	\$412,319	\$443,261	\$457,272	\$459,747	\$480,422	\$467,117	\$498,276	\$517,361	\$530,296	\$533,165	\$532,069
Total Other Tellant Revenue	3400,343	7422,433	J412,313	Ş443,201	J4J7,272	Ş433,747	3400,422	Ş 4 07,117	J490,270	\$317,301	\$330,290	\$333,103	\$332,009
Total Tenant Revenue	\$4,259,155	\$4,426,160	\$4,308,234	\$4,613,877	\$4,780,130	\$4,825,192	\$5,064,306	\$4,911,231	\$5,212,221	\$5,433,344	\$5,593,757	\$5,620,817	\$5,597,772
Potential Gross Revenue	\$4,259,155	\$4,426,160	\$4,308,234	\$4,613,877	\$4,780,130	\$4,825,192	\$5,064,306	\$4,911,231	\$5,212,221	\$5,433,344	\$5,593,757	\$5,620,817	\$5,597,772
Vacancy and Credit Loss													
Vacancy Allowance	(\$141,583)	(\$201,568)	(\$36,491)	(\$204,927)	(\$239,006)	(\$160,505)	(\$253,215)	(\$18,219)	(\$202,306)	(\$271,667)	(\$279,688)	(\$187,391)	(\$53,850)
Total Vacancy and Credit Loss	(\$141,583)	(\$201,568)	(\$36,491)	(\$204,927)	(\$239,006)	(\$160,505)	(\$253,215)	(\$18,219)	(\$202,306)	(\$271,667)	(\$279,688)	(\$187,391)	(\$53,850)
Effective Cross Boyonya	¢4 117 E72	Ć4 224 F02	¢4 271 744	¢4 400 0E0	\$4,541,123	¢4.664.696	\$4,811,091	Ć4 902 012	¢r 000 016	¢E 161 677	\$5,314,070	\$5,433,426	¢5 542 022
Effective Gross Revenue	\$4,117,572	\$4,224,592	\$4,271,744	\$4,408,950	\$4,541,125	\$4,664,686	\$4,811,091	\$4,893,012	\$5,009,916	\$5,161,677	\$5,514,070	\$5,455,420	\$5,543,922
Operating Expenses													
Accounting/Audit	\$68,926	\$70,649	\$72,415	\$74,225	\$76,081	\$77,983	\$79,933	\$81,931	\$83,979	\$86,079	\$88,231	\$90,436	\$92,697
Ground Rent	\$235,560	\$235,560	\$235,560	\$235,560	\$257,131	\$259,092	\$259,092	\$259,092	\$259,092	\$271,027	\$272,112	\$272,112	\$272,112
Hangar Op	\$42,272	\$43,329	\$44,412	\$45,522	\$46,660	\$47,827	\$49,023	\$50,248	\$51,504	\$52,792	\$54,112	\$55,465	\$56,851
Insurance	\$113,289	\$116,121	\$119,024	\$122,000	\$125,050	\$128,176	\$131,381	\$134,665	\$138,032	\$141,483	\$145,020	\$148,645	\$152,361
Management	\$205,879	\$211,230	\$213,587	\$220,448	\$227,056	\$233,234	\$240,555	\$244,651	\$250,496	\$258,084	\$265,703	\$271,671	\$277,196
Payroll	\$267,159	\$273,838	\$280,684	\$287,701	\$294,894	\$302,266	\$309,823	\$317,568	\$325,508	\$333,645	\$341,986	\$350,536	\$359,300
RE Tax	\$246,869	\$253,040	\$259,366	\$265,851	\$272,497	\$279,309	\$286,292	\$293,449	\$300,786	\$308,305	\$316,013	\$323,913	\$332,011
Utilities	\$54,108	\$55,461	\$56,847	\$58,269	\$59,725	\$61,218	\$62,749	\$64,318	\$65,926	\$67,574	\$69,263	\$70,995	\$72,770
Total Operating Expenses	\$1,234,062	\$1,259,228	\$1,281,897	\$1,309,576	\$1,359,095	\$1,389,106	\$1,418,846	\$1,445,922	\$1,475,322	\$1,518,988	\$1,552,440	\$1,583,773	\$1,615,298
Net Operating Income	\$2,883,511	\$2,965,364	\$2,989,847	\$3,099,375	\$3,182,029	\$3,275,580	\$3,392,245	\$3,447,090	\$3,534,594	\$3,642,688	\$3,761,630	\$3,849,653	\$3,928,624
Non Operating Evpenses													
Non-Operating Expenses	\$21,981	\$22,531	\$23,094	\$23,672	\$24,263	\$24,870	\$25,492	\$26,129	\$26,782	\$27,452	\$28,138	\$28,842	\$29,563
Replacement Reserves Total Non-Operating Expenses	\$21,981	\$22,531	\$23,094	\$23,672	\$24,263	\$24,870	\$25,492	\$26,129	\$26,782	\$27,452	\$28,138	\$28,842	\$29,563
Total Non-Operating Expenses	321,361	\$22,551	\$23,094	\$23,072	\$24,203	324,070	323,43Z	\$20,129	\$20,762	327,432	\$20,130	\$20,042	\$29,505
Leasing Costs													
Leasing Commissions	\$167,531	\$0 \$0	\$473,474	\$120,959	\$0	\$0 \$0	\$194,284	\$468,935	\$205,281	\$0 \$0	\$0 \$0	\$219,815	\$455,026
Total Leasing Costs	\$167,531	\$0	\$473,474	\$120,959	\$0	\$0	\$194,284	\$468,935	\$205,281	\$0	\$0	\$219,815	\$455,026
Capital Expenditures													
Construction costs													
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$167,531	\$0	\$473,474	\$120,959	\$0	\$0	\$194,284	\$468,935	\$205,281	\$0	\$0	\$219,815	\$455,026
Cash Flow Before Debt Service	\$2,693,999	\$2,942,833	\$2,493,278	\$2,954,744	\$3,157,765	\$3,250,710	\$3,172,469	\$2,952,026	\$3,302,530	\$3,615,237	\$3,733,492	\$3,600,996	\$3,444,035
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Note: Construction costs & Ground Rent during construction are capitalized

Cash Flow Sugar Land (Amounts in USD)

Sugar Land (Amounts in USD)							
	Forecast						
	<u>2048</u>	<u>2049</u>	<u>2050</u>	<u>2051</u>	<u>2052</u>	<u>2053</u>	<u>2054</u>
Rental Revenue							
Potential Base Rent	\$5,402,452	\$5,558,835	\$5,725,600	\$5,867,151	\$6,003,853	\$6,112,888	\$6,285,756
Absorption & Turnover Vacancy	(\$104,159)	\$0	\$0	(\$111,533)	(\$230,878)	(\$157,128)	\$0
Free Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Scheduled Base Rent	\$5,298,293	\$5,558,835	\$5,725,600	\$5,755,618	\$5,772,975	\$5,955,760	\$6,285,756
Total Rental Revenue	\$5,298,293	\$5,558,835	\$5,725,600	\$5,755,618	\$5,772,975	\$5,955,760	\$6,285,756
Other Tenant Revenue							
Expense Recoveries	\$560,094	\$585,347	\$599,981	\$603,227	\$606,026	\$629,556	\$662,266
Total Other Tenant Revenue	\$560,094	\$585,347	\$599,981	\$603,227	\$606,026	\$629,556	\$662,266
Total Tenant Revenue	\$5,858,388	\$6,144,182	\$6,325,581	\$6,358,846	\$6,379,000	\$6,585,316	\$6,948,023
Potential Gross Revenue	\$5,858,388	\$6,144,182	\$6,325,581	\$6,358,846	\$6,379,000	\$6,585,316	\$6,948,023
Vacancy and Credit Loss							
Vacancy Allowance	(\$193,969)	(\$307,209)	(\$316,279)	(\$211,986)	(\$99,616)	(\$182,212)	(\$347,401)
Total Vacancy and Credit Loss	(\$193,969)	(\$307,209)	(\$316,279)	(\$211,986)	(\$99,616)	(\$182,212)	(\$347,401)
Effective Gross Revenue	\$5,664,419	\$5,836,973	\$6,009,302	\$6,146,860	\$6,279,384	\$6,403,104	\$6,600,621
Operating Expenses							
Accounting/Audit	\$95,015	\$97,390	\$99,825	\$102,320	\$104,878	\$107,500	\$110,188
Ground Rent	\$272,112	\$272,112	\$272,112	\$272,112	\$272,112	\$272,112	\$272,112
Hangar Op	\$58,272	\$59,729	\$61,223	\$62,753	\$64,322	\$65,930	\$67,578
Insurance	\$156,170	\$160,074	\$164,076	\$168,178	\$172,383	\$176,692	\$181,110
Management	\$283,221	\$291,849	\$300,465	\$307,343	\$313,969	\$320,155	\$330,031
Payroll	\$368,282	\$377,489	\$386,926	\$396,599	\$406,514	\$416,677	\$427,094
RE Tax	\$340,311	\$348,819	\$357,540	\$366,478	\$375,640	\$385,031	\$394,657
Utilities	\$74,589	\$76,453	\$78,365	\$80,324	\$82,332	\$84,390	\$86,500
Total Operating Expenses	\$1,647,972	\$1,683,916	\$1,720,531	\$1,756,108	\$1,792,151	\$1,828,488	\$1,869,270
Not Operating Income	¢4.016.446	\$4,153,057	\$4,288,770	¢4 200 7E2	\$4,487,234	¢4 E74 616	\$4,731,352
Net Operating Income	\$4,016,446	\$4,155,057	34,200,770	\$4,390,752	34,467,234	\$4,574,616	34,731,332
Non-Operating Expenses							
Replacement Reserves	\$30,302	\$31,059	\$31,836	\$32,632	\$33,447	\$34,284	\$35,141
Total Non-Operating Expenses	\$30,302	\$31,059	\$31,836	\$32,632	\$33,447	\$34,284	\$35,141
Leasing Costs							
Leasing Commissions	\$309,676	\$0	\$0	\$248,701	\$429,364	\$437,962	\$0
Total Leasing Costs	\$309,676	\$0	\$0	\$248,701	\$429,364	\$437,962	\$0
Capital Expenditures							
Construction costs							
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$309,676	\$0	\$0	\$248,701	\$429,364	\$437,962	\$0
Cash Flow Before Debt Service	\$3,676,469	\$4,121,998	\$4,256,935	\$4,109,419	\$4,024,422	\$4,102,370	\$4,696,211

Note: Construction costs & Ground Rent during construction are capitalized



Miami-Opa Locka Executive Airport Airport-Locka Executive Airport (OPF)

GREATER MIAMI AREA

Greater Miami is a popular tourist destination and is the #3 market in the United States for international visitors. However, as an international business and financial center, Miami continues to lead the Florida region with more than 1,000 multinational corporations and international banks based in the area. Other key economic business sectors include biomedical research & development, information technology/telecommunications, aviation manufacturing & maintenance, film, entertainment and fashion industries. International trade is a major revenue source for Miami, as indicated by the economic impact of the air cargo that passes through Miami International Airport's (MIA) facilities. As the gateway to South & Central America and the Caribbean, MIA is consistently in the top 5 US airports in international freight, according to FAA data on landed weight. Brazil, Peru, Colombia, Mexico and the Dominican Republic are the region's key trade markets overall, and trade with China also provides significant contributions.

These activities bring a large banking industry to Miami, as well as cargo transport and warehousing, while the manufacturing and corporate headquarters presence are also expanding.

Recent and Projected Growth

Florida has recently seen one of the nation's largest upticks in the number of new residents, according to new U.S. Census Bureau data. Multiple studies have put Florida metropolitan areas, including South Florida, on lists of cities that have seen the most population growth during the pandemic. The Miami Herald has also documented growing interest among both corporations and tech professionals to relocate to the region in 2020, in the midst of the pandemic—and largely because of it.

Several prominent financial companies are considering moving some business there, or are relocating outright. And in these days of working from home, Florida's low taxes, year-round warm weather, and emerald golf links are already luring some Wall Street residents down from New York.

The Florida Department of Economic Opportunity's own projections are modest in their assumptions about finance job growth. The department forecasts 432,668 finance and insurance jobs in the state by 2028, a 5.7% increase and less than the projected 13.2% jump in Florida jobs overall. Wall Street-type employment—involving securities, commodities contracts, and other financial investments—is expected to climb 12.8%, but it's still a relatively small sliver, at 56,227 positions. In the Miami metro area, it's expected to hit 22,795 jobs.

South Florida is one of the most wealthy places in the US, home to two of America's three richest ZIP codes (Fisher Island in Miami Beach - 33019 and Palm Beach - 33480), according to the 2020 Bloomberg Wealth Report.

Fortune 500 Companies

As of May 2020, three companies on the Fortune 500 list are headquartered in the Miami metro area, as summarized in the following table.

Fo	Fortune 500 Companies Headquartered in Miami, 2020											
	Revenues											
Rank	Company	Employees	(\$ Billion)									
91	World Fuel Services	5,500	36.8									
147	Lennar	10,106	22.3									
354	Ryder System	39,900	8.9									
Source	: Fortune, May, 2020											

Although in 2020 few Fortune 500 companies were headquartered in Miami, many large corporations are on the move since the pandemic. Examples include Universal Investments



moving from Los Angeles and Nucleus from Boston. Starwood and Blackstone are now opening tech headquarters in the Miami area. Also, a growing number of Silicon Valley investors are migrating south from California. David Blumberg a venture capitalist who founded and manages Blumberg Capital, has announced his move from the San Francisco area to Miami, according to the San Francisco Business Times. Miami's business-friendly environment is also attracting a cadre of tech companies. The first wave of high-profile people and companies departing California included Elon Musk, the CEO of Tesla. Keith Rabois, an early executive at companies including Square, LinkedIn, Yelp, and PayPal, announced in November he is moving to Miami, according to Fox Business. Billionaire Jon Oringer, the Founder & Executive Chairman of Shutterstock, recently purchased a \$42 million home in Miami Beach and relocated there. He has also announced a new incubator fund to invest in Miami businesses called Pareto Holdings.

The absence of a state income tax, plus warm weather and a business-friendly mindset, have already prompted hedge fund billionaires and native New Yorkers Paul Singer and Carl Icahn to relocate their respective businesses to Florida. Aside from pandemic-related reasons for relocating, corporations are escaping high taxes and are seeking quality of life in the new workfrom-home environment.

CITY OF OPA-LOCKA

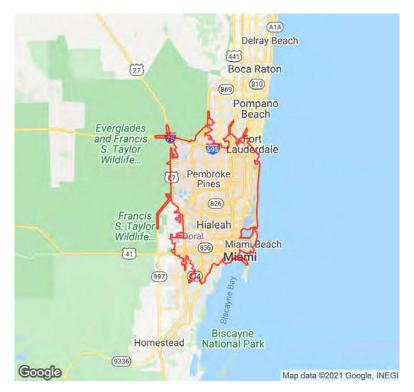
Opa-Locka is a suburban community in northwestern Miami-Dade County. The city was conceived in 1926 by aviation pioneer Glenn Curtiss. Miami-Opa Locka Executive Airport is where Amelia Earhart started her historic attempt to circumnavigate the world in 1937. Today, the city of Opa-Locka features a combination of industrial, residential and commercial properties as well as the general aviation airport. The city covers 4.5 square miles and is located in the northeast region of Miami-Dade County. More than 16,000 people and 1,600 businesses are located within its boundaries.

Miami-Opa Locka Executive Airport Service Area

The airport service area is generally defined as the geographic region served by an airport. The National Plan of Integrated Airport Systems (NPIAS) developed by the FAA defines service area as being within a 30-minute drive time from a given airport, which often translates into 20 miles or more. The number of competing public-use airports, however, can both widen or contract the service area depending on various users perceived level of service and amenities offered at a Given Miami-Opa Locka Executive's facilities, including well-established given airport. infrastructure, a competitive rate structure, and convenient access to Miami, it is reasonable to assume that users would be willing to travel a bit further to conduct operations at OPF. Therefore, we employ a 30-minute and 60-mile drive in the analysis, with a primary focus on the 30-minute drive time.



The Miami-Opa Locka Executive Airport service area (30-minute drive time) is illustrated in the following graphic.





Service Area Demographics

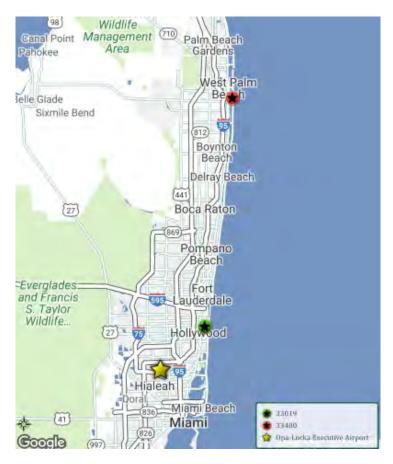
14201 NW 42nd Ave, Opa Locka, FL	30 Min. Drive Time	60 Mile Drive	State	US
Population				
2025 Total Population	2,991,298	5,943,906	23,056,641	346,021,282
2020 Total Population	2,853,561	5,669,725	21,587,015	333,793,107
2010 Total Population	2,598,660	5,138,817	18,801,310	308,745,538
2000 Total Population	2,390,156	4,645,988	15,982,378	281,421,906
Annual Growth 2020 - 2025	4.83%	4.84%	6.81%	3.66%
Annual Growth 2010 - 2020	9.81%	10.33%	14.82%	8.11%
Annual Growth 2000 - 2010	8.72%	10.61%	17.64%	9.71%
Households				
2025 Total Households	1,082,291	2,192,035	8,989,496	130,658,485
2020 Total Households	1,034,132	2,098,436	8,438,100	126,083,849
2010 Total Households	946,149	1,924,067	7,420,802	116,716,292
2000 Total Households	870,937	1,759,548	6,337,929	105,480,101
Annual Growth 2020 - 2025	4.66%	4.46%	6.53%	3.63%
Annual Growth 2010 - 2020	9.30%	9.06%	13.71%	8.03%
Annual Growth 2000 - 2010	8.64%	9.35%	17.09%	10.65%
Income				
2020 Average Household Income	\$79,691	\$85,611	\$81,549	\$90,054
2020 Per Capita Income	\$28,959	\$31,742	\$31,970	\$34,136
2025 Average Household Income	\$88,882	\$95,410	\$90,558	\$99,510
2025 Per Capita Income	\$32,235	\$35,240	\$35,395	\$37,691
Average Annual Growth 2020-2025				
Average Household Income	2.36%	2.19%	2.12%	2.01%
Per Capita Income	2.25%	2.11%	2.06%	2.00%

Both the 30-minute and 60-mile OPF service areas have experienced significant population and household growth since 2000; a trend that is projected to continue into the foreseeable future, albeit at a more moderate pace. Growth in the area has generally outpaced the nation since 2000 and is projected to continue to surpass national growth projections.

Average household income in the OPF 30-minute drive service area is currently 2.28% lower than the state, and 11.51% lower than the US average. Per capita Income is 9.42% lower than the state and 15.17% lower than the nation. While growth in average household and per capita income in the OPF 30-minute drive service area is projected to exceed the state and nation, the growth rate is not projected to be sufficient to bring average household income or per capita income to state or national levels.

As previously mentioned, South Florida is one of the most wealthy places in the US, home to two of America's three richest ZIP codes (Fisher Island in Miami Beach - 33019 and Palm Beach – 33480), according to the 2020 Bloomberg Wealth Report. These two areas are illustrated in the following map.





Both of these zip codes fall within the 60-mile service area radius, as illustrated in the following map.





Average household income in the OPF 60-mile drive service area is currently 4.98% higher than the state, while 4.93% lower than the US average. Per capita Income is 5.36% higher than the state, while 6.50% lower than the nation. It is noted that, while Florida is home to several of the wealthiest zip codes in the US, Miami ranks third in the nation of cities with the biggest income gap between the very rich and everyone else, according to Census data.

MIAMI-OPA LOCKA EXECUTIVE AIRPORT



Miami-Opa Locka Executive Airport is located within the 4.32-mile limits of the City of Opa-Locka, and approximately 10 miles north of the Miami central business district, 16 miles from Miami Beach and 7 miles from Miami International Airport (MIA). The Airport is owned by Miami-Dade County, is operated by the Miami-Dade Aviation Department and is situated on 1,810 acres. Miami-Opa Locka Executive Airport (OPF) is a publicly-owned, public-use general aviation facility, and it is included in the FAA's National Plan of Integrated Airport Systems (NPIAS). Miami-Opa Locka Executive Airport features no landing fees and quick and easy access. The airport offers full FBO service, a wide range of aircraft repair and maintenance services, including airframe, power plant and avionics repair, and US Custom Service on the airfield. The airport is also home to the busiest U.S. Coast Guard Air/Sea Rescue Station.

According to Miami-Dade County, the Miami Airport System consists of five active airports. OPF is the largest general aviation airport in the system, and it is designated as a reliever to Miami International Airport. Airports within this category are located in, or proximate to, major metropolitan areas and provide alternative airport facilities for general aviation users to relieve congestion at the larger Commercial Service airports. Reliever airports have, or must be forecast to have, 100-based aircraft or 25,000 annual itinerant operations. Reliever airports generally serve population centers of 250,000 or more.

Notably, Miami-Opa Locka Executive Airport (OPF) ranks #7 in the FAA's Top Ten Airports for Domestic Business Jet Operations, as illustrated in the following graphic depicting Enhanced Traffic Management System Counts (ETMSC) from the FAA Air Traffic Airspace (ATA) Lab's May 2021 report.

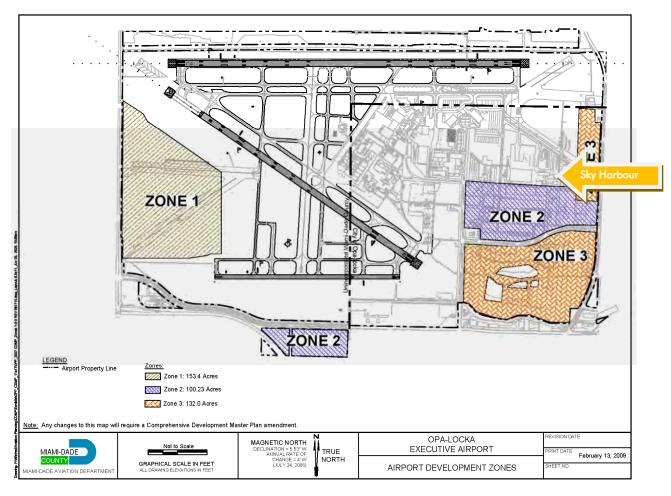


Miami-Opa Locka Executive Airport is the busiest of Miami's four general aviation airports, and in 2018 was named the state of Florida's general aviation airport of the year. As a reliever for Miami International Airport, Miami-Opa Locka Executive Airport is well-positioned to benefit from increased demand generated by Miami's business district, growing population and projections of significant corporate migration to the area.

Facilities at the Miami-Opa Locka Executive Airport include three runways: runway 9L/27R, runway 12/30, and runway 9R/27L. Runway 9L/27R is asphalt and measures 8,002 feet by 150 feet. It is equipped with high intensity runway edge lights and visual approach slope indicators. Runway 12/30 is asphalt and measures 6,800 feet by 150 feet. It is equipped with high intensity runway edge lights and precision approach path indicators. Both runway 9L/27R and runway 12/30 utilize the ILS and RNAV GPS instrument approach procedures. Runway 9R/27L is asphalt and measures 4,309 feet by 100 feet. It utilizes medium intensity runway edge lights, precision approach path indicators, and visual approach slope indicators. All three runways are served by full-length paved parallel taxiways.

Other facilities at the airport include hangars and tiedowns for aircraft parking and 100LL fuel and JET-A fuel available. Air traffic is coordinated by the airport's FAA contract control tower, which is attended from 7:00am to 11:00pm daily.





The preceding graphic depicts the non-aviation uses on lands designated at OPF that may be developed in three development zones. The location and intensity of non-aviation uses within each development zone is further limited by the Comprehensive Development Master Plan's Airport Land Use Master Plan map and interpretive text. The zones are reserved primarily for industrial use. It is noted that the Sky Harbour facility location, which is proximate to runway 27R (the airport's longest runway), other onsite FBOs and the Concours Club, is considered superior to the remaining sites available for development.

Miami-Opa Locka Executive Airport has seen significant development since 2014, including a 40,000-square foot community hangar developed by Landmark Aviation. In March 2015, a \$30 million FBO terminal facility and aircraft hangar were completed by AA Acquisitions. There are currently more than 500 acres leased for development. At the same time, the Miami-Dade Aviation Department completed a new FAA contract air traffic control tower and is invested \$4 million in runway and taxiway improvements to meet the increasing demand. In 2016, Tunberry Airport Holdings completed an expansion to the Fountainbleau Aviation FBO that resulted in more than 100,000 square feet of community hangar space and 19,000 square feet of executive and maintenance offices, including many with direct hangar access.



In 2020, Bombardier opened a new service center at OPF. The state-of-the-art facility of approximately 300,000 square feet will become part of Bombardier's network of service center facilities and Mobile Response Team (MRT) mobile units around the world, ready to respond to the maintenance needs of operators. The new service center is equipped to perform scheduled and unscheduled maintenance, aircraft modifications, avionics installations, and aircraft on ground support (AOG) for Bombardier Learjet, Challenger and Global aircraft.

Runways

OPF RUNWAY CHARACTERISTICS										
Runway	Length (Ft)	Width (Ft)	Instrument							
9L/27R	8,002	150	ILS/DME							
12/30	6,800	150	ILS/DME (12)							
9R/27L	4,309	100	None							
Source: FAA A	DIP									

OPF features two runways with ILS capability that can accommodate commercial aircraft as well as corporate and private jets.

Airport Operations

The number of jet operations an airport annually supports is indicative of the facilities and services it offers and the type of aircraft it can support. Specific operational thresholds provide an adequate indication of an airport's role within the market(s) that it serves.

FAA data regarding Miami-Opa Locka Executive Airport operations are summarized in the following table.



		ltinerant	Opera	tions		Loca	l Opera	tions	
	Air	Air Taxi &						_	TOTA
Υ	Carrier	Commuter	GA	Military	TOTAL	Civil	Military	TOTAL	OPS
2018	69	12,036	85,551	5195	102,851	47,631	3,685	51,316	154,16
2019	76	13,982	88,923	4,767	107,748	59,882	2,437	62,319	170,06
2020	47	15,374	71,164	4,833	91,418	40,476	2,789	43,265	134,68
2021*	85	13,556	92,145	4,887	110,673	65,239	2,909	68,148	178,82
2022*	85	13,814	92,606	4,887	111,392	65,255	2,909	68,164	179,55
2023*	85	14,074	93,069	4,887	112,115	65,271	2,909	68,180	180,29
2024*	85	14,337	93,534	4,887	112,843	65,287	2,909	68,196	181,03
2025*	85	14,609	94,002	4,887	113,583	65,303	2,909	68,212	181,79
2026*	85	14,889	94,472	4,887	114,333	65,319	2,909	68,228	182,56
2027*	85	15,174	94,944	4,887	115,090	65,335	2,909	68,244	183,33
2028*	85	15,463	95,418	4,887	115,853	65,351	2,909	68,260	184,11
2029*	85	15,758	95,895	4,887	116,625	65,367	2,909	68,276	184,90
2030*	85	16,067	96,375	4,887	117,414	65,383	2,909	68,292	185,70
2031*	85	16,378	96,857	4,887	118,207	65,399	2,909	68,308	186,51
2032*	85	16,691	97,342	4,887	119,005	65,415	2,909	68,324	187,32
2033*	85	17,011	97,829	4,887	119,812	65,431	2,909	68,340	188,15
2034*	85	17,336	98,318	4,887	120,626	65,447	2,909	68,356	188,98
2035*	85	17,667	98,810	4,887	121,449	65,463	2,909	68,372	189,82
2036*	85	18,008	99,304	4,887	122,284	65,479	2,909	68,388	190,67
2037*	85	18,357	99,800	4,887	123,129	65,495	2,909	68,404	191,53

The data presented is comprised of a mix of sources: historic data has been retrieved from FAA OPSNET, as it is the only actual data available regarding operations. Projections have been retrieved from FAA TAF data.

Between 2018 and 2019, Miami-Opa Locka Executive Airport experienced a 10.31% increase in overall operations. Total general aviation operations increased 3.94%, and local civil operations increased 25.72%. The effects of the COVID-19 pandemic can be seen in the change from 2019 to 2020: total operations at OPF decreased 20.81%, general aviation declined 19.97%, and civil operations declined 32.41%. The significant increase in projected operations from 2020 to 2021 is largely attributable to the fact that TAF forward-looking data was produced prior to the pandemic, and does not consider its ongoing effects.

As illustrated, nominal growth is projected in overall operations through 2037. The strength of an FBO can be determined, in part, by the amount of operations attributable to general aviation (GA), iterant and based. Low number of annual operations indicates low activity, which translates to minimal fuel sales, the primary revenue source for FBOs. Few aircraft flying means low fuel sales, which equals low FBO revenue. As illustrated in the previous table, 2019 actual FAA data for GA operations at OPF indicate that 88% of the airport's operations were dedicated to iterant and based GA, which suggests a relatively healthy FBO market. We exclude 2020 from this observation, as it is considered an atypical year.



FLORIDA AVIATION SYSTEM PLAN (FASP) 2035 UPDATE

The Florida Aviation System Plan (FASP) 2035 Update is a long-term strategic planning process designed to comprehensively assess all public-use airports in Florida. The report is a joint effort by Florida Department of Transportation (FDOT) Aviation and Spaceports Office (ASO), with the assistance of the Continuing Florida Aviation System Planning Process (CFASPP).

While growth is occurring across the state, the FASP 2035 noted that some airports are especially impacted by the increased activity and are quickly reaching or exceeding the recommended demand-capacity (D/C) ratios for planning and/or implementing capacity enhancements. In base year 2014, there were five airports that exceeded the FAA's recommended 60% D/C ratio threshold to plan for capacity enhancements, and three airports that exceeded the 80% threshold to start implementation for capacity enhancements. By 2035, it is projected that 11 airports will exceed the 60% threshold, six will exceed the 80% threshold, and three will exceed their Annual Service Volume (ASV) altogether. Within the report, OPF was identified as exceeding the 80% threshold for 2014, as well as for projections for 2020, 2025 and 2035, as illustrated in the following table.

	OPA-LOCKA EXECUTIVE AIRPORT AVIATION ACTIVITY AND FORECASTS											
			2020	2020	2020	2025	2025	2025	2035	2035	2035	
2014 Total		2014 D/C	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	
Operations	2014 ASV	Ratio	Operations	ASV	D/C Ratio	Operations	ASV	D/C Ratio	Operations	ASV	D/C Ratio	
131,836	163,020	80.9%	142,755	163,020	87.6%	150,811	163,020	92.5%	168,403	163,020	103.3%	
Source: FASP 20												

We note that the actual and projected OPF operations data employed in the D/C Ratio analysis from the FASP 2035 report is somewhat inconsistent with the annual operations reflected in the previous graphic. Nonetheless, it is the best data available for analysis. The FASP 2035's identification of Opa-Locka Executive as an airport that has, and is projected to continue to, exceed demand capacity may have been a factor in the FAA TAF data projecting no growth in based aircraft at OPF.

Based Aircraft

Based aircraft are aircraft typically stored at the airport, requiring a parking position either on the apron or in a hangar. The tenants (pilots, aircraft owners, etc.) choose between these two options according to their aircraft's characteristics (size, condition, age, needs, etc.) and based on space availability, price, location, weather and other considerations (maintenance, storage of parts, frequency of usage, etc.).

Based and transient jets require specific facilities and services to support these sophisticated and generally larger aircraft, including Jet fuel, 5,000-feet or longer runways, published Instrument Approach Procedures (IAPs), and (in most cases) conventional hangar facilities. Based jets are a reliable sign of economic activity within the markets that they serve.



The most recent data regarding based aircraft at Miami-Opa Locka Executive Airport are summarized in the following table.

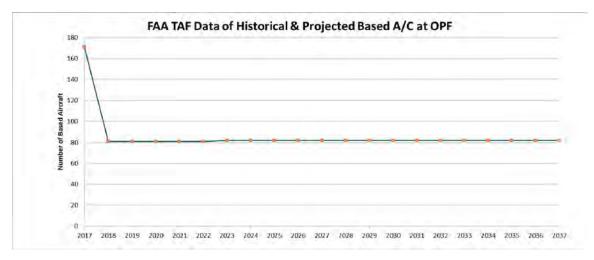
OPF BASED AIRCRAFT								
Туре	# of A/C							
Single Engine	35							
Multi-Engine	13							
Jet	10							
Helicopters	3							
Military	5							
Total	66							
Source:FAA as of 2018								

According to May 2018 FAA data, the airport accommodated 66 based aircraft. Available data appears contradictory, as the FAA's National Plan of Integrated Airport Systems (NPIAS) Report for 2017-2018 states OPF had 267 based aircraft in 2017, and the 2019-2023 NPIAS report indicated 166 based aircraft in 2019. We contacted a representative of the airport on June 16th, 2021, and the individual reported that the most current data indicates 389 based aircraft. We requested, but were not provided with, a breakout by aircraft type. This current data supports Miami-Opa Locka Executive Airport's rank as 8th in the US for business jet operations.

Based aircraft comprise the target market for the Sky Harbour facilities, and are the target market for the Sky Harbour business model, as it is based on long-term hangar leasing. Moreover, as will be discussed in greater detal later in this report, Sky Harbour's preferred tenants are aircraft owner/users that are more interested in high-end, safe and comfortable hangar facilities than extensive flight time in the aircraft.

FAA TERMINAL AREA FORECAST (TAF) PROJECTIONS

The Terminal Area Forecast (TAF) contains historical and forecast data for enplanements, airport operations, Terminal Radar Approach Control (TRACON) operations, and based aircraft. The data cover FAA-towered airports, Federal contract tower airports, TRACON facilities and non-FAA airports. Data in the TAF are presented on a U.S. Government fiscal year basis (October through September). FAA projections for based aircraft at OPF from their January 2020 report (most recent available) are summarized in the following table.



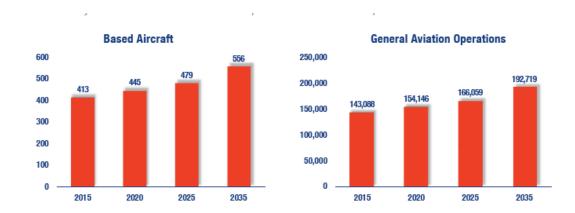
According to the FAA, the TAF assumes a demand-driven forecast for aviation services based upon local and national economic conditions as well as conditions within the aviation industry. In other words, an airport's forecast is developed independent of the ability of the airport and air traffic control system to furnish the capacity required to meet demand. However, if the airport historically functions under constrained conditions, the FAA forecast may reflect those constraints since they are embedded in historical data. In statistical terms, the relationships between economic growth data and data representing growth in aviation activity reflect those constraints.

The FAA repors that there were 171 based aircraft at OPF in 2017. As noted, the airport currently has 389 based aircraft. Therefore, the FAA data apprars either dated or simply inaccurate. We present it for reference, as it is the only data available for future projections.

FLORIDA AVIATION SYSTEM PLAN (FASP) 2035 UPDATE

The following graphics summarize the projected 2020, 2025 and 2035 based aircraft and GA operations for OPF.





As indicated, local projections estimate increased based aircraft and expanded operations at Opa-Locka Executive into the foreseeable future. Also, as previously noted, the airport is ranked #8 in the nation for business jet operations. Considering the aforementioned growth of population and the influx of major corporations into the region, as well as the actual current number of based aircraft, the FASP 2035 Update projections are considered reasonable.

FUEL SALES

The number of gallons of jet fuel dispensed at an airport is a good general indicator as to the total size of the market and how active the airport is – the more fuel dispensed at the airport, the more active the airport is. Fueling data is proprietary, and was not available for this analysis. However, the previous discussion, including the airport's previous and projected demand exceeding capacity indicates that Opa-Locka Executive is a well-established and healthy airport, with excess demand to be captured.

With regard to the Sky Harbour development, a key feature is the company's ability to offer reduced fuel prices to its tenants. Atlantic Aviation (AA) is a provider of FBO services (including fuel) at Opa-Locka Executive. The ground lease with AA Acquisitions includes a provision whereby Sky Harbour is permitted to offer fuel at 'cost + \$0.50', which is the best deal on fuel at the airport, as most other providers are charging at least 'cost + \$1.00' - sometimes significantly more. The arrangement is beneficial to AA because there is enough demand at the airport for a discount to be offered, and Sky Harbour is attracting more aircraft onto the field for AA to provide fuel and other services to.

HANGAR SUPPLY & DEMAND

Occupancy

The existing stock of hangar space at OPF comprises approximately 266,000 square feet of space, with an additional 350,000 square feet of new construction hangar space planned. There are six large nested T-Hangar rows on the airport, capable of storing 99 aircraft. The existing hangar space at Opa Locka Executive Airport is summarized in the following table.



	EXISTING HANGAR SPACE AT OPF											
		Private/					Min. Fuel					
Provider	Building Type	Community	Area (SF)	Occupied	Waitlist	Rent (PSF)	Purchase					
Fountainbleau Aviation/Landmark Hangars (FBO)	Conventional	Community	235,000	100%	Yes	\$20.00	Yes					
Atlantic Aviation (FBO)	Conventional	Community	31,000	100%	Yes	\$18.00- \$22.00	Yes					
Signature Aviation	None	None	0	N/A	N/A	N/A	N/A					
SkyBridge (Proposed)	Conventional	Community	350,000	0%	N/A	NAV	NAV					
TOTAL EXISTING			266,000	100%								
TOTAL EXISTING & PROPOSED			616,000	43%								
Source: Various sources compiled by CBRE												

Atlantic Aviation

FBO Atlantic Aviation offers community hangar space for private (Part 91) users, at \$18.00 -\$22.00 per square foot, based on fuel usage. There is currently no available hangar space.

Landmark Aviation Hangar



The community hangar facility includes nearly 40,000 square feet of hangar space capable of hosting large business jets such as the G650 or the Global 7000 with lengths upwards of 115 feet and wingspans up to 105 feet. The facility also includes 5,650 square feet of office and support space.

Fontainebleau Aviation offers more than 100,000 square feet of private and community hangar space, and 19,000 square feet of executive and maintenance offices, including many with direct hangar access. Private hangars do not have direct street access, and can only accommodate small aircraft – turboprops and small jets, and tenants are private (Part 91) users. Rent for a private, 6,175-square foot hangar is quoted at \$20.00 per square foot. Currently there are no available hangars.



Proposed SkyBridge Development

Construction is scheduled to commence in 2021 on a 24-acre logistics, MRO, and business jet support facility at Miami Opa-Locka Airport. SkyBridge Miami acquired rights to the site. The following graphic depicts the proposed hangars.



The proposed 500,000-square foot facility is expected to include community hangar space, offices, a hotel, and support buildings. The hangars will fill 350,000 square feet of the total space and have room for up to 19 jets, according to a schematic provided to Aviation International News by SkyBridge. SkyBridge's site is on the east side of the airport, adjacent to the new 300,000-square foot Bombardier business jet service center. Specifics regarding hangar size and asking rent are not yet available.

Supply & Demand Projections

Employing the previously-discussed Sugar Land Master Plan estimates for required space per aircraft type and percentage of each aircraft type housed in hangars (as opposed to shade hangars and tie-downs), coupled with FAA projections for future growth in overall airport operations and our research of existing hangar space at Miami-Opa Locka Executive Airport, we have compiled the following forecast estimates of either a shortage or surplus of hangar space through 2035.



	OPA-LOCKA E	XECUTIVE AIR	PORT HANG	AR SUPPLY &	DEMAND PR	OJECTIONS	
	Hangar						
	Area						
	Required		Estimate of		Required		Shortage/
	Per	FAA #	% of A/C	# of A/C	SF of	Existing	Surplus
	Aircraft	Based A/C	Stored in	Stored in	Hangar	Hangar	Hangar
A/C Type	(SF)*	2020	Hangars*	Hangars	Space	Space	Space
Single-Engine	1,200	223	20%	45	53,567		
Multi-Engine	3,000	83	50%	41	124,352		
Jet	8,000	64	100%	64	510,164		
Helicopter	1,500	19	100%	19	28,697		
•		389		169	716,780	266,000	-450,780
*Based on estimates	used in Sugar La	nd Regional Airna	ort Master Plan t	his area accounts		•	
clearance of 10 feet							y, aa a
	Hangar						
	Area						
	Required		FAA		Required	Existing	Shortage/
	Per	2020 # of	Estimate	2025 # of	SF of	Hangar	Surplus
	Aircraft	A/C Stored	Growth	A/C Stored	Hangar	Space (incl.	Hangar
A/C Type	(SF)*	in Hangars	2020-2025	in Hangars	Space	SkyBridge)	Space
Single-Engine	1,200	45	18%	53	63,209		
Multi-Engine	3,000	41	18%	49	146,736		
Jet	8,000	64	18%	75	601,993		
Helicopter	1,500	19	18%	23	33,862		
		169		199	845,801	616,000	-229,801
	Hangar						
	Area Required Per	2025 # of	FAA Estimate	2030 # of	Required SF of	Existing Hangar	Shortage/ Surplus
	Aircraft	A/C Stored	Growth	A/C Stored	Hangar	Space (incl.	Hangar
A/C Type	(SF)*	in Hangars		in Hangars	Space	SkyBridge)	Space
Single-Engine	1,200	53	17%	62	73,955		
Multi-Engine	3,000	49	17%	57	171,681		
Jet	8,000	75	17%	88	704,332		
Helicopter	1,500	23	17%	26	39,619		
	· ·	199		233	989,587	616,000	-373,587
					·		
	Hangar						
	Area						
	Required		FAA		Required	Existing	Shortage/
	Per	2030 # of	Estimate	2035 # of	SF of	Hangar	Surplus
	Aircraft	A/C Stored	Growth	A/C Stored	Hangar	Space (incl.	Hangar
A/C Type	(SF)*	in Hangars	2030-2035	in Hangars	Space	SkyBridge)	Space
Single-Engine	1,200	62	16%	71	85,788		
Multi-Engine	3,000	57	16%	66	199,150		
Jet	8,000	88	16%	102	817,026		
Helicopter	1,500	26	16%	31	45,958		
•		233		271	1,147,921	616,000	-531,921
	t Director, AirNav				, .,	,	-,

As previously noted, FAA data regarding based aircraft at OPF is dated and appears inaccurate. We contacted a representative of the airport on June 16th, 2021, and the individual reported that the most current data indicates 389 based aircraft. We requested, but were not provided with, a breakout by aircraft type; therefore, we applied the percentages of each type of aircraft reflected in the FAA data to the current based aircraft estimate. Additionally, as discussed, aside from the Sky Harbour development, SkyBridge is slated to construct 350,000 square feet of new



community hangar space. Our estimates in the preceding table include the SkyBridge hangars but do not include the Sky Harbour development.

As indicated in the preceding table, as of 2020, there was a shortage of hangar space at OPF of 450,780 square feet. This is supported by the previous discussion, which illustrated that there are currently waitlists for all hangar types at the airport. Between 2020 and 2025, 350,000 square feet of new inventory will be added to the airport; however, by 2025, a shortage of 229,2018 square feet will still remain. By 2030, demand will exceed supply by 373,587 square feet, and by 2035, there is a projected shortage of 531,921 square feet of hangar space.

Supply & Demand Projections – Including the Sky Harbour Development

The following table illustrates projected supply and demand at Miami-Opa Locka Executive Airport after the completion of the Sky Harbour hangar campus.



	OPA-LOCKA	EXECUTIVE AI	RPORT HANG	AR SUPPLY &	DEMAND PE	ROJECTIONS	
A/C Type	Hangar Area Required Per Aircraft (SF)*	FAA # Based A/C 2020	Estimate of % of A/C Stored in Hangars*	# of A/C Stored in Hangars	Required SF of Hangar Space	Existing Hangar Space	Shortage/ Surplus Hangar Space
Single-Engine	1,200	223	20%	45	53,567		
Multi-Engine	3,000	83	50%	41	124,352		
Jet 	8,000	64	100%	64	510,164		
Helicopter	1,500	19	100%	19	28,697		
*Based on estimate clearance of 10 fee	et around the air						
A/C Type	Hangar Area Required Per Aircraft (SF)*	2020 # of A/C Stored in Hangars	FAA Estimate Growth 2020-2025	2025 # of A/C Stored in Hangars	Required SF of Hangar Space	Existing Hangar Space (incl Sky Harbour)	Shortage/ Surplus Hangar Space
Single-Engine	1,200	45	18%	53	63,209		
Multi-Engine	3,000	41	18%	49	146,736		
Jet	8,000	64	18%	75	601,993		
Helicopter	1,500	19	18%	23	33,862		
		169		199	845,801	869,858	24,057
	Hangar Area Required		FAA		Required	Existing Hangar	Shortage/
	Per Aircraft	2025 # of A/C Stored	Estimate Growth	2030 # of A/C Stored	SF of Hangar	Space (incl Sky	Surplus Hangar
A/C Type	(SF)*	in Hangars		in Hangars	Space	Harbour)	Space
Single-Engine	1,200	53	17%	62	73,955	,,	
Multi-Engine	3,000	49	17%	57	171,681		
Jet	8,000	75	17%	88	704,332		
Helicopter	1,500	23	17%	26	39,619		
	.,,,,,	199		233	989,587	869,858	-119,729
A/C Type	Hangar Area Required Per Aircraft (SF)*	2030 # of A/C Stored in Hangars	FAA Estimate Growth 2030-2035	2035 # of A/C Stored in Hangars	Required SF of Hangar Space	Existing Hangar Space (incl Sky Harbour)	Shortage/ Surplus Hangar Space
Single-Engine	1,200	62	16%	71	85,788		
Multi-Engine	3,000	57	16%	66	199,150		
Jet	8,000	88	16%	102	817,026		
Halicantor	1,500	26	16%	31	45,958		
Helicopter	.,,						

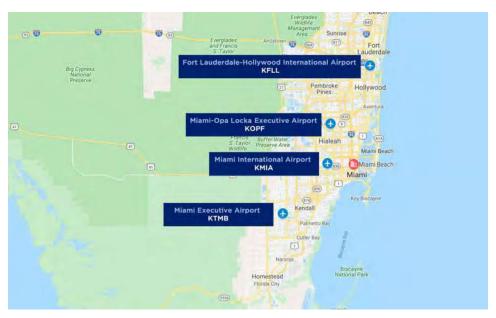
Overall, between 2020 and 2025, demand will exceed supply of hangar space at Miami-Opa Locka Executive Airport. However, the addition of the 350,000 square foot SkyBridge hangars and the Sky Harbour development Phase I and Phase II square footage, which totals 253,858 square feet, will create a 24,057-square foot surplus of hangar space at the airport. However, this surplus will be fully absorbed by 2030, with a deficit of hangar space projected thereafter.



We further note that there is a paucity of private hangar space at the airport, and it is reasonable to presume that aircraft owners currently leasing space within community hangars, because it is the only option available, would move from their current location within existing hangars to the Sky Harbour development.

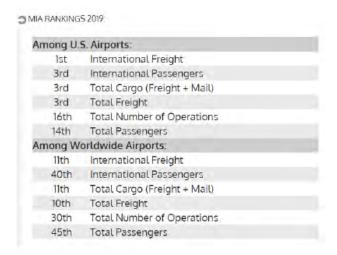
ALTERNATE LOCATIONS

The Opa-Locka Executive Airport and alternate airports are illustrated in the following graphic. Considering the facilities, services and amenities provided by OPF, our focus is on alternate locations accommodating Corporate Jet Service. As noted earlier, considering the composition of the target market (private, corporate and charter jet owners/users), a minimum runway length of 5,000' is a consideration.



Miami International Airport (MIA)

Miami International Airport (MIA) is operated by the Miami-Dade Aviation Department and is the property of Miami-Dade County government. MIA now offers more flights to Latin America and the Caribbean than any other U.S. airport, is America's third-busiest airport for international passengers, with over 80 airlines serving 150 destinations and is the top U.S. airport for international freight. MIA is also the leading economic engine for Miami-Dade County and the state of Florida. MIA's vision is to grow from a recognized hemispheric hub to a global airport of choice that offers customers a world-class experience and an expanded route network with direct passenger and cargo access to all world regions. Miami International Airport's (MIA) and the General Aviation Airports' annual economic impact is \$31.9 billion. MIA and related aviation industries contribute 275,708 jobs directly and indirectly to the local economy. That equates to one out of 4.6 jobs. Airport West and the other smaller neighborhoods surrounding MIA together comprise the second-largest employment center in Miami-Dade County after the Miami Central Business District. The Miami International Airport rankings are summarized in the following graphic.



On June 4, 2019, the Miami-Dade County Board of County Commissioners adopted a new capital improvement program at Miami International Airport that will fund up to \$5 billion in airport-wide modernization projects over the next five to 15 years, paving the way for future growth in passenger and cargo traffic at MIA - projected to reach 77 million travelers and more than four million tons of freight by the year 2040. Expansion was previously restricted, as the airport had little available land for development; however, the program includes acquisition of adjacent land to the east and west of the airport. As an international airport with significant revenue from commercial and cargo operations, growth in these areas is a priority, and general aviation is not a significant consideration of the airport.

Signature Flight Support is the only FBO onsite at MIA. They offer a 20,000-square foot community hangar. No private hangar space is available.

Miami Executive (TMB)

Miami-Executive Airport (TMB), previously known as Kendall-Tamiami Executive Airport, is a public airport in unincorporated Miami-Dade County, Florida, 13 miles southwest of Downtown Miami. It is operated by the Miami-Dade Aviation Department and is a designated reliever airport for MIA. TMB's property is composed of 1,360 acres.

TMB's airfield consists of three active runways: two east-west runways of 6,000 feet and 5,002 feet, respectively and a southeast-northwest runway (diagonal) of 4,001 feet. The primary eastwest runway is equipped with high-intensity runway lighting, ILS and Category I capabilities. The secondary runways have medium-intensity runway edge lighting.

Facilities at TMB include FBOs, T-hangar bays corporate hangars, an aviation museum and office space; some built by the Aviation Department and others by private parties. The County's Police and Fire Departments' aircraft are headquartered at TMB. The FAA operates the Air Traffic



Control Tower. TMB has an airfield rescue and firefighting unit stationed at the airfield. Miami-Dade College's Eig-Watson School of Aviation has a satellite campus located at TMB which provides flight training programs. TMB also has a Customs and Border Patrol facility to service international traffic.

Among TMB's major tenants are several aircraft maintenance businesses, FBOs, air taxi/charter operators, and flight schools. With its on-site aviation-related schools and the airport's close proximtity to businesses in the South Florida region, TMB has a significant number of flight training, corporate and charter operations. Miami Executive Airport has also experienced a good amount of real estate development within its boundaries, with six private developers investing approxiniately \$30 million over the last 10 years in new projects covering 75 acres of airport land.

The airport includes three FBOs: Reliance Aviation, Signature Flight Support and Air Sal Aviation. No private hangar space is available among the FBOs at Miami Executive, and Reliance Aviation reports that their community hangar cannot accommodate larger aircraft such as a Gulfstream IV.

Fort Lauderdale-Hollywood International Airport (FLL)

The Fort Lauderdale-Hollywood International Airport is in unincorporated Broward County, Florida, located in Fort Lauderdale, 21 miles north of Miami. According to the airport website, Broward County's Fort Lauderdale-Hollywood International Airport (FLL) is one of the fastestrecovering U.S. airports, with passenger traffic approaching 2019 pre-pandemic levels. Before the COVID-19 pandemic, the airport generated \$37.5 billion in economic activity annually and nearly 18,000 direct, local jobs. Despite the impact of COVID-19 on the aviation industry in 2020, FLL ranked 6th in total passenger traffic recovery and 4th in international traffic recovery amongst U.S. airports. In 2020, the airport served 16.5 million passengers.

FLL is located in Greater Fort Lauderdale in the heart of Florida's Gold Coast. In 2019, FLL ranked 18th in the U.S. in total passenger traffic and 10th in international passengers, according to data from Airports Council International-North America (ACI-NA). During the year, airlines at FLL offered more than 50 departures on average daily, including nonstop service to 84 U.S. cities and global connectivity to 66 international destinations in 33 countries.

Fort Lauderdale International is one of the fasting-growing airports in the nation. The airport also lacks any vacant developable land, providing significant barriers to entry.

There are four FBOs at FLL: Jetscape, Sheltair, National Jets and Signature Flight Support. Signature does not have hangars. National Jets has two hangars; however, neither can accommodate a large aircraft such as a Gulfstream IV, and their community hangars are 100% occupied, with a waitlist. Jetscape offers 100% private hangars for rent; however, they are currently 100% occupied, with a three-month waitlist. Quoted hangar space for a Gulfstream IV aircraft was \$734/day, or \$267,910 annually. This equates to approximately \$39.00 per square foot of just the aircraft, or \$22.32 per square foot for a 12,000-square foot hangar. The representative confirmed that minimum fuel purchase would be a requirement to base the aircraft; however, further information was not available.

Sheltair offers a private 15,000-square foot hangar at \$27,000-\$28,000 per month, or approximately \$21.60-\$22.40 per square foot. The rate does not include additional charges such as minimum fuel purchase requirements, utilities and sales tax.

Palm Beach International Airport (PBI)

Palm Beach International Airport (PBI) is located 2.5 miles west of downtown West Palm Beach and 3.5 miles west of Palm Beach. PBI is situated adjacent to I-95 and Boca Raton is approximately 20 miles south and Jupiter is 15 miles north.

Palm Beach International Airport serves both air carriers (airlines) and general aviation aircraft. The airport has a 24-hour control tower and a U.S. Customs & Immigration port of entry facility.

The 560,000 square foot terminal includes a concession mall which runs the length of the building. Other features include three passenger concourses and holding areas. Twenty airlines currently offer scheduled flights from PBI to destinations throughout the continental United States, and direct international flights are available to the Bahamas and Canada.

On average, more than 6 million people a year pass through PBI. Commercial airlines, including commuter aircraft, fly in and out of the airport about 70,000 times a year. General aviation, freight and other flights average nearly 113,500 a year, Approximately 19,000 tons of cargo pass through PBI annually. During the winter months, PBI has historically become one of the busiest general aviation airports in the country, with significant increases in business aviation operations, tourism-related general aviation flights and maintenance shop work.

The Palm Beach County Department of Airports is planning to transform a significant section of PBI, with the comfort of commercial passengers a priority. Expansion of Concourse B would add over 24,000 square feet of space, including room for additional gates to handle a future increase in passenger traffic. The total estimated cost for this project is \$45 million with an anticipated construction start date in the summer of 2022.

All general aviation aircraft must use the south side of the field for dropping / picking up passengers or aircraft parking. General aviation aircraft are restricted from operating on the north parking ramps & aprons (without prior approval by the Airports Administration Department).

The airport serves numerous air carriers and the largest runway is 10,000' long by 150' wide. All runways are paved asphalt and have runway edge lights. There is a 24-hour FAA air traffic control tower located at the airport and the airport is located within Class C airspace.



There are three FBOs at PBI: Atlantic Aviation, JetAviation and Signature Flight Support. According to representatives, available hangar space is limited to community hangars, all of which are 100% occupied, with waitlists.

BASED AIRCRAFT AT OPF AND ALTERNATIVES

As previously noted, Miami-Opa Locka Executive Airport accommodated 66 based aircraft in 2018. The following table summarizes the number of based aircraft at OPF and the alternate airports.

BASED AIRCRAFT AT OPF AND ALTERNATIVES									
Location	Single- Engine	Multi- Engine	Jet	Helicopters	Military	Total			
Miami International (MIA)*	0	13	15	0	0	28			
Miami Executive (TMB)*	104	17	5	6	3	135			
Fort Lauderdale-Hollywood International (FLL)***	23	13	74	1	0	111			
Palm Beach International (PBI)**	7	10	165	13	1	196			
Opa Locka Executive (OPF)*	35	13	10	3	5	66			
TOTAL OPF as a % of Total	65 54%	36 36%	249 4%	17 18%	6 83%	536 12%			

Source: AirNay - *data current as of 2018; ** data current as of 2020; ***data current as of 2021

The data illustrate the importance of commercial operations to the international airports that For Miami International, Fort Lauderdale-Hollywood Opa-Locka directly competes with. International and Palm Beach international, commercial operations are the primary focus, with FBO/based aircraft providing ancillary income. Miami Executive and Opa-Locka Executive represent the only two general aviation airports in the survey. Within this sub-category, both airports exhibit similar numbers of multi-engine and jet based aircraft.

AIRPORT OPERATIONS AT OPF AND ALTERNATIVES

As noted, the number of jet operations an airport annually supports is indicative of the facilities and services it offers and the type of aircraft it can support. Specific operational thresholds provide an adequate indication of an airport's role within the market(s) that is serves.

However, due to its location, Miami-Opa Locka Executive Airport competes directly with three international airports, for which commercial aviation operations comprise their primary revenue source. The following table summarizes airport operations at OPF and the alternate airports.



			% Transient		%		Total 9
Location	#/Day	% Local GA	GA	% Air Taxi	Commercial	% Military	GA
Miami International (MIA)	1,145	0%	4%	11%	86%	0%	4%
Miami Executive (TMB)	633	47%	52%	2%	0%	0%	98%
Fort Lauderdale-Hollywood International (FLL)	907	0%	10%	11%	79%	0%	10%
Palm Beach International (PBI)	389	0%	38%	23%	38%	1%	38%
Opa Locka Executive (OPF)	466	35%	52%	8%	0%	4%	87%

As expected, Miami International exhibits the highest number of daily aircraft operations; however, this is predominantly commercial. Similarly, Fort Lauderdale-Hollywood International's operations are primarily commercial. Palm Beach International's operations exhibit similar levels of local GA and commercial operations, with air taxi placing third highest. Unsurprisingly, the general aviation airports exhibit a majority of airport operations attributable to local and transient GA.

EXISTING HANGAR SPACE AT ALTERNATE AIRPORTS

The following table summarizes the existing hangar space at the OPF alternate airports.

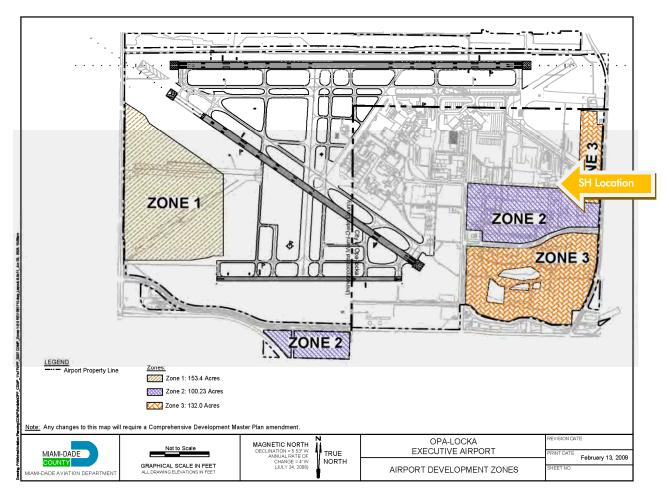
EXISTING HANGAR SPACE AT ALTERNATIVES										
Location	# Based A/C	Size (SF)	Building Type	Private/ Community	Occupied	Waitlist				
Miami International (MIA)	28									
Signature		20,000	Conventional	Community	100%	Yes				
Miami Executive (TMB)	135									
Reliance Aviation		100,000	Conventional	Community	100%	Yes				
Signature		34,000	Conventional	Community	100%	Yes				
International Flight Center		180,000	Conventional	Community	100%	Yes				
Fort Lauderdale-Hollywood International (FLL)	111									
National Jets			Conventional	Community	100%	Yes				
Jetscape		100,000	Conventional	Community	100%	Yes				
Sheltair		15,000	Conventional	Private	100%	No				
Palm Beach International (PBI)	196									
Atlantic Aviation		24,000	Conventional	Private	100%	N/A				
JetAviation		200,176	Conventional	Community	100%	Yes				
Signature		62,500	Conventional	Community	100%	Yes				
TOTAL		735,676								
Source: Various sources compiled by CBRE										

As illustrated, the four alternate airports to Miami-Opa Locka Executive Airport currently total 735,676 square feet of community and private hangar space. Recently, Sheltair completed construction of new hangar facilities, which are currently fully leased. Overall, the alternative airports exhibit a 100% occupancy, and all report extensive waitlists for hangar space.



AVAILABLE LAND

The following graphic illustrates the airport's projected location of future development.



The preceding graphic depicts the non-aviation uses on lands designated GP at OPF that may be developed in three development zones. The location and intensity of non-aviation uses within each development zone is further limited by the Comprehensive Development Master Plan's Airport Land Use Master Plan map and interpretive text. The zones are reserved primarily for industrial use. It is noted that the Sky Harbour facility location, which is proximate to runway 27R (the airport's longest runway), other onsite FBOs and the Concours Club, is considered superior to the remaining sites available for development.

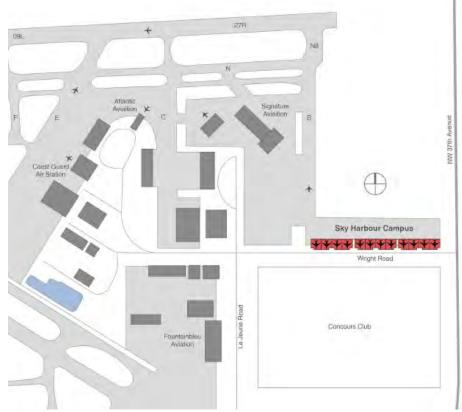
SKY HARBOUR DEVELOPMENT

1. Description of development

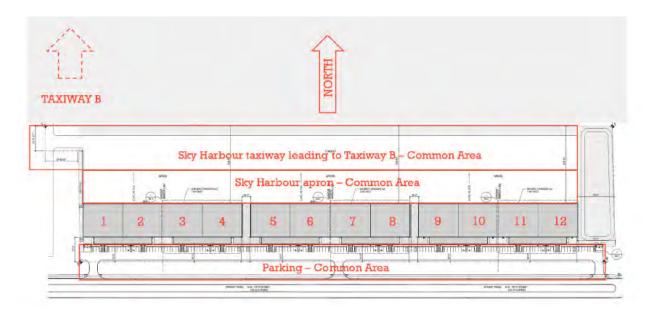
The Sky Harbour development at OPF is located at the northeast corner of the airfield off of Taxiway Bravo, in a secluded, low-traffic site with no transient aircraft, as depicted in the following graphics.











The campus will be constructed in two phases, and in total will consist of 19 individually-leased NFPA Group 3 modular hangars comprising 253,858 total square feet. The previous graphics illustrate Phase 1 of the development. Each hangar is approximately 13,374 square feet, which is capable of accommodating the latest ultra-long-range jets. The hangars include 480-, 240and 120-volt electrical outlets to allow for routine maintenance.

Every hangar includes a ramp area for aircraft startup & shutdown in front of the hangar doors. Car parking is included in the hangar space, which is climate-controlled with hydraulic lifts to accommodate multiple cars. The adjoining office space includes high-end finishes with a kitchen, storage and a bathroom with showers. Each unit is assigned covered outdoor parking, as well.

The hangars are rented on long-term (3-5 year) leases, with Sky Harbour including its own line crew and ground service equipment. As previously discussed, fueling is provided by the Atlantic Aviation FBO, at Sky Harbour's negotiated discounted price for its tenants.

2. Discussion of in-place agreements

a. Ground Lease

Sky Harbour entered into a sub-ground-lease with AA Acquisitions, LLC for one 14.72acre (Phase 1) and one 7.93-acre (Phase 2) site. The sub-ground lease commenced July 10, 2019, for a 40-year term, and Sky Harbour has two 5-year renewal options.

OPF ground rent is comprised of two components: County Rent, paid to Miami-Dade County, is \$0.30 per square foot, and Base Rent, paid to AA Acquisitions is \$0.55 per square foot. County Rent for Phase 1 starts upon lease execution and is 50% until 24 months or construction completion, then it increases to 100%. County Rent for Phase 2 starts upon sub-lease expansion option execution and is 50% until 48 months or construction completion, then it increases to 100%. Thereafter, rent escalates 3%.



Base Rent for Phase 1 starts 24 months after lease execution or construction completion, and for Phase 2 starts 48 months after lease execution or construction completion. Rent escalates 3% annually.

In addition, there is a 6.7% rent tax that is applied to all ground rent (both county rent and base rent).

The lease is triple-net, with the Sky Harbour responsible for real estate tax, insurance, maintenance and utilities; however, real estate taxes are not levied on the development.

b. Leases, LOIs

Currently, there are LOIs or leases executed for 100% of the Phase 1 hangars of the Sky Harbour development. The agreements are summarized in the following table.

		Execution	Lease	Size (NRA)	% of PH 1	% of PH 1 &				
Tenant	Type	Date	Term	SF	Total	2 Total	Rent \$/YR	Rent \$/SF	Escalations	Reimburse
Confidential - High-End Business Operator	LOI	5/31/2020	TBD	40,122	25.0%	15.8%	\$1,296,000	\$32.30	3% annual	NNN
Confidential - Private Owner	Lease	7/13/2021	3 YRS	13,374	8.3%	5.3%	\$432,000	\$32.30	3% annual	NNN
Confidential - A/C Management Co	LOI	7/8/2020	TBD	26,748	16.7%	10.5%	\$864,000	\$32.30	3% annual	NNN
Confidential - Private Owner	Lease	July 2021	TBD	13,374	8.3%	5.3%	\$432,000	\$32.30	3% annual	NNN
Confidential - A/C Maintenance Co	LOI	12/10/2020	TBD	13,374	8.3%	5.3%	\$432,000	\$32.30	3% annual	NNN
Confidential - Consulting Firm	LOI	3/21/2021	TBD	13,374	8.3%	5.3%	\$432,000	\$32.30	3% annual	NNN
Confidential - Private Owner	Lease	6/17/2021	5 YRS	13,374	8.3%	5.3%	\$438,000	\$32.75	3% annual	NNN
Confidential - Consulting Firm	Lease	July 2021	10 YRS	13,374	8.3%	5.3%	\$432,000	\$32.30	3% annual	NNN
Confidential - Aircraft Logistics	LOI	2/11/2021	TBD	13,374	8.3%	5.3%	\$432,000	\$32.30	3% annual	NNN
Total LOIs & Leases				160,488	100.0%	63.2%	\$5,190,000	\$32.34		
Phase 1 SF				160,488						
Phase 2 SF				93,370						
Total SF				253,858						

The remaining (Phase 2) hangar units will be marketed for lease at approximately \$32.50 per square foot, with a net reimbursement structure wherein tenants are responsible for property taxes, insurance, and utilities. Ground rent and management fees are not reimbursed.

SUMMARY OF THE SKY HARBOUR DEVELOPMENT AT MIAMI-OPA LOCKA **EXECUTIVE AIRPORT**

An endorsement of the Sky Harbour concept is represented in the significant pre-leasing commitments that have been executed. Moreover, the listing agent, Millie Hernandez-Becker, has expressed the belief that the development will be fully leased upon delivery of the Phase 1 facility. Ownership, Ms. Hernandez-Becker and other market participants indicated that leasing becomes more robust when vertical improvements have been constructed, noting that many potential aircraft buyers and Sky Harbour customers, will not complete the sale until they are assured they will have a place to park the plane.

Because of the development's attractive physical characteristics, the property is considered to have a wide appeal to a variety of aviation users, including corporate, charter, and those with



Because of the development's attractive physical characteristics, the property is considered to have a wide appeal to a variety of aviation users, including corporate, charter, and those with private aircraft. Moreover, surrounding aviation uses have demonstrated relatively strong operational stability throughout the years. The relative strength of the existing tenants and a reasonable expectation for a similar tenant(s) to round out the occupancy suggests that, as a newly-developed high-end aviation use in a strong market, demand from potential tenants will be reasonably strong. The foregoing should contribute to reasonably positive acceptance for the property, for the foreseeable future, with increasing prospects as the continued heightened uncertainty owing to the ongoing pandemic wanes.

Based on the foregoing, we have estimated the Phase 1 component to achieve stabilized occupancy upon projected delivery in late-2022. We would not expect an extended lease-up period subsequent to completion of the Phase 2 improvements, which we have projected to deliver in late-2023. Beyond the expected completion of the Phase 2 improvements, we have estimated a conservative four-month lease-up period, or stabilized occupancy by early 4th quarter 2024.

CASH FLOW PROJECTIONS

Our analysis included a review of management's cash flow projections for each property. We then applied metrics derived from our market study to generate our own projections. The Opa-Locka cash flow projections are summarized on the following page.

Our market leasing assumptions for Miami-Opa Locka Airport are summarized in the following table. Please refer to the portfolio cash flow roll up discussion for additional assumptions employed in the analysis.

MARKET LEASING ASSUM	PTIONS
Location	OPF
Market Rent (\$/SF/YR)	\$32.50
Concessions (New)	None
Concessions (Renewal)	None
Reimbursements	RET, Ins, Util
Escalations	3.0%
Term	5.0 Yrs.
Leasing Commissions (New)	5.00%
Leasing Commissions (Renewal)	3.00%
Source: CBRE	



Cash Flow Opa-Locka (Amounts in USD)

Puber India Sue Fierr S696,86 \$5,781,699 \$5,781,699 \$5,781,699 \$5,781,699 \$5,781,699 \$1,131,3660 \$0 \$0 \$0 \$0 \$0 \$0 \$0	Opa-Locka (Amounts in USD)											
Rental Revenue Priterial Ray Revenue Priterial Ray Revenue S869,868 \$5,764,699 \$8,554,151 \$8,807,359 \$9,071,380 \$9,318,857 \$9,41,095 \$9,665,593 \$9,948,935 \$10,427,403 \$10,541,121 Advancytion & Turnee Vacancy \$90,806 \$5,054,492 \$8,400,355 \$9,071,380 \$8,270,85 \$9,284,272 \$9,371,164 \$9,48,935 \$10,427,403 \$9,949,765 Strend Ledd Base Revin \$90,806 \$5,054,492 \$8,400,355 \$9,071,380 \$8,270,85 \$9,284,272 \$9,371,164 \$9,48,935 \$10,427,603 \$9,949,765 Strend Ledd Base Revin \$90,806 \$5,054,492 \$8,400,355 \$9,071,380 \$8,270,85 \$9,284,272 \$9,371,164 \$9,48,935 \$10,427,603 \$9,949,765 Strend Ledd Base Revin \$90,806 \$5,054,492 \$9,400,285 \$9,400,355 \$9,071,380 \$8,270,85 \$9,284,272 \$9,371,164 \$9,48,935 \$10,427,603 \$9,949,765 Strend Revenue \$90,806 \$206,692 \$326,377 \$338,988 \$147,463 \$337,386 \$318,659 \$366,264 \$388,354 \$389,172 \$388,772 Total Other Tenant Revenue \$97,806 \$9,711,183 \$9,706,660 \$9,146,347 \$9,149,472 \$9,164,471 \$9,643,181 \$9,906,47 \$10,332,468 \$10,640,525 \$10,366,447 \$9,449,942 \$9,164,471 \$9,643,181 \$9,906,47 \$10,322,468 \$10,640,525 \$10,646,527 \$10,640,647 \$9,449,942 \$9,164,471 \$9,643,181 \$9,906,47 \$10,322,468 \$10,640,525 \$10,666,647 \$10,640,647 \$10,												
Puber India Ruse Feer		<u> 2022</u>	2023	2024	2025	2020	2027	2020	2025	2030	2031	2032
Aborption R Turnomer Vicanopy So (\$595,007) \$131,0669 \$0 \$0 \$0 \$494,1772 \$1676,7373 \$1618,2899 \$0 \$0 \$0 \$1655,0355 \$104,00740 \$9,9984,726 \$1056,000 \$104,00	Rental Revenue											
Scheduled Base Rent \$869,868 \$5,504,492 \$8,40,284 \$8,807,339 \$9,071,580 \$8,827,085 \$9,284,522 \$9,337,164 \$9,948,935 \$10,247,403 \$9,948,726	Potential Base Rent	\$869,868	\$5,763,699	\$8,554,151		\$9,071,580	\$9,318,857	\$9,452,095	\$9,665,993	\$9,948,935	\$10,247,403	\$10,541,121
Total Fernal Revenue	Absorption & Turnover Vacancy	\$0	(\$259,207)	(\$113,866)	\$0	\$0	(\$491,772)	(\$167,573)	(\$128,829)	\$0	\$0	(\$556,395)
Description Properties Pr	Scheduled Base Rent	\$869,868	\$5,504,492	\$8,440,284	\$8,807,359	\$9,071,580	\$8,827,085	\$9,284,522	\$9,537,164	\$9,948,935	\$10,247,403	\$9,984,726
Expense Recoveries	Total Rental Revenue	\$869,868	\$5,504,492	\$8,440,284	\$8,807,359	\$9,071,580	\$8,827,085	\$9,284,522	\$9,537,164	\$9,948,935	\$10,247,403	\$9,984,726
Total Tenar Revenue \$9,094 \$206,692 \$326,375 \$338,988 \$347,463 \$337,386 \$338,695 \$369,264 \$338,334 \$393,122 \$381,721 Total Tenar Revenue \$878,962 \$5,711,183 \$8,766,660 \$9,146,347 \$9,419,042 \$9,164,471 \$9,643,181 \$9,906,427 \$10,332,468 \$10,640,525 \$10,366,447 Protential Gross Revenue \$878,962 \$5,711,183 \$8,766,660 \$9,146,347 \$9,419,042 \$9,164,471 \$9,643,181 \$9,906,427 \$10,332,468 \$10,640,525 \$10,366,447 Vacancy and Credit Loss Vacancy Andromore \$(517,579) \$(3108,986) \$(5112,235) \$(5182,227) \$(5188,381) \$(571,422) \$(5122,936) \$(5126,601) \$(5206,649) \$(212,810) \$(808,890) Total Vacancy and Credit Loss \$861,383 \$3,602,198 \$8,654,425 \$8,963,420 \$9,300,62 \$9,993,049 \$9,520,245 \$9,779,826 \$10,125,819 \$10,427,714 \$10,285,537 Total Vacancy and Credit Loss \$8,654,425 \$8,963,420 \$9,300,62 \$9,993,049 \$9,520,245 \$9,779,826 \$10,125,819 \$10,427,714 \$10,285,537 County Rent OPF \$264,607 \$324,486 \$534,227 \$344,220 \$358,641 \$376,107 \$387,403 \$399,078 \$3	Other Tenant Revenue											
S878,962 \$5,711,183 \$8,766,660 \$9,146,347 \$9,419,042 \$9,164,471 \$9,643,181 \$9,906,427 \$10,332,668 \$10,640,525 \$10,366,447 \$10,401,545 \$10,401,54	Expense Recoveries	\$9,094	\$206,692	\$326,375	\$338,988	\$347,463	\$337,386	\$358,659	\$369,264	\$383,534	\$393,122	\$381,721
Potential Gross Revenue \$878,962 \$5,711,183 \$8,766,660 \$9,146,347 \$9,419,042 \$9,164,471 \$9,643,181 \$9,906,427 \$10,332,468 \$10,640,525 \$10,366,447	Total Other Tenant Revenue	\$9,094	\$206,692	\$326,375	\$338,988	\$347,463	\$337,386	\$358,659	\$369,264	\$383,534	\$393,122	\$381,721
Vacancy and Credit Loss Vacancy Allowance (\$12,579) (\$108,986) (\$112,235) (\$182,927) (\$188,381) (\$71,422) (\$122,936) (\$122,936) (\$126,601) (\$206,649) (\$212,810) (\$80,890) (\$10,800,890) (\$10,800,800) (\$10,800,800) (\$10,800,800) (\$10,800,800) (\$10,800,800) (\$10,800,800) (\$10,800,800) (\$10,800,800) (\$10,800,800) (\$10,800,800) (\$10,800,800) (\$10,800,800) (\$10,800,800) (\$10,800,800) (\$10,800,800) (\$1	Total Tenant Revenue	\$878,962	\$5,711,183	\$8,766,660	\$9,146,347	\$9,419,042	\$9,164,471	\$9,643,181	\$9,906,427	\$10,332,468	\$10,640,525	\$10,366,447
Vacancy Allowance (\$17,579) (\$108,986) (\$112,235) (\$182,927) (\$188,381) (\$71,422) (\$122,936) (\$126,001) (\$206,649) (\$212,810) (\$80,890) (\$108,986) (\$112,235) (\$182,927) (\$188,381) (\$71,422) (\$122,936) (\$122,936) (\$206,649) (\$212,810) (\$80,890) (\$108,980) (Potential Gross Revenue	\$878,962	\$5,711,183	\$8,766,660	\$9,146,347	\$9,419,042	\$9,164,471	\$9,643,181	\$9,906,427	\$10,332,468	\$10,640,525	\$10,366,447
Vacancy Allowance (\$17,579) (\$108,986) (\$112,235) (\$182,927) (\$188,381) (\$71,422) (\$122,936) (\$126,001) (\$206,649) (\$212,810) (\$80,890) (\$108,986) (\$112,235) (\$182,927) (\$188,381) (\$71,422) (\$122,936) (\$122,936) (\$206,649) (\$212,810) (\$80,890) (\$108,980) (Vacancy and Credit Loss											
Total Vacancy and Credit Loss (\$17,579) (\$108,986) (\$112,235) (\$182,927) (\$188,381) (\$71,422) (\$122,936) (\$126,601) (\$206,649) (\$212,810) (\$80,890) (\$10,257,918) (\$10,257	•	(\$17,579)	(\$108,986)	(\$112,235)	(\$182,927)	(\$188,381)	(\$71,422)	(\$122,936)	(\$126,601)	(\$206,649)	(\$212,810)	(\$80,890)
Page	Total Vacancy and Credit Loss											
Accounting/Audit	Effective Gross Revenue	\$861,383	\$5,602,198	\$8,654,425	\$8,963,420	\$9,230,662	\$9,093,049	\$9,520,245	\$9,779,826	\$10,125,819	\$10,427,714	\$10,285,557
Accounting/Audit	Oneveting Europees											
County Rent OPF \$264,607 \$324,486 \$334,227 \$344,250 \$363,642 \$365,214 \$376,167 \$387,450 \$399,078 \$411,048 \$421,193 \$421,048 \$421,193 \$421,048 \$421,193 \$421,048 \$421,193 \$421,049 \$421,025 \$420,049 \$421,025 \$420,049 \$421,025 \$420,049 \$421,025 \$420,049 \$421,025 \$420,049 \$421,025 \$420,049 \$421,045 \$4		\$1.167	\$20.806	¢52 521	¢52 9/15	¢55 101	\$56 570	\$57.085	\$50.424	\$60.920	\$62.443	\$64,004
Ground Rent \$393,239 \$578,952 \$587,634 \$596,316 \$596,316 \$605,262 \$614,208 \$614,208 \$623,418 \$632,628 \$632,628 \$43,028 \$43,020 \$44,020 \$44,020 \$44,020 \$45,040 \$44,020	<u> </u>											
Hangar Op											· · ·	
S28,888 \$194,887 \$288,046 \$295,247 \$302,629 \$310,194 \$317,949 \$325,898 \$334,045 \$342,397 \$350,956 Management \$43,802 \$280,110 \$432,721 \$448,171 \$461,533 \$454,652 \$476,012 \$488,991 \$506,291 \$521,366 \$514,278 \$487,010 \$19,259 \$129,925 \$192,031 \$196,832 \$201,752 \$206,796 \$211,966 \$217,265 \$222,697 \$228,264 \$233,971 \$241,010 \$448,011 \$441,633 \$42,674 \$43,740 \$448,844 \$45,955 \$476,104 \$48,881 \$49,488 \$50,725 \$513,967 \$100,000 \$100,												
Management												
Payroll \$19,259 \$129,925 \$19,031 \$196,832 \$201,752 \$206,796 \$211,966 \$217,265 \$222,697 \$228,264 \$233,971 Utilities												
Utilities		· · ·	<u> </u>	<u> </u>			. ,		<u> </u>			
Total Operating Expenses \$798,590 \$1,606,956 \$1,969,871 \$2,019,408 \$2,067,928 \$2,087,727 \$2,145,551 \$2,186,792 \$2,242,333 \$2,296,446 \$2,317,768 Net Operating Income \$62,792 \$3,995,242 \$6,684,554 \$6,944,012 \$7,162,733 \$7,005,322 \$7,374,695 \$7,593,035 \$7,883,486 \$8,131,268 \$7,967,789 Non-Operating Expenses												
Non-Operating Expenses \$12,170 \$28,643 \$34,672 \$35,539 \$36,428 \$37,338 \$38,272 \$39,228 \$40,209 \$41,214 \$42,245	Total Operating Expenses											
Non-Operating Expenses \$12,170 \$28,643 \$34,672 \$35,539 \$36,428 \$37,338 \$38,272 \$39,228 \$40,209 \$41,214 \$42,245	Net Operating Income	\$62.792	\$3.995.242	\$6.684.554	\$6.944.012	\$7.162.733	\$7.005.322	\$7.374.695	\$7.593.035	\$7.883.486	\$8.131.268	\$7.967.789
Replacement reserves \$12,170 \$28,643 \$34,672 \$35,539 \$36,428 \$37,338 \$38,272 \$39,228 \$40,209 \$41,214 \$42,245		, , , ,	1 - 7 7	1 - 7 7	1 - 7 - 7 -	, , , , , , ,	1 //-	1 /- /	, ,,	, ,,	12, 2, 22	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Total Non-Operating Expenses \$12,170 \$28,643 \$34,672 \$35,539 \$36,428 \$37,338 \$38,272 \$39,228 \$40,209 \$41,214 \$42,245 Leasing Costs Leasing Commissions \$1,385,473 \$471,802 \$362,718 \$0 \$0 \$1,096,572 \$280,240 \$383,024 \$0 \$0 \$0 Total Leasing Costs \$1,385,473 \$471,802 \$362,718 \$0 \$0 \$1,096,572 \$280,240 \$383,024 \$0 \$0 \$0 Capital Expenditures Construction costs \$54,081,709 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Total Capital Expenditures \$54,081,709 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Total Capital Costs \$55,467,182 \$471,802 \$362,718 \$0 \$0 \$0 \$1,096,572 \$280,240 \$383,024 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0		ć12 170	¢20.642	¢24.672	¢25 520	¢26 420	¢27.220	¢20.272	¢20.220	¢40.200	Ć41 214	Ć42.245
Leasing Costs Leasing Commissions \$1,385,473 \$471,802 \$362,718 \$0 \$0 \$1,096,572 \$280,240 \$383,024 \$0 \$0 Total Leasing Costs \$1,385,473 \$471,802 \$362,718 \$0 \$0 \$1,096,572 \$280,240 \$383,024 \$0 \$0 \$0 Capital Expenditures Construction costs \$54,081,709 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Total Capital Expenditures \$54,081,709 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Total Leasing & Capital Costs \$55,467,182 \$471,802 \$362,718 \$0 \$0 \$1,096,572 \$280,240 \$383,024 \$0 \$0 \$0	· ·											
Leasing Commissions \$1,385,473 \$471,802 \$362,718 \$0 \$0 \$1,096,572 \$280,240 \$383,024 \$0 \$0 \$0 Total Leasing Costs \$1,385,473 \$471,802 \$362,718 \$0 \$0 \$1,096,572 \$280,240 \$383,024 \$0 \$0 \$0 Capital Expenditures Construction costs \$54,081,709 \$0 <	Total Non-Operating Expenses	\$12,170	\$28,643	\$34,672	\$35,539	\$30,428	\$37,338	\$38,272	\$39,228	\$40,209	\$41,214	\$42,245
Total Leasing Costs \$1,385,473 \$471,802 \$362,718 \$0 \$0 \$1,096,572 \$280,240 \$383,024 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	Leasing Costs											
Capital Expenditures Construction costs \$54,081,709 Total Capital Expenditures \$54,081,709 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0												
Construction costs \$54,081,709 Total Capital Expenditures \$54,081,709 \$0 <td>Total Leasing Costs</td> <td>\$1,385,473</td> <td>\$471,802</td> <td>\$362,718</td> <td>\$0</td> <td>\$0</td> <td>\$1,096,572</td> <td>\$280,240</td> <td>\$383,024</td> <td>\$0</td> <td>\$0</td> <td>\$0</td>	Total Leasing Costs	\$1,385,473	\$471,802	\$362,718	\$0	\$0	\$1,096,572	\$280,240	\$383,024	\$0	\$0	\$0
Total Capital Expenditures \$54,081,709 \$0	Capital Expenditures											
Total Leasing & Capital Costs \$55,467,182 \$471,802 \$362,718 \$0 \$0 \$1,096,572 \$280,240 \$383,024 \$0 \$0 \$0	Construction costs											
	Total Capital Expenditures	\$54,081,709	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow Before Debt Service (\$55,416,560) \$3,494,797 \$6,287,164 \$6,908,473 \$7,126,306 \$5,871,412 \$7,056,183 \$7,170,783 \$7,843,277 \$8,090,053 \$7,925,544	Total Leasing & Capital Costs	\$55,467,182	\$471,802	\$362,718	\$0	\$0	\$1,096,572	\$280,240	\$383,024	\$0	\$0	\$0
	Cash Flow Before Debt Service	(\$55,416,560)	\$3,494,797	\$6,287,164	\$6,908,473	\$7,126,306	\$5,871,412	\$7,056,183	\$7,170,783	\$7,843,277	\$8,090,053	\$7,925,544

Note: Construction costs & Ground Rent during construction are capitalized

Cash Flow
Opa-Locka (Amounts in USD)

Opa-Locka (Amounts in USD)											
	Forecast										
	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>
Rental Revenue											
Potential Base Rent	\$10,853,339	\$11,128,549	\$11,449,395	\$11,792,877	\$12,146,663	\$12,320,359	\$12,570,428	\$12,922,458	\$13,310,132	\$13,709,436	\$13,922,935
Absorption & Turnover Vacancy	(\$142,192)	(\$194,344)	\$0	\$0	\$0	(\$645,248)	(\$384,782)	\$0	\$0	\$0	(\$730,039)
Scheduled Base Rent	\$10,711,146	\$10,934,205	\$11,449,395	\$11,792,877	\$12,146,663	\$11,675,111	\$12,185,645	\$12,922,458	\$13,310,132	\$13,709,436	\$13,192,896
Total Rental Revenue	\$10,711,146	\$10,934,205	\$11,449,395	\$11,792,877	\$12,146,663	\$11,675,111	\$12,185,645	\$12,922,458	\$13,310,132	\$13,709,436	\$13,192,896
Other Tenant Revenue											
Expense Recoveries	\$407,599	\$415,934	\$433,933	\$444,781	\$455,901	\$442,680	\$464,300	\$490,955	\$503,229	\$515,810	\$500,852
Total Other Tenant Revenue	\$407,599	\$415,934	\$433,933	\$444,781	\$455,901	\$442,680	\$464,300	\$490,955	\$503,229	\$515,810	\$500,852
Total Tenant Revenue	\$11,118,745	\$11,350,139	\$11,883,328	\$12,237,658	\$12,602,564	\$12,117,791	\$12,649,945	\$13,413,414	\$13,813,361	\$14,225,246	\$13,693,748
Potential Gross Revenue	\$11,118,745	\$11,350,139	\$11,883,328	\$12,237,658	\$12,602,564	\$12,117,791	\$12,649,945	\$13,413,414	\$13,813,361	\$14,225,246	\$13,693,748
Vacancy and Credit Loss											
Vacancy Allowance	(\$142,095)	(\$146,332)	(\$237,667)	(\$244,753)	(\$252,051)	(\$94,985)	(\$165,174)	(\$268,268)	(\$276,267)	(\$284,505)	(\$107,215)
Total Vacancy and Credit Loss	(\$142,095)	(\$146,332)	(\$237,667)	(\$244,753)	(\$252,051)	(\$94,985)	(\$165,174)	(\$268,268)	(\$276,267)	(\$284,505)	(\$107,215)
Effective Gross Revenue	\$10,976,650	\$11,203,807	\$11,645,662	\$11,992,905	\$12,350,513	\$12,022,806	\$12,484,771	\$13,145,145	\$13,537,094	\$13,940,741	\$13,586,533
Operating Expenses											
Accounting/Audit	\$65,604	\$67,244	\$68,926	\$70,649	\$72,415	\$74,225	\$76,081	\$77,983	\$79,933	\$81,931	\$83,979
County Rent OPF	\$432,048	\$443,022	\$454,323	\$465,954	\$477,942	\$490,293	\$503,016	\$516,117	\$529,614	\$543,516	\$557,832
Ground Rent	\$642,120	\$651,612	\$651,612	\$661,386	\$671,160	\$671,160	\$681,228	\$691,296	\$691,296	\$701,670	\$712,044
Hangar Op	\$49,963	\$51,212	\$52,492	\$53,804	\$55,149	\$56,528	\$57,941	\$59,390	\$60,875	\$62,396	\$63,956
Insurance	\$359,730	\$368,724	\$377,942	\$387,390	\$397,075	\$407,002	\$417,177	\$427,606	\$438,297	\$449,254	\$460,485
Management	\$548,832	\$560,190	\$582,283	\$599,645	\$617,526	\$601,140	\$624,239	\$657,257	\$676,855	\$697,037	\$679,327
Payroll	\$239,820	\$245,816	\$251,961	\$258,260	\$264,717	\$271,335	\$278,118	\$285,071	\$292,198	\$299,503	\$306,990
Utilities	\$53,293	\$54,626	\$55,991	\$57,391	\$58,826	\$60,297	\$61,804	\$63,349	\$64,933	\$66,556	\$68,220
Total Operating Expenses	\$2,391,411	\$2,442,446	\$2,495,530	\$2,554,480	\$2,614,810	\$2,631,980	\$2,699,604	\$2,778,069	\$2,833,999	\$2,901,863	\$2,932,834
Net Operating Income	\$8,585,238	\$8,761,361	\$9,150,132	\$9,438,425	\$9,735,703	\$9,390,826	\$9,785,167	\$10,367,076	\$10,703,095	\$11,038,878	\$10,653,699
Non-Operating Expenses											
Replacement reserves	\$43,301	\$44,383	\$45,493	\$46,630	\$47,796	\$48,991	\$50,216	\$51,471	\$52,758	\$54,077	\$55,429
Total Non-Operating Expenses	\$43,301	\$44,383	\$45,493	\$46,630	\$47,796	\$48,991	\$50,216	\$51,471	\$52,758	\$54,077	\$55,429
Leasing Costs											
Leasing Commissions	\$1,271,687	\$758,349	\$0	\$0	\$0	\$1,438,797	\$858,002	\$0	\$0	\$0	\$1,627,867
Total Leasing Costs	\$1,271,687	\$758,349	\$0	\$0	\$0	\$1,438,797	\$858,002	\$0	\$0	\$0	\$1,627,867
Capital Expenditures											
Construction costs											
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	44.074.607	ć7F0 240	ćo	ćo	\$0	¢1 420 707	¢050.000	\$0	\$0	\$0	\$1,627,867
Total Leasing & Capital Costs	\$1,271,687	\$758,349	\$0	\$0	\$0	\$1,438,797	\$858,002	ŞU	ŞÜ	ŞU	\$1,027,807

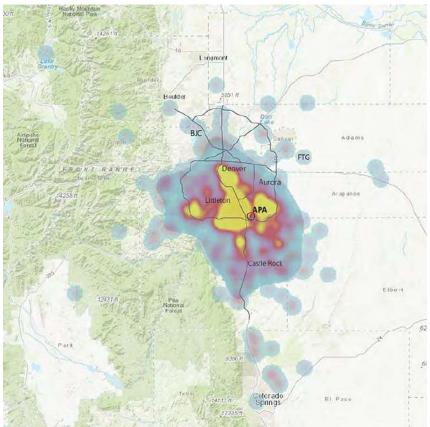
Note: Construction costs & Ground Rent during construction are capitalized

Cash Flow
Opa-Locka (Amounts in USD)

Opa-Locka (Amounts in USD)											
	Forecast										
	<u>2044</u>	<u>2045</u>	<u>2046</u>	<u>2047</u>	<u>2048</u>	<u>2049</u>	<u>2050</u>	<u>2051</u>	<u>2052</u>	<u>2053</u>	<u>2054</u>
Rental Revenue											
Potential Base Rent	\$14,198,114	\$14,584,957	\$15,022,505	\$15,473,180	\$15,733,944	\$16,036,515	\$16,461,241	\$16,955,078	\$17,463,730	\$17,780,494	\$18,112,904
Absorption & Turnover Vacancy	(\$435,346)	\$0	\$0	\$0	(\$825,972)	(\$492,554)	\$0	\$0	\$0	(\$934,511)	(\$557,280)
Scheduled Base Rent	\$13,762,768	\$14,584,957	\$15,022,505	\$15,473,180	\$14,907,973	\$15,543,961	\$16,461,241	\$16,955,078	\$17,463,730	\$16,845,983	\$17,555,624
Total Rental Revenue	\$13,762,768	\$14,584,957	\$15,022,505	\$15,473,180	\$14,907,973	\$15,543,961	\$16,461,241	\$16,955,078	\$17,463,730	\$16,845,983	\$17,555,624
Other Tenant Revenue											
Expense Recoveries	\$525,313	\$555,471	\$569,358	\$583,592	\$566,668	\$594,343	\$628,465	\$644,176	\$660,281	\$641,132	\$672,445
Total Other Tenant Revenue	\$525,313	\$555,471	\$569,358	\$583,592	\$566,668	\$594,343	\$628,465	\$644,176	\$660,281	\$641,132	\$672,445
Total Tenant Revenue	\$14,288,081	\$15,140,428	\$15,591,863	\$16,056,772	\$15,474,640	\$16,138,305	\$17,089,705	\$17,599,254	\$18,124,011	\$17,487,115	\$18,228,069
Potential Gross Revenue	\$14,288,081	\$15,140,428	\$15,591,863	\$16,056,772	\$15,474,640	\$16,138,305	\$17,089,705	\$17,599,254	\$18,124,011	\$17,487,115	\$18,228,069
Vacancy and Credit Loss											
Vacancy Allowance	(\$186,442)	(\$302,809)	(\$311,837)	(\$321,135)	(\$121,018)	(\$210,446)	(\$341,794)	(\$351,985)	(\$362,480)	(\$136,598)	(\$237,540)
Total Vacancy and Credit Loss	(\$186,442)	(\$302,809)	(\$311,837)	(\$321,135)	(\$121,018)	(\$210,446)	(\$341,794)	(\$351,985)	(\$362,480)	(\$136,598)	(\$237,540)
Effective Gross Revenue	\$14,101,639	\$14,837,619	\$15,280,026	\$15,735,637	\$15,353,622	\$15,927,859	\$16,747,911	\$17,247,269	\$17,761,530	\$17,350,517	\$17,990,530
Operating Expenses											
Accounting/Audit	\$86,079	\$88,231	\$90,436	\$92,697	\$95,015	\$97,390	\$99,825	\$102,320	\$104,878	\$107,500	\$110,188
County Rent OPF	\$572,577	\$587,766	\$603,411	\$656,520	\$676,218	\$696,501	\$715,404	\$715,404	\$715,404	\$715,404	\$715,404
Ground Rent	\$712,044	\$722,724	\$733,404	\$733,404	\$744,402	\$755,400	\$755,400	\$755,400	\$755,400	\$755,400	\$755,400
Hangar Op	\$65,555	\$67,194	\$68,874	\$70,596	\$72,361	\$74,170	\$76,024	\$77,925	\$79,873	\$81,869	\$83,916
Insurance	\$471,997	\$483,797	\$495,892	\$508,290	\$520,997	\$534,022	\$547,372	\$561,057	\$575,083	\$589,460	\$604,197
Management	\$705,082	\$741,881	\$764,001	\$786,782	\$767,681	\$796,393	\$837,396	\$862,363	\$888,077	\$867,526	\$899,526
Payroll	\$314,665	\$322,532	\$330,595	\$338,860	\$347,331	\$356,015	\$364,915	\$374,038	\$383,389	\$392,973	\$402,798
Utilities	\$69,926	\$71,674	\$73,466	\$75,302	\$77,185	\$79,114	\$81,092	\$83,120	\$85,197	\$87,327	\$89,511
Total Operating Expenses	\$2,997,925	\$3,085,798	\$3,160,079	\$3,262,450	\$3,301,189	\$3,389,004	\$3,477,428	\$3,531,626	\$3,587,301	\$3,597,461	\$3,660,940
Net Operating Income	\$11,103,715	\$11,751,821	\$12,119,947	\$12,473,186	\$12,052,433	\$12,538,854	\$13,270,483	\$13,715,643	\$14,174,230	\$13,753,057	\$14,329,590
Non-Operating Expenses											
Replacement reserves	\$56,815	\$58,235	\$59,691	\$61,183	\$62,713	\$64,280	\$65,887	\$67,535	\$69,223	\$70,954	\$72,727
Total Non-Operating Expenses	\$56,815	\$58,235	\$59,691	\$61,183	\$62,713	\$64,280	\$65,887	\$67,535	\$69,223	\$70,954	\$72,727
Leasing Costs											
Leasing Commissions	\$970,751	\$0	\$0	\$0	\$1,841,782	\$1,098,315	\$0	\$0	\$0	\$2,083,808	\$1,242,643
Total Leasing Costs	\$970,751	\$0	\$0	\$0	\$1,841,782	\$1,098,315	\$0	\$0	\$0	\$2,083,808	\$1,242,643
Capital Expenditures											
Construction costs										<u> </u>	
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$970,751	\$0	\$0	\$0	\$1,841,782	\$1,098,315	\$0	\$0	\$0	\$2,083,808	\$1,242,643
Cash Flow Before Debt Service	\$10,076,150	\$11,693,586	\$12,060,256	\$12,412,003	\$10,147,938	\$11,376,259	\$13,204,596	\$13,648,108	\$14,105,007	\$11,598,296	\$13,014,220

Note: Construction costs & Ground Rent during construction are capitalized

Centennial Airport (APA)



GREATER DENVER AREA

The city and county of Denver is the capital and the most populous city of Colorado, located in the South Platte River Valley on the High Plains just east of the Front Range of the Southern Rocky Mountains. Denver is nicknamed the Mile-High City because its official elevation is exactly one mile, or 5,280 feet (1,609 m), above sea level. It is the second largest city in the Mountain West, after Phoenix, and has the 10th largest central business district in the United States, according to New World Encyclopedia.

As the second largest city in the vast region between the Missouri River and the Pacific states, Denver serves as a transportation, industrial, and commercial hub and is a center of hightechnology industries. Major businesses include telecommunications, aviation and aerospace, software, financial and business services, and health care. Tourism is also primary economic factor. The Denver branch of the U.S. Mint (opened as a mint in 1906) produces about half of circulating U.S. coinage and is the nation's second largest gold depository. Denver International Airport (DEN), one of the country's largest, opened in 1995 and is located about 23 miles northwest of the city.



Fortune 500 Companies

As of May 2020, three companies on the Fortune 500 list are headquartered in the Denver metro area, as summarized in the following table.

F	ortune 500 Companies Hea	dquartered in De	nver, 2020								
Rank	Company	Employees	Revenues (\$ Billion)								
230	DaVita	65,000	14.1								
298	Molson Coors Beverage	17,700	10.6								
413	DCP Midstream	2,250	7.6								
449	Ovintiv	2,571	6.7								
Source	Source: Fortune, May, 2020										

Although in 2020 relatively few Fortune 500 companies were headquartered in Denver, advanced industries are redefining Colorado's economy as private investment grows in aerospace, advanced manufacturing, bioscience, electronics, information technology, craft beer, and cannabis. These specialty industries are providing additional growth paths and employment opportunities to the mainstays of Colorado's economy that include Agriculture & Food; Defense & Homeland Security; Energy and Natural Resources and Tourism.

CITY OF CENTENNIAL

Centennial Airport, formerly Arapahoe County Airport, lies adjacent to the city of Centennial, but is located in unincorporated Arapahoe County. The airport is not named after the city, as it predates the city by over 30 years.

Centennial is a suburban locale situated just south of the Denver metro area in Arapahoe County and is one of Colorado's newest and largest cities. Centennial was ranked as the fourth Best Place to Live in America by USA Today in 2015 and has been thriving since its 2001 incorporation. It is considered one of Colorado's safest cities and is now the 10th most populous municipality of the 421 in the state. Centennial covers 27.9 square miles and is roughly divided in half by Interstate 25, with most of its business and entertainment centers situated west of the highway. The city's boundaries are highly irregular, particularly the overwhelmingly-residential eastern portions of the city.

Centennial has many hills, gullies and ravines, and its open spaces include many recreational trails and parks, including Dry Creek Dam, DeKoevend Park, the Highline Canal Trail, Willow Creek Trail, as well as Big Dry Creek and Little Dry Creek Trails. The area hosts most native wildlife and is a good reflection of Colorado's front range ecosystem.

The city was incorporated on a promise to keep city sales taxes at 1%. (One of the campaigns against incorporation appealed to voters to maintain the 3.8% sales tax of the unincorporated

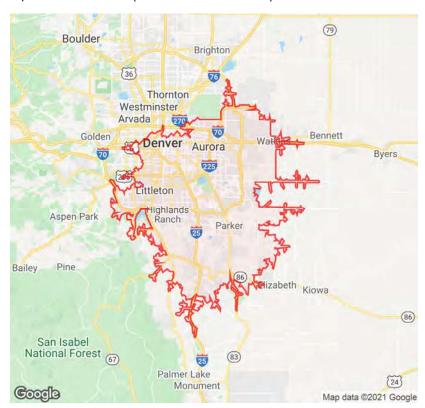


county.) According to the City of Centennial website, the current sales tax rate is two-and-a-half times the promised rate, at 2.5%.

Centennial Airport Service Area

The airport service area is generally defined as the geographic region served by an airport. The National Plan of Integrated Airport Systems (NPIAS) developed by the FAA defines service area as being within a 30-minute drive time from a given airport, which often translates into 20 miles or more. The number of competing public-use airports, however, can both widen or contract the service area depending on various users perceived level of service and amenities offered at a given airport. Given Centennial Airport's facilities, including well-established infrastructure, a competitive rate structure, and convenient access to the Denver metropolitan area, it is reasonable to assume that users would be willing to travel a bit further to conduct operations at APA. Therefore, we employ a 30-minute and 60-mile drive in the analysis, with a primary focus on the 30-minute drive time.

The Centennial Airport service area (30-minute drive time) is illustrated in the following graphic.





Service Area Demographics

7565 S Peoria St, Englewood, CO	30 Min. Drive Time	60 Mile Drive	State	US
Population				
2025 Total Population	1,958,554	4,359,063	6,283,296	346,021,282
2020 Total Population	1,807,992	4,035,915	5,857,922	333,793,107
2010 Total Population	1,521,777	3,420,143	5,029,196	308,745,538
2000 Total Population	1,283,837	2,914,032	4,301,261	281,421,906
Annual Growth 2020 - 2025	8.33%	8.01%	7.26%	3.66%
Annual Growth 2010 - 2020	18.81%	18.00%	16.48%	8.11%
Annual Growth 2000 - 2010	18.53%	17.37%	16.92%	9.71%
Households				
2025 Total Households	783,111	1,702,194	2,448,665	130,658,485
2020 Total Households	723,755	1,578,196	2,285,136	126,083,849
2010 Total Households	611,460	1,347,069	1,972,686	116,716,292
2000 Total Households	515,277	1,134,451	1,658,238	105,480,101
Annual Growth 2020 - 2025	8.20%	7.86%	7.16%	3.63%
Annual Growth 2010 - 2020	18.37%	17.16%	15.84%	8.03%
Annual Growth 2000 - 2010	18.67%	18.74%	18.96%	10.65%
Income				
2020 Average Household Income	\$112,001	\$108,000	\$99,278	\$90,054
2020 Per Capita Income	\$44,893	\$42,287	\$38,826	\$34,136
2025 Average Household Income	\$124,973	\$120,174	\$110,429	\$99,510
2025 Per Capita Income	\$50,026	\$46,978	\$43,127	\$37,691
Average Annual Growth 2020-2025				
Average Household Income	2.22%	2.16%	2.15%	2.01%
Per Capita Income	2.19%	2.13%	2.12%	2.00%

Both the 30-minute and 60-mile APA service areas have experienced significant population and household growth since 2000; a trend that is projected to continue into the foreseeable future, albeit at a more moderate pace. Growth in the area has generally outpaced the nation since 2000 and is projected to continue to surpass national growth projections.

Using LinkedIn profiles, Bloomberg found Denver ranked No. 8 for the most-moved-to city in the United States from April 2020 to October 2020. The analysis compared the number of people leaving and entering zip codes among the 174 million U.S. based LinkedIn users.

Average household income in the APA 30-minute drive service area is currently 12.82% higher than the state, and 24.37% higher than the US average. Per capita Income is 15.63% higher than the state and 31.51% higher than the nation. Growth in average household and per capita income in the APA 30-minute drive service area is projected to exceed the state and nation, and is projected to remain well ahead of the state and nation.

As the demographic data suggests, the area surrounding Centennial Airport is comprised of upper-class individuals. Further ESRI data also indicates that homes in the immediate vicinity are priced in the millions.



The area surrounding Centennial Airport is comprised of the Inverness, Dove Valley, and Meridan business parks. These are a mix of office, flex, and light industrial uses, primarily constructed during the late 1990s/early-2000s, and are a combination of office/warehouse, flex, and R&D facilities and are one of the major employment centers in the southeast Denver metro area.

Additionally, within the service area is southeast Denver's largest employment center, known as The Denver Technology Center (DTC). The DTC was created in 1962 on 40 acres. Today, the DTC encompasses over 870 acres surrounding the junction of I-25 and the I-225 corridors. Approximately half of the DTC is located in the city of Greenwood Village with the other half in the city and county of Denver. Greenwood Plaza North and South are the anchors to the office park development on the west side of I-25, between Belleview Avenue to the north and Arapahoe Road to the south. The DTC and Greenwood Plaza are the most prominent mixed-use commercial developments in the southeast metro area and are readily identifiable gateways into Greenwood Village and the Southeast Corridor. The Southeast submarket of metropolitan Denver along the Interstate 25 Corridor is the largest suburban office market in the area with over 33 million square feet of office space, which accounts for approximately 31% of the total Denver MSA office inventory. The DTC is the home to numerous corporate headquarters and regional headquarters facilities.

CENTENNIAL AIRPORT





Centennial Airport (APA) is a publicly owned airport; owned and operated the Arapahoe County Public Airport authority. A portion of the runways extend into Douglas County. Centennial Airport is an international airport with continuous U.S. Customs services. The airport covers approximately 1,315 acres and has three asphalt runways: 17L/35R is 10,001 x 100 feet; 17R/35L is 7,000 x 77 feet; and 10/28 is 4,800 x 75 feet.

The airport serves Denver and surrounding areas and is classified as a National airport according to FAA National Asset Report. It is generally regarded as a general aviation airport and has five Fixed Base Operators (FBOs): Denver jetCenter, TAC Air, Modern Aviation, Signature Flight Support, and The Heliplex.

Facilities at the airport include hangars and tiedowns for aircraft parking and 100LL fuel and JET-A fuel available. Air traffic is coordinated by the airport's FAA contract control tower, which is attended 24 hours a day, 7 days per week. Services available at Centennial Airport include aircraft repair and maintenance services, including airframe, power plant and avionics repair. The airport includes a US Custom Service facility on the airfield.

APA is the largest general aviation airport in the system, and it is designated as a reliever to Denver International Airport. Airports within this category are located in, or proximate to, major metropolitan areas and provide alternative airport facilities for general aviation users to relieve congestion at the larger Commercial Service airports. Reliever airports have, or must be forecast to have, 100-based aircraft or 25,000 annual itinerant operations. Reliever airports generally serve population centers of 250,000 or more.

Notably, Centennial Airport (APA) ranks #10 in the FAA's Top Ten Airports for Domestic Business Jet Operations, as illustrated in the following graphic depicting Enhanced Traffic Management System Counts (ETMSC) from the FAA Air Traffic Airspace (ATA) Lab's May 2021 report.



Centennial Airport is the busiest of Denver's general aviation airports. As a reliever for Denver International airport, Centennial Airport is well-positioned to benefit from increased demand

generated by Denver's business district, growing population and projections of significant corporate migration to the area.

Runways

	APA RUNWAY CHARACTERISTICS										
Runway	Length (Ft)	Width (Ft)	Instrument								
17L/35R	10,001	100	ILS/DME								
17R/35L	7,001	75	None								
10/28	4,800	75	None								
Source: FAA A	DIP										

APA features one runway with ILS capability that can accommodate commercial aircraft as well as corporate and private jets.

Airport Operations

FAA data regarding Centennial Airport operations are summarized in the following table.

		APA H	ISTORICAL /	AND PROJEC	CTED AIRCR	AFT OPERATI	ONS		
		ltinera	nt Operat	ions		Loc	al Operati	ons	
		Air Taxi &							TOTAL
FY	Air Carrier	Commuter	GA	Military	TOTAL	Civil	Military	TOTAL	OPS
2018	97	32,045	137,653	3836	173,631	163,040	1,327	164,367	337,998
2019	171	32,904	145,435	3,568	182,078	166,795	1,076	167,871	349,949
2020	54	35,713	125,835	2,991	164,593	165,687	721	166,408	331,001
2021*	137	33,389	145,549	3,577	182,652	168,192	1,059	169,251	351,903
2022*	137	33,755	145,986	3,577	183,455	168,710	1,059	169,769	353,224
2023*	137	34,127	146,424	3,577	184,265	169,230	1,059	170,289	354,554
2024*	137	34,503	146,864	3,577	185,081	169,751	1,059	170,810	355,891
2025*	137	34,883	147,305	3,577	185,902	170,274	1,059	171,333	357,235
2026*	137	35,266	147,747	3,577	186,727	170,798	1,059	171,857	358,584
2027*	137	35,651	148,191	3,577	187,556	171,324	1,059	172,383	359,939
2028*	137	36,042	148,636	3,577	188,392	171,851	1,059	172,910	361,302
2029*	137	36,436	149,082	3,577	189,232	172,380	1,059	173,439	362,671
2030*	137	36,838	149,529	3,577	190,081	172,910	1,059	173,969	364,050
2031*	137	37,241	149,978	3,577	190,933	173,442	1,059	174,501	365,434
2032*	137	37,650	150,428	3,577	191,792	173,976	1,059	175,035	366,827
2033*	137	38,061	150,880	3,577	192,655	174,511	1,059	175,570	368,225
2034*	137	38,482	151,333	3,577	193,529	175,049	1,059	176,108	369,637
2035*	137	38,905	151,788	3,577	194,407	175,587	1,059	176,646	371,053
2036*	137	39,333	152,244	3,577	195,291	176,128	1,059	177,187	372,478
2037*	137	39,764	152,701	3,577	196,179	176,670	1,059	177,729	373,908

Source: Historic data derived from FAA OPSNET; Forecast data via FAA TAF

The data presented is comprised of a mix of sources: Historic data has been retrieved from FAA OPSNET, as it is the only actual data available regarding operations. Projections have been retrieved from FAA TAF data.



Between 2018 and 2019, Centennial Airport experienced a 3.54% increase in overall operations. Total general aviation operations increased 5.65%, and local civil operations increased 2.30%. The effects of the COVID-19 pandemic can be seen in the change from 2019 to 2020: total operations at APA decreased 5.41%, general eviation declined 13.48%, and civil operations declined 0.66%. The significant increase in projected operations from 2020 to 2021 is largely attributable to the fact that TAF forward-looking data was produced prior to the pandemic, and does not consider its ongoing effects.

As illustrated, nominal growth is projected in overall operations through 2037. The strength of an FBO can be determined, in part, by the amount of operations attributable to general aviation (GA), iterant and based. Low number of annual operations indicates low activity, which translates to minimal fuel sales, the primary revenue source for FBOs. Few aircraft flying means low fuel sales, which equals low FBO revenue. As illustrated in the previous table, 2019 actual FAA data for GA operations at APA indicate that 89% of the airport's operations were dedicated to iterant and based GA, which suggests a relatively healthy FBO. We exclude 2020 from this observation, as it is considered an atypical year.

COLORADO AVIATION SYSTEM PLAN (CASP) 2020 TECHNICAL REPORT

The Colorado Aviation System Plan (CASP) is an analysis used by the CDOT Division of Aeronautics to identify and prioritize aviation facility and service needs and to reflect changes in the aviation industry, activity levels and more.

GA Operations Forecast

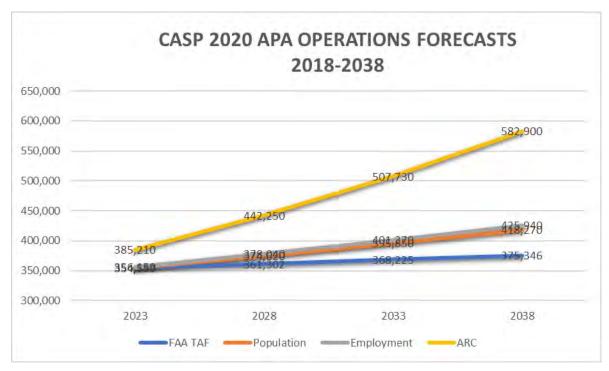
The study is developed at the state level, but is guided by FAA via thr National Plan of Integrated Airport Systems (NPIAS). Three different forecasting methodologies were utilized to determine the most reliable forecast estimates for General Aviation (GA) operations:

- 1. Population Growth by County the method examines the direct relationship between operations and the population of the county in which the airport is located. The assumption inherent in the methodology is that the number of based aircraft will expand or contract in concert with population changes.
- 2. Employment Growth Rates by County this methodology assumes a direct relationship between an airport's operations and the county's employment rates. This method focuses on economic activity, correlating it with potential changes in total operations.



3. Airport Reference Code (ARC) Category Growth Rate – an airport's ARC is defined by the FAA as, a "designation that signifies the airport's highest Runway Design Code (RDC)," which identifies the largest and/or heaviest aircraft that the airport's longest runway is able to accommodate under normal conditions. This methodology is based on the fact that smaller aircraft can utilize any runway; however an airport's operations can be restricted by its inability to safely handle larger aircraft. This methodology assigns a specific growth rate based on the airport's ARC designation.

Overall, all three projections anticipate growth for Colorado operations for the next 20 years ranging between 1.23% and 1.80% through 2038. Centennial Airport's growth rates via the three methodologies are presented in the following graph, along with the FAA TAF projections previously discussed.



The ARC growth rate was determined as the preferred methodology for future estimates of GA operations for the CASP, as this approach considers each airport's design and capability to serve specific types of aircraft and applies FAA growth rate predictions for aircraft by type. Under the preferred ARC methodology, Centennial Airport is estimated to experience an additional 197,690 annual operations by 2038, or an annual growth rate of 2.09% over the 20-year period from 2018 to 2038 (CASP baseline 2018 data was 335,530 operations). We note that APA's projected 247,370 additional operations



represents 54.4% of the overall 454,960 additional operations projected for all of GA in the Colorado system.

Based Aircraft

Based aircraft are aircraft typically stored at the airport, requiring a parking position either on the apron or in a hangar. The tenants (pilots, aircraft owners, etc.) choose between these two options according to their aircraft's characteristics (size, condition, age, needs, etc.) and based on space availability, price, location, weather and other considerations (maintenance, storage of parts, frequency of usage, etc.).

Based general aviation aircraft that are regularly flown equate to significant purchases of jet fuel, which is the primary revenue source for FBOs. Fewer based aircraft typically equates to lower total fuel sales, and FBOs encourage based aircraft tenants to consume/purchase as much fuel as possible.

The most recent data regarding based aircraft at Centennial Airport are summarized in the following table.

APA BASED AIRCRAFT									
Туре	# of A/C								
Single Engine	585								
Multi-Engine	100								
Jet	144								
Helicopters	23								
Military	0								
Gliders	1								
Total	853								
Source:FAA as of 2019									

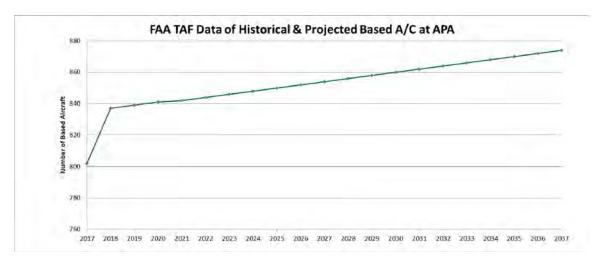
According to January 2019 FAA data, the airport accommodated 853 based aircraft. As previously noted, the FAA ranks Centennial Airport 9th in the US for business jet operations, which would suggest a higher number of based aircraft at the airport.

FAA TERMINAL AREA FORECAST (TAF) PROJECTIONS

The Terminal Area Forecast (TAF) contains historical and forecast data for enplanements, airport operations, Terminal Radar Approach Control (TRACON) operations, and based aircraft. The data cover FAA-towered airports, Federal contract tower airports, TRACON facilities and non-FAA airports. Data in the TAF are presented on a U.S. Government fiscal year basis (October through September). FAA projections for based aircraft at APA



from their January 2020 report (most recent available) are summarized in the following table.



According to the FAA, the TAF assumes a demand-driven forecast for aviation services based upon local and national economic conditions as well as conditions within the aviation industry. In other words, an airport's forecast is developed independent of the ability of the airport and air traffic control system to furnish the capacity required to meet demand. However, if the airport historically functions under constrained conditions, the FAA forecast may reflect those constraints since they are embedded in historical data. In statistical terms, the relationships between economic growth data and data representing growth in aviation activity reflect those constraints.

The FAA estimates that there were 802 based aircraft at APA in 2017. The number of based aircraft increased to 837 (4.0% increase) in 2018. Nominal annual growth is projected through 2037.

COLORADO AVIATION SYSTEM PLAN (CASP) 2020 TECHNICAL REPORT

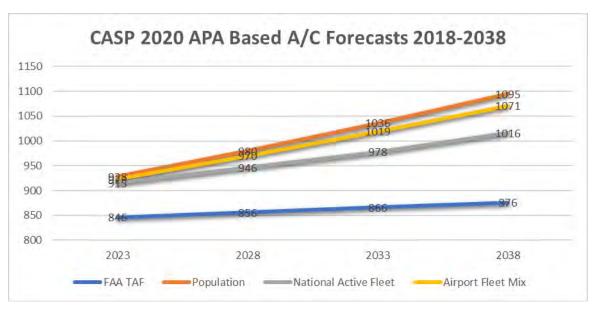
Based Aircraft Analysis

Again, three different methodologies were developed to project General Aviation based aircraft for the CASP:

- Population Growth by County the method examines the direct relationship between based aircraft and the population of the county in which the airport is located. The assumption inherent in the methodology is that the number of based aircraft will expand or contract in concert with population changes.
- 2. National Active Fleet this methodology assumes a relationship between an airport's market share capture or ratio of the system's total based aircraft fleet. It

- employ's the FAA's projections for growth in the national GA fleet, assuming the airport's proportionate share of total based aircraft remains constant.
- 3. Airport Fleet Mix Growth Rate this method focuses on each airport's current based aircraft fleet mix to project future growth rates of total based aircraft, using the FAA Aerospace Forecasts (2019-2039). A blended growth rate is developed based on each airport's 2018 fleet mix.

The projected growth rates using the three methodologies is summarized in the following graph. For comparison, we have also included the FAA TAF data previously discussed.



The Airport Fleet Mix growth rate was determined as the preferred methodology for based aircraft projections for the CASP, as this approach was considered more closely tailored to each airport's fleet mix makeup and provides a more accurate representation of how individual airports may likely grow based on national growth projections of individual types of based aircraft. Under the preferred Airport Fleet Mix methodology, Centennial Airport is estimated to realize an additional 234 based aircraft over the 20year planning horizon, or an annual growth rate of 1.24%. We note that APA's projected 234 additional based aircraft represents 47.2% of the overall 496 additional based aircraft projected for all of GA in the Colorado system.

FUEL SALES

The number of gallons of jet fuel dispensed at an airport is a good general indicator as to the total size of the market and how active the airport is – the more fuel dispensed at the airport, the more active the airport is. Fueling data is proprietary, and was not available for this analysis. However, the previous discussion, including the airport's previous and projected demand exceeding capacity indicates that Centennial Airport is a well-established and healthy airport, with excess demand to be captured.

With regard to the Sky Harbour development, a key feature is the company's ability to offer reduced fuel prices to its tenants. Sunbourne XVI, Ltd. is the lessor of the ground to Sky Harbour. According to Sky Harbour, the Company anticipates having an agreement with an FBO on the field to provide fuel to their tenants at a minimum of cost + \$.50 in place by the end of August 2021. This will be the best deal on fuel at the airport, as most other providers are charging cost + \$1.00. The arrangement is beneficial to Sunbourne XVI, Ltd., because there is enough demand at the airport for a discount to be offered, and Sky Harbour is attracting more aircraft onto the field for fuel and other services.

It is notable that a factor in fuel pricing at Centennial Airport is the Corporate Aircraft Association (CAA). TACAir at Centennial Airport is a CAA Preferred FBO. This allows aircraft owners who are members of CAA to purchase fuel from the Preferred FBO at a reduced price. Aircraft owners pay an annual membership fee of \$500 per year per aircraft to CAA. The CAA fuel price at TACAir on July 30, 2020 was \$2.21 per gallon, all-in; a significant savings over the posted fuel prices and prices available from other FBOs, which ranged from \$4.15 to \$4.25 per gallon, total. This places TACAir fuel pricing in direct competition with proposed Sky Harbour rates, although the number of CAA members based at APA is unknown and difficult to project. Sky Harbour customers who are CAA members will have their choice of fuel providers at APA. We note that, as of the date of this report and to the best of our knowledge, APA is the only location of the 5 Sky Harbour campuses where CAA has contracted for members-only fuel prices.

HANGAR SUPPLY & DEMAND AT CENTENNIAL AIRPORT

Will Schippers with Stijgend Real Estate, LLC prepared a Market Conditions Assessment of Centennial Airport for Sky Harbour, specifically focusing on corporate hangar rentals. The report identified 9 providers of hangar space at APA. The results of the assessment are summarized in the following table and analysis.



						Ask Rent	Actual Rent	% Diff Ask-
No.	Property Name	Type	NRA (SF)	Avail SF	Occ	\$/SF	\$/SF	Actual
1	Denver jetCenter	FBO	200,000	0	100.00%	\$23.00	\$21.00	-8.70%
2	TACAir	FBO	139,271	0	100.00%	\$20.00	\$19.00	-5.00%
3	Signature Flight Support	FBO	25,643	5,000	80.50%	\$26.00	\$24.00	-7.69%
4	Modern Aviation	FBO	48,000	5,000	89.58%	\$27.00	\$25.00	-7.41%
5	Cloud 7	Private	21,741	0	100.00%	\$26.00	\$26.00	0.00%
6	Willowbrook Park	Private	121,181	0	100.00%	\$17.50	\$16.00	-8.57%
7	SunBourne XVI, Ltd.	Private	75,804	0	100.00%	\$26.00	\$24.50	-5.77%
8	Aero Colorado	Private	30,000	0	100.00%	\$26.00	\$23.00	-11.54%
9	Floors & Doors	Private	21,850	0	100.00%	\$27.00	\$27.00	0.00%
TAL/AV	ERAGE		683,490	10,000	98.54%	\$24.28	\$22.83	-5.95%

Denver jetCenter (DJC)

FBO Denver jetCenter is the legacy FBO at Centennial and, in terms of fuel sales, it is the largest. It controls many sites of developable land on the airport. DJC owns one corporate hangar, known as the Gallup Hangar, on the south side of the airport. The DJC hangar is approximately 200,000 square feet, and they lease for terms of one to three years. The DJC currently has 30% of the hangar rental supply at APA. The FBO has historically been very aggressive in pricing hangar space relative to the customer's fuel purchases. Notwithstanding that, they reportedly prefer to position themselves as the hanger provider that is "in the middle" of FBO hangar rental prices at Centennial Airport. In-place rental rates are reportedly \$21.00 per square foot, with asking rates of \$23.00 per square foot.

TACAir

Considering fuel volume, TACAir is the 2nd-largest FBO at APA. The FBO has eight hangars with approximately 139,000 square feet, typically leased for one to three years. TACAir currently has 20% of the hangar rental supply at APA. The rental rate that they charge for a complete single-tenant hanger is less than they charge on a per square foot basis for an individual tenant in a shared hangar. They typically are reluctant to lease hangar space to a tenant who will not purchase a reasonable amount of fuel from them. In-place rental rates are reportedly \$19.00 per square foot, with asking rates of \$20.00 per square foot.

Signature Flight Support

With more than 200,000 locations around the world, Signature Flight Support is the largest FBO by size, and is the 3rd-busiest FBO at Centennial in terms of fuel sales. Signature does not directly own any hangars at APA; rather, they lease hangars and sublet the space to multiple subtenants. Their available hangar space totals approximately 25,643 square feet and it is leased to based aircraft at APA for their preferred term of three years. As of the date of the report, Signature had 5,000 square



feet of available hangar space for rent. In-place rental rates are reportedly \$24.00 per square foot, with asking rates of \$26.00 per square foot.

Modern Aviation

Modern Aviation is the newest FBO at APA, and it is 4th in fuel sales. The Modern Aviation facility consists of approximately 48,000 square feet of hangar and office space, which they use for their clients and transient aircraft. Their lease terms are one to five years, with a preferred term of three to five years. As of the date of the report, Modern Aviation had 5,000 square feet of available hangar space for rent. Modern has been able to maintain a price level for their hangar rental rates that is higher than the other three FBOs. In-place rental rates are reportedly \$25.00 per square foot, with asking rates of \$27.00 per square foot.

Cloud 7

The Cloud 7 hangar is a privately-owned hangar, partially occupied by the owner, with the remainder of space leased to 3rd-party tenants, to offset the costs to house his aircraft. The facility consists of 21,741 square feet of hangar space that is currently 100% occupied with lease terms of one to three years. Rental rates for this facility have increased over the last two years, and, at this point, if there was a lease to be renewed, he reports that he would not feel a need to raise existing rents. In-place rental rates are reportedly \$26.00 per square foot, with asking rates of \$26.00 per square foot.

Willowbrook Park

Willowbrook Park is a corporate hangar development that consists of 15 individuallyowned hangars comprising 121,600 total square feet. The hangars range from 6,400 to 20,000 square feet. There is also attached office space. The majority of hangars are leased to 3rd-party tenants, with the remainder partially or fully owner-occupied. The hangars are 100% occupied by long-term tenants. As such, the rents are considered to be somewhat below-market.

The leases include annual rent escalators but the escalators have not kept up with the rental increase for the new hangar market at Centennial Airport. Adding to that, the investor-owned hangars in Willowbrook Park had been owned by the same investors for several years and therefore their returns relative to their investment are very good at the existing rent levels. This has not incentivized them to raise the rent substantially at the risk of losing a long-term tenant. The location of Willowbrook Park being at the extreme east side of the airport is not as desirable as locations closer to the north/south runways which also diminishes the attractiveness of the hangers for some corporate tenants. In-place

rental rates are reportedly \$16.00 per square foot, with asking rates of \$17.50 per square foot.

SunBourne XVI, Ltd.

SunBourne XVI, Ltd developed Centennial InterPort, a large, master-planned, multi-use aviation and business office campus located on the south side of APA. The eight existing hangars range in size from 10,000 to 30,000 square feet, amounting to 201,300 square feet of hangar space, with an additional 83,459 square feet of attached office space. Four of the hangars are owned by subsidiaries of SunBorne, and three are owned by investors. The hangars are 100% occupied by long-term tenants on NNN leases that have been in place since 2010, with 3.0% annual increases. Owners see the tenants as stable and reliable. In-place rental rates are reportedly \$24.50 per square foot, with asking rates of \$26.00 per square foot.

Aero Colorado

The Aero Colorado facility consists of 30,000 square feet of hangar and 25,000 square feet of office space, all of which are privately-owned. The facility is partially owner-occupied, with 3rd-party leases provided at three to five-year terms. The hangars are 100% occupied, and the owner reports high demand for space, indicating that there would be little down time between a tenant vacating and a new tenant occupying the space. The facility is 100% occupied by two tenants; one tenant occupies 70% of the space.

At the time the Aero Colorado facility was initially rented their rents were higher then was normal for hangers at Centennial Airport. They have not felt the need to raise the rents as much as they possibly could have as they have a fairly stable tenant base. They feel they can raise their current rental rates as hangar space turns over. In-place rental rates are reportedly \$23.00 per square foot, with asking rates of \$26.00 per square foot.

Floors & Doors

The Floors and Doors facility Is a new facility which just received its certificate of occupancy in mid-July, 2020. The facility consists of 21,850 square feet of hangar space, 9,550 square feet of office space and 1,384 square feet of garage space. The owners designed the facility with a significant amount of office space which the owners will occupy. The owners do not own an aircraft; therefore, their plan is for the hangar portion of the facility to be a "for rent" investment leasing 100% of the hangar to third parties. The Floors and Doors facility just received its certificate of occupancy in July and was able to be leased at what could be called record-rent levels for the completed

facility. In-place rental rates are reportedly \$27.00 per square foot, with asking rates of \$27.00 per square foot.

Supply & Demand Projections

Employing the previously-discussed Sugar Land Master Plan estimates for required space per aircraft type and percentage of each aircraft type housed in hangars (as opposed to shade hangars and tie-downs), coupled with FAA projections for future growth in overall airport operations and our research of existing hangar space at APA, we have compiled the following forecast estimates of either a shortage or surplus of hangar space through 2035.



	CENTEN	INIAL AIRPOR	T HANGAR SU	JPPLY & DEM	AND PROJECT	TIONS	
	Hangar Area Required Per Aircraft	FAA # Based A/C	Estimate of % of A/C Stored in	# of A/C Stored in	Required SF of Hangar	Existing Hangar	Shortage/ Surplus Hangar
A/C Type	(SF)*	2020	Hangars*	Hangars	Space	Space	Space
Single-Engine	1,200	585	50%	293	351,000		
Multi-Engine	3,000	100	50%	50	150,000		
Jet	8,000	144	100%	144	1,152,000		
Helicopter	1,500	23	100%	23	34,500		
		852		510	1,687,500	683,490	-1,004,010
*Based on estimates clearance of 10 feet	around the aircr						
A/C Type	Hangar Area Required Per Aircraft (SF)*	2020 # of A/C Stored in Hangars	FAA Estimate Growth 2020-2025	2025 # of A/C Stored in Hangars	Required SF of Hangar Space	Existing Hangar Space	Shortage/ Surplus Hangar Space
Single-Engine	1,200	293	1%	295	354,510		
Multi-Engine	3,000	50	1%	51	151,500		
Jet	8,000	144	1%	145	1,163,520		
Helicopter	1,500	23	1%	23	34,845		
		510		515	1,704,375	743,490	-960,885
A/C Type	Hangar Area Required Per Aircraft (SF)*	2025 # of A/C Stored in Hangars	FAA Estimate Growth 2025-2030	2030 # of A/C Stored in Hangars	Required SF of Hangar Space	Existing Hangar Space	Shortage/ Surplus Hangar Space
Single-Engine	1,200	295	1%	298	358,055	opute	opute
Multi-Engine	3,000	51	1%	51	153,015		
Jet	8,000	145	1%	147	1,175,155		
Helicopter	1,500	23	1%	23	35,193		
'	,	515		520	1,721,419	743,490	-977,929
A/C Type	Hangar Area Required Per Aircraft (SF)*	2030 # of A/C Stored in Hangars	FAA Estimate Growth 2030-2035	2035 # of A/C Stored in Hangars	Required SF of Hangar Space	Existing Hangar Space	Shortage/ Surplus Hangar Space
Single-Engine	1,200	298	1%	301	361,636		
	3,000	51	1%	52	154,545		
Multi-Engine							
Multi-Engine Jet	8,000	147	1%	148	1,186,907		
	-	147 23	1% 1%	148 24	1,186,907 35,545		

As discussed later in this section, there are four proposed developments at Centennial Airport. Of the four, one (Berland Development Group) does not have a timeline for construction or completion, and has been excluded from our analysis due to the lack of information regarding delivery, as well as the company's plans to occupy most, if not all, of the space. Two (VF Corporation and AeroColorado) will be built-to-suit facilities for the companys' own use, and therefore will not be available for lease in the market. For



that reason, we have also excluded those facilities. Modern Aviation is planning a 60,000-square foot facility that is slated to be delivered in 2022. Our estimates in the preceding table include the this development, but do not include the Sky Harbour development.

As indicated in the preceding table, as of 2020, there was a significant deficit of hangar space at APA of 1,004,010 square feet. Between 2020 and 2025, new inventory totaling 60,000 square feet will be added to the airport; however, by 2025, a shortage of 960,885 square feet will still remain. By 2030, demand will exceed supply by 977,929 square feet, and by 2035, there is a projected shortage of 995,143 square feet of hangar space.

Supply & Demand Projections – Including the Sky Harbour Development

The following table illustrates projected supply and demand at Centennial Airport after the completion of the Sky Harbour hangar campus.



		ENTENNIAL A	IRPORT HANG	GAR SUPPLY 8	A DEMAND PI	ROJECTIONS		
	Hangar Area Required		Estimate of		Required			Shortage/
A/C Type	Per Aircraft (SF)*	FAA # Based A/C 2020	% of A/C Stored in Hangars*	# of A/C Stored in Hangars	SF of Hangar Space	Plus 20%	Existing Hangar Space	Surplus Hangar Space
Single-Engine	1,200	585	50%	293	351,000	421,200		
Multi-Engine	3,000	100	50%	50	150,000	180,000		
Jet	8,000	144	100%	144	1,152,000	1,382,400		
Helicopter	1,500	23	100%	23	34,500	41,400		
		852		510	1,687,500	2,025,000	683,490	-1,004,010
*Based on estimates around the aircraft i						span, overall ler	ngth, and a cleard	nce of 10 feet
A/C Type	Area Required Per Aircraft (SF)*	2020 # of A/C Stored in Hangars	FAA Estimate Growth 2020-2025	2025 # of A/C Stored in Hangars	Required SF of Hangar Space	Plus 20%	Existing Hangar Space (incl Sky Harbour)	Shortage/ Surplus Hangar Space
Single-Engine	1,200	293	1%	295	354,510	425,412		
Multi-Engine	3,000	50	1%	51	151,500	181,800		
Jet	8,000	144	1%	145	1,163,520	1,396,224		
Helicopter	1,500	23	1%	23	34,845	41,814		
		510		515	1,704,375	2,045,250	972,030	-732,345
	Hangar Area Required Per Aircraft	2025 # of A/C Stored	FAA Estimate Growth	2030 # of A/C Stored	Required SF of Hangar	Pl. 000/	Existing Hangar Space (incl	Shortage/ Surplus Hangar
A/C Type	(SF)*	in Hangars			Space	Plus 20%	Harbour)	Space
Single-Engine	1,200	295	1%	298	358,055	429,666		
Multi-Engine	3,000	51	1%	51	153,015	183,618		
Jet	8,000	145	1%	147	1,175,155	1,410,186		
Helicopter	1,500	23 515	1%	23 520	35,193 1,721,419	42,232 2,065,703	972,030	-749,389
					.,,		,	,
A/C Type	Hangar Area Required Per Aircraft (SF)*	2030 # of A/C Stored in Hangars	FAA Estimate Growth 2030-2035	2035 # of A/C Stored in Hangars	Required SF of Hangar Space	Plus 20%	Existing Hangar Space (incl Sky Harbour)	Shortage/ Surplus Hangar Space
Single-Engine	1,200	298	1%	301	361,636	433,963	· ·	
Multi-Engine	3,000	51	1%	52	154,545	185,454		
Jet	8,000	147	1%	148	1,186,907	1,424,288		
Helicopter	1,500	23	1%	24	35,545	42,654		
		520		525	1,738,633	2,086,360	972,030	-766,603

Overall, between 2020 and 2025, demand will exceed supply of hangar space at Centennial Airport. The projected shortage of 960,885 square feet will not be fully absorbed by the Sky Harbour development Phase I and Phase II square footage, which totals 228,540 square feet. In fact, subsequent to the completion of Phase I and II, demand will still exceed supply by an additional 732,345 square feet. Even with a projected growth rate of 1% per year, demand will exceed supply into the foreseeable future.

Source: AirNav FAA TAF Data and various sources compiled by CBRE

We further note that there is a paucity of private hangar space at the airport, and it is reasonable to presume that aircraft owners currently leasing space within community



hangars, because it is the only option available, would move from their current location within existing hangars to the Sky Harbour development.

ALTERNATE LOCATIONS

Major general aviation airports along the Colorado Front Range/I-25 corridor include Greeley/Weld County, Vance Brand (Longmont) Municipal, Rocky Mountain Metropolitan, Front Range, and Centennial Airports. Although there are other general aviation airports across the state, the facilities along the I-25 corridor are the most likely to compete with the Sky Harbour for tenants and users of hangars space.

Centennial Airport and alternate airports are illustrated in the following graphic. Considering the facilities, services and amenities provided by APA, our focus is on alternate locations accommodating Corporate Jet Service. As noted earlier, considering the composition of the target market (private, corporate and charter jet owners/users), a minimum runway length of 5,000' is a key factor in alternate selection. The airports with adequate runway length include Greeley/Weld County (GXY) and Rocky Mountain Metropolitan (BJC). Due to its proximity to DEN, our analysis also includes the Coloarado Air and Space Port (CFO). We also include a profile of Denver International Airport (DEN).



The following airport descriptions were provided by the 2020 Colorado Aviation System Plan and Economic Impact Study.

Denver International Airport (DEN)

Denver International Airport (DEN) is a commercial service airport located 16 miles northeast of downtown Denver. The airport is owned and operated by the City of Denver and was opened as a new airport in February 1995. DEN is the primary commercial service airport for the Denver metropolitan area and acts as an international hub for Colorado and the surrounding states. DEN is served by more than 20 airlines that offer

nonstop flights to over 170 destinations across four continents. The airport has six runways including runway 16R/34L, which, at 16,000 feet long, is the longest commercial service runway in North America. In addition to air carrier passenger operations at DEN, the airport supports large scale air cargo and charter activities.

Denver International Airport is the 20th-busiest airport in the world and the 5th-busiest airport in the United States. With 69 million passengers traveling through the airport in 2019, DEN is one of the busiest airline hubs in the world's largest aviation market. DEN is the primary economic engine for the state of Colorado, generating more than \$33.5 billion for the region annually. It is expected to serve 80 million passengers by 2025 and 110 million passengers by 2040.

Denver International Airport is one of 14 airports in Colorado classified as a Commercial Service airport. The airport has scheduled commercial air carrier service and provides access to large metropolitan areas around the country. These airports receive higher levels of activity from a wide variety of aircraft and airport users. Commercial Service airports often serve as gateways for interstate and international travelers and host many aviation- and non-aviation-related businesses that support the local community.

As a major international airport, DEN does not feature a large general aviation operation. There is one FBO serving the airport – Signature Flight Support. According to the Colorado Aviation System, as of 2020, DEN provides hangars for 80% of based aircraft fleet and 50% of weekly average overnight transient storage. The airport includes 3 hangar spaces for based aircraft, with 2 based aircraft representing 80% of the fleet. Hangar space is limited to community space, quoted at \$14,000/mo or approximately \$24.45 per square foot for a large aircraft such as a Gulfstream IV.

Greeley-Weld County (GXY)

Greeley-Weld County Airport (GXY) is a general aviation airport in northern Colorado, located approximately three miles east of Greeley's central business district. The airport is owned and operated by the Greeley-Weld County Airport Authority. GXY has two runways, 17/35 and 10/28, that are 10,501 feet long and 5,502 feet long, respectively. Runway 17/35 is equipped with a precision instrument approach. The airport is primarily used by recreational aircraft, flight schools, and corporate aircraft visiting businesses in Greeley, the University of Northern Colorado, or oil extraction operations in the surrounding region. Other activities at GXY include aerial crop application, aerial inspections, and flight testing.



Greeley-Weld County Airport is one of five airports in Colorado classified as a GA-Regional airport. The airport regularly receives interstate and IFR operations and supports based jets or 100 based piston aircraft. GA-Regional airports can be located in micropolitan or metropolitan areas or can be designated as a Reliever airport by the FAA's National Plan of Integrated Airport Systems (NPIAS). These types of airports consistently serve personal or business piston-powered aircraft and occasional jet operations.

Facilities at GXY include Peak Flight Support FBO; 30+ commercial, private & corporate hangars; 12 multi-unit T-hangar buildings; primary and advanced flight training; aircraft avionics; aircraft rental; aircraft salvage and restoration; propeller service; aerial applications and a full-service restaurant. GXY has an airfield rescue and firefighting unit stationed at the airfield.

According to the Colorado Aviation System, as of 2020, GXY provides hangars for 50% of based aircraft fleet and 50% of weekly average overnight transient storage. The airport includes 218 hangar spaces for based aircraft, with 121 based aircraft representing 60% of the fleet. According to FBO managament, hangar space is limited to community space, with no facilities able to accommodate a larger aircraft such as a Gulfstream IV.

Rocky Mountain Metropolitan (BJC)

Rocky Mountain Metropolitan Airport (BJC) is a general aviation (GA) airport located nine miles northwest of downtown Denver along the U.S. Highway 36 corridor. The airport is owned and operated by Jefferson County. BJC has three runways, including the primary runway (12L/30R) which is 9,000 feet long by 100 feet wide and equipped with a precision instrument approach. The airport is used heavily for flight training, recreational flying, business activities, and aerial wildland/firefighting. Additionally, the airport frequently receives large corporate and college charter aircraft visiting the University of Colorado. BJC is also home to a U.S. Forest Service heavy tanker base and the National Center for Atmospheric Research (NCAR) Research Aviation Facility. BJC is the second busiest GA airport in Colorado and is home to several large aviation and aerospace businesses.

Rocky Mountain Metropolitan Airport is one of two airports in Colorado classified as a GA-National airport. According to the Colorado Aviation System, as of 2020, BJC provides hangars for 60% of based aircraft fleet and 50% of weekly average overnight transient storage. The airport includes 199 hangar spaces for based aircraft, with 255 based aircraft representing 60% of the fleet.



FBO Sheltair constructed their first, 31,000-square foot community hangar in late 2020, which is reportedly nearly full. Quoted prices for community hangar space plus 1,232 square feet of private office space was \$11,000/mo or \$19.00 (hangar) + \$1,843/mo or \$17.50 psf (office) or \$36.50 per square foot total for this non-contiguous space. The price includes a tiered discount fuel program, with a quoted fuel price of low-to-mid \$3.00 per gallon for average usage. The FBO has been working the logistics of accommodating transient versus based aircraft, noting that transient demand is high in the winter. The FBO has started construction on another 31,000-square foot community hangar to deliver in Spring 2022, along with with three more 20,000-square foot community hangars planned to be built in the future, some of which could be configured for private use.

Colorado Air & Space Port (CFO)

Colorado Air and Space Port (CFO) is a general aviation airport in the Denver area, located eight miles southeast of Denver International Airport. The airport changed its name from Front Range Airport (FTG) in 2019 to reflect the airport's new status as the only licensed spaceport in Colorado. The airport is owned and operated by Adams County. CFO has two asphalt runways that both measure 8,000 in length by 100 feet in width and are equipped with precision instrument approaches. The airport is used for flight training, recreational flying, aerospace manufacturing, and business/ corporate activity. CFO is home to a rocket engine testing facility, an Army National Guard armory, and the Colorado Department of Transportation Division of Aeronautics' office.

CFO earned its spaceport license in 2018, making the facility the first and only licensed publicuse spaceport in the state and the FAA Northwest Mountain region. CFO is located on 3,200 acres of land less than eight miles southeast of Denver International Airport (DEN), enabling users to quickly access aerospace companies on the front range and around the world. CFO is already home to several aerospace companies, including Reaction Engines, which is conducting research on hypersonic propulsion solutions.

Colorado Air and Space Port is one of five airports in Colorado classified as a GA-Regional airport. The airport regularly receives interstate and IFR operations and supports based jets or 100 based piston aircraft. GA-Regional airports can be located in micropolitan or metropolitan areas or can be designated as a Reliever airport by the FAA's National Plan of Integrated Airport Systems (NPIAS). These types of airports consistently serve personal or business piston-powered aircraft and occasional jet operations.

According to the Colorado Aviation System, as of 2020, CFO provides hangars for 60% of based aircraft fleet and 50% of weekly average overnight transient storage. The airport includes 291 hangar spaces for based aircraft, with 261 based aircraft

representing 60% of the fleet. These are community hangars, able to accommodate only small aircraft up to a Gulfstream IV.

BASED AIRCRAFT AT APA AND ALTERNATIVES

As previously noted, Centennial Airport accommodated 585 based aircraft in 2018. The following table summarizes the number of based aircraft at APA and the alternate airports.

	Single-	Multi-					
Location	Engine	Engine	Jet	Helicopters	Military	Ultralights	Total
Denver International (DEN)*	0	1	0	0	0	0	1
Greeley-Weld County (GXY)*	127	18	6	3	0	0	154
Rocky Mountain Metropolitan (BJC)**	316	59	58	20	0	1	454
Colorado Air & Space Port (CFO)**	247	38	2	4	0	1	292
Centennial (APA)*	585	100	144	23	0	0	852
TOTAL	1,148	197	204	47	0	0	1,753
APA as a % of Total	51%	51%	71%	49%	0%	0%	49%

As illustrated, Centennial Airport is #1 in total number of based aircraft, according to the most recent data available. APA garners 49% of the overall based aircraft market share. Moreover, APA is also #1 in total number of based jets. The facility garners 51% of the based multi-engine market and 71% of the based jet aircraft market.

AIRPORT OPERATIONS AT APA AND ALTERNATIVES

As noted, the number of jet operations an airport annually supports is indicative of the facilities and services it offers and the type of aircraft it can support. Specific operational thresholds provide an adequate indication of an airport's role within the market(s) that is serves.

The following table summarizes airport operations at APA and the alternate airports.

AIRPORT OPERATIONS AT APA AND ALTERNATIVES								
			% Transient		%		Total %	
Location	#/Day	% Local GA	GA	% Air Taxi	Commercial	% Military	GA	
Denver International (DEN)	1,724	1%	0%	23%	77%	0%	1%	
Greeley-Weld County (GXY)	303	60%	40%	0%	0%	<1%	100%	
Rocky Mountain Metropolitan (BJC)	503	55%	39%	4%	0%	2%	95%	
Colorado Air & Space Port (CFO)	207	55%	43%	1%	0%	1%	98%	
Centennial (APA)	959	48%	42%	9%	<1%	1%	89%	
Source: OPSNET							1	



As expected, Denver International exhibits the highest number of daily aircraft operations; however, 77% of those are attributable to commercial operations. Commercial operations, military, etc. generally do not translate to significant fuel sales and/or profitability, if volume at all, for an FBO. Among the GA airports, Centennial ranks #1 in total airport operations; however, with regard to percentage of Local and Transient GA operations, it ranks third.

EXISTING HANGAR SPACE AT ALTERNATE AIRPORTS

The following table summarizes the existing hangar space at the APA alternate airports.

EXISTING HANGAR SPACE AT ALTERNATIVES									
Location	# Based A/C	Size (SF)	Building Type	Private/ Community	Occupied	Waitlist			
Denver International (DEN)	1								
Signature		10,000	Conventional	Community	95%	No			
Greeley-Weld County (GXY)	154								
Peak Flight Support		52,000	Conventional	Community	96%	No			
Rocky Mountain Metropolitan (BJC)	454								
Sheltair		31,000	Conventional	Community	98%	No			
Colorado Air & Space Port (CFO)	292	68,872	T-Hangar	Community	100%	Yes			
TOTAL	901	161,872							
Source: Various sources compiled by CBRE									

As illustrated, the four alternate airports to Centennial Airport currently total 161,872 square feet of community hangar space. Recently, Sheltair completed construction of new hangar facilities, which are nearly fully leased. The company plans an additional 60,000 square feet of hangars, starting in Spring of 2022. Overall, the alternative airports exhibit a 97% occupancy, and the Colorado Air & Space Port reports an extensive waitlist for its hangar space, which consists solely of T-Hangar facilities.

PLANNED HANGAR DEVELOPMENT AT CENTENNIAL AIRPORT

Berland Development Group

Berland Development Group has obtained approval from APA to construct an 18,000 square foot hangar with 2,760 square feet of external office space. The facility would be situated on Parcels 50 B&E on the north side of APA. The owners plan to occupy the majority of the hangar space for their own use, the remining portion may be leased to third-party tenants. The owners have not made a final decision to construct the hangar.

Modern Aviation

Modern has disclosed plans to build an additional facility consisting of approximately 50,000 square feet of hangar space and 5,000–10,000 square feet of office space. The project has been delayed as the current expected completion date is late 2022. The tentative plan is to move the



FBO office area into the new facility and repurpose the existing FBO office space into alternative and more efficient space.

VF Corporation

VF Corporation has obtained APA approval of their development plan to construct a hangar/office facility on the fee-simple land they purchased from DJC. The facility would consist of 33,830 square feet of hangar space, 14,047 square feet of office/shop space and 5,058 square feet of indoor parking area. Construction is planned to begin in June 2021. VF will occupy the entire facility.

AeroColorado Private Office/Hangar Development on Lot 15

AeroColorado is plans to construct a 20,000-square foot hangar with 4,500 square feet of office space on a site that is located south of the crosswind runway on a parcel that is included in Sunbourne's leasehold. Construction is expected to begin in July 2021, with delivery in June 2022. This will be a private facility, occupied by the company.



AVAILABLE LAND

The following graphic illustrates the airport's projected location of future development.



APA AVAILABLE LAND

Denver jetCenter

DJC leases three parcels of land on the north side of the airport, identified as Parcels 64, 65A, and 65B, which total approximately 13.5 acres.

In 2006, DJC acquired a leasehold interest in 70 acres of land on the south side of the airport known as Parcel D. To date there has been one hangar constructed on the parcel, the Rare Air Hangar, built 2012 on approximately 2.75 acres of land. Rare Air has 30,000 square feet of hangar space plus 9,900 square feet of external office space. There are approximately 67 acres of parcel D available for development. Prior to the construction of additional hangars on Parcel D, DCJ would have to make a significant investment in infrastructure costs.

DJC owned a fee simple interest in a parcel capable of accommodating eight corporate hangar lots on the south side of the airport. Aircraft from hangars on these lots are allowed to enter the airport via a through-the-fence agreement with APA and the FAA. DJC sold four of the lots on



which hangars have been built and recently sold one lot of this land to VF Corporation; the first sale of any of the lots in approximately 10 years. VF has not yet built their hangar facility, but, when they do, it will be for the owner's use only. There are three lots totaling 4.37 acres remaining for corporate hangers on that parcel.

According to DJC, they are only interested in leasing land for hangar development under a builtto-suit situation where DJC could secure a yield of approximately 15%. This, combined with the significant infrastructure costs required to bring on Parcel D to developable status, has limited the site's attractiveness for new hangar construction.

SunBourne XVI, Ltd.

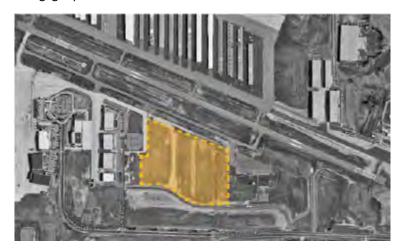
Of the 109 acres of land within SunBorne XVI Ltd.'s Centennial InterPort development, approximately 25 acres remain for new hangar construction. Approximately 8 of those 25 acres are best-suited for large hangars, estimated at approximately 20,000 square feet. The remaining 17 acres are best-suited for smaller corporate hangars. The SunBorne XVI, Ltd. land is partiallydeveloped and available for hangar construction.

As indicated, there is very little available land within Centennial Airport for hangar development. Additionally, a large portion of suitable land is controlled by DJC who will need to expend significant capital to attract interest in their site, which will have a negative impact on their required return on investment.

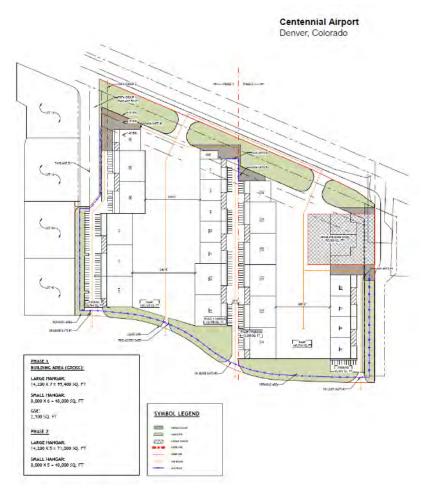
SKY HARBOUR DEVELOPMENT

1. Description of development

Sky Harbour obtained lease rights to 19.54 acres of land in the Centennial InterPort masterplanned corporate hangar development on the south side of Centennial Airport. The Sky Harbour development at APA is located in a secluded, low-traffic site with no transient aircraft, as depicted in the following graphics.







The campus will be constructed in two phases, and in total will consist of 22 individually-leased NFPA Group 3 modular hangars comprising 228,540 total square feet. The Centennial Sky Harbour campus will include three hangar layouts.

Every hangar includes a ramp area for aircraft startup & shutdown in front of the hangar doors. Car parking is included in the hangar space, which is climate-controlled with hydraulic lifts to accommodate multiple cars. The adjoining office space includes high-end finishes with a kitchen, storage and a bathroom with showers. Each unit is assigned covered outdoor parking, as well. The following graphic illustrates a typical hangar layout.

The hangars are rented on long-term (3-5 year) leases, with Sky Harbour including its own line crew and ground service equipment. As previously discussed, the Company anticipates having an agreement with an FBO on the field to provide discounted fuel to their tenants.

2. Discussion of in-place agreements

a. Ground Lease

Sky Harbour entered into a sub-ground-lease with Sunbourne XVI, Ltd. for one 11.36-acre (Phase 1) and one 8.19-acre (Phase 2) site. The lease commenced December 30,



2020, for a 42-year term, expiring February 28, 2062. Sky Harbour has one 25-year (Option 1) and one 20-year (option 2) renewal options.

Ground rent at APA consists of \$0.59 per square foot for Phase 1 and \$0.25 per square foot for Phase 2. The lease includes a rent abatement, including reimbursements, for the first 12 months of the lease. Annual rent increases of 3.0% commence in Year 4 of the lease. The lease is absolute net, with Sky Harbour responsible for real estate tax, insurance, maintenance and utilities and, "all costs, expenses & obligations of every kind..." Specifically, according to the lease, the Tenant (SH) is responsible for 1/12th of expenses, identified as: Category A, Centennial Interport Project and Category B, Taxilane. According to Sky Harbour, they are not responsible for Category B expenses. The lease also includes an Improvement Construction Fee, described as 3.0% of construction costs. According to Sky Harbour, this is a one-time fee reflected in the development cost and not passed through to tenants.

The lease also includes a Right of First Refusal for Sky Harbour to purchase the sites.

b. Leases, LOIs

Currently, there no LOIs executed for the Centennial Airport Sky Harbour development. The hangar units are being marketed for lease at approximately \$35.00 per square foot, with a net reimbursement structure wherein tenants are responsible for property taxes, insurance, and utilities. Ground rent and management fees are not reimbursed.

SUMMARY OF THE SKY HARBOUR DEVELOPMENT AT CENTENNIAL AIRPORT

Aviation will continue to change and technology will continue to evolve. Colorado is already on the leading edge of many technology changes as a result of its ground-breaking surveillance projects for mountain airports. This project made Colorado a leader in the implementation of FAA's NextGen airspace systems. As commercial applications for aviation technology change projects are underway which will identify airports to be designated as spaceports and to serve flights by unmanned aerial systems (UASs).

Many of the major airports along Colorado's front range have positioned themselves to continue to take advantage of growth opportunities in emerging markets such as spaceport and general avionics industries. This is likely to continue to drive the demand for existing and new hangar developments at the regional level to support, maintain, and store increased air traffic anticipated in coming years. Centennial is the second busiest private aviation airport in the US and is continuing to grow and is identified as a reliver airport to Denver International (DEN).

With regard to the Sky Harbour development, a key feature is the company's ability to offer reduced fuel prices to its tenants. Sky Harbour is permitted to offer fuel at a discounted rate that is a significant discount for most prospective buyers. However, TACAir is a Corporate Aircraft



Association (CAA) Preferred FBO. Members of CAA can purchase fuel from TACAir at a reduced price. This places TACAir fuel pricing in direct competition with proposed Sky Harbour rates, and presents some risk to the development; however, the number of CAA members based at APA is unknown and difficult to project.

A second mitigating factor is the newly-instituted assessment and taxation of real property located on the airport. A portion of the runway for the airport is situated within Douglas County, which had filed a litigation suit which recently resulted in taxation of airport properties, regardless of the county within which the property is located. This requires the airport and proper authorities to gather data on the existing improvements at the airport which currently the assessor does not track. Kat Dowling, Arapahoe County Supervisor of Commercial Properties, reports that notices of taxable value were sent to owners in mid-April 2021 to start the 2021 revalue year. We note that, since taxation of airport properties is a new situation, any projections of the expense would be unsupported and therefore unreliable. Further, there is no estimate regarding when the first taxes will be levied. As such, since the Sky Harbour leases include a net reimbursement structure, we have excluded real estate taxes from the analysis. We do, however, consider the cost risk in our projections of achievable rents for the Sky Harbour development, as well as potential effects of the increased rental cost in lease-up estimates.

Because of its attractive physical characteristics, the Sky Harbour property is considered to have a wide appeal to a variety of aviation users, including corporate, charter, and those with private aircraft. The surrounding aviation uses have demonstrated relatively strong operational stability throughout the years. The foregoing should contribute to reasonably positive acceptance for the Sky Harbour property, for the foreseeable future, with increasing prospects as the continued heightened uncertainty owing to the ongoing pandemic wanes.

Considering the foregoing, we deem the prospects good for leasing the Phase 1 building area. Based on information provided by Sky Harbour, ground-breaking for the development will commence in 1st quarter 2022 with delivery projected for 2nd quarter 2023. We estimate a 9month lease-up of Phase 1, and would not expect an extended lease-up period subsequent to completion of the Phase 2 improvements. Sky Harbour has projected groundbreaking for Phase 2 to commence in 3rd guarter 2023, with Phase 2 delivery in 4th guarter 2024. We have estimated a 6-month lease-up period, or stabilized occupancy by 2nd guarter 2025.

CASH FLOW PROJECTIONS

Our analysis included a review of management's cash flow projections for each property. We then applied metrics derived from our market study to generate our own projections. The Centennial cash flow projections are summarized on the following page.



Our market leasing assumptions for Centennial are summarized in the following table. Please refer to the portfolio cash flow roll up discussion for additional assumptions employed in the analysis.

MARKET LEASING ASSUMPTIONS							
Location	APA						
Market Rent (\$/SF/YR)	\$32.50						
Concessions (New)	None						
Concessions (Renewal)	None						
Reimbursements	RET, Ins, Util						
Escalations	3.0%						
Term	5.0 Yrs.						
Leasing Commissions (New)	5.00%						
Leasing Commissions (Renewal)	3.00%						
Source: CBRE							



Cash Flow
Centennial (Amounts in USD)

Centennial (Amounts in USD)												
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>
Rental Revenue												
Potential Base Rent	\$0	\$3,156,276	\$4,836,972	\$7,936,942	\$8,160,145	\$8,404,950	\$8,613,499	\$8,817,554	\$8,999,166	\$9,248,550	\$9,526,006	\$9,773,515
Absorption & Turnover Vacancy	\$0	(\$1,591,668)	(\$387,788)	(\$496,854)	\$0	\$0	(\$396,782)	(\$109,677)	(\$224,858)	\$0	\$0	(\$310,788)
Scheduled Base Rent	\$0	\$1,564,608	\$4,449,183	\$7,440,089	\$8,160,145	\$8,404,950	\$8,216,717	\$8,707,877	\$8,774,308	\$9,248,550	\$9,526,006	\$9,462,727
Total Rental Revenue	\$0	\$1,564,608	\$4,449,183	\$7,440,089	\$8,160,145	\$8,404,950	\$8,216,717	\$8,707,877	\$8,774,308	\$9,248,550	\$9,526,006	\$9,462,727
Other Tenant Revenue												
Expense Recoveries	\$0	\$50,669	\$178,941	\$306,997	\$335,513	\$343,901	\$336,261	\$356,822	\$361,142	\$379,602	\$389,092	\$386,101
Total Other Tenant Revenue	\$0	\$50,669	\$178,941	\$306,997	\$335,513	\$343,901	\$336,261	\$356,822	\$361,142	\$379,602	\$389,092	\$386,101
Total Tenant Revenue	\$0	\$1,615,277	\$4,628,124	\$7,747,086	\$8,495,658	\$8,748,850	\$8,552,978	\$9,064,700	\$9,135,450	\$9,628,152	\$9,915,099	\$9,848,828
Potential Gross Revenue	\$0	\$1,615,277	\$4,628,124	\$7,747,086	\$8,495,658	\$8,748,850	\$8,552,978	\$9,064,700	\$9,135,450	\$9,628,152	\$9,915,099	\$9,848,828
Vacancy and Credit Loss												
Vacancy Allowance	\$0	\$0	(\$88,637)	(\$91,278)	(\$169,913)	(\$174,977)	(\$80,507)	(\$100,779)	(\$103,782)	(\$192,563)	(\$198,302)	(\$90,871)
Total Vacancy and Credit Loss	\$0	\$0	(\$88,637)	(\$91,278)	(\$169,913)	(\$174,977)	(\$80,507)	(\$100,779)	(\$103,782)	(\$192,563)	(\$198,302)	(\$90,871)
Effective Gross Revenue	\$0	\$1,615,277	\$4,539,488	\$7,655,808	\$8,325,745	\$8,573,873	\$8,472,471	\$8,963,921	\$9,031,668	\$9,435,589	\$9,716,797	\$9,757,956
Operating Expenses												
Accounting/Audit		\$19,219	\$30,643	\$53,845	\$55,191	\$56,570	\$57,985	\$59,434	\$60,920	\$62,443	\$64,004	\$65,604
CAM A & Stormwater Fee APA	\$31,996	\$32,795	\$33,615	\$34,456	\$35,317	\$36,200	\$37,105	\$38,033	\$38,984	\$39,958	\$40,957	\$41,981
Ground Rent	\$296,100	\$296,100	\$296,100	\$320,470	\$422,554	\$515,012	\$553,698	\$570,312	\$587,412	\$605,038	\$623,184	\$641,890
Hangar Op		\$20,394	\$31,631	\$51,684	\$52,976	\$54,300	\$55,658	\$57,049	\$58,475	\$59,937	\$61,436	\$62,971
Insurance		\$107,799	\$167,191	\$273,185	\$280,015	\$287,015	\$294,190	\$301,545	\$309,084	\$316,811	\$324,731	\$332,849
Management Payroll		\$80,764 \$83,520	\$226,974 \$129,536	\$382,790 \$211,657	\$416,287 \$216,948	\$428,694 \$222,372	\$423,624 \$227,931	\$448,196 \$233,630	\$451,583 \$239,470	\$471,779 \$245,457	\$485,840 \$251,593	\$487,898 \$257,883
Utilities	\$50,279	\$51,536	\$52,824	\$54,145	\$55,498	\$56,886	\$58,308	\$59,766	\$61,260	\$62,791	\$64,361	\$65,970
Total Operating Expenses	\$378,374	\$692,127	\$968,515	\$1,382,231	\$1,534,786	\$1,657,049	\$1,708,498	\$1,767,964	\$1,807,188	\$1,864,215	\$1,916,106	\$1,957,047
Net Operating Income	(\$378,374)	\$923,150	\$3,570,973	\$6,273,577	\$6,790,959	\$6,916,824	\$6,763,972	\$7,195,957	\$7,224,480	\$7,571,374	\$7,800,690	\$7,800,909
	(5376,374)	3323,130	<i>33,310,313</i>	JU,273,377	\$0,790,939	30,310,624	30,703,372	\$1,193,931	\$7,224,460	77,371,374	\$7,800,030	\$7,800,909
Non-Operating Expenses												
Replacement Reserves	\$4,106	\$20,238	\$31,214	\$31,995	\$32,795	\$33,614	\$34,455	\$35,316	\$36,199	\$37,104	\$38,032	\$38,982
Total Non-Operating Expenses	\$4,106	\$20,238	\$31,214	\$31,995	\$32,795	\$33,614	\$34,455	\$35,316	\$36,199	\$37,104	\$38,032	\$38,982
Leasing Costs	40	Ć4 447 4 10	¢200 700	¢622.027	*	.	ĆC42 F17	¢522.642	¢504.200	*	40	¢602.005
Leasing Commissions	\$0	\$1,117,140	\$308,796	\$633,087	\$0	\$0	\$612,517	\$523,610	\$501,396	\$0	\$0	\$693,006
Total Leasing Costs	\$0	\$1,117,140	\$308,796	\$633,087	\$0	\$0	\$612,517	\$523,610	\$501,396	\$0	\$0	\$693,006
Capital Expenditures												
Construction Costs	\$26,437,079	\$21,167,691										
Total Capital Expenditures	\$26,437,079	\$21,167,691	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$26,437,079	\$22,284,831	\$308,796	\$633,087	\$0	\$0	\$612,517	\$523,610	\$501,396	\$0	\$0	\$693,006
Cash Flow Before Debt Service	(\$26,819,559)	(\$21,381,920)	\$3,230,962	\$5,608,495	\$6,758,164	\$6,883,210	\$6,117,001	\$6,637,030	\$6,686,884	\$7,534,270	\$7,762,659	\$7,068,920

Note: Construction costs & Ground Rent during construction are capitalized

Cash Flow
Centennial (Amounts in USD)

Centennial (Amounts in USD)											
	Forecast										
	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>
Rental Revenue											
Potential Base Rent	\$9,958,911	\$10,200,057	\$10,476,496	\$10,790,791	\$11,079,874	\$11,324,202	\$11,559,476	\$11,861,406	\$12,217,248	\$12,554,371	\$12,789,240
Absorption & Turnover Vacancy	(\$265,677)	(\$254,406)	\$0	\$0	(\$351,628)	(\$160,193)	(\$431,743)	\$0	\$0	(\$265,217)	(\$317,177)
Scheduled Base Rent	\$9,693,234	\$9,945,651	\$10,476,496	\$10,790,791	\$10,728,246	\$11,164,008	\$11,127,733	\$11,861,406	\$12,217,248	\$12,289,154	\$12,472,063
Total Rental Revenue	\$9,693,234	\$9,945,651	\$10,476,496	\$10,790,791	\$10,728,246	\$11,164,008	\$11,127,733	\$11,861,406	\$12,217,248	\$12,289,154	\$12,472,063
Other Tenant Revenue											
Expense Recoveries	\$397,918	\$408,599	\$429,485	\$440,222	\$436,838	\$455,953	\$456,403	\$485,923	\$498,071	\$499,669	\$510,306
Total Other Tenant Revenue	\$397,918	\$408,599	\$429,485	\$440,222	\$436,838	\$455,953	\$456,403	\$485,923	\$498,071	\$499,669	\$510,306
Total Tenant Revenue	\$10,091,152	\$10,354,250	\$10,905,981	\$11,231,013	\$11,165,084	\$11,619,961	\$11,584,136	\$12,347,329	\$12,715,319	\$12,788,823	\$12,982,369
Potential Gross Revenue	\$10,091,152	\$10,354,250	\$10,905,981	\$11,231,013	\$11,165,084	\$11,619,961	\$11,584,136	\$12,347,329	\$12,715,319	\$12,788,823	\$12,982,369
Vacancy and Credit Loss											
Vacancy Allowance	\$0	(\$117,143)	(\$218,120)	(\$224,620)	(\$103,383)	(\$106,464)	(\$132,947)	(\$246,947)	(\$254,306)	(\$116,694)	(\$120,172)
Total Vacancy and Credit Loss	\$0	(\$117,143)	(\$218,120)	(\$224,620)	(\$103,383)	(\$106,464)	(\$132,947)	(\$246,947)	(\$254,306)	(\$116,694)	(\$120,172)
Effective Gross Revenue	\$10,091,152	\$10,237,107	\$10,687,861	\$11,006,393	\$11,061,701	\$11,513,497	\$11,451,188	\$12,100,382	\$12,461,013	\$12,672,130	\$12,862,197
Operating Expenses											
Accounting/Audit	\$67,244	\$68,926	\$70,649	\$72,415	\$74,225	\$76,081	\$77,983	\$79,933	\$81,931	\$83,979	\$86,079
CAM A & Stormwater Fee APA	\$43,031	\$44,106	\$45,209	\$46,339	\$47,498	\$48,685	\$49,902	\$51,150	\$52,429	\$53,739	\$55,083
Ground Rent	\$661,142	\$680,968	\$701,398	\$722,452	\$744,130	\$766,446	\$789,446	\$873,112	\$897,518	\$922,636	\$888,512
Hangar Op	\$64,546	\$66,159	\$67,813	\$69,509	\$71,246	\$73,028	\$74,853	\$76,725	\$78,643	\$80,609	\$82,624
Insurance	\$341,171	\$349,700	\$358,442	\$367,403	\$376,588	\$386,003	\$395,653	\$405,545	\$415,683	\$426,075	\$436,727
Management	\$504,558	\$511,855	\$534,393	\$550,320	\$553,085	\$575,675	\$572,559	\$605,019	\$623,051	\$633,606	\$643,110
Payroll	\$264,330	\$270,939	\$277,712	\$284,655	\$291,771	\$299,066	\$306,542	\$314,206	\$322,061	\$330,112	\$338,365
Utilities	\$67,619	\$69,310	\$71,043	\$72,819	\$74,639	\$76,505	\$78,418	\$80,378	\$82,388	\$84,447	\$86,559
Total Operating Expenses	\$2,013,641	\$2,061,963	\$2,126,659	\$2,185,911	\$2,233,183	\$2,301,488	\$2,345,357	\$2,486,067	\$2,553,703	\$2,615,205	\$2,617,058
Net Operating Income	\$8,077,511	\$8,175,144	\$8,561,202	\$8,820,481	\$8,828,517	\$9,212,008	\$9,105,831	\$9,614,316	\$9,907,310	\$10,056,925	\$10,245,139
Non-Operating Expenses											
Replacement Reserves	\$39,957	\$40,956	\$41,980	\$43,029	\$44,105	\$45,208	\$46,338	\$47,496	\$48,684	\$49,901	\$51,148
Total Non-Operating Expenses	\$39,957	\$40,956	\$41,980	\$43,029	\$44,105	\$45,208	\$46,338	\$47,496	\$48,684	\$49,901	\$51,148
Leasing Costs											
Leasing Commissions	\$315,717	\$850,901	\$0	\$0	\$522,704	\$625,109	\$962,716	\$0	\$0	\$591,391	\$707,254
Total Leasing Costs	\$315,717	\$850,901	\$0	\$0	\$522,704	\$625,109	\$962,716	\$0	\$0	\$591,391	\$707,254
Capital Expenditures											
Construction Costs											
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$315,717	\$850,901	\$0	\$0	\$522,704	\$625,109	\$962,716	\$0	\$0	\$591,391	\$707,254
Cash Flow Before Debt Service	\$7,721,837	\$7,283,287	\$8,519,222	\$8,777,452	\$8,261,709	\$8,541,692	\$8,096,777	\$9,566,819	\$9,858,626	\$9,415,633	\$9,486,737

Note: Construction costs & Ground Rent during construction are capitalized

Cash Flow Centennial (Amounts in USD)

Centenniai (Amounts in USD)										
	Forecast	Forecast	Forecast <u>2047</u>	Forecast 2048	Forecast	Forecast <u>2050</u>	Forecast 2051	Forecast <u>2052</u>	Forecast	Forecast
	<u>2045</u>	<u>2046</u>	2047	2048	<u>2049</u>	2030	<u>2051</u>	2032	<u>2053</u>	<u>2054</u>
Rental Revenue										
Potential Base Rent	\$13,058,228	\$13,387,196	\$13,788,812	\$14,176,610	\$14,442,965	\$14,751,267	\$15,109,164	\$15,562,439	\$16,008,409	\$16,361,396
Absorption & Turnover Vacancy	(\$488,477)	\$0	\$0	(\$300,069)	(\$358,857)	(\$552,667)	\$0	\$0	(\$339,500)	(\$406,014)
Scheduled Base Rent	\$12,569,751	\$13,387,196	\$13,788,812	\$13,876,541	\$14,084,108	\$14,198,600	\$15,109,164	\$15,562,439	\$15,668,908	\$15,955,383
Total Rental Revenue	\$12,569,751	\$13,387,196	\$13,788,812	\$13,876,541	\$14,084,108	\$14,198,600	\$15,109,164	\$15,562,439	\$15,668,908	\$15,955,383
Other Tenant Revenue										
Expense Recoveries	\$516,378	\$549,777	\$563,522	\$565,330	\$577,364	\$584,234	\$622,022	\$637,573	\$639,619	\$653,235
Total Other Tenant Revenue	\$516,378	\$549,777	\$563,522	\$565,330	\$577,364	\$584,234	\$622,022	\$637,573	\$639,619	\$653,235
Total Tenant Revenue	\$13,086,129	\$13,936,973	\$14,352,333	\$14,441,871	\$14,661,472	\$14,782,834	\$15,731,187	\$16,200,012	\$16,308,527	\$16,608,617
Potential Gross Revenue	\$13,086,129	\$13,936,973	\$14,352,333	\$14,441,871	\$14,661,472	\$14,782,834	\$15,731,187	\$16,200,012	\$16,308,527	\$16,608,617
Vacancy and Credit Loss										
Vacancy Allowance	(\$150,064)	(\$278,739)	(\$287,047)	(\$131,717)	(\$135,643)	(\$169,382)	(\$314,624)	(\$324,000)	(\$148,674)	(\$153,105)
Total Vacancy and Credit Loss	(\$150,064)	(\$278,739)	(\$287,047)	(\$131,717)	(\$135,643)	(\$169,382)	(\$314,624)	(\$324,000)	(\$148,674)	(\$153,105)
Effective Gross Revenue	\$12,936,065	\$13,658,234	\$14,065,287	\$14,310,154	\$14,525,829	\$14,613,451	\$15,416,563	\$15,876,012	\$16,159,853	\$16,455,512
Operating Expenses										
Accounting/Audit	\$88,231	\$90,436	\$92,697	\$95,015	\$97,390	\$99,825	\$102,320	\$104,878	\$107,500	\$110,188
CAM A & Stormwater Fee APA	\$56,460	\$57,871	\$59,318	\$60,801	\$62,321	\$63,879	\$65,476	\$67,113	\$68,791	\$70,511
Ground Rent	\$981,170	\$942,630	\$970,912	\$1,000,032	\$1,030,032	\$1,060,934	\$1,092,760	\$1,105,810	\$1,119,256	\$1,133,100
Hangar Op	\$84,690	\$86,807	\$88,977	\$91,202	\$93,482	\$95,819	\$98,214	\$100,669	\$103,186	\$105,766
Insurance	\$447,645	\$458,837	\$470,307	\$482,065	\$494,117	\$506,470	\$519,131	\$532,110	\$545,412	\$559,048
Management	\$646,803	\$682,912	\$703,264	\$715,508	\$726,291	\$730,673	\$770,828	\$793,801	\$807,993	\$822,776
Payroll	\$346,824	\$355,495	\$364,382	\$373,492	\$382,829	\$392,400	\$402,210	\$412,265	\$422,572	\$433,136
Utilities	\$88,723	\$90,941	\$93,214	\$95,544	\$97,933	\$100,381	\$102,891	\$105,463	\$108,100	\$110,802
Total Operating Expenses	\$2,740,545	\$2,765,928	\$2,843,073	\$2,913,658	\$2,984,395	\$3,050,380	\$3,153,831	\$3,222,109	\$3,282,810	\$3,345,326
Net Operating Income	\$10,195,520	\$10,892,305	\$11,222,214	\$11,396,495	\$11,541,434	\$11,563,071	\$12,262,732	\$12,653,903	\$12,877,043	\$13,110,186
Non-Operating Expenses										
Replacement Reserves	\$52,427	\$53,738	\$55,081	\$56,458	\$57,870	\$59,316	\$60,799	\$62,319	\$63,877	\$65,474
Total Non-Operating Expenses	\$52,427	\$53,738	\$55,081	\$56,458	\$57,870	\$59,316	\$60,799	\$62,319	\$63,877	\$65,474
Leasing Costs										
Leasing Commissions	\$1,089,225	\$0	\$0	\$669,105	\$800,193	\$1,232,358	\$0	\$0	\$378,502	\$1,293,336
Total Leasing Costs	\$1,089,225	\$0	\$0	\$669,105	\$800,193	\$1,232,358	\$0	\$0	\$378,502	\$1,293,336
Capital Expenditures										
Construction Costs										
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$1,089,225	\$0	\$0	\$669,105	\$800,193	\$1,232,358	\$0	\$0	\$378,502	\$1,293,336
Cash Flow Before Debt Service	\$9,053,868	\$10,838,568	\$11,167,133	\$10,670,932	\$10,683,372	\$10,271,397	\$12,201,933	\$12,591,583	\$12,434,664	\$11,751,376

Note: Construction costs & Ground Rent during construction are capitalized

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Phoenix Deer Valley Airport (DVT)

GREATER PHOENIX AREA

The Phoenix metropolitan area, also known as the Valley of the Sun, is a vibrant community and economic hub, attracting new residents and businesses alike. Today, the region is home to 4.9 million residents and continues to grow. The Phoenix MSA is the second-fastest growing metro in the nation and ranks 11th in total population. The metro remains attractive not only because of its competitive advantage regarding cost, but also because of an overall value proposition, which includes its talent pool, quality of life and infrastructure.

Efforts to diversify the Phoenix economy, market its strengths and make the region a friendlier place to do business have paid dividends. Today, the Phoenix metro area is increasingly known for its relatively low taxes and business-friendly regulatory climate. This combination, backed by numerous public-private partnerships between government, industry and leading educational institutions, supports a dynamic entrepreneurial community. Furthermore, the Valley has become a preferred location for finance, technology and advanced manufacturing. Companies also benefit from the metro's inherent advantages; for example, its strategic location provides access to major markets within one day's drive.

Situated in the south-central region of Arizona, the Phoenix metropolitan area includes Maricopa and Pinal counties, spanning 14,587 square miles. Most of the metro's population and



commercial density is concentrated in Maricopa County; however, growth is pushing outward into Pinal County where there is an abundance of land to build.

The Phoenix metro serves as an optimal location due to its proximity to major markets which attracts firms that export abroad to the Valley. Companies that distribute throughout the western and southwestern U.S. and Mexico benefit from the area's location and infrastructure that connects Arizona to 65 million people throughout markets in California, Colorado, Nevada, New Mexico, Texas and Utah, which are within a one-day truck haul.

Robust population growth across the Valley is supported by strong net migration. The metro's population has grown from 375,000 people in 1950 to more than 4.9 million residents today. An average of 260 people are added to the metro each day, making it the second-fastest-growing metro in the nation. In 2020, Maricopa County was the fastest-growing county in the U.S. Looking forward, the Phoenix metro population is expected to grow at an average annual rate of 1.6% over the next five years, more than double the national rate of growth.

Fortune 500 Companies

As of May 2020, four companies on the Fortune 500 list are headquartered in the Phoenix metro area, as summarized in the following table.

Fo	ortune 500 Companies He	adquartered in Pho	Revenues
Rank	Company	Employees	(\$ Billion)
169	Avnet	15,500	19.5
221	Freeport-McMoRan	27,500	14.4
305	Repiblic Services	36,000	10.3
432	Magellan Health	10,100	7.2
Source:	Fortune, May, 2020		

Although in 2020 relatively few Fortune 500 companies were headquartered in Phoenix, with a competitive advantage regarding cost, talent and quality of life, Phoenix is uniquely attractive to businesses. These factors, in addition to the metro's business-friendly regulatory environment and proximity to major markets, continue to help fuel growth. In recent years, a significant number of financial, technology and manufacturing companies have located and expanded operations in greater Phoenix.

Greater Phoenix is an emerging tech market. Over the last 70 years, Greater Phoenix has created a diversified tech ecosystem home to R&D, high-tech manufacturing, software companies and next-generation technologies. Phoenix was in the top 20 for high-tech employment growth in CBRE's 2019 Scoring Tech Talent report. With more than 85,060 high-tech employees, metro employment has grown 7.7% over a five-year period. Today, there are roughly 500 software

companies that call Greater Phoenix home. Companies including GoDaddy, Carvana and LifeLock went from startups to household names right in Phoenix's own backyard.

The Phoenix data center market currently ranks 5th in the nation by megawatt inventory size, behind Northern Virginia, Dallas, Silicon Valley and Chicago. The region ranks as the 2nd-most active data center market in the country, growing by 60% since 2015 and accounting for 16.2% of all current construction in primary markets. Over the last few years, planned construction projects have accounted for land purchases totaling 900 acres and 15 million square feet of new data center facilities. This growth has been a boon for the West Valley with Goodyear and El Mirage attracting heavy hitters, such as Microsoft, Compass, Vantage and Stream.

The metro's growing prominence as a financial hub is fueled by companies such as USAA, State Farm, Charles Schwab, Freedom Financial and Northern Trust—all of which have expanded operations within the last few years. As a result, hiring rates for finance and insurance jobs in Phoenix have been among the highest in the country. The financial activities sector accounts for 9.0% of total employment in Phoenix and is a growing sector that supports more than 198,000 jobs.

In recent years, metropolitan Phoenix has gained recognition for its entrepreneurial community. The Phoenix MSA ranked eighth in startup activity in 2018 among U.S. metros with populations over one million.

Another prominent industry sector in the Phoenix metro that continues to expand is advanced manufacturing. Industry leaders like Intel, Microchip and Blue Yonder have a strong presence in metropolitan Phoenix. In 2019, Lucid Motors began construction on their electric car manufacturing plant in Casa Grande which is expected to lead to 4,800 direct and indirect jobs over the next decade. Nike established roots in the West Valley with the purchase of Lincoln Logistics 40 and will invest \$185 million into the facility and support 500 jobs. The outlook for this sector is bright and is a top priority for state and community leaders.

VILLAGE OF DEER VALLEY

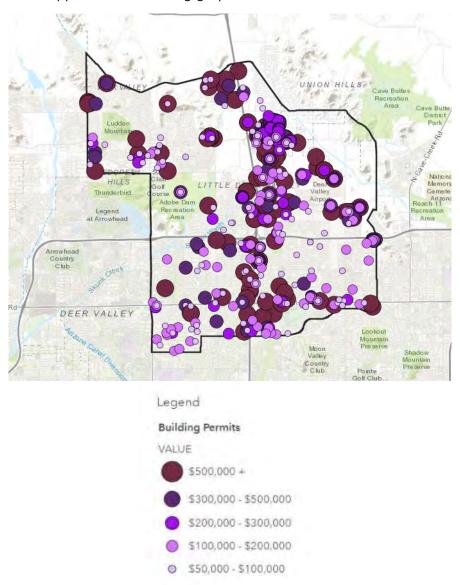
Deer Valley Village, characterized by its desert setting and mountains, is a dynamic, young, growing community. It is distinguished by its growing attraction for business and residential development. Deer Valley Village has considerable zoned and developed industrial land which will satisfy basic employment needs. Additionally, Deer Valley is one of the most active areas in the valley for construction of single-family detached homes and development of commercial uses. Development of the core, located at the crossroads of the Interstate 17 and Loop 101 freeways, includes a wide range of uses including industrial, commercial, shopping and high-density residential.

Running along the 101 and Interstate 17, located in the northwestern section of Phoenix, Deer Valley borders the Desert View, North Mountain, and Paradise Valley neighborhoods, along with



the cities of Peoria and Glendale. Along with the Adobe Mountains, this large community is near Scatter Wash, Apache Wash Trail Head, the Phoenix Mountain Preserves, and just 30 minutes from Lake Pleasant.

According to the Deer Valley Village 2020 Annual Report, the area is exhibiting substantial growth. Approximately 624 building projects (valued at or above \$50,000) were filed in the year 2020, contributing to a total estimated value of \$684 million of investment and growth. The developments are mapped in the following graphic.



Within a three-mile radius of downtown Deer Valley, more than 23,000 people hold financial services and financial technology jobs, according to CBRE Research. There are more than 400 companies in this sector located within the office submarket, including, USAA, Consumer Cellular, Farmers Insurance and Paychex, all of which have expanded to the area in recent years.

Additionally, more than 3.1 million people, or 70% of the population of Maricopa County can access the Deer Valley business district within a 40-minute commute.

In October 2020, the city of Phoenix and the Arizona State Land Department repositioned 3,500 acres of desert in north Phoenix for a major future employment corridor that would include a tech campus and mixed-use components. The sites are located just north and east of Phoenix Deer Valley Airport, as depicted in the following graphic.



The proposed zoning includes three districts: a technology campus, a technology park and freeway mixed-use development. The technology campus portion includes 1,078 acres and is located near the center of the site, according to city documents. This portion will be allowed to contain the most intensive development and commercial uses. The technology park portion of the area will include 1,217 acres of planned employment and commerce park uses on the northern and western portions of the site. The freeway mixed-use district will include 1,243 acres on the eastern portion of the site along the I-17 corridor and could include additional employment uses, regional commercial, office, hospitality and multifamily development.

In December 2020, Taiwan Semiconductor Manufacturing Co. Ltd. (TSMC) bought 1,128 acres of the land and intends to build a \$12 billion factory, which is projected to create more than 1,600 jobs. The company makes silicon chips for Apple Inc. and several other major technology companies. Ground-breaking is scheduled for 2021, with completion in 2024. TSMC's plant represents the largest foreign direct investment ever in Phoenix and in the state of Arizona. The plant is projected to increase the quality of jobs for the entire business ecosystem in Phoenix, and attract other companies to the city and state as well, according to local officials.

The remainder of the massive stretch of land that was subject to the rezoning will eventually be sites for other "like-minded" companies that are interested in locating near TSMC. At full buildout of the 3,500 acres, officials said the area could equate to 150,000 to 200,000 jobs by companies interested in working alongside TSMC. The company reportedly sees Phoenix as the next world-class semiconductor ecosystem, noting that the local workforce and the relationship with universities were made the area an attractive option.

Other recent Deer Valley developments include, a new research and development lab built by Honeywell is demonstrating the company's technological capabilities in both hardware and software for the unmanned aerial systems (UAS) and urban air mobility (UAM) markets. The new lab is located at Honeywell's Deer Valley avionics facility. The lab, which resembles a conceptual UAM vehicle flight deck with real hardware, is the first of its kind to demonstrate actual fly-by-wire controls and vehicle avionics integrated in a lab setting. It will be used to develop, test and demonstrate Honeywell's industry-leading technology aimed at simplifying the operations of future vehicles.

Phoenix Deer Valley Airport Service Area

The airport service area is generally defined as the geographic region served by an airport. The National Plan of Integrated Airport Systems (NPIAS) developed by the FAA defines service area as being within a 30-minute drive time from a given airport, which often translates into 20 miles or more. The number of competing public-use airports, however, can both widen or contract the service area depending on various users perceived level of service and amenities offered at a Given Phoenix Deer Valley Airport's facilities, including well-established given airport. infrastructure, a competitive rate structure, and convenient access to the Phoenix metropolitan area, it is reasonable to assume that users would be willing to travel a bit further to conduct operations at DVT. Therefore, we employ a 30-minute and 60-mile drive in the analysis, with a primary focus on the 30-minute drive time.

The Phoenix Deer Valley Airport service area (30-minute drive time) is illustrated in the following graphic.





Service Area Demographics

702 W Deer Valley Rd, Phoenix, AZ	30 Min. Drive Time	60 Mile Drive	State	US
Population				
2025 Total Population	2,433,232	5,076,336	7,833,627	346,021,282
2020 Total Population	2,284,742	4,710,565	7,332,436	333,793,107
2010 Total Population	2,024,497	4,002,016	6,392,017	308,745,538
2000 Total Population	1,817,117	3,140,563	5,130,632	281,421,906
Annual Growth 2020 - 2025	6.50%	7.76%	6.84%	3.66%
Annual Growth 2010 - 2020	12.85%	17.70%	14.71%	8.11%
Annual Growth 2000 - 2010	11.41%	27.43%	24.59%	9.71%
Households				
2025 Total Households	917,509	1,855,132	2,904,444	130,658,485
2020 Total Households	860,780	1,724,383	2,719,163	126,083,849
2010 Total Households	764,586	1,478,115	2,380,990	116,716,292
2000 Total Households	676,705	1,160,404	1,901,327	105,480,101
Annual Growth 2020 - 2025	6.59%	7.58%	6.81%	3.63%
Annual Growth 2010 - 2020	12.58%	16.66%	14.20%	8.03%
Annual Growth 2000 - 2010	12.99%	27.38%	25.23%	10.65%
Income				
2020 Average Household Income	\$90,571	\$91,852	\$83,838	\$90,054
2020 Per Capita Income	\$34,189	\$33,704	\$31,218	\$34,136
2025 Average Household Income	\$100,080	\$102,132	\$93,309	\$99,510
2025 Per Capita Income	\$37,798	\$37,397	\$34,715	\$37,691
Average Annual Growth 2020-2025				
Average Household Income	2.02%	2.14%	2.16%	2.01%
Per Capita Income	2.03%	2.10%	2.15%	2.00%

Both the 30-minute and 60-mile DVT service areas have experienced significant population and household growth since 2000; a trend that is projected to continue into the foreseeable future,



albeit at a more moderate pace. Growth in the area has generally outpaced the nation since 2000 and is projected to continue to surpass national growth projections.

Average household income in the DVT 30-minute drive service area is currently 8.03% higher than the state, and 0.57% higher than the US average. Per capita Income is 9.52% higher than the state and 0.16% higher than the nation. Growth in average household and per capita income in the DVT 30-minute and 60-mile drive service areas are projected to remain well ahead of the state and nation.

PHOENIX DEER VALLEY AIRPORT



Phoenix Deer Valley is a medium sized, predominantly business and general aviation airport. It boasts a large permanently-based population. It is located approximately 17 miles north of Phoenix Sky Harbor International Airport and is a convenient alternative to the larger and more congested airport. This convenience has led Deer Valley to become one of the busiest general aviation airports in the country. The airport is home to several high-activity flight schools, which,

along with the large number of itinerant aircraft, results in an extremely busy air traffic environment.

Phoenix Deer Valley Airport (DVT), owned and operated by the City of Phoenix, is located on 914 acres within the northern City limits approximately 20 miles north of downtown, and serves to relieve general aviation air traffic from Phoenix Sky Harbor International Airport. No commercial passenger service operations are provided; however, air taxi service is provided by its fixed base operators. The airport is capable of accommodating all segments of civil aviation except commercial passenger service. The airport offers a complete range of services including fueling, avionics repair, maintenance, parts, flight training, new and used aircraft sales, aircraft rentals, a pilot shop, and a restaurant.

DVT has two parallel runways, which are designated as 7L-25R and 7R-25L. The north parallel runway, Runway 7L-25R, measures 4,500 feet long by 75 feet wide, and the south parallel runway, Runway 7R-25L, measures 8,196 feet long by 100 feet wide. The flow pattern at DVT is dictated largely by the flow pattern that is in use at PHX. Typically, east flow is in use through late morning and subsequently changes to west flow for the remainder of the day. The airport has no ILS or approaches – just RNAV (GPS) approaches.

The landside facilities at DVT include the terminal building, Cutter Aviation FBOs, Westwind School of Aeronautics and TransPac Aviation Academy flight schools, fueling facilities, major utilities, and support facilities. Cutter Aviation, the sole FBO, has two locations. The first is west of the Terminal Building, where they sublease space to the Westwind School of Aeronautics. This terminal building is approximately 2,000 square feet and includes a wide variety of amenities, including: pilot's lounge, waiting area/lounge, weather station, restroom, showers, kitchenette, and conference rooms. In addition to its FBO terminal, Cutter Aviation provides services to its clients including: charter flights, rental car, aircraft sales, aircraft rental, aircraft maintenance and parts supply, hangar rental, aircraft tie-down parking, avionics sales/repair, and aircraft fueling.

Cutter Aviation's second location is located east of the terminal building and subleases space to the TransPac Aviation Academy. Cutter's second terminal building is approximately 30,000 square feet and includes amenities such as pilot's lounge, sleep room, lobby, restrooms, flight planning, and weather station. In addition to its east FBO terminal, Cutter Aviation provides the following services to its clients: rental car, aircraft sales, hangar rental, aircraft tie-down parking, aircraft maintenance, avionics sales/repair, and aircraft fueling.

There are two flight schools currently based at DVT, the Westwind School of Aeronautics and the TransPac Aviation Academy. Both flight schools offer comprehensive flight training programs for private pilots and career airline pilots. Both flight schools support significant foreign pilot training from rapidly growing countries including China, South Korea, and Vietnam. The flight schools operate daily, year-round, but are typically busiest Monday through Friday.



The Police Air Support Unit includes fixed wing and rotor-craft aircraft to support the Police Department's mission within the City. The Air Support Unit is conveniently located on the southeast side of DVT, allowing the unit to rapidly respond to calls within the City without having to cross-over arriving/departing air traffic. Sections of the Air Support Unit's aircraft apron as well as main operations building are in poor condition. Fire and emergency support services are provided by the City of Phoenix Fire Department Station 36, located at the intersection of W. Melinda Lane and N. 9th Avenue just south of DVT.

DVT has two through-the-fence agreements in place. Through-the-fence operations have access to the airfield from private property not contained within the Airport Operations Area (AOA). Honeywell has a through-the-fence operation on the south side of DVT, located west of the west T-hangar apron. Aircraft have direct access to Taxilane R1 from Honeywell's property. The Northwest Industrial Air Park is the second through-the-fence operation and is located at the northwest corner of DVT. Aircraft must taxi across Williams Drive to enter the AOA.

Phoenix Deer Valley Airport is consistently ranked as one of the busiest general aviation airports in the U.S., ranking #2 in the FAA's Top 10 Busiest General Aviation Airports, as of 2017.

	Airport Name	Location ID	Operations Commercial (Air Carrier)	Operations Air Taxi	Operations GA Local	Operations GA Itinerant	Operations Military	Total GA (Local + Itinerant) Ops
	VAN NUYS	VNY	0	16,408	155,420	332,117	557	487,537
	PHOENIX DEER VALLEY	DVT	12	4,670	130,886	243,075	134	373,961
	CENTENNIAL	APA	0	28,361	153,744	133,098	6,366	286,842
Top 10 Busiest	ERNEST A LOVE FIELD	PRC	10	3,017	177,233	85,290	648	262,523
GA Airports	LONG BEACH /DAUGHERTY FIELD/	LGB	34,962	6,708	151,912	101,734	860	253,646
	PORTLAND- HILLSBORO	ню	0	9,561	160,261	83,381	644	243,642
	PHOENIX-MESA GATEWAY	IWA	11,503	38,200	166,519	66,727	7,503	233,246
	FALCON FLD	FFZ	9	67,638	175,051	53,307	4,196	228,358
	GRAND FORKS INTL	GFK	1,029	105,715	212,325	12,634	182	224,959
	GILLESPIE FIELD	SEE	0	345	140,189	68,061	101	208,250

Considering this position, and as a reliever for Phoenix Sky Harbor International airport, DVT is well-positioned to benefit from increased demand generated by Phoenix's business district, growing population and projections of significant corporate location and expansion in the area.



Runways

DVT RUNWAY CHARACTERISTICS										
Runway	Length (Ft)	Width (Ft)	Instrument							
7R/25L	8,196	100	RNAV (GPS)							
7L/25R	4,500	75	None							
Source: FAA A	DIP									

DVT features one runway that can accommodate commercial aircraft as well as corporate and private jets.

Airport Operations

The number of jet operations an airport annually supports is indicative of the facilities and services it offers and the type of aircraft it can support. Specific operational thresholds provide an adequate indication of an airport's role within the market(s) that is serves.

FAA data regarding Phoenix Deer Valley Airport operations are summarized in the following table.

		DVT HI	STORICAL A	TED AIRCRA	AFT OPERATI	ONS			
		ltinerar	nt Operat	ions		Loc	al Operati	ons	
		Air Taxi &							TOTAL
FY	Air Carrier	Commuter	GA	Military	TOTAL	Civil	Military	TOTAL	OPS
2018	13	4,600	140,700	117	145,430	269,689	47	269,736	415,166
2019	42	51,326	97,666	92	149,126	307,645	19	307,664	456,790
2020	20	52,662	81,608	50	134,340	268,064	40	268,104	402,444
2021*	18	37,444	113,375	96	150,933	326,583	19	326,602	477,535
2022*	18	37,444	113,489	96	151,047	327,563	19	327,582	478,629
2023*	18	37,444	113,603	96	151,161	328,547	19	328,566	479,727
2024*	18	37,444	113,717	96	151,275	329,534	19	329,553	480,828
2025*	18	37,444	113,831	96	151,389	330,523	19	330,542	481,931
2026*	18	37,444	113,945	96	151,503	331,515	19	331,534	483,037
2027*	18	37,444	114,059	96	151,617	332,509	19	332,528	484,145
2028*	18	37,444	114,173	96	151,731	333,508	19	333,527	485,258
2029*	18	37,444	114,287	96	151,845	334,509	19	334,528	486,373
2030*	18	37,444	114,401	96	151,959	335,513	19	335,532	487,491
2031*	18	37,444	114,515	96	152,073	336,519	19	336,538	488,611
2032*	18	37,444	114,629	96	152,187	337,529	19	337,548	489,735
2033*	18	37,444	114,743	96	152,301	338,542	19	338,561	490,862
2034*	18	37,444	114,858	96	152,416	339,557	19	339,576	491,992
2035*	18	37,444	114,973	96	152,531	340,577	19	340,596	493,127
2036*	18	37,444	115,088	96	152,646	341,599	19	341,618	494,264
2037*	18	37,444	115,203	96	152,761	342,624	19	342,643	495,404

Source: Historic data derived from FAA OPSNET; Forecast data via FAA TAF



The data presented is comprised of a mix of sources: Historic data has been retrieved from FAA OPSNET, as it is the only actual data available regarding operations. Projections have been retrieved from FAA TAF data.

Between 2018 and 2019, Phoenix Deer Valley Airport experienced a 10.03% increase in overall operations. Total general aviation operations decreased 30.59%, and local civil operations increased 14.07%. The effects of the COVID-19 pandemic can be seen in the change from 2019 to 2020: total operations at DVT decreased 11.9%, general eviation declined 16.44%, and civil operations declined 12.87%. The significant increase in projected operations from 2020 to 2021 is largely attributable to the fact that TAF forward-looking data was produced prior to the pandemic, and does not consider its ongoing effects.

As illustrated, nominal growth is projected in overall operations through 2037. The strength of an FBO can be determined, in part, by the amount of operations attributable to general aviation (GA), iterant and based. Low number of annual operations indicates low activity, which translates to minimal fuel sales, the primary revenue source for FBOs. Few aircraft flying means low fuel sales, which equals low FBO revenue. As illustrated in the previous table, 2019 actual FAA data for GA operations at DVT indicate that 89% of the airport's operations were dedicated to iterant and based GA, which suggests a relatively healthy FBO. We exclude 2020 from this observation, as it is considered an atypical year.

ARIZONA STATE AVIATION SYSTEM PLAN (SASP) 2018 UPDATE

The Arizona State Aviation System Plan (SASP) is an analysis used by the Arizona Department of Aviation (ADOT) Aeronautics Group to identify and prioritize aviation facility and service needs and to reflect changes in the aviation industry, activity levels and more.

GA Operations Forecast

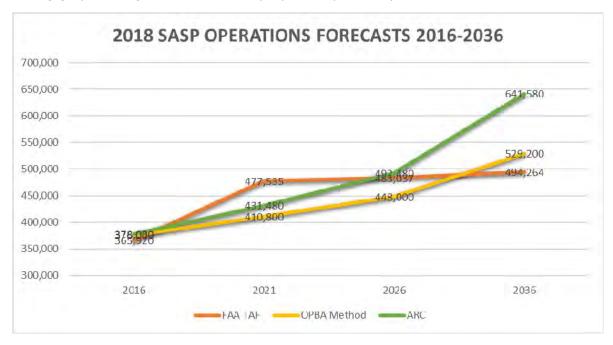
The study is developed at the state level, but is guided by FAA via the National Plan of Integrated Airport Systems (NPIAS). Three different forecasting methodologies were utilized to determine the most reliable forecast estimates for General Aviation (GA) operations:

4. Operations Per Based Aircraft (OPBA) Method – this is an industry standard method for estimating aircraft operations at GA airports where the base year operations are divided by the total number of based aircraft at each airport, for a

resulting OPBA. The OPBA is then multiplied by the total forecasted based aircraft at each airport for each year to yield annual operations forecasts. Since a reliable historical data stream of operations and based aircraft were unavailable, the OPBA was held constant throughout the forecast period. In this case, the total based aircraft forecasted using the preferred Population Growth method were used. This methodology results in the same growth rate in operations as based aircraft since the projection of based aircraft is the basis for the growth rate.

5. Airport Reference Code (ARC) Category Growth Rate – an airport's ARC is defined by the FAA as, a "designation that signifies the airport's highest Runway Design Code (RDC)," which identifies the largest and/or heaviest aircraft that the airport's longest runway is able to accommodate under normal conditions. This methodology is based on the fact that smaller aircraft can utilize any runway; however an airport's operations can be restricted by its inability to safely handle larger aircraft. This methodology assigns a specific growth rate based on the airport's ARC designation.

Overall, all three projections anticipate growth for Arizona operations for the next 20 years. Phoenix Deer Valley Airport's growth rates via the two methodologies are presented in the following graph, along with the FAA TAF projections previously discussed.



The ARC growth rate was determined as the preferred methodology in the 2018 SASP for several reasons: With Arizona's population projected to grow at almost twice the expected U.S. population rate, a higher rate of airport traffic will also likely follow.

Additionally, Arizona was ranked number three in the country for states that were attractive for aerospace manufacturing in the 2017 Aerospace Manufacturing Attractiveness Rankings (PWC 2017). According to this report, Arizona has an ideal climate for aircraft testing and space observation, one of the best transportation infrastructures, and a tax policy congenial to business. Also, according to the Arizona Commerce Authority, Arizona is home to more than 1,200 aerospace and defense companies and this sector is a priority in the state's growth strategy (Arizona Commerce Authority n.d.). This kind of business activity usually results in higher business aircraft usage. Additionally, air tourism in Arizona has been on the increase as the country recovers from the recession. All of these factors, point to a greater number of aircraft operations in the state. The ARC growth rate methodology projects a 2.68% increase in DVT operations over the 20-year forecast period.

Based Aircraft

Based aircraft are aircraft typically stored at the airport, requiring a parking position either on the apron or in a hangar. The tenants (pilots, aircraft owners, etc.) choose between these two options according to their aircraft's characteristics (size, condition, age, needs, etc.) and based on space availability, price, location, weather and other considerations (maintenance, storage of parts, frequency of usage, etc.).

Based and transient jets require specific facilities and services to support these sophisticated and generally larger aircraft, including Jet fuel, 5,000-feet or longer runways, published Instrument Approach Procedures (IAPs), and (in most cases) conventional hangar facilities. Based jets are a reliable sign of economic activity within the markets that they serve.

The most recent data regarding based aircraft at Phoenix Deer Valley Airport are summarized in the following table.



DVT BASED AIRC	RAFT
Туре	# of A/C
Single Engine	776
Multi-Engine	92
Jet	19
Helicopters	16
Military	2
Gliders	10
Ultralights	2
Total	917
Source: FAA as of 2017	

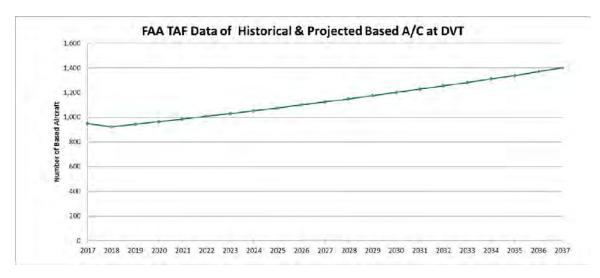
According to 2017 FAA data, the airport accommodated 917 based aircraft. As previously noted, the FAA ranks Phoenix Deer Valley Airport 2nd in the US for general aviation operations, which would suggest a higher number of based aircraft at the airport.

Based aircraft comprise the target market for the Sky Harbour facilities, and are the target market for the Sky Harbour business model, as it is based on long-term hangar leasing. Moreover, as was previously discussed, Sky Harbour's preferred tenant is an aircraft owner/user that is more interested in a high-end, safe and comfortable unit than extensive flight time in the aircraft.



FAA TERMINAL AREA FORECAST (TAF) PROJECTIONS

The Terminal Area Forecast (TAF) contains historical and forecast data for enplanements, airport operations, Terminal Radar Approach Control (TRACON) operations, and based aircraft. The data cover FAA-towered airports, Federal contract tower airports, TRACON facilities and non-FAA airports. Data in the TAF are presented on a U.S. Government fiscal year basis (October through September). FAA projections for based aircraft at DVT from their January 2020 report (most recent available) are summarized in the following table.



According to the FAA, the TAF assumes a demand-driven forecast for aviation services based upon local and national economic conditions as well as conditions within the aviation industry. In other words, an airport's forecast is developed independent of the ability of the airport and air traffic control system to furnish the capacity required to meet demand. However, if the airport historically functions under constrained conditions, the FAA forecast may reflect those constraints since they are embedded in historical data. In statistical terms, the relationships between economic growth data and data representing growth in aviation activity reflect those constraints.

According to the FAA TAF, there were 950 based aircraft at DVT in 2017. We note that this number is inconsistent with the aforementioned data gleaned from FAA records describing the fleet mix at DVT and resulting based aircraft totals. Nonetheless, this is the best data available. The number of based aircraft decreased to 923 (-3.0%) in 2018. Nominal annual growth of 2.0% is projected through 2037.



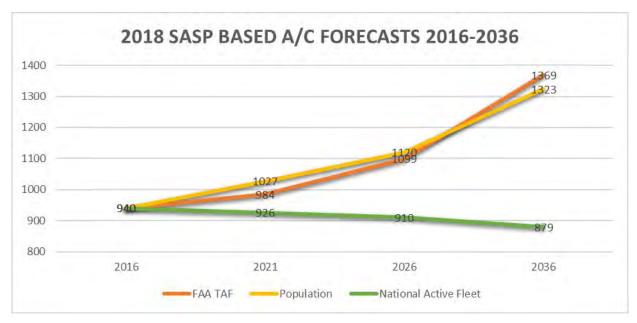
ARIZONA AVIATION SYSTEM PLAN (SASP) 2018 UPDATE

Based Aircraft Analysis

Two different methodologies were developed to project General Aviation based aircraft for the state and at DVT for the SASP:

- 4. **Population Growth by County** the method examines the direct relationship between based aircraft and the population of the county in which the airport is located. The assumption inherent in the methodology is that the number of based aircraft will expand or contract in concert with population changes.
- 5. National Active Fleet this methodology assumes a relationship between an airport's market share capture or ratio of the system's total based aircraft fleet. It employ's the FAA's projections for growth in the national GA fleet, assuming the airport's proportionate share of total based aircraft remains constant. We note that the SASP used data from the FAA Aerospace Forecast Fiscal Years 2017-2037, which appears to contradict previously-reported TAF data.

The projected growth rates using the two methodologies is summarized in the following graph. For comparison, we have also included the FAA TAF data previously discussed.



The Population Growth methodology was determined as the preferred methodology for based aircraft projections for the SASP, as the authors believed that the effects of the economic downturn would not persist, and 2016 changes in FAA regulations on small aircraft (14 CFR 23) and on BasicMed (14 CFR 68) were believed to increase GA activity



through the planning period. These factors, along with the positive socioeconomic projections for Arizona, were projected to result in growth in based aircraft. Under the preferred Population Growth methodology, Phoenix Deer Valley Airport is estimated to realize an additional 383 based aircraft over the 20-year planning horizon, or an annual growth rate of 1.72%. We note that the overall growth in based aircraft for all Arizona system plan airports using the Population Growth method is 1.59% over the 20-year forecast period. Thus, based on the preferred method, Phoenix Deer Valley Airport is projected to exceed the state in growth projections for based aircraft.

FUEL SALES

The number of gallons of jet fuel dispensed at an airport is a good general indicator as to the total size of the market and how active the airport is – the more fuel dispensed at the airport, the more active the airport is. Fueling data is proprietary, and was not available for this analysis. However, the previous discussion, including the airport's previous and projected demand increases, coupled with the airport's position as the #2 GA airport in the nation, indicates that Phoenix Deer Valley Airport is a well-established and healthy airport, with excess demand to be captured.

With regard to the Sky Harbour development, a key feature is the company's plan to construct a fuel farm on the campus, allowing them to offer fuel at their cost plus a minimum service fee, similar to the arrangement at Opa-Locka Airport. Although the cost to construct the fuel farm is a consideration, it is customary for fuel providers to amortize the cost into the fuel charges to users of the facility. Considering this, Sky Harbour should maintain a low fuel charge, attractive to its tenants.

HANGAR SUPPLY & DEMAND AT PHOENIX DEER VALLEY AIRPORT

Currently, there are only two options for aircraft hangar rental at DVT - through the Airport Authority or Cutter Aviation. Accordign to the Airport Authority, they do not have any corporate/executive hangars; they have available land to build hangars on.

Existing hangar facilities at Deer Valley are illustrated in the following graphic and table.





			EXISTIN	IG HANGAR S	PACE AT DVT				
Location	# of Buildings	Туре	Private/ Community	Area (SF)	A/C Parking Positions	Occupied	Waitlist	Rent (\$/SF)	Min Fuel Purchase
T-Hangars	58	Conventional	Community	952,950	768	100%	Yes	\$2.95	Yes
Shade Hangars	12	Conventional	Community	221,411	240	100%	Yes	\$2.43	Yes
Box Hangars	11	Conventional	Community	161,317	N/A	NAV	NAV	NAV	Yes
TOTAL	81			1,335,678		100%			
Source: Various source	s compiled by Cl	BRE							

DVT has three covered aircraft parking options, including t-hangars, shade hangars, and box hangars. T-hangars have the largest supply of the three covered aircraft parking options. There are 22 T-hangar buildings on the south side of DVT and 36 T-hangar buildings on the north side of DVT, totaling approximately 952,950 square feet. DVT offers two configurations of T-hangar buildings, 44 t-hangar buildings with 14 smaller parking positions and 14 T-hangar buildings with 12 larger parking positions. Shade hangars have the next largest supply at DVT. There are 12 shade hangar buildings, all of which are located on the south side of DVT, totaling approximately 221,411 square feet. There are 11 box hangar buildings throughout DVT, totaling approximately 161,317 square feet. Note that box hangars do not have defined parking positions.

Small T-hangars (930 sf) are offered at \$233.15/month and Large T-hangars (1,670 sf) are offered at \$338.47/month. As of April 1, 2021, there are 144 people on the Small T-hangar waitlist and 125 people on the Large T-hangar waitlist. Clearly, demand exceeds supply.

Cutter Aviation's future plans at Phoenix Deer Valley include the construction of new hangars as well as a modern FBO facility. We contacted Amy Le Vay-Lilavois, Operations Manager, who reported that the company is in early stages of constructing hangars able to accommodate large, private aircraft, and currently no pricing has been set.

Supply & Demand Projections

Employing the previously-discussed Sugar Land Master Plan estimates for required space per aircraft type and percentage of each aircraft type housed in hangars (as opposed to shade hangars and tie-downs), coupled with FAA projections for future growth in overall airport operations and our research of existing hangar space at DVT, we have compiled the following forecast estimates of either a shortage or surplus of hangar space through 2035.



A/C Type	Hangar Area Required Per Aircraft (SF)*	FAA # Based A/C 2020	Estimate of % of A/C Stored in Hangars*	# of A/C Stored in Hangars	Required SF of Hangar Space	Existing Hangar Space	Shortage/ Surplus Hangar Space
Single-Engine	1,200	788	20%	158	189,120		
Multi-Engine	3,000	92	50%	46	138,000		
Jet	8,000	19	100%	19	152,000		
Helicopter	1,500	16	100%	16	24,000		
-		915		239	503,120	161,317	-341,803

*Based on estimates used in Sugar Land Regional Airport Master Plan, this area accounts for aircraft wingspan, overall length, and a

A/C Type	Hangar Area Required Per Aircraft (SF)*	2020 # of A/C Stored in Hangars	FAA Estimate Growth 2020-2025	2025 # of A/C Stored in Hangars	Required SF of Hangar Space	Existing Hangar Space	Shortage/ Surplus Hangar Space
Single-Engine	1,200	158	12%	177	211,814		
Multi-Engine	3,000	46	12%	52	154,560		
Jet	8,000	19	12%	21	170,240		
Helicopter	1,500	16	12%	18	26,880		
		239		267	563,494	161,317	-402,177
	Hangar Area Required Per Aircraft	2025 # of A/C Stored	FAA Estimate Growth	2030 # of A/C Stored	Required SF of Hangar	Existing Hangar	Shortage/ Surplus Hangar
A/C Type	(SF)*	in Hangars	2025-2030	in Hangars	Space	Space	Space
Single-Engine	1,200	177	12%	198	237,232		
Multi-Engine	3,000	52	12%	58	173,107		
Jet	8,000	21	12%	24	190,669		
Helicopter	1,500	18	12%	20	30,106		
		267		299	631,114	161,317	-469,797
	Hangar Area Required Per Aircraft	2030 # of A/C Stored	FAA Estimate Growth	2035 # of A/C Stored	Required SF of Hangar	Existing Hangar	Shortage/ Surplus Hangar
A/C Type	(SF)*	in Hangars	2030-2035	in Hangars	Space	Space	Space
Single-Engine	1,200	198	12%	221	265,700		
Multi-Engine	3,000	58	12%	65	193,880		
	8,000	24	12%	27	213,549		
Jet	8,000						
Jet Helicopter	1,500	20	12%	22	33,718		

Aside from the Cutter Aviation planned development, of which no details are known, and the Sky Harbour development, we are unaware of any other hangars planned to be built at the airport. Our estimates do not include either the Cutter Aviation or Sky Harbour development.

As indicated in the preceding table, as of 2020, there was a deficit of hangar space at DVT of 341,803 square feet. Our estimates for 2025 indicate that the shortage will grow



to 402,177 square feet. By 2030, demand will exceed supply by 469,797 square feet, and by 2035, there is a projected shortage of 545,530 square feet of hangar space.

Supply & Demand Projections – Including the Sky Harbour Development

The following table illustrates projected supply and demand at Phoenix Deer Valley Airport after the completion of the Sky Harbour hangar campus.

DEER VALLEY AIRPORT HANGAR SUPPLY & DEMAND PROJECTIONS

	Hangar Area Required Per Aircraft	FAA # Based A/C	Estimate of % of A/C Stored in	# of A/C Stored in	Required SF of Hangar	Existing Hangar	Shortage/ Surplus Hangar
A/C Type	(SF)*	2020	Hangars*	Hangars	Space	Space	Space
Single-Engine	1,200	788	20%	158	189,120		
Multi-Engine	3,000	92	50%	46	138,000		
Jet	8,000	19	100%	19	152,000		
Helicopter	1,500	16	100%	16	24,000		
		915		239	503,120	161,317	-341,803
*Based on estimate	-	-	•			• .	•
clearance of 10 fee	Hangar Area	craff for maneuve	ering and equipm	nent storage, as w	ell as estimates (Existing	aff
A/C Type	Required Per Aircraft (SF)*	2020 # of A/C Stored in Hanaars	FAA Estimate Growth 2020-2025	2025 # of A/C Stored in Hangars	Required SF of Hangar Space	Hangar Space (incl Sky Harbour)	Shortage/ Surplus Hangar Space
Single-Engine	1,200	158	12%	177	211,814	•	•
Multi-Engine	3,000	46	12%	52	154,560		
Jet	8,000	19	12%	21	170,240		
Helicopter	1,500	16	12%	18	26,880		
	,	239		267	563,494	283,817	-279,677
A/C Type	Hangar Area Required Per Aircraft (SF)*	2025 # of A/C Stored in Hangars	FAA Estimate Growth 2025-2030	2030 # of A/C Stored in Hangars	Required SF of Hangar Space	Existing Hangar Space	Shortage/ Surplus Hangar Space
Single-Engine	1,200	177	12%	198	237,232	-	•
Multi-Engine	3,000	52	12%	58	173,107		
Jet	8,000	21	12%	24	190,669		
Helicopter	1,500	18	12%	20	30,106		
	·	267		299	631,114	283,817	-347,297
A/C Type	Hangar Area Required Per Aircraft (SF)*	2030 # of A/C Stored in Hangars	FAA Estimate Growth 2030-2035	2035 # of A/C Stored in Hangars	Required SF of Hangar Space	Existing Hangar Space	Shortage/ Surplus Hangar Space
Single-Engine	1,200	198	12%	221	265,700		
Multi-Engine	3,000	58	12%	65	193,880		
Jet	8,000	24	12%	27	213,549		
Helicopter	1,500	20	12%	22	33,718		

706,847

335

283,817

-423,030

299

Source: AirNav FAA TAF Data & Sky Harbour

Overall, between 2020 and 2025, demand will exceed supply of hangar space at Phoenix Deer Valley Airport. The projected shortage of 402,177 square feet will not be fully absorbed by the Sky Harbour development Phase I and Phase II square footage, which totals 122,500 square feet. In fact, subsequent to the completion of Phase I and II, demand will exceed supply by an additional 279,677 square feet, and a shortage of hangar space will ensue into the foreseeable future.

We further note that there is a paucity of private hangar space at the airport, and it is reasonable to presume that aircraft owners currently leasing space within community hangars, because it is the only option available, would move from their current location within existing hangars to the Sky Harbour development.

ALTERNATE LOCATIONS

The Phoenix Metropolitan area has many airports in close proximity to each other that serve various purposes to the region, state, and NAS. In order of proximity to DVT, other regional airports and their associated primary role, according to the 2015 Phoenix Deer Valley Airport Master Plan, include:

- Scottsdale Municipal Airport General Aviation Reliever Primarily jet / corporate traffic
- Glendale Municipal Airport General Aviation Reliever Primarily light GA traffic
- Phoenix Sky Harbor International Airport Primary Commercial Service Airport
- Luke Air Force Base Active Air Force Base
- Phoenix-Goodyear Airport General Aviation Reliever Role is evolving to maintenance, repair, and overhaul
- Pleasant Valley Airport General Aviation Reliever Primarily light GA traffic including gliders
- Falcon Field Airport General Aviation Reliever Primarily light GA traffic and Boeing military helicopters
- Phoenix-Mesa Gateway Airport Commercial Service Airport Commercial service alternative for the Phoenix area
- Chandler Municipal Airport General Aviation Reliever Primarily light GA Traffic





We have identified the following primary alternate airports to Deer Valley, based on location and considering the facilities, services and amenities provided by DVT, our focus is on alternate locations accommodating Corporate Jet Service. As noted earlier, considering the composition of the target market (private, corporate and charter jet owners/users, a minimum runway length of 5,000' is a key factor.

Phoenix Sky Harbor International Airport (PHX)

Phoenix Sky Harbor International Airport (PHX) has been owned and operated by the City of Phoenix since 1935. It occupies approximately 3,400 acres of land located about four miles east of the downtown Phoenix area. It is the only Arizona airport designated as a large hub by the Federal Aviation Administration (FAA) and is the principal commercial service airport serving metropolitan Phoenix and most of the State's population. There are no other U.S. large-hub commercial service airports within a 5-hour drive of Phoenix, with the closest being Las Vegas' McCarran International Airport (approximately 290 miles to the northwest). The airport served over 17.3 million enplaned passengers in fiscal year 2020 and over 22.8 million enplaned passengers in fiscal year 2019.

In 2019, Phoenix Sky Harbor International Airport was named the top airport in the nation among large airports by the Wall Street Journal. The report found that among other things, PHX's short taxi-to-takeoff times, restaurants and fast WiFi make it the top commercial airport in the country. With great weather, PHX also had favorable on-time arrivals as well as low taxi-to-takeoff times, making it a very reliable airport. The airport



also ranked high for its proximity and ease of use when traveling to and from downtown Phoenix.

Phoenix Sky Harbor currently has a nearly \$2 billion capital investment program underway to help elevate the passenger experience. Among these projects is the modernization of Terminal 3. Earlier this year, a new South Concourse opened with all new shops, local restaurants, customer amenities like access to charging stations from nearly every seat, a Delta Sky Club, a Children's Play Area and more. The renovated North Concourse opened in 2020, thereby completing the project. Also in process is the extension of the PHX Sky Train® to the Rental Car Center and a new eight-gate concourse to be occupied by Southwest Airlines at the Airport's busiest terminal, Terminal 4.

PHX has two FBOs, only one of which offers hangar space for lease. Cutter Aviation provides community hangar space in a 24,000 square foot of hangar that can accommodate aircraft sizes up to a Gulfstream G-550 or Bombardier Global Express. No private hangar space is available.

Scottsdale International Airport (SDL)

Scottsdale Airport (SDL) is located in the northeastern portion of the Phoenix Metropolitan Area, within the City of Scottsdale. The airport consists of approximately 282 acres and is situated between the McDowell Mountains to the north and Camelback Mountain to the south. The airport is surrounded by commercial and industrial developments within the Scottsdale Industrial Airpark and Scottsdale Business Center.

Scottsdale International Airport is a public-use, general aviation reliever facility. Facilities at the airport include one runway: Runway 3/21 is 8,249 feet and is equipped with high-Operations at the airport are supported RNAV (GPS) intensity runway lighting. approaches. Other services include avgas and jet fuel, and aircraft storage in hangars and tiedowns.

SDL is located nine miles north of Scottsdale's downtown area and in close proximity to a wide range of world-class resorts, hotels, restaurants, and golf courses. Airport is one of the premier corporate jet facilities in the state. In 1995, the Arizona Department of Transportation presented Scottsdale with the Arizona Airport of the Year award. In addition, one of the Fixed Base Operators located at Scottsdale Airport has been rated among the top 50 by "Professional Pilots Magazine" every year since 1993. U.S. Customs service is currently available daily from 9 a.m. to 7 p.m.



Scottsdale Airport and its surrounding Airpark is a major economic asset for the City of Scottsdale. Centrally located in Scottsdale's only industrial-zoned area, the Airport and Airpark are primary sources of employment. The Airpark area serves as a base for over 85 major companies and is home to nearly 3,233 small and medium-sized businesses with over 59,000 employees.

Scottsdale Airport is scheduled to undergo a runway rehabilitation project this summer (2021) that will close the airport for 45 days. The airport's lone runway has not undergone any major rehabilitation since it was first built in 1967. The rehab project will not increase the runway's size or weight capacity.

With no land left for development, Scottsdale Airport is in the worst position of any East Valley airport to deal with the demand for hangar space. Even if land were available, the city estimates it would have to charge more than \$400 a month to recover the cost of new hangars.

Scottsdale Airport includes two FBOs offering hangar space for lease: Jet Aviation and Signature Flight Support. Neither offer private hangar space. Jet Aviation's 30,000-square foot hangar is a comminuty hangar. Signature's 150,000-square foot community hangar is marketed for transient use.

Given its location, services, facilities and clientele, Scottsdale International Airport is considered to be the primary competitor to the Sky Harbour development.

Glendale Municipal Airport (GEU)

The Glendale Municipal Airport a general aviation airport that is owned by the City of Glendale and is operated on a daily basis by a fulltime Airport Administrator who reports to the Deputy Public Works Director – Transportation.

Glendale Municipal Airport is a public-use, general aviation reliever facility. Facilities at the airport include one runway: Runway 1/19 is 7,150 feet, equipped with high-intensity runway lighting. The runway was widened in 2003 and extended to its current length to accommodate a larger class of business jets. Operations at the airport are supported by RNAV (GPS) approaches. The City of Glendale owns the fuel farm and leases it to the one fixed base operator (FBO). Jet-A and 100LL fuel is available.

Glendale Municipal Airport has a 22,000 square foot, two-story terminal building located on Glen Harbor Boulevard at midfield. Airport administration is located on the second floor. Several large conventional hangars sit adjacent to the terminal building, facing the main terminal area apron. Set back to the north and south from the terminal apron is a



complex of T-hangars, box hangars, and shade hangars providing for both airport business operations and individual aircraft storage space. The airport traffic control tower (ATCT) is located south of the terminal building, and is open from 6am - 8:30pm M-F and 7am-7pm Sa-Su.

The following table summarizes private hangar rentals at GEU by Glendale Hangars. We note that none are available – there are currently waitlists for all hangar categories.

		. =				•	
No.	SUMMARY OF GLENDA Property Name	LE MUNICI	NRA (SF)	Avail SF	Occ	Ask \$/Mo	Ask Rent \$/SF
1	Small T-Hangar	Private	1,040	0	100.00%	\$310	\$3.58
packages	Hangar with sliding doors, light and powe & \$40 /mo additional fee. \$10 /mo Disco for Multiple Units. *Not all discounts can b	unt for 06 M					
2	Large T-Hangar	Private	1.730	0	100.00%	\$485	\$3.36
packages Discount	Hangar with sliding doors, light and powe & \$40 /mo additional fee. \$10 /mo Disco for Multiple Units. *Not all discounts can be	ount for 06 M e combined	onth Lease.				. 8%
3	Small Box Hangar	Private	1,640	0	100.00%	\$700	\$5.12
North sid surfaces.	gars of various sizes UNDER 48' WIDE that le of Glendale Municipal Airport, have con A variety of upgrades exist in these hanga taxes and association fees. Discounts for su	crete floors, l rs and will be	bi-fold doors e specified in	, bathrooms each listing	, insulated ce . Pricing is cu	ilings and ex stom for eacl	erior
4	Large Box Hangar	Private	2,400	0	100.00%	\$700	\$3.50
hangars ceilings a	gars of various sizes UNDER 48' WIDE AND are located on the North side of Glendale and and exterior surfaces. A variety of upgrades or each unit and includes taxes and associo	Municipal Ai exist in thes	rport, have c e hangars ar	oncrete floo nd will be sp	rs, bi-fold doo ecified in eac	ors, bathroon h listing. Pric	ns, insulated ing is
5	Box Hangar for Commercial Use/Je	t Private	2,688	0	100.00%	\$2,800	\$12.50
side of G variety of taxes and	gars of various sizes OVER 56' wide that ard lendale Municipal Airport, have concrete fl f upgrades exist in these hangars and will be d association fees. Utilities may be extra. D cial use of space of Glendale Municipal Air	oors, bi-fold be specified i iscounts for s	doors, bathr n each listing summer and	ooms, insulo g. Pricing is o annual leas	ated ceilings o custom for ea es are availal	and exterior s ch unit and in ole upon requ	urfaces. A ncludes uest.



Source: Glendale Hangars



As indicated, these hangars are 'bare bones' facilities, with no office space or onsite amenities, and therefore are not considered to directly compete with the Sky Harbour development.

Goodyear Airport (GYR)

Phoenix Goodyear Airport is a general aviation airport located in Goodyear, Arizona just 20 miles west of downtown Phoenix. The airport is designated as a general aviation reliever airport to Phoenix Sky Harbor International Airport. GYR has no commercial airline activity and is a center for flight training, aircraft maintenance, repair and overhaul, and aircraft storage. Phoenix Goodyear Airport is owned and operated by the City of Phoenix.

Facilities at the airport include one runway: Runway 3/21 is 8,500 feet, equipped with high-intensity runway lighting. Operations at the airport are supported by RNAV (GPS) approaches. Other services include avgas and jet fuel, and aircraft storage in box and Thangars.

The City of Phoenix purchased and began operating Phoenix Goodyear Airport in July 1968. Prior to that, the airport was built and operated by the United States Navy. The airport is classified as a General Aviation reliever airport for Phoenix Sky Harbor International Airport. With reportedly one of the best general aviation runways in the country, Phoenix Goodyear Airport provides quality aeronautical services to tenants. Since acquisition, the City of Phoenix has invested many resources into the development of the airport, including a new terminal building, T-hangars and tie downs, aircraft parking apron, and a maintenance facility. Several long-standing tenants of the airport

include an aircraft Maintenance, Repair, and Overhaul (MRO) company, flight schools, and a fixed-base operator (FBO) – Lux Air Jet Center, which offer hangar rentals within community hangars.



As indicated, these hangars are 'bare bones' facilities, with no onsite office space or amenities, and therefore are not considered to directly compete with the Sky Harbour development.

BASED AIRCRAFT AT DVT AND ALTERNATIVES

As previously noted, Phoenix Deer Valley Airport accommodated 776 based aircraft in 2017. The following table summarizes the number of based aircraft at DVT and the alternate airports.

BASED AIRCRAFT AT DVT AND ALTERNATIVES								
Location	Single- Engine	Multi- Engine	Jet	Helicopters	Military	Gliders	Ultralights	Total
Phoenix Sky Harbor (PHX)***	14	10	27	11	8	0	0	70
Scottsdale Airport (SDL)*	167	26	137	26	0	0	0	356
Glendale Municipal Airport (GEU)*	82	8	0	2	0	1	1	94
Phoenix Goodyear Airport (GYR)*	188	7	7	1	6	0	0	209
Deer Valley (DVT)*	776	92	19	16	2	10	2	917
TOTAL DVT as a % of Total	1,227 63 %	143 64%	190 10 %	56 29%	16 0%	11 91%	3 67%	1,646 56%

Source: AirNav - *data current as of 2017; **data current as of 2019

As illustrated, Phoenix Deer Valley Airport is #1 in total number of based aircraft, according to the most recent data available. DVT garners 56% of the overall based aircraft market share. The facility garners 64% of the based multi-engine market. Scottsdale Airport is the leader in overall number of based jet aircraft.



AIRPORT OPERATIONS AT DVT AND ALTERNATIVES

As noted, the number of jet operations an airport annually supports is indicative of the facilities and services it offers and the type of aircraft it can support. Specific operational thresholds provide an adequate indication of an airport's role within the market(s) that is serves.

The following table summarizes airport operations at DVT and the alternate airports.

AIRPORT OPERATIONS AT DVT AND ALTERNATIVES									
		% Transient			%		Total %		
Location	#/Day	% Local GA	GA	% Air Taxi	Commercial	% Military	GA		
Phoenix Sky Harbor (PHX)	1,193	0%	5%	7%	88%	0%	<1%		
Scottsdale Airport (SDL)	503	42%	49%	9%	0%	0%	91%		
Glendale Municipal Airport (GEU)	240	67%	33%	0%	0%	0%	100%		
Phoenix Goodyear Airport (GYR)	294	0%	37%	4%	0%	58%	37%		
Deer Valley (DVT)	1,251	67%	21%	11%	0%	0%	89%		
Source: OPSNET							l		

As expected, Phoenix Sky Harbor exhibits the highest number of daily aircraft operations; however, 88% of those are attributable to commercial operations. Commercial operations, military, etc. generally do not translate to significant fuel sales and/or profitability, if volume at all, for an FBO. Among the GA airports, Deer Valley ranks #1 in total airport operations; however, with regard to percentage of Local and Transient GA operations, it ranks third.

EXISTING HANGAR SPACE AT ALTERNATE AIRPORTS

The following table summarizes the existing hangar space at the DVT alternate airports.

EXISTING HANGAR SPACE AT ALTERNATIVES									
Location	# Based A/C	Size (SF)	Building Type	Private/ Community	Occupied	Waitlist			
Phoenix Sky Harbor (PHX)	70								
Cutter		24,000	Conventional	Community	100%	Yes			
Scottsdale Airport (SDL)	356								
Jet Aviation		30,000	Conventional	Community	100%	Yes			
Signature		150,000	Conventional	Community	98%	No			
Glendale Municipal Airport (GEU)	94								
Sheltair		9,498	Conventional	Private	100%	Yes			
Phoenix Goodyear Airport (GYR)	209				-				
Lux Air Jet Center		36,000	Conventional	Community	72%	No			
TOTAL	729	249,498							
Source: Various sources compiled by CBRE									

As illustrated, the four alternate airports to Phoenix Deer Valley Airport currently total 249,498 square feet of community and private hangar space. Recently, Jet Aviation completed

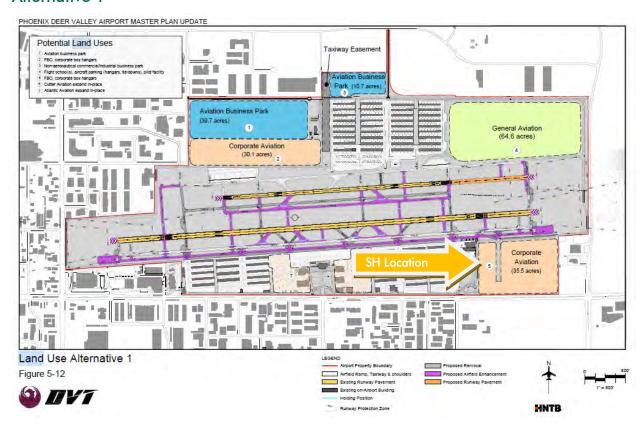


construction of new hangar facilities, which are fully leased. Overall, the alternative airports exhibit a 94% occupancy, with waitlists for hangar space at Sky Harbor, Scottsdale and Glendale Airports.

AVAILABLE LAND

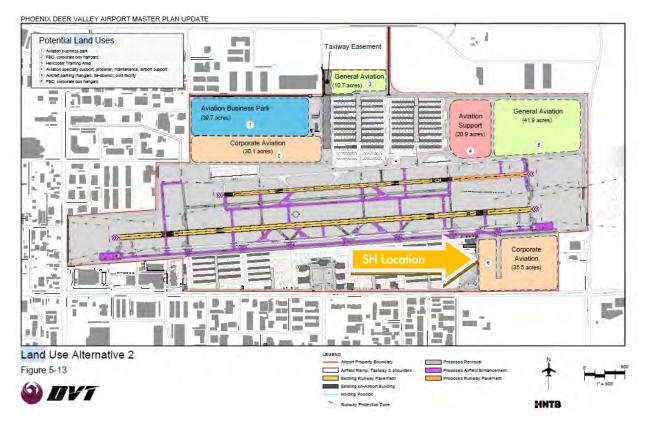
As previously mentioned, although Phoenix Deer Valley Airport currently does not offer private/corporate hangar space, they do offer land to interested parties to construct their own hangars. The following graphic illustrates the airport's projected location of future development, per the 2015 Master Plan Update. We note that the most recent reports available indicate that none of the Alternatives have been acted on to-date.

Alternative 1



The northeast 64.6-acre parcel would be dedicated to general aviation development including aircraft hangar and tie-down parking expansion and a pilot's lounge. The flight schools would be relocated to the northeast general aviation site allowing the existing FBOs to expand in place. North side non-secure access would be provided to the aviation business park development from Pinnacle Peak Road and 15th Avenue. This new access roadway would end past the development parcel and would not connect to airside facilities. Additional north side roadway access to the air traffic control tower (ATCT) and north hangars would be provided by developing 3rd Avenue from Pinnacle Peak Road. Airside gates would be maintained at the ATCT and north hangar entrances.

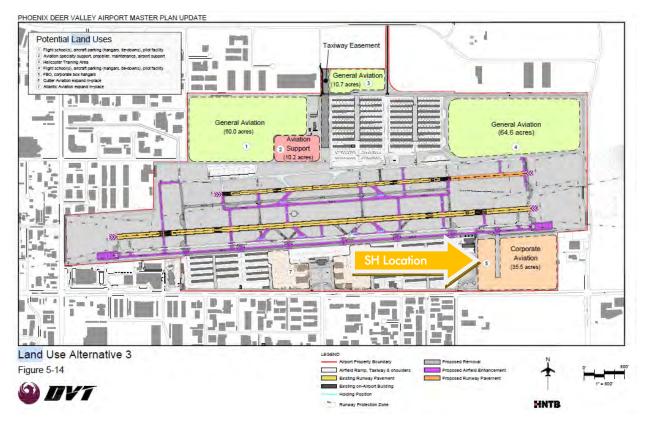
Alternative 2



Land Use Alternative 2 retains the aviation business park and corporate aviation uses on the northwest parcel as presented in Land Use Alternative 1, while designating approximately 21 acres of space for aviation support uses, such as a propeller or paint shop, and approximately 42 acres for future general aviation hangar and tie-down expansion on the northeast parcel. A pilot's lounge would also be located in this general aviation development. The 10.7-acre parcel north of Airport Boulevard is identified for general aviation uses and would be designated for helicopter pattern work allowing it to be separated from other airfield operations increasing the safety of the airfield. Under this alternative flight schools would remain on the south side of the airfield and the existing FBOs would maintain their current configurations. North side non-secure access would be provided to the aviation business park development from Pinnacle Peak Road and 15th Avenue. This new access roadway would end past the development parcel and would not connect to airside facilities. Additional north side roadway access to the north hangars would be provided by developing 3rd Avenue from Pinnacle Peak Road. In addition, 7th Avenue would be extended to Airport Boulevard providing access to the ATCT and north hangar facilities. Airside gates would be maintained at the ATCT and north hangar entrances.



Alternative 3



Land Use Alternative 3 expands general aviation uses to all parcels on the north. A 60-acre northwest parcel and a 64.6-acre parcel on the northeast would provide space for future general aviation hangar and tie-down expansion. The flight schools would be relocated to the northeast and / or northwest general aviation sites allowing the existing FBOs to expand in place. A pilot's lounge would be located within one of these general aviation development parcels. The 10.7acre parcel north of Airport Boulevard is identified for general aviation uses and would be designated for helicopter pattern work allowing it to be separated from other airfield operations increasing the safety of the airfield. A 10.2-acre space would be carved out of the northwest general aviation and designated for aviation support uses, such as a propeller or paint shop. North side roadway access to the expanded northeast hangars and flight schools would be provided by developing 3rd Avenue from Pinnacle Peak Road. In addition, 7th Avenue would be extended to Airport Boulevard providing access to the ATCT and northwest hangar and flight school facilities. Airside gates would be maintained at the ATCT and north hangar entrances.



SKY HARBOUR DEVELOPMENT

1. Description of development

Sky Harbour obtained lease rights to 15.44 acres of land in the Phoenix Deer Valley Airport on the southeast side of Centennial Airport. The Sky Harbour development at DVT is located in a secluded, low-traffic site with no transient aircraft, as depicted in the following graphics.



The campus will consist of 18 individually-leased NFPA Group 3 modular hangars comprising a total of 217,000 total square feet. Eight 14,000-square foot hangars will be constructed in Phase 1 and ten 10,500-square foot hangars will be constructed in Phase 2. Ground-breaking for Phase 1 is projected to commence in 3rd quarter 2023.

Every hangar includes a ramp area for aircraft startup & shutdown in front of the hangar doors. Car parking is included in the hangar space, which is climate-controlled with hydraulic lifts to accommodate multiple cars. The adjoining office space includes highend finishes with a kitchen, storage and a bathroom with showers. Each unit is assigned covered outdoor parking, as well. The following graphic illustrates a typical hangar layout.

The hangars are rented on long-term (3-5 year) leases, with Sky Harbour including its own line crew and ground service equipment. As previously discussed, Sky Harbour is



constructing its owne fuel farm and will offer gas at Sky Harbour's negotiated discounted price for its tenants.

Discussion of in-place agreements

a. Ground Lease

Sky Harbour has executed a ground lease with the City of Phoenix for one 8.826-acre site (Phase 1 & fuel farm) and one 6.615-acre site (Phase 2). The lease terms include a 40-year term with no renewal options.

Ground rent at DVT consists of \$0.54 per square foot for Phase 1. Phase 2 rent is \$0.08 per square foot from projected commencement on May 1, 2022 through April 30, 2024, at which time it escalates to \$0.57 per square foot. The lease includes a rent abatement, including reimbursements, for first 12 months of the lease (applicable to Phase 1). Annual rent increases of 3.0% commence in Year 3 for Phase 1 and Year 5 for Phase 2. The lease is absolute net, with Sky Harbour responsible for real estate tax, insurance, utilities, maintenance, repairs and custodial expenses, paid directly to the providers.

The lease includes a Right of First Refusal for Sky Harbour to lease an additional site at the airport, known as the "Police Land," which may be exercised within five years of the date the Phoenix Police Department vacates the site.

b. Leases, LOIs

Currently, the Sky Harbour development has one executed LOI. The Subtenant is a corporate aircraft owner who has leased 12,000 square feet located within one hangar. The LOI is dated July 14, 2020, and the lease term is subject to negotiation. Annual rent is \$333,525, or \$27.79 per square foot, with 3.0% annual escalations. The sublease includes a net reimbursement structure; the tenant will be responsible for all utilities and their pro rata share of property insurance. The Sky Harbour development will not be subject to taxation; therefore, that expense is not included. The LOI does not discuss renewal options.

There remaining hangar units will be offered for lease at approximately \$26.00 per square foot, with a net reimbursement structure wherein tenants are responsible for insurance, and utilities. Currently, the property is real estate tax-exempt. Ground rent and management fees are not reimbursed. Fuel is being offered at a discounted price to Sky Harbour tenants.

SUMMARY OF THE SKY HARBOUR DEVELOPMENT AT PHOENIX DEER VALLEY **AIRPORT**

Phoenix Deer Valley Airport is consistently ranked as one of the busiest general aviation airports in the U.S., ranking #2 in the FAA's Top 10 Busiest General Aviation Airports, as of 2017.



Phoenix Deer Valley Airport is estimated to realize an additional 383 based aircraft over the 20year planning horizon, or an annual growth rate of 1.72%. Additionally, with Arizona's population projected to grow at almost twice the expected U.S. population rate, a higher rate of airport traffic will also likely follow.

Because of the development's attractive physical characteristics, the property is considered to have a wide appeal to a variety of aviation users, including corporate, charter, and those with private aircraft. The surrounding aviation uses have demonstrated relatively strong operational stability throughout the years, and the Sky Harbour development is expected to represent a component part of a newly-developed, high-end private and corporate aviation campus, which should create excitement around the proposed use, and by this we can assume, acceptance. The foregoing should contribute to reasonably-positive acceptance for the Sky Harbour hangar facility, for the foreseeable future, with increasing prospects as the continued heighteneduncertainty owing to the ongoing pandemic wanes.

An endorsement of the Sky Harbour concept is represented in the pre-leasing commitment from the in-place tenant. We consider the prospects good for leasing the remaining hangar units, in a timely manner, as we would not expect a protracted lease-up period subsequent to completion of the hangar campus. We spoke with Millie Hernandez-Becker, the facility's leasing agent, who projected lease-up of the Phase 1 improvements within 18 months of ground-breaking. Based on a projected ground-breaking in 3rd guarter 2022 and completion in 4th guarter 2023, we have estimated the Phase 1 component to achieve stabilized occupancy in mid-2024. We would not expect an extended lease-up period subsequent to completion of the Phase 2 improvements, Sky Harbour has projected to deliver in 3rd quarter 2024. Beyond the expected completion of the Phase 2 improvements, we have estimated an eight-month lease-up period, or stabilized occupancy by 2nd quarter 2025.

CASH FLOW PROJECTIONS

Our analysis included a review of management's cash flow projections for each property. We then applied metrics derived from our market study to generate our own projections. The Deer Valley cash flow projections are summarized on the following page.

Our market leasing assumptions for Deer Valley are summarized in the following table. Please refer to the portfolio cash flow roll up discussion for additional assumptions employed in the analysis.



MARKET LEASING ASSUM	PTIONS
Location	DVT
Market Rent (\$/SF/YR)	\$26.00
Concessions (New)	None
Concessions (Renewal)	None
Reimbursements	RET, Ins, Util
Escalations	3.0%
Term	5.0 Yrs.
Leasing Commissions (New)	5.00%
Leasing Commissions (Renewal)	3.00%
Source: CBRE	



Cash Flow Deer Valley (Amounts in USD)

Deer Valley (Amounts in USD)												
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>
Rental Revenue												
Potential Base Rent	\$0	\$740,425	\$4,208,847	\$6,004,408	\$6,178,661	\$6,364,020	\$6,556,437	\$6,698,219	\$6,832,960	\$7,029,161	\$7,240,036	\$7,454,296
Absorption & Turnover Vacancy	\$0	(\$559,650)	(\$1,083,545)	(\$195,994)	\$0	\$0	(\$105,532)	(\$342,540)	(\$110,875)	\$0	\$0	(\$79,600)
Scheduled Base Rent	\$0	\$180,775	\$3,125,302	\$5,808,414	\$6,178,661	\$6,364,020	\$6,450,905	\$6,355,679	\$6,722,085	\$7,029,161	\$7,240,036	\$7,374,696
Total Rental Revenue	\$0	\$180,775	\$3,125,302	\$5,808,414	\$6,178,661	\$6,364,020	\$6,450,905	\$6,355,679	\$6,722,085	\$7,029,161	\$7,240,036	\$7,374,696
Other Tenant Revenue												
Expense Recoveries	\$0	\$6,709	\$130,286	\$255,546	\$270,666	\$277,433	\$279,782	\$276,590	\$293,946	\$306,234	\$313,890	\$318,277
Total Other Tenant Revenue	\$0	\$6,709	\$130,286	\$255,546	\$270,666	\$277,433	\$279,782	\$276,590	\$293,946	\$306,234	\$313,890	\$318,277
Total Tenant Revenue	\$0	\$187,484	\$3,255,588	\$6,063,960	\$6,449,327	\$6,641,453	\$6,730,687	\$6,632,269	\$7,016,031	\$7,335,395	\$7,553,926	\$7,692,974
Potential Gross Revenue	\$0	\$187,484	\$3,255,588	\$6,063,960	\$6,449,327	\$6,641,453	\$6,730,687	\$6,632,269	\$7,016,031	\$7,335,395	\$7,553,926	\$7,692,974
Vacancy and Credit Loss												
Vacancy Allowance	\$0	\$0	\$0	(\$129,236)	(\$257,973)	(\$265,658)	(\$167,917)	\$0	(\$174,202)	(\$293,416)	(\$302,157)	(\$231,303)
Total Vacancy and Credit Loss	\$0	\$0	\$0	(\$129,236)	(\$257,973)	(\$265,658)	(\$167,917)	\$0	(\$174,202)	(\$293,416)	(\$302,157)	(\$231,303)
Effective Gross Revenue	\$0	\$187,484	\$3,255,588	\$5,934,724	\$6,191,353	\$6,375,795	\$6,562,770	\$6,632,269	\$6,841,830	\$7,041,979	\$7,251,769	\$7,461,671
Operating Expenses												
Accounting/Audit		\$19,219	\$37,210	\$53,845	\$55,191	\$56,570	\$57,985	\$59,434	\$60,920	\$62,443	\$64,004	\$65,604
Ground Rent	\$160,840	\$245,588	\$353,752	\$410,288	\$418,944	\$431,520	\$444,468	\$457,800	\$471,528	\$485,676	\$500,256	\$508,728
Hangar Op		\$38,745	\$73,636	\$105,158	\$107,787	\$110,482	\$113,244	\$116,075	\$118,977	\$121,951	\$125,000	\$128,125
Insurance		\$67,158	\$127,635	\$182,275	\$186,831	\$191,502	\$196,290	\$201,197	\$206,227	\$211,383	\$216,667	\$222,084
Management		\$9,374	\$162,779	\$296,736	\$309,568	\$318,790	\$328,139	\$331,613	\$342,091	\$352,099	\$362,588	\$373,084
Payroll		\$159,285	\$302,724	\$432,318	\$443,126	\$454,204	\$465,559	\$477,198	\$489,128	\$501,356	\$513,890	\$526,737
Utilities	\$75,950	\$77,849	\$79,795	\$81,790	\$83,835	\$85,930	\$88,079	\$90,281	\$92,538	\$94,851	\$97,222	\$99,653
Total Operating Expenses	\$236,790	\$617,218	\$1,137,531	\$1,562,409	\$1,605,281	\$1,648,999	\$1,693,763	\$1,733,598	\$1,781,409	\$1,829,759	\$1,879,628	\$1,924,015
Net Operating Income	(\$236,790)	(\$429,734)	\$2,118,057	\$4,372,315	\$4,586,072	\$4,726,796	\$4,869,008	\$4,898,671	\$5,060,421	\$5,212,220	\$5,372,140	\$5,537,656
Non-Operating Expenses												
Replacement Reserves	\$3,640	\$25,417	\$29,638	\$30,379	\$31,139	\$31,917	\$32,715	\$33,533	\$34,371	\$35,230	\$36,111	\$37,014
Total Non-Operating Expenses	\$3,640	\$25,417	\$29,638	\$30,379	\$31,139	\$31,917	\$32,715	\$33,533	\$34,371	\$35,230	\$36,111	\$37,014
Leasing Costs												
Leasing Commissions	\$0	\$290,994	\$964,421	\$312,168	\$0	\$0	\$156,880	\$723,607	\$370,849	\$0	\$0	\$88,747
Total Leasing Costs	\$0	\$290,994	\$964,421	\$312,168	\$0	\$0	\$156,880	\$723,607	\$370,849	\$0	\$0	\$88,747
Capital Expenditures												
Construction costs	\$20,843,200	\$19,282,200										
Total Capital Expenditures	\$20,843,200	\$19,282,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$20,843,200	\$19,573,194	\$964,421	\$312,168	\$0	\$0	\$156,880	\$723,607	\$370,849	\$0	\$0	\$88,747
Cash Flow Before Debt Service	(\$21,083,630)	(\$20,028,345)	\$1,123,998	\$4,029,768	\$4,554,934	\$4,694,879	\$4,679,413	\$4,141,531	\$4,655,201	\$5,176,989	\$5,336,029	\$5,411,894

Note: Construction costs & Ground Rent during construction are capitalized

Cash Flow Deer Valley (Amounts in USD)

Deer Valley (Amounts in USD)												
	Forecast											
	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>	<u>2045</u>
Rental Revenue												
Potential Base Rent	\$7,600,578	\$7,729,037	\$7,945,994	\$8,184,374	\$8,428,796	\$8,603,180	\$8,763,032	\$9,003,806	\$9,273,920	\$9,552,138	\$9,747,384	\$9,898,428
Absorption & Turnover Vacancy	(\$367,155)	(\$188,167)	\$0	\$0	(\$45,030)	(\$461,558)	(\$212,893)	\$0	\$0	\$0	(\$496,099)	(\$321,159)
Scheduled Base Rent	\$7,233,424	\$7,540,870	\$7,945,994	\$8,184,374	\$8,383,766	\$8,141,623	\$8,550,139	\$9,003,806	\$9,273,920	\$9,552,138	\$9,251,284	\$9,577,268
Total Rental Revenue	\$7,233,424	\$7,540,870	\$7,945,994	\$8,184,374	\$8,383,766	\$8,141,623	\$8,550,139	\$9,003,806	\$9,273,920	\$9,552,138	\$9,251,284	\$9,577,268
Other Tenant Revenue												
Expense Recoveries	\$313,823	\$329,847	\$346,475	\$355,137	\$362,059	\$353,056	\$373,191	\$392,005	\$401,805	\$411,850	\$400,585	\$418,742
Total Other Tenant Revenue	\$313,823	\$329,847	\$346,475	\$355,137	\$362,059	\$353,056	\$373,191	\$392,005	\$401,805	\$411,850	\$400,585	\$418,742
Total Tenant Revenue	\$7,547,247	\$7,870,717	\$8,292,470	\$8,539,511	\$8,745,825	\$8,494,679	\$8,923,330	\$9,395,811	\$9,675,725	\$9,963,988	\$9,651,870	\$9,996,011
Potential Gross Revenue	\$7,547,247	\$7,870,717	\$8,292,470	\$8,539,511	\$8,745,825	\$8,494,679	\$8,923,330	\$9,395,811	\$9,675,725	\$9,963,988	\$9,651,870	\$9,996,011
Vacancy and Credit Loss												
Vacancy Allowance	(\$31,713)	(\$166,860)	(\$331,699)	(\$341,580)	(\$306,604)	(\$35,605)	(\$188,900)	(\$375,832)	(\$387,029)	(\$398,560)	(\$119,375)	(\$213,222)
Total Vacancy and Credit Loss	(\$31,713)	(\$166,860)	(\$331,699)	(\$341,580)	(\$306,604)	(\$35,605)	(\$188,900)	(\$375,832)	(\$387,029)	(\$398,560)	(\$119,375)	(\$213,222)
Effective Gross Revenue	\$7,515,534	\$7,703,857	\$7,960,771	\$8,197,931	\$8,439,221	\$8,459,074	\$8,734,430	\$9,019,979	\$9,288,696	\$9,565,429	\$9,532,495	\$9,782,789
Operating Expenses												
Accounting/Audit	\$67,244	\$68,926	\$70,649	\$72,415	\$74,225	\$76,081	\$77,983	\$79,933	\$81,931	\$83,979	\$86,079	\$88,231
Ground Rent	\$523,992	\$539,712	\$555,900	\$572,580	\$589,764	\$607,452	\$625,668	\$644,436	\$663,768	\$683,688	\$704,196	\$725,316
Hangar Op	\$131,328	\$134,612	\$137,977	\$141,426	\$144,962	\$148,586	\$152,301	\$156,108	\$160,011	\$164,011	\$168,111	\$172,314
Insurance	\$227,636	\$233,327	\$239,160	\$245,139	\$251,267	\$257,549	\$263,988	\$270,588	\$277,352	\$284,286	\$291,393	\$298,678
Management	\$375,777	\$385,193	\$398,039	\$409,897	\$421,961	\$422,954	\$436,721	\$450,999	\$464,435	\$478,271	\$476,625	\$489,139
Payroll	\$539,906	\$553,403	\$567,238	\$581,419	\$595,955	\$610,854	\$626,125	\$641,778	\$657,823	\$674,268	\$691,125	\$708,403
Utilities	\$102,144	\$104,698	\$107,315	\$109,998	\$112,748	\$115,567	\$118,456	\$121,417	\$124,453	\$127,564	\$130,753	\$134,022
Total Operating Expenses	\$1,968,027	\$2,019,870	\$2,076,278	\$2,132,874	\$2,190,883	\$2,239,042	\$2,301,242	\$2,365,259	\$2,429,772	\$2,496,068	\$2,548,282	\$2,616,103
Net Operating Income	\$5,547,506	\$5,683,987	\$5,884,493	\$6,065,057	\$6,248,338	\$6,220,032	\$6,433,188	\$6,654,720	\$6,858,924	\$7,069,360	\$6,984,213	\$7,166,685
Non-Operating Expenses												
Replacement Reserves	\$37,939	\$38,888	\$39,860	\$40,856	\$41,878	\$42,925	\$43,998	\$45,098	\$46,225	\$47,381	\$48,566	\$49,780
Total Non-Operating Expenses	\$37,939	\$38,888	\$39,860	\$40,856	\$41,878	\$42,925	\$43,998	\$45,098	\$46,225	\$47,381	\$48,566	\$49,780
Leasing Costs												
Leasing Commissions	\$909,661	\$419,581	\$0	\$0	\$0	\$977,738	\$632,957	\$0	\$0	\$0	\$1,106,221	\$716,133
Total Leasing Costs	\$909,661	\$419,581	\$0	\$0	\$0	\$977,738	\$632,957	\$0	\$0	\$0	\$1,106,221	\$716,133
Capital Expenditures												
Construction costs												
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$909,661	\$419,581	\$0	\$0	\$0	\$977,738	\$632,957	\$0	\$0	\$0	\$1,106,221	\$716,133
Cash Flow Before Debt Service	\$4,599,906	\$5,225,518	\$5,844,633	\$6,024,200	\$6,206,460	\$5,199,369	\$5,756,233	\$6,609,622	\$6,812,699	\$7,021,979	\$5,829,426	\$6,400,773

Note: Construction costs & Ground Rent during construction are capitalized

Cash Flow Deer Valley (Amounts in USD)

Deer Valley (Amounts in USD)									
	Forecast								
	<u>2046</u>	<u>2047</u>	<u>2048</u>	<u>2049</u>	<u>2050</u>	<u>2051</u>	<u>2052</u>	<u>2053</u>	<u>2054</u>
Rental Revenue									
Potential Base Rent	\$10,162,016	\$10,466,876	\$10,780,883	\$11,014,815	\$11,207,016	\$11,496,528	\$11,841,424	\$12,196,667	\$12,476,954
Absorption & Turnover Vacancy	\$0	\$0	\$0	(\$561,291)	(\$363,362)	\$0	\$0	\$0	(\$534,778)
Scheduled Base Rent	\$10,162,016	\$10,466,876	\$10,780,883	\$10,453,524	\$10,843,654	\$11,496,528	\$11,841,424	\$12,196,667	\$11,942,176
Total Rental Revenue	\$10,162,016	\$10,466,876	\$10,780,883	\$10,453,524	\$10,843,654	\$11,496,528	\$11,841,424	\$12,196,667	\$11,942,176
Other Tenant Revenue									
Expense Recoveries	\$443,518	\$454,606	\$465,971	\$453,225	\$473,768	\$501,800	\$514,345	\$527,203	\$517,141
Total Other Tenant Revenue	\$443,518	\$454,606	\$465,971	\$453,225	\$473,768	\$501,800	\$514,345	\$527,203	\$517,141
Total Tenant Revenue	\$10,605,534	\$10,921,482	\$11,246,853	\$10,906,750	\$11,317,423	\$11,998,328	\$12,355,769	\$12,723,870	\$12,459,317
Potential Gross Revenue	\$10,605,534	\$10,921,482	\$11,246,853	\$10,906,750	\$11,317,423	\$11,998,328	\$12,355,769	\$12,723,870	\$12,459,317
Vacancy and Credit Loss									
Vacancy Allowance	(\$424,221)	(\$436,859)	(\$449,874)	(\$134,622)	(\$240,674)	(\$479,933)	(\$494,231)	(\$508,955)	(\$253,457)
Total Vacancy and Credit Loss	(\$424,221)	(\$436,859)	(\$449,874)	(\$134,622)	(\$240,674)	(\$479,933)	(\$494,231)	(\$508,955)	(\$253,457)
Effective Gross Revenue	\$10,181,312	\$10,484,623	\$10,796,979	\$10,772,128	\$11,076,749	\$11,518,395	\$11,861,538	\$12,214,915	\$12,205,860
Operating Expenses									
Accounting/Audit	\$90,436	\$92,697	\$95,015	\$97,390	\$99,825	\$102,320	\$104,878	\$107,500	\$110,188
Ground Rent	\$747,072	\$769,500	\$792,576	\$816,360	\$840,840	\$866,076	\$881,231	\$881,231	\$881,231
Hangar Op	\$176,622	\$181,038	\$185,564	\$190,203	\$194,958	\$199,832	\$204,827	\$209,948	\$215,197
Insurance	\$306,145	\$313,799	\$321,644	\$329,685	\$337,927	\$346,375	\$355,034	\$363,910	\$373,008
Management	\$509,066	\$524,231	\$539,849	\$538,606	\$553,837	\$575,920	\$593,077	\$610,746	\$610,293
Payroll	\$726,113	\$744,266	\$762,873	\$781,944	\$801,493	\$821,530	\$842,069	\$863,120	\$884,698
Utilities	\$137,373	\$140,807	\$144,327	\$147,935	\$151,634	\$155,425	\$159,310	\$163,293	\$167,375
Total Operating Expenses	\$2,692,827	\$2,766,337	\$2,841,846	\$2,902,123	\$2,980,513	\$3,067,478	\$3,140,427	\$3,199,749	\$3,241,990
Net Operating Income	\$7,488,485	\$7,718,285	\$7,955,133	\$7,870,005	\$8,096,236	\$8,450,917	\$8,721,111	\$9,015,167	\$8,963,869
Non-Operating Expenses									
Replacement Reserves	\$51,024	\$52,300	\$53,607	\$54,947	\$56,321	\$57,729	\$59,172	\$60,652	\$62,168
Total Non-Operating Expenses	\$51,024	\$52,300	\$53,607	\$54,947	\$56,321	\$57,729	\$59,172	\$60,652	\$62,168
Leasing Costs									
Leasing Commissions	\$0	\$0	\$0	\$1,053,968	\$1,012,798	\$0	\$0	\$0	\$1,192,469
Total Leasing Costs	\$0	\$0	\$0	\$1,053,968	\$1,012,798	\$0	\$0	\$0	\$1,192,469
Capital Expenditures									
Construction costs									
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$0	\$0	\$0	\$1,053,968	\$1,012,798	\$0	\$0	\$0	\$1,192,469
Cash Flow Before Debt Service	\$7,437,461	\$7,665,985	\$7,901,525	\$6,761,089	\$7,027,117	\$8,393,188	\$8,661,939	\$8,954,515	\$7,709,233

Note: Construction costs & Ground Rent during construction are capitalized

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Nashville International Airport (BNA)

GREATER NASHVILLE AREA

Nashville (originally called Fort Nashborough) was founded on Christmas Day in 1779 on the banks of the Cumberland River. The city grew quickly because of its prime location, accessibility as a river port and its later status as a major railway center. However, the city is known worldwide as "Music City" because WSM radio announcer David Cobb referred to Nashville with that nickname in 1950 on Red Foley's NBC radio broadcast. In addition, Nashville is often labeled as "the Athens of the South" due to the many colleges and universities in the city and metropolitan area.

Prior to the pandemic, Nashville was the 5th fastest growing city in the United States. The influx of new residents was largely driven by companies expanding to Nashville in search of lower overhead and taxes and the sizeable talent pool produced by local universities. With large corporations such as Facebook and Amazon continuing to expand into Nashville, as well as the pandemic driving people to Nashville from larger cities, the city's population is expected to see continued growth

Fortune 500 Companies

As of May 2020, HCA Healthcare is the only Fortune 500 company headquartered in the Nashville metro area. Its annual revenues are \$51.3 billion, and it employs 245,000 individuals.



Lack of Fortune 500 companies notwithstanding, Nashville metro is home to one of the top medical centers in the US, is a significant player in the automotive and high-tech industries, is a growing location for finance and logistics companies and is an established conference venue.

Tight labor markets and rising costs have prompted a rush for talent in the Nashville area, as major tech employers expand to markets outside of the traditional tech powerhouse markets of Silicon Valley and Seattle. In recent years, major announcements have occurred involving the establishment and expansion of major headquarters operations for several major tech companies, largely as they migrate and expand from the west coast to more easterly markets in search of talent. Nashville has increasingly become attractive to these companies.

In December 2018, Amazon announced their intention to split their "HQ2" into locations in three different markets: two larger facilities each employing 25,000 individuals in New York and Washington D.C. and a third "excellence center" in Nashville employing 5,000 employees. Since then the company has pulled back on its plans in New York.

According to the Nashville Chamber of Commerce, the multiplier effect of Amazon is expected to bring an additional 13,000 jobs to the market. In a market with one of the lowest unemployment rates in the country, much of this growth will be reliant on the migration of talent to the market. According to CBRE's Scoring Tech Talent report, the tech labor force in Nashville has grown by 43% during the five year period from 2012 to 2017, which makes it the market with the secondfastest rate of tech talent growth in the country, behind Charlotte at 58%. Recent new tech firms to the market include Inovalon and Snapworx, which cater to the healthcare industry.

The Nashville region is defined by a diverse economy, a strong entrepreneurial spirit and a vibrant creative class. These characteristics have brought the title "It City" to Nashville. Due in part to the city's diversified economy, coupled with an expanding well-educated population, Nashville has developed into one of the most prolific metropolitan economies, attracting a variety of both businesses and investors alike. With an unemployment rate lower than the national average, high levels of construction and an increasing interest in the market from a tenant and investor standpoint, Nashville is at the forefront of exciting cities to live, play and work.

The area has grown exponentially over the last decade. Businesses are both expanding and relocating to the market, resulting in a lower than average unemployment rate. With job demand at an all-time high, the labor supply has struggled to keep pace in many of the major industry sectors.

To assist in bringing the labor supply and demand imbalance closer to equilibrium, Nashville is relying on its ability to retain the young, educated professionals that are in-migrating to the city. In addition, the state has established initiatives, like "Drive to 55" and "The TN Promise" which aid in providing residents higher education degrees. Through securing a larger, more educated workforce, Nashville is positioning itself well to handle the increasing demand for professionals throughout industry sectors.



The overall optimism towards the Nashville market has never been higher. The city continues to be a reliable location to place capital, the supply of skilled-labor is becoming increasingly more plentiful and opportunity throughout the city continues to expand. Nashville is primed to continue flourishing in the coming years.

Nashville International Airport Service Area

The airport service area is generally defined as the geographic region served by an airport. The National Plan of Integrated Airport Systems (NPIAS) developed by the FAA defines service area as being within a 30-minute drive time from a given airport, which often translates into 20 miles or more. The number of competing public-use airports, however, can both widen or contract the service area depending on various users perceived level of service and amenities offered at a given airport. Given Nashville International Airport's facilities, including well-established infrastructure, a competitive rate structure, and convenient access to the Nashville metropolitan area, it is reasonable to assume that users would be willing to travel a bit further to conduct operations at BNA. Therefore, we employ a 30-minute and 60-mile drive in the analysis, with a primary focus on the 30-minute drive time.

The Nashville International Airport service area (30-minute drive time) is illustrated in the following graphic.



Service Area Demographics

1 Terminal Dr, Nashville, TN	30 Min. Drive Time	60 Mile Drive	State	US
Population				
2025 Total Population	1,113,656	2,607,204	7,297,258	346,021,282
2020 Total Population	1,022,632	2,390,547	6,969,857	333,793,107
2010 Total Population	851,382	1,981,844	6,346,105	308,745,538
2000 Total Population	730,330	1,637,510	5,689,283	281,421,906
Annual Growth 2020 - 2025	8.90%	9.06%	4.70%	3.66%
Annual Growth 2010 - 2020	20.11%	20.62%	9.83%	8.11%
Annual Growth 2000 - 2010	16.57%	21.03%	11.54%	9.71%
Households				
2025 Total Households	443,389	1,001,243	2,862,202	130,658,485
2020 Total Households	407,643	918,542	2,737,534	126,083,849
2010 Total Households	341,371	764,857	2,493,552	116,716,292
2000 Total Households	295,377	633,212	2,232,905	105,480,101
Annual Growth 2020 - 2025	8.77%	9.00%	4.55%	3.63%
Annual Growth 2010 - 2020	19.41%	20.09%	9.78%	8.03%
Annual Growth 2000 - 2010	15.57%	20.79%	11.67%	10.65%
Income				
2020 Average Household Income	\$94,456	\$88,267	\$74,762	\$90,054
2020 Per Capita Income	\$37,929	\$34,086	\$29,445	\$34,136
2025 Average Household Income	\$103,638	\$97,001	\$82,648	\$99,510
2025 Per Capita Income	\$41,508	\$37,407	\$32,525	\$37,691
Average Annual Growth 2020-2025				
Average Household Income	1.87%	1.91%	2.02%	2.01%
Per Capita Income	1.82%	1.88%	2.01%	2.00%

Both the 30-minute and 60-mile BNA service areas have experienced significant population and household growth since 2000; a trend that is projected to continue into the foreseeable future, albeit at a more moderate pace. Growth in the area has generally outpaced the state and nation since 2000 and is projected to continue to surpass state and national growth projections.

In 2020, average household income in the BNA 30-minute drive service area was 26.34% higher than the state, and 4.89% higher than the US average. Per capita Income was 28.81% higher than the state and 11.11% higher than the nation. Growth in average household and per capita income in the BNA 30-minute and 60-mile drive service areas are projected to remain well ahead of the state and nation into the foreseeable future.



NASHVILLE INTERNATIONAL AIRPORT (BNA)



BNA is the primary commercial air service facility serving the Nashville metropolitan area and is the largest airport in the state of Tennessee. BNA is one of five primary commercial service airports in Tennessee as dedicated in the NPIAS. The others are Memphis, Knoxville, Chattanooga, and Tri-Cities. The Airport is currently designated as a Part 139, primary, medium-hub commercial service airport. Medium hubs are defined as "airports that each account for between 0.25% and 1.0% of total U.S. passenger enplanements." As the only medium hub in the region, BNA serves as the primary commercial service airport for the air service area. This area is generally isolated from competing airport facilities and, hence, Nashville International Airport has limited competition of air service. BNA is located 8 miles from downtown Nashville and serves 79 counties, with a population base of nearly 3 million within a 100-mile radius in portions of three states— Middle Tennessee, Southern Kentucky and Northern Alabama.



Nashville International Airport has four runways, three of which are parallel with one crosswind. The crosswind runway, 13/31, is the longest of the four at 11,030 feet. Berry Field Air National Guard Base (ANGB) is located on the premises of Nashville International Airport. Since 1937 it has hosted the 118th Airlift Wing (AW). Berry Field faced the removal of its flying mission with the BRAC 2005 recommendation to realign its assets to other units. It initially averted this fate by taking on a new role as the C-130 International Training Center. The C-130s assigned to the unit were eventually transferred and the 118th AW became the 118th Wing, supporting unmanned aircraft operations. Approximately 1,500 personnel are assigned to both HQ, Tennessee Air National Guard and to the 118 AW at Berry ANGB. Approximately 400 are fulltime Active Guard and Reserve (AGR) and Air Reserve Technician (ART) personnel, augmented by approximately 1100 traditional part-time air guardsmen.

There are two FBOs that are currently based at BNA: Atlantic Aviation and Signature Flight Support. Both FBOs offer the following amenities: pilot's lounge, waiting area/lounge, weather station, restroom, showers, kitchenette, and conference rooms, flight instruction, rental car, aircraft maintenance and parts supply, hangar rental, aircraft tie-down parking, and aircraft fueling.

Nashville International Airport is one of the nation's fastest-growing airports. The combination of the city's robust economy and business and tourism appeal led to seven successive years of often double-digit growth, which ended on a high with the record 18.3 million passengers that passed through the airport in 2019.

According to the Airport Authority, by 2041, the population of the greater Nashville area is expected to surpass 2.5 million people. By 2023, BNA passenger traffic is projected to grow to more than 23 million. To address this expected growth, BNA® Vision is the Airport Authority's expansion plan designed to anticipate this growth and maintain Nashville International Airport as a world-class transit hub. Construction is complete on an interim international arrivals building, two garages, expansion of Concourse D that added 6 new gates, expansion of the ticketing lobby and baggage claim, and Phase 1 of a terminal apron and taxilane expansion. Construction is underway on a state-of-the-art International Arrivals facility and terminal lobby renovation, planned to be complete in 2023. Projects in design and also projected to be completed in 2023 include an on-airport Hilton-branded hotel, plaza and terminal garage; satellite concourse. Projects to be completed in 2024 include roadway improvements providing access to the airport.

As the largest airport in the state of Tennessee, with limited competition of air service, Nashville International Airport is well-positioned to benefit from increased demand generated by the region's thriving business district, growing population and projections of significant corporate location and expansion in the area.



Runways

	BNA RUNWAY C	HARACTERIS	TICS
Runway	Length (Ft)	Width (Ft)	Instrument
13/31	11,030	150	ILS
2C/20C	8,001	150	None
2R/20L	8,001	150	ILS/DME
2L/20R	7,704	150	ILS/DME
Source: FAA	ADIP		

BNA features four runways that can accommodate commercial aircraft as well as corporate and private jets.

Airport Operations

The number of jet operations an airport annually supports is indicative of the facilities and services it offers and the type of aircraft it can support. Specific operational thresholds provide an adequate indication of an airport's role within the market(s) that it serves.

FAA data regarding Nashville International Airport operations are summarized in the following table.

		ltinerar	nt Operat	ions		Loc			
		Air Taxi &							TOTAL
FY	Air Carrier	Commuter	GA	Military	TOTAL	Civil	Military	TOTAL	OPS
2018	147,743	31,084	36,874	2845	218,546	0	0	0	218,546
2019	167,153	27,607	36,966	3,238	234,964	0	0	0	234,964
2020	114,102	19,975	26,658	2,604	163,339	26	0	26	163,365
2021*	189,369	26,668	37,834	3,019	256,890	0	0	0	256,890
2022*	197,614	25,294	38,211	3,019	264,138	0	0	0	264,138
2023*	206,176	23,376	38,592	3,019	271,163	0	0	0	271,163
2024*	213,300	23,089	38,977	3,019	278,385	0	0	0	278,385
2025*	220,070	23,298	39,366	3,019	285,753	0	0	0	285,75
2026*	226,858	23,509	39,759	3,019	293,145	0	0	0	293,14
2027*	233,714	23,723	40,156	3,019	300,612	0	0	0	300,612
2028*	240,738	23,940	40,557	3,019	308,254	0	0	0	308,254
2029*	247,771	24,159	40,962	3,019	315,911	0	0	0	315,91
2030*	254,862	24,381	41,371	3,019	323,633	0	0	0	323,633
2031*	262,093	24,606	41,784	3,019	331,502	0	0	0	331,502
2032*	269,427	24,833	42,201	3,019	339,480	0	0	0	339,480
2033*	276,790	25,062	42,622	3,019	347,493	0	0	0	347,493
2034*	284,162	25,293	43,047	3,019	355,521	0	0	0	355,52
2035*	291,581	25,527	43,477	3,019	363,604	0	0	0	363,60
2036*	299,106	25,764	43,911	3,019	371,800	0	0	0	371,80
2037*	306,632	26,003	44,349	3,019	380,003	0	0	0	380,00



The data presented is comprised of a mix of sources: Historic data has been retrieved from FAA OPSNET, as it is the only actual data available regarding operations. Projections have been retrieved from FAA TAF data.

Between 2018 and 2019, Nashville International Airport Airport experienced a 7.51% increase in overall operations. Total general aviation operations increased 0.25%. The effects of the COVID-19 pandemic can be seen in the change from 2019 to 2020: total operations at BNA decreased 30.47% and general eviation declined 27.89%. operations saw 26 total operations, where previously there had been none. significant increase in projected operations from 2020 to 2021 is largely attributable to the fact that TAF forward-looking data was produced prior to the pandemic, and does not consider its ongoing effects.

As illustrated, growth in overall operations through 2037 is projected to range from 2.21% to 2.82%, averaging 2.48%. As illustrated in the previous table, 2019 actual FAA data for GA operations at BNA indicate that 15.7% of the airport's operations were dedicated to iterant and based GA. This is typical for a commercial hub, as 71% of total operations for 2019 were attributable to air carrier operations. We exclude 2020 from this observation, as it is considered an atypical year.

Tennessee Aviation System Plan (TASP) 2040

Throughout the various chapters of this report, we have referenced the Airport System Plans produced by each state within which Sky Harbour has plans to operate. These state Plans identify current conditions, forecast growth and provide guidelines to help planners determine how to maximize the return on investment of public funds and identifies what capital improvements would best serve the state's aviation needs.

The Tennessee Aviation System Plan includes the state's 78 public-use airports, and provides the state data and information to assist in decision-making and prioritization of projects. The 2040 Plan is currently in-process, with drafts available for 5 of the 11 chapters. We have employed available information from Chapter 2: Inventory and Existing System Performance and Chapter 4: Explore Aviation Issues in this analysis. This information is current as of March 2021. Chapter 3: Forecast of Activity and Identify System Needs is not yet available.

Based Aircraft

Based aircraft are aircraft typically stored at the airport, requiring a parking position either on the apron or in a hangar. The tenants (pilots, aircraft owners, etc.) choose



between these two options according to their aircraft's characteristics (size, condition, age, needs, etc.) and based on space availability, price, location, weather and other considerations (maintenance, storage of parts, frequency of usage, etc.).

Based and transient jets require specific facilities and services to support these sophisticated and generally larger aircraft, including Jet fuel, 5,000-feet or longer runways, published Instrument Approach Procedures (IAPs), and (in most cases) conventional hangar facilities. Based jets are a reliable sign of economic activity within the markets that they serve.

The most recent data regarding based aircraft at Nashville International Airport are summarized in the following table.

BNA BASED AIRC	RAFT
Туре	# of A/C
Single Engine	16
Multi-Engine	15
Jet	60
Helicopters	1
Military	21
Total	113
Source: TASP 2019 Data	

According to 2019 TASP data, the airport accommodated 113 based aircraft. Aviation reports note that a higher number of based jets are found at airports with air traffic control towers, precision approaches and aircraft maintenance services. Nashville International Airport features all of these amenities.

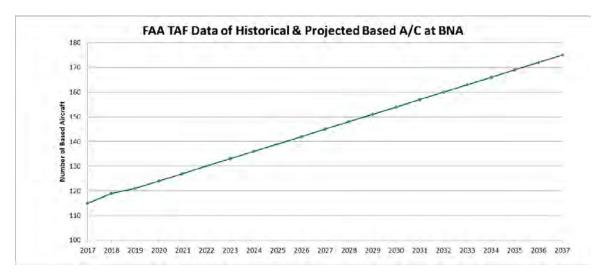
Based aircraft comprise the target market for the Sky Harbour facilities, and are the target market for the Sky Harbour business model, as it is based on long-term hangar leasing. Based aircraft comprise the target market for the Sky Harbour facilities, and are the target market for the Sky Harbour business model, as it is based on long-term hangar leasing. Moreover, as will be discussed in greater detail later in this report, Sky Harbour's preferred tenants are aircraft owner/users that are more interested in highend, safe and comfortable hangar facilities than extensive flight time in the aircraft.

FAA TERMINAL AREA FORECAST (TAF) PROJECTIONS

The Terminal Area Forecast (TAF) contains historical and forecast data for enplanements, airport operations, Terminal Radar Approach Control (TRACON) operations, and based



aircraft. The data cover FAA-towered airports, Federal contract tower airports, TRACON facilities and non-FAA airports. Data in the TAF are presented on a U.S. Government fiscal year basis (October through September). FAA projections for based aircraft at BNA from their January 2020 report (most recent available) are summarized in the following table.



According to the FAA, the TAF assumes a demand-driven forecast for aviation services based upon local and national economic conditions as well as conditions within the aviation industry. In other words, an airport's forecast is developed independent of the ability of the airport and air traffic control system to furnish the capacity required to meet However, if the airport historically functions under constrained conditions, the FAA forecast may reflect those constraints since they are embedded in historical In statistical terms, the relationships between economic growth data and data representing growth in aviation activity reflect those constraints.

According to the FAA TAF, there were 115 based aircraft at BNA in 2017. The number of based aircraft increased to 119 (+3.48%) in 2018, then to 121 in 2019 (+1.68%) and 124 in 2020 (+2.48%). Thereafter, annual growth ranging from 1.74% to 2.42% to is projected through 2037.

FUEL SALES

The number of gallons of jet fuel dispensed at an airport is a good general indicator as to the total size of the market and how active the airport is – the more fuel dispensed at the airport, the more active the airport is. Fueling data is proprietary, and was not available for this analysis. However, the previous discussion, including the airport's



historic and projected demand increases, indicates that Nashville International Airport is a well-established and healthy airport, with excess demand to be captured.

With regard to the Sky Harbour development, a key feature is the company's membership in a fuel consortium that services BNA that is owned and serviced by AvFuel. Sky Harbour is able to purchase fuel from this provider at cost and pass the savings on to its tenants, who see a significant fuel expense reduction, as compared to the onsite FBOs that add a sizeable markup in the fuel they provide at the airport. Sky Harbour will be offering fuel at a discounted cost to its tenants. As an example, the tenant currently occupying Hangar 14 within the Sky Harbour development will see a cost savings on fuel, under the Sky Harbour lease, of at least \$0.75 per gallon, according to the Company.

HANGAR SUPPLY & DEMAND AT NASHVILLE INTERNATIONAL AIRPORT

Existing hangar facilities at Nashville Airport is illustrated in the following graphics and table.

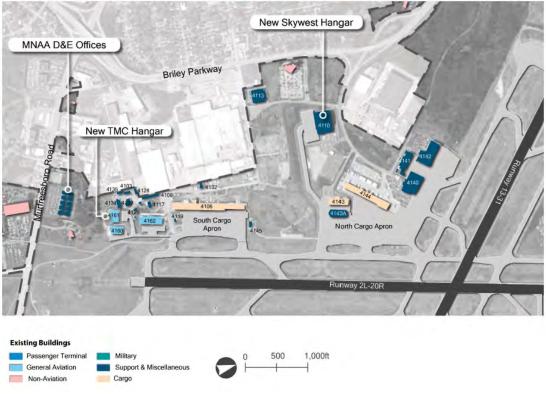
Figure 2-31. Hangar Lane Area New Box Hangar (Signature) T-Hangars Demolished 4209 Demolished Hangar Lane T-Hangars Demolished New FBO Terminal (Signature) Donelson Pike av 2R-20 **Existing Buildings** 1.000ft General Aviation Support & Miscellaneous Non-Aviation

DECEMBER 2020

BNA Airport Master Plan Update

BNA Airport Master Plan Update DECEMBER 2020





According to the Signature Flight Support website, Hangar No. 5, No. 8 and No. 9 provide a total of 100,000 square feet of available hangar space for transient traffic, enough to accommodate some light to medium jets. And a new Signature Flight Support terminal opened in December 2018. Atlantic Aviation utilizes Hangar No. 1 and No. 2, providing heated hangar space that can accommodate up to a Gulfstream G450.

BNA has several private or corporate hangars. The majority of the existing hangars are in the Hangar Lane Area with a few located on the West Side. These hangars generally provide storage for corporate aircraft, office space, maintenance space, and passenger/pilot lounges. Some of the private or corporate hangars are owned and built by individuals, while others are leased from one of the FBOs. The private corporate hangars have their own fueling; those hangars leased from an FBO are fueled by the FBO. The land is all owned by the Metropolitan Nashville Airport Authority (MNAA) and leased to either the private individuals or the FBOs as part of long-term agreements. MNAA continues to receive requests from individuals and from the FBOs for private hangar construction.



Currently, MNAA is limited in its ability to support additional hangar development in new areas, as property-ready and suitable land for development is sparse. Remaining undeveloped property present terrain, geotechnical, and utility supply challenges. As a start in remedying this situation, MNAA is planning to prepare property to the east of Runway 02C/20C and south of Murfreesboro Pike to support future hangar development.

Two types of hangars are typically provided for GA operators: T-hangars and conventional hangars. T-hangars typically serve smaller single-engine and twin-engine aircraft, while the conventional hangars provide more flexibility to store a variety of different aircraft types and sizes. All T-hangars at BNA were demolished to provide room for new conventional hangars. Although the BNA 2020 Master Plan identified the need for more hangar space before year 2032, the airport is not planning on developing new T-hangars; any new hangars planned for the airport will be conventional/community hangars.

We note that the Minutes of the May 15, 2019 BNA General Aviation/ Operations/ Planning & Engineering Committee (GAOPE), during which the Sky Harbour development plan was discussed, report that hangar space for rent at the airport is the #1 request received by the real estate department. Upon being briefed about the Sky Harbour proposal, one Committee Member noted that they would like to see a similar plan implemented at nearby John C Tune Airport. Additionally, when the concept of the Airport Authority undertaking a development similar to the one Sky Harbour plans themselves was raised, keeping the revenues in-house, the GAOPE President noted that finances and staff capabilities prevent this from occurring. Another Commissioner stated that the Sky Harbour plans were 'exciting and way past due,' further stating that he gets calls frequently for hangar space.

Moreover, a unique challenge facing Tennessee airports is the devastation in the aftermath of the 2019 tornadoes that swept the area. Damage included destruction of many hangar facilities across the state. This, in turn, has significantly reduced supply, with airports and FBOs working to replace the structures while also addressing continued increase in demand.

According to the Nashville International Airport 2020 Master Plan Update, given the observed pressing demand for based aircraft hangar space at BNA as indicated by the fixed based operators (FBOs), any future hangar development assumes that all hangars



are dedicated to based aircraft, and only common-use hangars will accommodate transient aircraft when there is space available in the hangars.

Supply & Demand Projections

Employing the previously-discussed Sugar Land Master Plan estimates for required space per aircraft type and percentage of each aircraft type housed in hangars (as opposed to shade hangars and tie-downs), coupled with FAA projections for future growth in overall airport operations and our research of existing hangar space at Nashville International Airport, we have compiled the following forecast estimates of either a shortage or surplus of hangar space through 2035.



N/	ASHVILLE INTE	RNATIONAL A	AIRPORT HAN	GAR SUPPLY	& DEMAND P	ROJECTIONS	
	Hangar						
	Area						
	Required		Estimate of		Required		Shortage,
	Per	FAA#	% of A/C	# of A/C	SF of	Existing	Surplus
A/C Type	Aircraft (SF)*	Based A/C 2020	Stored in Hangars*	Stored in Hangars	Hangar Space	Hangar Space	Hangar Space
Single-Engine	1,200	16	20%	3	3,840		
Multi-Engine	3,000	15	50%	8	22,500		
Jet	8,000	60	100%	60	480,000		
Helicopter	1,500	1	100%	1	1,500		
•		92		72	507,840	461,819	-46,021
*Based on estimates	s used in Sugar La	nd Regional Airna	ort Master Plan t	his area accounts	for aircraft wing	snan overalllen	ath and a
clearance of 10 feet							
	Hangar						
	Area						
	Required		FAA		Required		Shortage/
	Per	2020 # of	Estimate	2025 # of	SF of	Existing	Surplus
A/C Type	Aircraft (SF)*	A/C Stored	Growth 2020-2025	A/C Stored in Hangars	Hangar Space	Hangar Space	Hangar Space
7.	· · ·	3	12%	4	<u> </u>	Space	Space
Single-Engine	1,200	_	1=11		4,301		
Multi-Engine Jet	3,000	8	12% 12%	8 67	25,200		
	8,000				537,600		
Helicopter	1,500	1 70	12%	1	1,680	441.010	10/ 0/0
		72		80	568,781	461,819	-106,962
	Hangar						
	Area						
	Required		FAA		Required		Shortage/
	Per Aircraft	2025 # of A/C Stored	Estimate Growth	2030 # of A/C Stored	SF of	Existing	Surplus
A/C Type	(SF)*	in Hangars		in Hangars	Hangar Space	Hangar Space	Hangar Space
	1,200	4	11%	4	4,774	Space	Space
Single-Engine		8	11%	9			
Multi-Engine Jet	3,000	67	11%	75	27,972		
	8,000	1	11%	1	596,736		
Helicopter	1,500	80	1170	89	1,865	441.010	140 500
		80		07	631,347	461,819	-169,528
	Hangar						
	Area						
	Required		FAA		Required		Shortage
	Per	2030 # of	Estimate	2035 # of	SF of	Existing	Surplus
	Aircraft	A/C Stored	Growth	A/C Stored	Hangar	Hangar	Hangar
A/C Type	(SF)*	in Hangars	2030-2035		Space	Space	Space
Single-Engine	1,200	4	10%	4	5,299		
		_	10%	10	31,049		
Multi-Engine	3,000	9					-
	3,000 8,000	75	10%	83	662,377		
Multi-Engine							

Aside from the Sky Harbour development, we are unaware of any other hangars planned to be built at the airport. Our estimates do not include the Sky Harbour development.

As indicated in the preceding table, as of 2020, there was a a shortage of hangar space at BNA of 46,021 square feet. Our estimates for 2025 indicate that the deficit will increase to 106,962 square feet. By 2030, demand will exceed supply by 169,528



square feet, and by 2035, there is a projected shortage of 238,976 square feet of hangar space.

Supply & Demand Projections – Including the Sky Harbour Development

The following table illustrates projected supply and demand at Nashville International Airport after the completion of the Sky Harbour hangar campus. Please note that the overall Sky Harbour BNA campus square footage of 149,602 square feet includes the existing Hangar 14 building, which is 27,202 square feet. Therefore, our analysis considers the proposed hangar space, which totals 122,400 square feet.

NASHVILLE INTERNATIONAL AIRPORT HANGAR SUPPLY & DEMAND PROJECTIONS

A/C Type	Hangar Area Required Per Aircraft (SF)*	FAA # Based A/C 2020	Estimate of % of A/C Stored in Hangars*	# of A/C Stored in Hangars	Required SF of Hangar Space	Plus 20%	Existing Hangar Space	Shortage/ Surplus Hangar Space
Single-Engine	1,200	16	20%	3	3,840	4,608		
Multi-Engine	3,000	15	50%	8	22,500	27,000		
Jet	8,000	60	100%	60	480,000	576,000		
Helicopter	1,500	1	100%	1	1,500	1,800		
		92		72	507,840	609,408	461,819	-46,021
*Based on estimate around the aircraft						ngspan, overall le	ength, and a clea	rance of 10 feet
A/C Type	Area Required Per Aircraft (SF)*	2020 # of A/C Stored in Hangars	FAA Estimate Growth 2020-2025	2025 # of A/C Stored in Hangars	Required SF of Hangar Space	Plus 20%	Existing Hangar Space	Shortage/ Surplus Hangar Space
Single-Engine	1,200	3	12%	4	4,301	5,161		
Multi-Engine	3,000	8	12%	8	25,200	30,240		
Jet	8,000	60	12%	67	537,600	645,120		
Helicopter	1,500	1	12%	1	1,680	2,016		
		72		80	568,781	682,537	584,219	15,438
A/C Type	Hangar Area Required Per Aircraft (SF)*	2025 # of A/C Stored in Hangars	FAA Estimate Growth 2025-2030	2030 # of A/C Stored in Hangars	Required SF of Hangar Space	Plus 20%	Existing Hangar Space	Shortage/ Surplus Hangar Space
Single-Engine	1,200	4	11%	4	4,774	5,729		
Multi-Engine	3,000	8	11%	9	27,972	33,566		
Jet	8,000	67	11%	75	596,736	716,083		
Helicopter	1,500	1	11%	1	1,865	2,238		
		80		89	631,347	757,616	584,219	-47,128
A/C Type	Hangar Area Required Per Aircraft (SF)*	2030 # of A/C Stored in Hangars	FAA Estimate Growth 2030-2035	2035 # of A/C Stored in Hangars	Required SF of Hangar Space	Plus 20%	Existing Hangar Space	Shortage/ Surplus Hangar Space
Single-Engine	1,200	4	10%	4	5,299	6,359	•	•
Multi-Engine	3,000	9	10%	10	31,049	37,259		
Jet	8,000	75	10%	83	662,377	794,852		
Helicopter	1,500	1	10%	1	2,070	2,484		
	.,555	89	. 370	99	700,795	840,954	584,219	-116,576



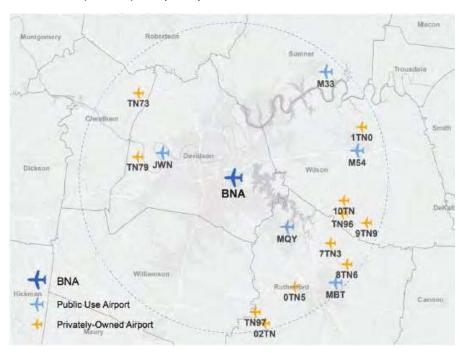
Overall, between 2020 and 2025, demand will exceed supply of hangar space at BNA. The projected shortage of 106,962 square feet will be absorbed by the Sky Harbour development Phase I and Phase II square footage, which totals 122,400 square feet; leaving a 15,438-square foot surplus of hangar space. However, the surplus will be predominantly absorbed by 2030, with a shortage of hangar space projected thereafter.

We further note that there is a paucity of private hangar space at the airport, and it is reasonable to presume that aircraft owners currently leasing space within community hangars, because it is the only option available, would move from their current location within existing hangars to the Sky Harbour development.

ALTERNATE LOCATIONS

Nashville International Airport is close to the following five public-owned, public-use airports with instrument procedures:

- 1. Smyrna Airport (MQY), 10.3 NM from BNA.
- 2. John C. Tune Airport (JWN), also owned and managed by MNAA. 10.7 NM from BNA.
- 3. Lebanon Municipal Airport (M54). 17.5 NM from BNA.
- 4. Summer County Regional Airport (M33). 19.4 NM from BNA.
- 5. Murfreesboro Municipal Airport (MBT). 20.7 NM from BNA.





We have identified the following primary alternate airports to Nashville International Airport, based on location and considering the facilities, services and amenities provided by BNA, our focus is on alternate locations accommodating Corporate Jet Service. As noted earlier, considering the composition of the target market (private, corporate and charter jet owners/users, a minimum runway length of 5,000' is a key factor.

Smyrna Airport (MQY)

Located 12 miles south of Nashville, Smyrna Rutherford County Airport (MQY) is an award winning, progressive airport that serves corporate and general aviation. With more than 1,700 acres, Smyrna Airport is the 3rd largest airport in Tennessee. Smyrna Airport is located in the geographic center of Tennessee and the center of the eastern United States.

MQY is a towered Class D airport with airspace from the surface to 3,000 Mean Sea Level (MSL) aka true altitude or elevation. Almost half of its airspace is in BNA's Class C from 2,100 to 3,000 feet. MQY's longest runway, Runway 14/32, is 8,048 feet and is almost perfectly aligned with BNA's longest runway, Runway 13/31, at 11,030 feet in length. Both have the same width – 150 feet. In the past, some pilots have mistaken MQY's Runway 32 for BNA's Runway 31. The area controllers are familiar with this and express special attention to it. No aircraft has ever landed at the wrong airport/runway; however, it was thanks to the controllers' early identification and warning. The airport has FAA tower operations from 7am to 10pm on weekdays and 7am to 7pm on weekends.

The airport is served by two FBOs: Azure Flight Support and Hollingshead Aviation. The Azure FBO operation is located on the west side of the airport next door to the airport authority's three-story terminal building. The FBO is situated on 19 acres under lease with 50,000 square feet of heated hangar space for storage of aircraft, 20 T-Hangar units, and additional land available for development for private/corporate hangars.

The FBO operation is currently open from 6am to 11pm Monday through Friday, 6am to 10pm Saturday and Sunday, and has the capability to handle large cargo and passenger aircraft. Amenities offered include a contract with the Defense Logistics Agency to sell fuel to Department of Defense aircraft, with the ability to handle any military aircraft up to a C17 and C5A. The FBO also offers courtesy crew cars for short-term use and have access to several major rental car companies in the area. The FBO sells fuel and honors CAA-member fuel pricing, which is among the lowest in the US.



Representatives from Hollingshead Aviation report that they are 100% booked for both community and private hangar space. Azure Flight Support offers only community hangar space.

We note that the Tennessee Aviation System Plan (TASP) classifies MQY as an airport with identified hangar shortage and hangar waitlist.

John C. Tune Airport (JWN)

Located in West Nashville, John C. Tune Airport (JWN) is the busiest general aviation airport in Tennessee. It serves the needs of regional, corporate and private aircraft, and is owned and managed by the Metropolitan Nashville Airport Authority. Only eight miles from downtown Nashville, JWN is Nashville's Executive Airport. John C. Tune is located in the Cockrill Bend area of West Nashville. It helps serve the region's growing corporate and private aircraft market, along with being a reliever for BNA.

The airport features include one runway: Runway 2/20 is 6,001 feet and equipped with highintensity runway lighting. Operations at the airport are supported by ILS/DME and RNAV (GPS) approaches. Jet-A and 100LL fuel are available.

In late 2019, the Metropolitan Nashville Airport Authority board of commissioners approved a plan to expand and upgrade the airport, as well as repair and replace facilities destroyed during the March 3, 2019 tornado. According to Matt, general manager at the airport, all of the hangars were destroyed in the tornado, and currently there is no timeline for reconstruction.

We note that the Tennessee Aviation System Plan (TASP) classifies JWN as an airport with identified hangar shortage and hangar waitlist.

Lebanon Municipal Airport (M54)

Located 20 minutes from Nashville, Lebanon Municipal Airport is a public-use, general aviation facility. Airport features include two runways: Runway 1/19 is 5,000 feet and equipped with high-intensity runway lighting, and Runway 4/22 is 1,801 feet. Operations at the airport are supported by RNAV (GPS) approaches. Jet-A and 100LL fuel are available. The airport received the Tennessee Aeronautics Commission "2018 Airport of the Year" award. As Tennessee's 4th largest general aviation airport, it covers 9,600 square feet and includes a state-of-the-art terminal facility located at the west ramp.

There is one fixed base operator (FBO) at M54 – Direct Flight Solutions. Representatives from the company note that the only hangar option on the field are community hangars, and their waitlist currently has approximately 100 people on it, with a projected wait time of 5-6 years. The representative did note that there are new, privately-owned private hangars currently under



construction at the airport; however, contact information and projected completion date for the development was not available.

We note that the Tennessee Aviation System Plan (TASP) classifies M54 as an airport with identified hangar shortage and hangar waitlist.

Music City Executive Airport (XNX)

Music City Executive Airport is a city-owned public-use general aviation airport located two miles east of the central business district of Gallatin, in Sumner County, Tennessee. The airport was named Sumner County Regional Airport prior to June 2019, and previously had the designation M33 prior to being changed to XNX.

Facilities at the airport include one runway: Runway 17/35 is 6,300 feet, equipped with highintensity runway lighting. Operations at the airport are supported by RNAV (GPS) approaches. Other services include avgas and jet fuel, and aircraft storage in box and T-hangars.

There is one fixed base operator (FBO) at XNX – Nashville Jet. Representatives from the company note that the only hangar option on the field are community hangars, which are currently 100% occupied. However, a new 22,500-square foot community hangar is under construction at the airport, with projected completion within 4-6 weeks. There are commitments for 50% of the new community hangar space, and rent quotes for a Gulfstream VI at minimum fuel usage (100 gals) was \$0.70 per square foot. A tiered rate was offered based on consumption.

We note that the Tennessee Aviation System Plan (TASP) classifies XNX as an airport with identified hangar shortage and hangar waitlist.

Murfreesboro Municipal Airport (MBT)

The Murfreesboro Airport, located on Memorial Boulevard, is a general aviation airport serving Middle Tennessee. The city of Murfreesboro operates and manages the airport under the direction of the Airport Commission. The Murfreesboro Airport is one of the only general aviation airports in the state of Tennessee that is self-supporting. No city tax dollars are used towards the daily operations of the airport. The revenue generated from leases and fuel sales funds the operations and capital improvement programs. Middle Tennessee State University trains professional pilots, aircraft mechanics, air traffic controllers, and airport administrators utilizing the airport. The university maintains a fleet of over 25 aircraft and has continued to maintain a ranking of one of the top five aviation programs in the nation.





The FBO offers community and T-hangar space. Currently, all T-hangars are occupied, with a lengthy waiting list. We note that the Tennessee Aviation System Plan (TASP) classifies MBT as an airport with identified hangar shortage and hangar waitlist.

BASED AIRCRAFT AT BNA AND ALTERNATIVES

As previously noted, according to the TASP, Nashville International Airport accommodated 113 based aircraft in 2019. The following table summarizes the number of based aircraft at BNA and the alternate airports.

	BASED A	RCRAFT AT	BNA AN	D ALTERNATIV	ES			
Location	Single- Engine	Multi- Engine	Jet	Helicopters	Military	Gliders	Ultralights	Total
Smyrna Airport (MQY)	107	61	12	2	0	0	0	182
John C Tune Airport (JWN)	114	23	22	10	0	0	0	169
Lebanon Municipal Airport (M54)	148	8	5	3	0	5	1	170
Music City Executive Airport (XNX)	74	12	4	2	0	0	0	92
Murfreesboro Municipal Airport (MBT)	130	23	3	1	0	1	0	158
Nashville (BNA)	16	15	60	1	21	0	0	113
TOTAL	459	119	103	18	21	5	1	726
BNA as a % of Total	3%	13%	58%	6%	0%	0%	0%	16%
Source: TASP 2040								

As illustrated, Smyrna Airport is #1 in total number of based aircraft, according to the most recent data available. In fact, four of the five airports surveyed exhibited higher numbers of based aircraft than Nashville International. BNA garners 16% of the overall based aircraft market share. Currently, commercial operations are the primary focus at BNA. It is notable, however, that Nashville International Airport garners 71% of the multi-engine and jet based aircraft.



TENESSEE AVIATION SYSTEM PLAN (TASP) 2040

Based Aircraft Analysis – Current Conditions

It is common for airports to have industry or non-industry related businesses operating on airport property. Businesses who rely on aviation may own aircraft that they base at their local airport, or an airport otherwise convenient to their business. In addition to the revenue generated from having a business' based aircraft, airports benefit from having businesses operate on the field due to the increased operations and subsequent fuel sales.

When developing the 2040 TASP, airport managers were asked to provide a list of the businesses with based aircraft at their airport. A geospatial analysis using Google Maps was conducted to determine the mileage between the airport and their reported business tenants. The results are summarized in the following graphics.

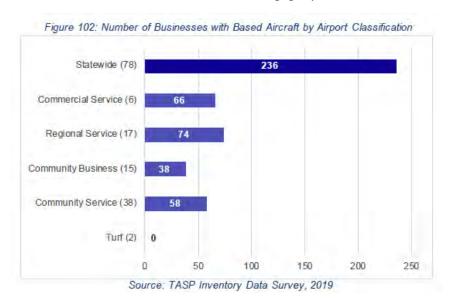


Figure 103: Average Distance in Miles between Airports and Businesses with Based Aircraft by Airport Classification Statewide (78) Commercial Service (6) Regional Service (17) Community Business (15) Community Service (38) Turf (0) 0 20 30 35 40 45 10 15 Source: TASP Inventory Data Survey, 2019

Statewide, there are 236 businesses with based aircraft that are an average of 23 miles from the airport. There are 66 businesses with based aircraft at Commercial Service airports that are an average distance of six miles away from the airport. Regional Service airports have 74 businesses with based aircraft that are located an average of 42 miles away, Community Business airports have 38 businesses with based aircraft that are located an average of nine miles away, and Community Service airports have 58 businesses with based aircraft that are located an average of 25 miles away. Neither

AIRPORT OPERATIONS AT BNA AND ALTERNATIVES

Turf airports reported having businesses with based aircraft.

As noted, the number of jet operations an airport annually supports is indicative of the facilities and services it offers and the type of aircraft it can support. Specific operational thresholds provide an adequate indication of an airport's role within the market(s) that it serves.

The following table summarizes airport operations at BNA and the alternate airports.

AIRPORT OPERATIONS AT BNA AND ALTERNATIVES												
			% Transient		%		Total %					
Location	#/Day	% Local GA	GA	% Air Taxi	Commercial	% Military	GA					
Smyrna Airport (MQY)	272	47%	45%	4%	0%	4%	92%					
John C Tune Airport (JWN)	230	31%	39%	29%	0%	1%	71%					
Lebanon Municipal Airport (M54)	48	53%	46%	0%	0%	1%	99%					
Music City Executive Airport (XNX)	60	57%	39%	4%	0%	1%	95%					
Murfreesboro Municipal Airport (MBT)	221	93%	4%	2%	0%	1%	97%					
Nashville (BNA)	644	0%	16%	12%	71%	1%	16%					
Source: OPSNET							1					

As expected, Nashville International Airport exhibits the highest number of daily aircraft operations. However, 71% of those are attributable to commercial operations. Consequently, BNA currently ranks last with regard to percentage of Local and Transient GA operations.

EXISTING HANGAR SPACE AT ALTERNATE AIRPORTS

The following table summarizes the existing hangar space at the BNA alternate airports.

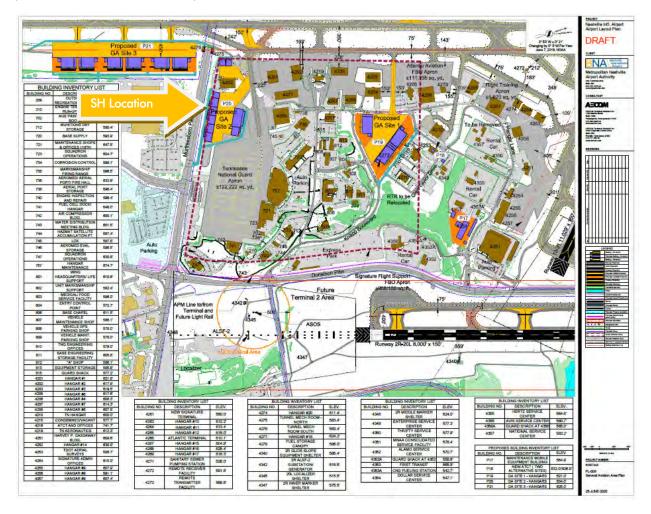
EXISTING HANGAR SPACE AT ALTERNATIVES						
Location	# Based A/C	Size (SF)	Building Type	Private/ Community	Occupied	Waitlist
Smyrna Airport (MQY)	182					
Hollingshead Aviation		360,000	Conventional	Community	100%	Yes
Azure Flight Support		50,000	Conventional	Community	100%	Yes
John C Tune Airport (JWN)	169	0	All hangars destroyed in 2019 tornado			Yes
Lebanon Municipal Airport (M54)	170					
Direct Flight Solutions		40,000	Conventional	Community	100%	Yes
Music City Executive Airport (XNX)	92					
Nashville Jet		104,000	Conventional	Community	79%	No
Murfreesboro Municipal Airport (MBT)	158	41,300	T-Hangar	Community	100%	Yes
TOTAL	771	595,300				
Source: Various sources compiled by CBRE						

As illustrated, the five alternate airports to Nashville International Airport currently total 595,300 square feet of community hangar space. It is notable that John C. Tune Airport currently has no hangars, as they were all destroyed in the 2019 tornado. According to airport management, there are no immediate plans to rebuild. Hangars were also destroyed at Lebanon Municipal airport in the same storm, and are in the process of re-building. Recently, Nashville Jet completed construction of new hangar facilities at Music City Executive Airport, which are currently in lease-up. Overall, the alternative airports exhibit a 96% occupancy, and most have extensive waitlists for hangar space.

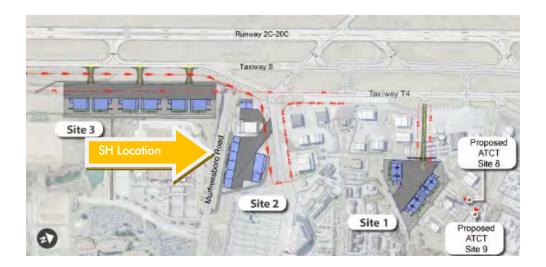


AVAILABLE LAND

As previously mentioned, although Nashville International Airport currently does not offer private/corporate hangar space, they do offer land to interested parties to construct their own hangars. The following graphics illustrate the airport's projected location of future development, per the 2020 Master Plan Update.



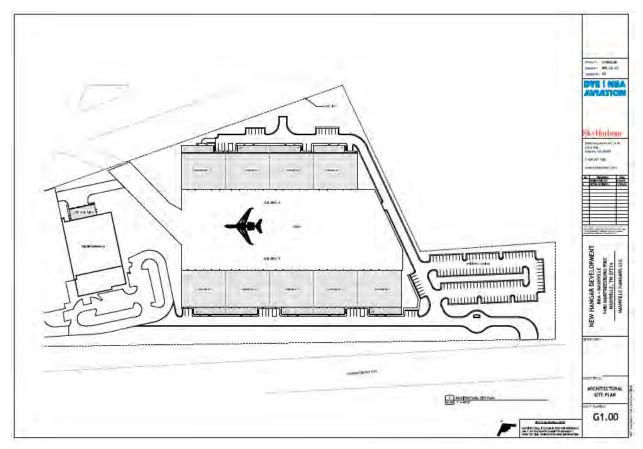




SKY HARBOUR DEVELOPMENT

1. Description of development

Sky Harbour obtained lease rights to 15.15 acres of land in the Nashville International Airport on the southwest side of airport. The Sky Harbour development at BNA is depicted in the following graphics.







The new campus will consist of 9 individually-leased NFPA Group 3 modular hangars comprising 122,400 total square feet. The campus also includes an existing hangar – Hangar 14, which is 27,202 square feet. Ground-breaking on the new hangar sites is projected for 3rd quarter 2021.

Each of the 13,600-square foot hangars includes a ramp area for aircraft startup & shutdown in front of the hangar doors. Car parking is included in the hangar space, which is climatecontrolled with hydraulic lifts to accommodate multiple cars. The adjoining office space includes high-end finishes with a kitchen, storage and a bathroom with showers. Each unit is assigned covered outdoor parking, as well. The following graphic illustrates a typical hangar layout.

The hangars are rented on long-term (3-5 year) leases, with Sky Harbour including its own line crew and ground service equipment. As previously discussed, Sky Harbour is constructing its own fuel farm and will offer gas at Sky Harbour's negotiated discounted price for its tenants.

2. Discussion of in-place agreements

a. Ground Lease

Sky Harbour entered into a ground-lease with The Metropolitan Nashville Airport Authority for one 15.55-acre and one 0.62-acre site. The larger site represents the development site for the Sky Harbour campus, and the smaller site is improved with one 27,202-square foot hangar originally built in the 1970s, known as Hangar 14. The lease commenced January 22, 2020, for a 40-year term, and Sky Harbour has two 5year renewal options.

BNA ground rent is comprised of two components: Building Premise Rent (aka Hangar 14 Ground Rent), is \$5.00 per square foot, and Ground Premise Rent (aka Campus Ground Rent) is \$0.65 per square foot. Hangar 14 Ground Rent commenced upon lease execution. Campus Ground Rent commenced on January 1, 2021. Rent for both sites escalates 2% annually, and every 10 years rent is adjusted to the FMV of rent; however, the increase cannot exceed 4.0% over the prior year.



The lease is net, with the Sky Harbour responsible for real estate tax, insurance, maintenance and utilities.

b. Leases. LOIs

The Sky Harbour development has an executed lease for 100% of Hangar 14, which is the 27,202-square foot existing facility on the site. The tenant - one of the largest charter operators in the U.S., with locations at 20 airports – is currently operating out of the hangar facility. The lease commenced January 1, 2021 for a three-year term, with one, 3-year renewal option. Annual rent is \$761,652, or \$28.00 per square foot, with 3.0% annual escalations. The sublease includes a net reimbursement structure; the tenant will be responsible for real estate tax, all utilities and their pro rata share of property insurance. Discounted fuel is included in the lease.

The in-place lease reflects 18.2% of the overall leasable area of the hangar campus. The remaining hangar units will be offered for lease at approximately \$28.00 per square foot, with a net reimbursement structure wherein tenants are responsible for real estate tax, insurance, and utilities. Ground rent and management fees are not reimbursed. Discounted fuel will be offered to Sky Harbour tenants.

SUMMARY OF THE SKY HARBOUR DEVELOPMENT AT NASHVILLE INTERNATIONAL **AIRPORT**

An endorsement of the Sky Harbour concept is represented in the current lease commitment with a charter operator. Moreover, the listing agent, Millie Hernandez-Becker, has indicated that the fuel deal that Sky Harbour has secured is "unheard-of" in the local market. Ms. Hernandez-Becker notes an interested party for hangar space - a Dollar General distributor that owns two Falcon aircraft, and needs a third, but cannot purchase the plane until he has a hangar to park it in. Market participants have echoed the sentiment that many aircraft buyers will not complete the sale until they are assured they will have a place to park the plane. Ms. Hernandez-Becker indicated that she believed the Sky Harbour development would achieve full occupancy within a year of ground-breaking, which would equate to being fully-occupied at delivery.

Additionally, as noted, when the concept was proposed to the Nashville Airport Authority of undertaking a development similar to the one Sky Harbour plans themselves, with the ability to keep any revenues in-house, the GAOPE President noted that finances and staff capabilities prevent this from occurring. Another Commissioner stated that the Sky Harbour plans were 'exciting and way past due,' further stating that he gets calls frequently for hangar space.

These factors, coupled with the development's attractive physical characteristics, indicate that the property should have a wide appeal to a variety of aviation users, including corporate, charter, and those with private aircraft. Moreover, surrounding aviation uses have demonstrated relatively strong operational stability throughout the years. The relative strength of the existing tenant and a reasonable expectation for a similar tenant(s) to round out the occupancy suggests that, as a newly-developed high-end aviation use in a strong market, demand from potential tenants will be reasonably strong. The foregoing should contribute to reasonably positive acceptance for the property, for the foreseeable future, with increasing prospects as the continued heightened uncertainty owing to the ongoing pandemic wanes.

Based on the foregoing, we have estimated a four-month lease-up period for the Sky Harbour Nashville hangar campus upon projected delivery in 4th guarter 2023.

CASH FLOW PROJECTIONS

Our analysis included a review of management's cash flow projections for each property. We then applied metrics derived from our market study to generate our own projections. The Nashville cash flow projections are summarized on the following page.

Our market leasing assumptions for Nashville International Airport are summarized in the Please refer to the portfolio cash flow roll up discussion for additional following table. assumptions employed in the analysis.

MARKET LEASING ASSUM	PTIONS
Location	BNA
Market Rent (\$/SF/YR)	\$28.00
Concessions (New)	None
Concessions (Renewal)	None
Reimbursements	RET, Ins, Util
Escalations	3.0%
Term	5.0 Yrs.
Leasing Commissions (New)	5.00%
Leasing Commissions (Renewal)	3.00%
Source: CBRE	



Cash Flow

Nashville (Amounts in USD)

	Forecast	Forecast	Forecast	Forecast												
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
For the Years Ending	Dec-2022	Dec-2023	Dec-2024	Dec-2025	Dec-2026	Dec-2027	Dec-2028	Dec-2029	Dec-2030	Dec-2031	Dec-2032	Dec-2033	Dec-2034	Dec-2035	Dec-2036	Dec-2037
Tor the rears Ending	DCC 2022	<u>DCC 2023</u>	DCC 2024	<u>Dec 2025</u>	<u>DCC 2020</u>	DCC 2021	<u>DCC 2020</u>	DCC 2027	<u>DCC 2030</u>	DCC 2031	DCC 2032	DCC 2033	DCC 2034	DCC 2000	DCC 2030	<u>DCC 2037</u>
Rental Revenue																
Potential Base Rent	1,396,284	4,259,301	4,382,201	4,513,667	4,649,077	4,767,327	4,811,590	4,945,886	5,094,262	5,247,090	5,386,494	5,435,475	5,582,039	5,749,500	5,921,985	6,086,061
Absorption & Turnover Vacancy	-634,667	-162,633	0	0	0	-215,425	-184,005	0	0	0	-243,734	-208,184	0	0	0	-275,763
Scheduled Base Rent	761,617	4,096,667	4,382,201	4,513,667	4,649,077	4,551,902	4,627,585	4,945,886	5,094,262	5,247,090	5,142,760	5,227,290	5,582,039	5,749,500	5,921,985	5,810,298
Total Rental Revenue	761,617	4,096,667	4,382,201	4,513,667	4,649,077	4,551,902	4,627,585	4,945,886	5,094,262	5,247,090	5,142,760	5,227,290	5,582,039	5,749,500	5,921,985	5,810,298
Other Tenant Revenue	F4 (00	7.45.000	700 700	040 (00	000 074	045.047	0.40.005	000 000	000 554	040 575	000 100	050 700	4.04/.44/	1 044 540	4.0/7.557	4 044 507
Total Expense Recoveries Total Other Tenant Revenue	51,609 51,609	745,093 745,093	793,788 793,788	813,633 813,633	833,974 833,974	815,967 815,967	843,005 843,005	898,098 898,098	920,551 920,551	943,565 943,565	923,192 923,192	953,783 953,783	1,016,116 1,016,116	1,041,519 1,041,519	1,067,557 1,067,557	1,044,507
Total Other Teriant Revenue	51,609	745,093	193,100	013,033	033,974	615,967	643,005	090,090	920,551	943,565	923,192	955,765	1,010,116	1,041,519	1,007,337	1,044,507
Total Tenant Revenue	813,226	4,841,761	5,175,989	5,327,299	5,483,050	5,367,869	5,470,590	5,843,984	6,014,813	6,190,655	6,065,951	6,181,073	6,598,155	6,791,019	6,989,542	6,854,805
Potential Gross Revenue	813,226	4,841,761	5,175,989	5,327,299	5,483,050	5,367,869	5,470,590	5,843,984	6,014,813	6,190,655	6,065,951	6,181,073	6,598,155	6,791,019	6,989,542	6,854,805
Varante & Condit Land																
Vacancy & Credit Loss Vacancy Allowance	0	0	-155,280	-159,819	-164,492	0	0	-175,320	-180,444	-185,720	0	0	-197,945	-203,731	-209,686	0
Total Vacancy & Credit Loss	0	0	-155,280	-159,819	-164,492	0	0	-175,320	-180,444	-185,720	0	0	-197,945	-203,731	-209,686	0
Total vacancy & oreant 2003	0	<u> </u>	133,200	107,017	104,472			170,020	100,444	103,720			177,743	203,731	207,000	
Effective Gross Revenue	813,226	4,841,761	5,020,709	5,167,480	5,318,559	5,367,869	5,470,590	5,668,665	5,834,369	6,004,935	6,065,951	6,181,073	6,400,210	6,587,288	6,779,855	6,854,805
Operating Evpenses																
Operating Expenses RE Tax	198,223	609,535	624,773	640,392	656,402	672,812	689,633	706,873	724,545	742,659	761,225	780,256	799,762	819,756	840,250	861,257
Insurance	37,624	115,693	118,585	121,550	124,588	127,703	130,896	134.168	137.522	140,960	144,484	148,097	151,799	155,594	159,484	163,471
Utilities	48,000	49,200	50,430	51,691	52,983	54,308	55,665	57,057	58,483	59,945	61,444	62,980	64,555	66,169	67,823	69,518
Ground Rent Hangar 14 BNA	141,504	144,336	147,216	150,168	153,168	156,228	159,360	162,540	169.044	172,428	175,872	179.388	182,976	186,636	190,368	194,184
Ground Rent	454,860	463,956	473,244	482,700	492,360	502,212	512,256	522,492	543,396	554,268	565,344	576,660	588,192	599,952	611,952	624,192
Management	40,661	242,088	251,035	258.374	265,928	268,393	273,530	283,433	291,718	300,247	303,298	309,054	320.010	329,364	338,993	342,740
Accounting/Audit	8,333	25,625	26,266	26,922	27,595	28,285	28,992	29,717	30,460	31,222	32,002	32,802	33,622	34,463	35,324	36,207
Payroll	77,994	239,832	245,827	251,973	258,272	264,729	271,347	278,131	285,084	292,211	299,517	307,005	314,680	322,547	330,610	338,876
Hangar Op	13,600	41,820	42,866	43,937	45,036	46,161	47,315	48,498	49,711	50,954	52,227	53,533	54,871	56,243	57,649	59,091
Total Operating Expenses	1,020,799	1,932,084	1,980,242	2,027,707	2,076,333	2,120,832	2,168,994	2,222,910	2,289,965	2,344,894	2,395,414	2,449,774	2,510,468	2,570,724	2,632,454	2,689,536
Net Operating Income	-207,573	2,909,677	3,040,467	3,139,773	3,242,226	3,247,037	3,301,596	3,445,754	3,544,404	3,660,041	3,670,538	3,731,299	3,889,742	4,016,564	4,147,402	4,165,269
Non-Operating Expenses																
Replacement Reserves	12,966	19,934	20,433	20,944	21,467	22,004	22,554	23,118	23,696	24,288	24,895	25,518	26,156	26,810	27,480	28,167
Total Non-Operating Expenses	12,966	19,934	20,433	20,944	21,467	22,004	22,554	23,118	23,696	24,288	24,895	25,518	26,156	26,810	27,480	28,167
Leasing Costs	(0/ 520	F10.0/F	0	0	0	400.274	410 200	0	0	0	543.487	4/4 217	0	0	0	(14.00/
Leasing Commissions	606,529 606,529	518,065	0	0	0	480,364 480,364	410,300	0	0	0	543,487	464,217 464,217	0	0	0	614,906
Total Leasing Costs	606,529	518,065	U	U	U	480,364	410,300	U	U	U	543,487	464,217	U	U	U	614,906
Capital Expenditures																
Construction Costs	8.935.608	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Capital Expenditures	8,935,608	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
•																
Total Leasing & Capital Costs	9,542,137	518,065	0	0	0	480,364	410,300	0	0	0	543,487	464,217	0	0	0	614,906
0	0.7/0./7/	0.074./	2 222 25 :	0.440.000	0.000 750	0744//0	0.0/0.745	0.400.464	0.500.700	0 (05 750	0.400.455	0.044.57	0.0/0.56	0.000 75 :	4 440 000	0.500.407
Cash Flow Before Debt Service	-9,762,676	2,371,677	3,020,034	3,118,829	3,220,759	2,744,669	2,868,741	3,422,636	3,520,708	3,635,753	3,102,155	3,241,564	3,863,586	3,989,754	4,119,922	3,522,196

Note: Construction costs & Ground Rent during construction are capitalized

Cash Flow

Nashville (Amounts in USD)

	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Year 31	Year 32
For the Years Ending	Dec-2038	Dec-2039	Dec-2040	Dec-2041	Dec-2042	Dec-2043	Dec-2044	Dec-2045	Dec-2046	Dec-2047	Dec-2048	Dec-2049	Dec-2050	Dec-2051	Dec-2052	Dec-2053
Rental Revenue																
Potential Base Rent	6,140,240	6,299,977	6,488,976	6,683,646	6,876,471	7,029,968	7,206,618	7,422,817	7,645,501	7,874,866	7,952,192	8,133,727	8,377,739	8,629,071	8,887,943	8,993,262
Absorption & Turnover Vacancy	-235,542	0	0	0	-312,000	-266,494	0	0	0	0	-663,338	0	0	0	0	-750,506
Scheduled Base Rent	5,904,698	6,299,977	6,488,976	6,683,646	6,564,470	6,763,475	7,206,618	7,422,817	7,645,501	7,874,866	7,288,854	8,133,727	8,377,739	8,629,071	8,887,943	8,242,756
Total Rental Revenue	5,904,698	6,299,977	6,488,976	6,683,646	6,564,470	6,763,475	7,206,618	7,422,817	7,645,501	7,874,866	7,288,854	8,133,727	8,377,739	8,629,071	8,887,943	8,242,756
Other Tenant Revenue																
Total Expense Recoveries	1.079.118	1.149.642	1.178.383	1,207,843	1,181,764	1,220,922	1.300.714	1,333,232	1,366,563	1.400.727	1,316,100	1,471,639	1.508.430	1,546,141	1.584.794	1,489,046
Total Other Tenant Revenue	1,079,118	1,149,642	1,178,383	1,207,843	1,181,764	1,220,922	1,300,714	1,333,232	1,366,563	1,400,727	1,316,100	1,471,639	1,508,430	1,546,141	1,584,794	1,489,046
	1,077,110	1,117,012	1,170,000	1,207,010	1,101,701	1/220/722	1,000,711	1,000,202	1,000,000	1,100,727	1,010,100	1,171,007	1,000,100	1,010,111	1,001,771	1,107,010
Total Tenant Revenue	6,983,816	7,449,619	7,667,359	7,891,488	7,746,234	7,984,397	8,507,333	8,756,049	9,012,064	9,275,593	8,604,954	9,605,366	9,886,169	10,175,212	10,472,737	9,731,802
Detectiol Cores Deverses	(002 01/	7 440 /10	7 / / 7 250	7 001 400	7.74/ 004	7 004 207	0.507.222	0.757.040	0.012.074	0.075.500	0.704.054	0 (05 2//	0.00/.1/0	10 175 010	10 470 707	0.721.002
Potential Gross Revenue	6,983,816	7,449,619	7,667,359	7,891,488	7,746,234	7,984,397	8,507,333	8,756,049	9,012,064	9,275,593	8,604,954	9,605,366	9,886,169	10,175,212	10,472,737	9,731,802
Vacancy & Credit Loss																
Vacancy Allowance	0	-223,489	-230,021	-236,745	0	0	-255,220	-262,681	-270,362	-278,268	0	-288,161	-296,585	-305,256	-314,182	0
Total Vacancy & Credit Loss	0	-223,489	-230,021	-236,745	0	0	-255,220	-262,681	-270,362	-278,268	0	-288,161	-296,585	-305,256	-314,182	0
Effective Gross Revenue	6,983,816	7,226,130	7,437,339	7,654,744	7,746,234	7,984,397	8,252,113	8,493,368	8,741,702	8,997,326	8,604,954	9,317,205	9,589,584	9,869,955	10,158,555	9,731,802
O																
Operating Expenses RE Tax	882,788	904,858	927,479	950,666	974,433	998,794	1,023,763	1,049,358	1,075,591	1,102,481	1,130,043	1,158,294	1,187,252	1,216,933	1,247,356	1,278,540
Insurance	167,558	171,747	176,040	180,441	184,952	189,576	194,315	199,173	204.153	209,257	214,488	219,850	225,346	230,980	236,755	242,673
Utilities	71,256	73,038	74,864	76,735	78,654	80,620	82,635	84,701	86,819	88,989	91,214	93,494	95,832	98,228	100,683	103,200
Ground Rent Hangar 14 BNA	198,060	202,032	210,108	214,308	218,592	222,972	227,424	231,972	236,616	241,344	246,168	251,100	261,144	261,144	261,144	261,144
Ground Rent	636,672	649,404	675,384	688,896	702,672	716,724	731,064	745,680	760,596	775,800	791,316	807,144	839,436	839,436	839,436	839,436
Management	349,191	361,307	371,867	382,737	387,312	399,220	412,606	424,668	437,085	449,866	430,248	465,860	479,479	493,498	507,928	486,590
Accounting/Audit	37,113	38,040	38,991	39,966	40,965	41,990	43,039	44,115	45,218	46,349	47,507	48,695	49,912	51,160	52,439	53,750
Payroll	347,348	356,031	364,932	374,055	383,407	392,992	402,817	412,887	423,209	433,790	444,634	455,750	467,144	478,822	490,793	503,063
Hangar Op	60,568	62,082	63,634	65,225	66,856	68,527	70,240	71,996	73,796	75,641	77,532	79,470	81,457	83,493	85,581	87,720
Total Operating Expenses	2,750,553	2,818,538	2,903,300	2,973,030	3,037,842	3,111,414	3,187,904	3,264,551	3,343,084	3,423,516	3,473,150	3,579,659	3,687,002	3,753,694	3,822,115	3,856,117
Net Operating Income	4,233,263	4,407,592	4,534,039	4,681,713	4,708,392	4,872,983	5,064,209	5,228,816	5,398,619	5,573,809	5,131,803	5,737,546	5,902,581	6,116,261	6,336,440	5,875,685
Non-Operating Expenses																
Replacement Reserves	28,871	29,593	30,333	31,091	31,868	32,665	33,482	34,319	35,177	36,056	36,957	37,881	38,828	39,799	40,794	41,814
Total Non-Operating Expenses	28,871	29,593	30,333	31,091	31,868	32,665	33,482	34,319	35,177	36,056	36,957	37,881	38,828	39,799	40,794	41,814
Landing Costs																
Leasing Costs Leasing Commissions	525.219	0	0	0	0	1,307,340	0	0	0	0	1,479,135	0	0	0	0	1,673,505
Total Leasing Costs	525,219	0	0	0	0	1,307,340	0	0	0	0	1,479,135	0	0	0	0	1,673,505
	,					.,,					.,,					.,,
Capital Expenditures																
Construction Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Capital Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Leasing & Capital Costs	525,219	0	0	0	0	1,307,340	0	0	0	0	1,479,135	0	0	0	0	1,673,505
Cash Flow Before Debt Service																

Note: Construction costs & Ground Rent during construction are capitalized

Cash Flow

Nashville (Amounts in USD)

,	
	Forecast
	Year 33
For the Years Ending	Dec-2054
Total Tours Ending	<u> 500 200 1</u>
Rental Revenue	
Potential Base Rent	9,180,050
Absorption & Turnover Vacancy	0
Scheduled Base Rent	9,180,050
Total Rental Revenue	9,180,050
Other Tenant Revenue	
Total Expense Recoveries	1,665,024
Total Other Tenant Revenue	
Total Other Terlant Revenue	1,665,024
Total Tenant Revenue	10,845,075
Potential Gross Revenue	10,845,075
Vacancy & Credit Loss	
Vacancy Allowance	-325,352
Total Vacancy & Credit Loss	-325,352
Effective Gross Revenue	10,519,722
Operating Expenses	
RE Tax	1,310,504
Insurance	248,740
Utilities	105,780
Ground Rent Hangar 14 BNA	261,144
Ground Rent	839,436
Management	525,986
Accounting/Audit	55,094
Payroll	515,639
Hangar Op	89,913
Total Operating Expenses	3,952,237
Net Operating Income	6,567,485
Non-Operating Expenses Replacement Reserves	42 SEO
•	42,859 42,859
Total Non-Operating Expenses	42,859
Leasing Costs	
Leasing Commissions	0
Total Leasing Costs	0
Capital Expenditures	
Construction Costs	0
Total Capital Expenditures	0
Total Leasing & Capital Costs	0
Cash Flow Before Debt Service	6,524,626

Note: Construction costs & Ground Rent during construction are capitalized

CASH FLOW METHODOLOGY & ROLL-UP

In order to project cash flow estimates for the entire portfolio, we first reviewed Sky Harbour's internal projections then developed our own cash flows based on prevailing market indicators and a review of leases, LOIs and projected operating budgets. We also looked at local and industry trends when estimating long-term stabilized occupancy and renewal outcomes.

We have divided the assets into 9 separate cash flow models, reflecting each phase of development for each airport location. Please note that revenue projections previously provided for each airport were a roll-up for those locations where campuses were planned to be developed in two phases. For consistent cash flow modeling and functionality, we relied on Argus Enterprise 13.0, an analytical software program commonly used throughout the real estate industry. We have delivered our CBRE Argus models and roll-up under separate cover.

The following considerations were material to our analysis:

- Our analysis is based on projected financial information for the majority of the properties. The analysis is based on the Sky Harbour data, coupled with our analysis of the individual developments, their market, any existing and projected lease commitments, and comparable properties.
- Our portfolio analysis is based on a calendar year beginning January 1, 2022 and ending December 31, 2054. The holding period for the properties is based on the expiration dates of the respective land leases through the term of all exercisable option periods, coupled with a request from ownership to extend the analysis.
- In all cases we have assumed that Sky Harbour will exercise its renewal rights.
- Our individual estimates of General Vacancy & Collection Loss ranged from 2% to 5% (or conversely 95% to 98% occupancy), depending on the specific market conditions for each individual asset, as previously discussed.
- Our analysis assumes a conservative general inflation rate of 2.50%, which is applied to both income and expenses.
- Our estimate included typical lease terms of five years, based on Sky Harbour terms and comparable properties surveyed.
- As the 5 hangar campuses represent developments in varying phases and stages of completion, we have assumed the following regarding expenses:
 - o Construction costs occur contemporaneously with construction commencement. We note that construction costs have been compared to similar completed projects at various airports, and are considered reasonable. However, there is currently volatility in



- construction costs that could impact the feasibility of the project and returns, should actual costs vary significantly from estimates employed in this analysis.
- o All expenses associated with ground leases are projected to commence according to lease terms.
- o Utilities are assumed to be brought to the site early in construction, and are therefore projected to commence concurrent with construction commencement.
- o All other expenses considered to be associated with the completed improvements and operation of the hangar facilities are assumed to commence as of the construction completion/projected delivery date.
- We have excluded tenant improvement allowances from our capital expenses.
- Leasing commissions are estimated at 5.00% for new tenants and 3.00% for lease renewals.
- Property management fees reflect payment to each local property manager and cover the day-to-day operations of managing the facilities including collecting rent from tenants, negotiating rates for utilities and services, managing local employees, filling vacancies and keeping track of financial records for tax purposes. Management Fees are estimated at 5.0% of Effective Gross Income.
- Replacement Reserves are estimated at \$0.13 per square foot for each property, based on the new construction status, size, construction components and local market parameters.
- The contract lease terms for the existing tenants are utilized within the DCF analysis, with market leasing assumptions applied for renewals and absorption tenants. All subsequent years vary according to the growth rate assumptions applied to the Year 1 estimate.
- The downtime estimate at lease rollover incorporated within the market leasing assumptions has been estimated at 3 months. This rate is considered reasonable based on the rent comparable data and a survey of market participants.
- In determining a reasonable market rent for each location, we reviewed Sky Harbour's target rent and LOIs against each location's market analysis regarding supply, demand and, when available, comparable rental rates. As comparable, high-end private hangar space with office was scarce at each location, we also reviewed the following comparables from CBRE files that reflect similar new construction high-end private hangar rentals across the US. Overall, we conclude that, given the unique market characteristics of each Sky Harbour location, the company's target rents were considered reasonable, and have employed pro forma target rents to all properties except Sugar Land and Centennial. Currently, asking rent at Sugar Land is \$23.38 per square foot. Based on our market analysis, we conclude a market rent slightly lower, at \$23.25 per square foot.

As previously noted, real estate taxes will soon be levied against the Centennial property, which increases tenant's expenses under the projected net lease structure. Due to this factor, coupled with the proforma target rent of \$35.00 per square foot, which is above the comparables surveyed, and the lack of pre-leasing that might support a higher rent, we have estimated achievable rents for Centennial at \$32.50 per square foot, net.



			SUMMA	RY OF CO	MPARABLE I	IANGAR R	ENTALS			
No.	Property Name	Location	Nearest	YOC/Reno	Tenant Name	Lease Area (SF)	Lease Date	Lease Term	Base Rent PSF	Reimburse ments
1	FXE Northside Development	Fort Lauderdale, FL	MIA, PBI	2018	Available	TBD	TBD	3-10 Yrs.	\$22-\$27	Modified Gross
2	Sheltair Executive Hangar Complex	Pompano Beach, FL	PBI, MIA	2018	Available	TBD	TBD	3-10 Yrs.	\$18-\$20	Modified Gross
3	Scottsdale Airpark VIP Corporate Hangar	Scottsdale, AZ	PHX	2018	Available	7,260	TBD	TBD	\$19.80	NNN
4	FXE Parcel 16	Fort Lauderdale, FL	MIA, PBI	2018	Confidentia I	18,150	Summer 2018	3-10 Yrs.	\$25.00	Modified Gross
5	SheltAir Private Hangar	Fort Lauderdale, FL	MIA, PBI	NAV	Quote	12,000- 13,000	None avail	NAV	\$25.00	NNN
6	Legacy Private Hangars	Opa Locka Executive	MIA, PBI, FLL	NAV	Quote	6,175	None avail	NAV	\$20.00	Gross
7	Scottsdale Private Hangar	Scottsdale, AZ	PHX	NAV	Quote	NAV	None avail	NAV	\$20.00	NNN
8	Atlantic Aviation Hangar	Palm Beach, FL	MIA, FLL	NAV	Florida Power & Light	24,000	NAV	NAV	\$22.50	ИИИ
9	Discovery Air Hangar	Loveland, CO	DEN	2021	Nutrien Ag Solutions	5,745	Dec-21	5.0 Yrs.	\$24.79	NNN
10	Discovery Air Hangar	Loveland, CO	DEN	2021	Woodward, Inc	16,064	Dec-21	20.0 Yrs.	\$19.80	NNN
11	Sierra Nevada Hangar	Colorado Springs, CO	DEN	2020	Sierra Nevada Corp	30,000	Sep-20	10.0 Yrs.	\$32.34	NNN
12	Sierra Nevada Hangar	Colorado Springs, CO	DEN	2018	Sierra Nevada Corp	60,100	Apr-19	10.0 Yrs.	\$24.89	NNN
13	Bombardier Maintenance Facility	Opa-Locka, FL	MIA, PBI, FLL	2020	Bombardier aka Learjet	261,184	Apr-19	30.0 Yrs.	\$25.85	NNN
14	Aero Colorado Hangar	Centennial, CO	DEN	2013	Bode Aviation	7,680	Sep-18	1.0 Yrs.	\$24.05	Modified Gross
15	Aero Colorado Hangar	Centennial, CO	DEN	2013	LGI	11,113	Feb-18	3.0 Yrs.	\$28.71	Modified Gross
16	Aero Colorado Hangar	Centennial, CO	DEN	2013	OneFlight	7,292	Jun-18	3.0 Yrs.	\$21.60	Modified Gross
17	Lux Air Jet Center	Goodyear, AZ	PHX	2016	Lux Air Jet Center	12,000	Aug-17	2.0 Yrs.	\$18.00	NNN
18	Cutter Aviation Hangar	Colorado Springs, CO	DEN	2017	Cutter Aviation	60,000	Jan-17	5.0 Yrs.	\$29.28	ИИИ
19	SNC Hangar	Colorado Springs, CO	DEN	2015	SNC	20,925	Feb-16	5.0 Yrs.	\$27.56	NNN
20	Manassas Hangar	Manassas, VA	IAD	2004	Phi Air Medical	14,100	Sep-15	5.0 Yrs.	\$15.32	NNN
21	Gulfstream Hangar	Savannah, GA	ATL	2015	Gulfstream Aerospace Corp	72,562	May-15	40.9 Yrs.	\$32.51	NNN
	f Survey			2004		5,745		1.0 Yrs.	\$15.32	
-	of Survey ge of Survey			2021 2016		261,184 37,315		40.9 Yrs. 10.8 Yrs.	\$32.51 \$24.05	
	arbour					Avg. Unit				
•	Sugarland	Sugarland,	HOU, IAH	2020 &		Size 9,435		5.0 Yrs.	\$23.25	
	Opa Locka	TX Opa Locka,	MIA, PBI,	2023 2022 &		13,339		5.0 Yrs.	\$32.50	
	Centennial	FL Centennial,	FLL DEN	2023 2022 &		10,314		5.0 Yrs.	\$32.50	
	Deer Valley	CO Deer Valley,	РНХ	2024 2023 &		11,533		5.0 Yrs.	\$26.00	
	Nashville	AZ Nashville, TN	BNA	2024 2022		13,600		5.0 Yrs.	\$28.00	

Various sources compiled by CBRE. Note that none of the quoted rents require a fuel purchase.



Market Leasing Assumptions

The following table presents a summary of our market leasing assumptions for each location.

Location	SGR	OPF	APA	DVT	BNA
Market Rent (\$/SF/YR)	\$23.25	\$32.50	\$32.50	\$26.00	\$28.00
Vacancy	5.0%	2.0%	2.0%	2.0%	3.0%
Concessions (New)	1mo/yr 1st generation onlv	None	None	None	None
Concessions (Renewal)	None	None	None	None	None
Reimbursements	RET, Ins, Util	RET, Ins, Util	RET, Ins, Util	RET, Ins, Util	RET, Ins, Uti
Escalations	3.0%	3.0%	3.0%	3.0%	3.0%
Term	5.0 Yrs.	5.0 Yrs.	5.0 Yrs.	5.0 Yrs.	5.0 Yrs.
Leasing Commissions (New)	5.00%	5.00%	5.00%	5.00%	5.00%
Leasing Commissions (Renewal)	3.00%	3.00%	3.00%	3.00%	3.00%

CASH FLOW PROJECTIONS - OBLIGATED GROUP

We reviewed each property's cash flow projections, then applied metrics derived from our market study to generate our own projections.

As noted in the Sky Harbour History section, the corporate structure of Sky Harbour is composed of holding and 100% owned sub-holding limited liability companies, all formed in the State of Delaware. Sky Harbour Capital LLC is the sub-holding company through which all airport campuses and projects are owned and operated through individual airport LLCs. Sky Harbour Services LLC is the developer, asset and operational manager of all the Facilities.

Sky Harbour Capital LLC and all its subsidiaries constitute the Obligated Group and all of their assets and revenues are pledged as collateral to the benefit of bondholders.

It is common practice to include management fees as an "above the line" expense in cash flow projections. However, within the Sky Harbour structure, management fees are paid only after debt service and reserves for the PABs have been funded. For more details, please refer to the Official Statement with regard to Flow of Funds.

As such, we first present a Cash Flow analysis that omits the management fee expense. Our portfolio cash flow projections are summarized on the following pages.



Part										
Rental Revenue					Forecast					Forecast
Poemia lase Rent	Calendar Year Ending December 31	<u>2022</u>	<u>2023</u>	2024	2025	<u>2026</u>	<u>2027</u>	<u>2028</u>	2029	<u>2030</u>
Paternia Base Finat	Rental Revenue									
Section Sect		\$4,489,143	\$16,748,838	\$24.896.181	\$30,286,611	\$31,213,375	\$32,059,454	\$32,706,010	\$33,498,212	\$34,342,094
										(\$402,138)
State Stat										\$0
Total Personan Symbol Sy										\$33,939,956
Segment Recovering \$18,676 \$1,155,668 \$1,163,864 \$2,003,118 \$2,114,198 \$2,086,118 \$2,166,214 \$2,257,995 \$2,218, \$2,114,198 \$2,086,118 \$2,166,214 \$2,257,995 \$2,218, \$2,114,198 \$2,086,118 \$2,166,214 \$2,257,995 \$2,218, \$2,214,198 \$2,086,118 \$2,166,214 \$2,257,995 \$2,218, \$2,214,198 \$2,086,118 \$2,166,214 \$2,257,995 \$2,218, \$2,214,198 \$2,286,118 \$2,166,214 \$2,257,995 \$2,218, \$2,214,198 \$2,286,118 \$2,166,214 \$2,257,995 \$2,218, \$2,218,198 \$2,218,198 \$2,218,218 \$2,218,										\$33,939,956
Total Other Franch Revenue	Other Tenant Revenue									
Total Tenant Revenue \$3,166,930 \$15,217,623 \$24,949,646 \$31,538,188 \$33,278,876 \$33,293,068 \$34,018,333 \$35,175,162 \$36,258, Potential Gross Revenue \$3,166,930 \$15,217,623 \$24,949,646 \$31,538,188 \$33,278,876 \$33,293,068 \$34,018,333 \$35,175,162 \$36,258, Potential Gross Revenue \$3,466,930 \$15,217,623 \$24,949,646 \$31,538,188 \$33,278,876 \$33,293,068 \$34,018,333 \$35,175,162 \$36,258, Potential Gross Revenue \$3,462,561 \$252,082 \$252,082 \$251,2315 \$(570,177) \$(5906,087) \$(5573,804) \$(5552,405) \$(5589,088) \$(5792,677) \$(5906,087) \$(5773,804) \$(5552,405) \$(5589,088) \$(5792,677) \$(5906,087) \$(5773,804) \$(5552,405) \$(5589,088) \$(5792,677) \$(5906,087) \$(5773,804) \$(5522,082) \$(5589,088) \$(5792,677) \$(5906,087) \$(5573,804) \$(5552,405) \$(5589,088) \$(5792,677) \$(5906,087) \$(5573,804) \$(5552,405) \$(5589,088) \$(5792,677) \$(5906,087) \$(5573,804) \$(5552,405) \$(5589,088) \$(5792,677) \$(5906,087) \$(5573,804) \$(5552,405) \$(5589,088) \$(5792,677) \$(5906,087) \$(5573,804) \$(5552,405) \$(5589,088) \$(5792,577) \$(5906,087) \$(5573,804) \$(5552,405) \$(5589,088) \$(5792,577) \$(5906,087) \$(5573,804) \$(5572,405) \$(5589,088) \$(5792,577) \$(5906,087) \$(5573,804) \$(5572,405) \$(5589,088) \$(5792,577) \$(5906,087) \$(5573,804) \$(5572,405) \$(5590,088) \$(5792,579) \$(5573,804) \$(5572,405) \$(55792,087) \$(5792,087	Expense Recoveries	\$186,769	\$1,151,568	\$1,638,664	\$2,003,118	\$2,114,198	\$2,098,118	\$2,166,214	\$2,257,995	\$2,318,325
Potential Gross Revenue \$3,16,930 \$15,27,623 \$24,949,646 \$31,581,88 \$33,278,876 \$33,293,068 \$34,018,333 \$35,175,162 \$36,288, Vacancy and Credit Loss Vacancy Allowance \$(574,266) \$(252,082) \$(551,2315) \$(5670,177) \$(906,087) \$(573,804) \$(552,405) \$(539,088) \$(789,1761) \$(780,087) \$(780,	Total Other Tenant Revenue	\$186,769	\$1,151,568	\$1,638,664	\$2,003,118	\$2,114,198	\$2,098,118	\$2,166,214	\$2,257,995	\$2,318,325
Vacancy Allowance	Total Tenant Revenue	\$3,166,930	\$15,217,623	\$24,949,646	\$31,538,188	\$33,278,876	\$33,293,068	\$34,018,333	\$35,175,162	\$36,258,281
Variancy Allowance (574,266) (532,082) (5312,315) (5670,177) (5906,087) (5573,804) (5552,405) (5589,088) (5789,1714) Variance	Potential Gross Revenue	\$3,166,930	\$15,217,623	\$24,949,646	\$31,538,188	\$33,278,876	\$33,293,068	\$34,018,333	\$35,175,162	\$36,258,281
Total Varancy and Credit Loss (\$74,266) (\$252,082) (\$512,315) (\$670,177) (\$906,087) (\$573,804) (\$552,405) (\$589,088) (\$789,025) (\$589,088)	Vacancy and Credit Loss									
Total Vacancy and Credit Loss (574,266) (525,2682) (5512,315) (5670,177) (5906,087) (5573,804) (5552,405) (5589,088) (5789,5278) (5789,528)		(\$74,266)	(\$252,082)	(\$512,315)	(\$670,177)	(\$906,087)	(\$573,804)	(\$552,405)	(\$589,088)	(\$789,968)
Operating Expenses	Total Vacancy and Credit Loss	(\$74,266)	(\$252,082)	(\$512,315)	(\$670,177)	(\$906,087)	(\$573,804)	(\$552,405)	(\$589,088)	(\$789,968)
Accounting/Audit	Effective Gross Revenue	\$3,092,664	\$14,965,542	\$24,437,330	\$30,868,011	\$32,372,790	\$32,719,264	\$33,465,928	\$34,586,073	\$35,468,313
CAM A& Stormwater Fee APA S31.996 S32.795 S33.615 S34.456 S35.317 S36.200 S37.105 S38.033 S38.	Operating Expenses									
County Rent OPF \$244,6607 \$324,486 \$334,227 \$344,250 \$363,642 \$365,214 \$376,167 \$387,450 \$339, \$340,	Accounting/Audit	\$37,500	\$119,583	\$186,048	\$242,300	\$248,358	\$254,567	\$260,931	\$267,454	\$274,141
S1,482,019 S1,761,576 S1,903,897 S2,004,410 S2,124,810 S2,248,624 S2,319,266 S2,377,326 S2,439, Ground Rent Hangar 14 BNA S141,504 S144,336 S147,216 S150,168 S153,168 S156,228 S159,360 S162,540 S169, Alangar 19 S34,132 S144,960 S212,925 S274,809 S281,679 S288,721 S295,939 S303,337 S310, Insurance S110,785 S530,917 S767,887 S960,758 S984,777 S1,009,396 S1,034,631 S1,060,497 S1,087, Alangarent S201,659 S719,578 S1,026,771 S1,301,484 S1,334,021 S1,367,371 S1,401,556 S1,436,594 S1,472, RE Tax S294,699 S708,423 S769,528 S332,246 S854,077 S767,829 S991,715 S919,748 S942, Utilities S244,097 S260,450 S266,961 S273,635 S280,476 S280,476 S287,489 S294,675 S300,242 S309, Total Operating Expenses S28,529,99 S4,747,105 S5,649,076 S6,419,515 S6,660,324 S6,889,256 S7,076,944 S7,255,021 S7,443, Net Operating Expenses S29,665 S10,218,437 S18,788,254 S24,448,496 S25,712,465 S25,830,008 S26,388,984 S27,331,052 S28,024, Non-Operating Expenses S45,763 S110,577 S132,711 S136,028 S139,429 S142,915 S146,488 S150,150 S153, Total Non-Operating Expenses S45,763 S110,577 S132,711 S136,028 S139,429 S142,915 S146,488 S150,150 S153, Total Non-Operating Expenses S24,001,38 S2,398,001 S1,635,935 S1,076,130 S72,391 S1,964,801 S1,459,937 S1,630,241 S1,020, Capital Expenditures S110,297,596 S49,102,105 S0 S0 S0 S0 S0 S0 S0	CAM A & Stormwater Fee APA	\$31,996	\$32,795	\$33,615	\$34,456	\$35,317	\$36,200	\$37,105	\$38,033	\$38,984
Ground Rent Hangar 14 BNA	County Rent OPF	\$264,607	\$324,486	\$334,227	\$344,250	\$363,642	\$365,214	\$376,167	\$387,450	\$399,078
Hangar Op	Ground Rent	\$1,482,019	\$1,761,576	\$1,903,897	\$2,004,410	\$2,124,810	\$2,248,642	\$2,319,266	\$2,377,326	\$2,439,896
Insurance	Ground Rent Hangar 14 BNA	\$141,504	\$144,336	\$147,216	\$150,168	\$153,168	\$156,228	\$159,360	\$162,540	\$169,044
Management	Hangar Op	\$34,132	\$144,960	\$212,925	\$274,809	\$281,679	\$288,721	\$295,939	\$303,337	\$310,921
Payroll \$201,659 \$719,578 \$1,026,771 \$1,301,484 \$1,334,021 \$1,367,371 \$1,401,556 \$1,436,594 \$1,472, 8E Tax \$294,699 \$7708,423 \$769,528 \$833,246 \$854,077 \$875,429 \$897,315 \$919,748 \$942, \$121,011 \$121,012 \$121,01	Insurance	\$110,785	\$530,917	\$767,887	\$960,758	\$984,777	\$1,009,396	\$1,034,631	\$1,060,497	\$1,087,009
RE Tax \$294,699 \$708,423 \$769,528 \$833,246 \$854,077 \$875,429 \$897,315 \$919,748 \$942, Utilities	Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	Payroll	\$201,659	\$719,578	\$1,026,771	\$1,301,484	\$1,334,021	\$1,367,371	\$1,401,556	\$1,436,594	\$1,472,509
Total Operating Expenses \$2,852,999 \$4,747,105 \$5,649,076 \$6,419,515 \$6,660,324 \$6,889,256 \$7,076,944 \$7,255,021 \$7,443,	RE Tax	\$294,699	\$708,423	\$769,528	\$833,246	\$854,077	\$875,429	\$897,315	\$919,748	\$942,741
Net Operating Income \$239,665 \$10,218,437 \$18,788,254 \$24,448,496 \$25,712,465 \$25,830,008 \$26,388,984 \$27,331,052 \$28,024, Non-Operating Expenses	Utilities	\$254,097	\$260,450	\$266,961	\$273,635	\$280,476	\$287,488	\$294,675	\$302,042	\$309,593
Non-Operating Expenses \$45,763 \$110,577 \$132,711 \$136,028 \$139,429 \$142,915 \$146,488 \$150,150 \$153, \$163 \$10,577 \$132,711 \$136,028 \$139,429 \$142,915 \$146,488 \$150,150 \$153, \$163 \$163,028 \$139,429 \$142,915 \$146,488 \$150,150 \$153, \$163 \$163,028 \$139,429 \$142,915 \$146,488 \$150,150 \$153, \$1630,0241 \$1,020, \$163,035 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020, \$163 \$163,035 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020, \$163 \$163,035 \$1,076,130 \$163,035 \$1,076,130 \$163,035 \$1,076,130 \$163,035 \$1,076,130 \$1,459,937 \$1,630,241 \$1,020, \$163 \$163,035 \$1,076,130 \$163,035 \$1,076,130 \$163,035 \$1,076,130 \$163,035 \$1,076,130 \$1,459,937 \$1,630,241 \$1,020, \$163 \$1,459,937 \$1,630,241 \$1,020, \$163 \$1,459,035 \$1,076,130 \$1,459,035 \$1,076,130 \$1,459,037 \$1,630,241 \$1,020, \$163 \$1,459,035 \$1,076,130 \$1,459,035 \$1,076,130 \$1,459,037 \$1,630,241 \$1,020, \$163 \$1,459,035 \$1,076,130 \$1,459,035 \$1,076,130 \$1,459,037 \$1,630,241 \$1,020, \$163 \$1,459,035 \$1,076,130 \$1,459,035 \$1,076,130 \$1,459,037 \$1,630,241 \$1,020,	Total Operating Expenses	\$2,852,999	\$4,747,105	\$5,649,076	\$6,419,515	\$6,660,324	\$6,889,256	\$7,076,944	\$7,255,021	\$7,443,915
Replacement Reserves \$45,763 \$110,577 \$132,711 \$136,028 \$139,429 \$142,915 \$146,488 \$150,150 \$153, \$1	Net Operating Income	\$239,665	\$10,218,437	\$18,788,254	\$24,448,496	\$25,712,465	\$25,830,008	\$26,388,984	\$27,331,052	\$28,024,398
Total Non-Operating Expenses \$45,763 \$110,577 \$132,711 \$136,028 \$139,429 \$142,915 \$146,488 \$150,150 \$153, Leasing Costs Leasing Commissions \$2,400,138 \$2,398,001 \$1,635,935 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020, Total Leasing Costs \$2,400,138 \$2,398,001 \$1,635,935 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020, Total Leasing Costs \$110,297,596 \$49,102,105 Total Capital Expenditures \$110,297,596 \$49,102,105 \$0 \$0 \$0 \$0 \$0 \$0 Total Leasing & Capital Costs \$112,697,734 \$51,500,106 \$1,635,935 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020, Total Leasing & Capital Costs \$110,297,596 \$49,102,105 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Total Leasing & Capital Costs \$112,697,734 \$51,500,106 \$1,635,935 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020, Total Leasing & Capital Costs \$112,697,734 \$51,500,106 \$1,635,935 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020, Total Leasing & Capital Costs \$112,697,734 \$51,500,106 \$1,635,935 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020, Total Leasing & Capital Costs \$112,697,734 \$51,500,106 \$1,635,935 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020, Total Leasing & Capital Costs \$110,297,596 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020, Total Leasing & Capital Costs \$110,297,596 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020, Total Leasing & Capital Costs \$110,297,596 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020, Total Leasing & Capital Costs \$110,297,596 \$1,076,130 \$1,076	Non-Operating Expenses									
Leasing Costs \$2,400,138 \$2,398,001 \$1,635,935 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020, Total Leasing Costs \$2,400,138 \$2,398,001 \$1,635,935 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020, Capital Expenditures Construction costs \$110,297,596 \$49,102,105 \$0 \$0 \$0 \$0 \$0 \$0 Total Capital Expenditures \$110,297,596 \$49,102,105 \$0 \$0 \$0 \$0 \$0 \$0 Total Capital Expenditures \$110,297,596 \$49,102,105 \$0 \$1,630,241 \$1,020,200 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$										\$153,904
Leasing Commissions \$2,400,138 \$2,398,001 \$1,635,935 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020, Total Leasing Costs \$2,400,138 \$2,398,001 \$1,635,935 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020, Capital Expenditures Construction costs \$110,297,596 \$49,102,105 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$1,630,241 \$1,020, \$0	Total Non-Operating Expenses	\$45,763	\$110,577	\$132,711	\$136,028	\$139,429	\$142,915	\$146,488	\$150,150	\$153,904
Total Leasing Costs \$2,400,138 \$2,398,001 \$1,635,935 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020,000 Capital Expenditures Construction costs \$110,297,596 \$49,102,105 \$100,207,596 \$49,102,105 \$100,207,596 \$49,102,105 \$100,207,596 \$49,102,105 \$100,207,596 \$49,102,105 \$100,207,596 \$49,102,105 \$100,207,596 \$49,102,105 \$100,207,596 \$49,102,105 \$100,207,596 \$49,102,105 \$100,207,596 \$49,102,105 \$100,207,596 \$49,102,105 \$100,207,596 \$49,102,105 \$100,207,596 \$49,102,105 \$100,207,596 \$49,102,105 \$100,207,596 \$49,102,105 \$100,207,596 \$49,102,105 \$100,207,596 \$49,102,105 \$100,207,596 \$49,102,105 \$100,207,596 \$100,207,596 \$100,207,596 \$100,207,596	-	45.55								
Capital Expenditures \$110,297,596 \$49,102,105 \$49,102,105 \$49,102,105 \$50 \$0										\$1,020,318
Construction costs \$110,297,596 \$49,102,105 \$0	Total Leasing Costs	\$2,400,138	\$2,398,001	\$1,635,935	\$1,076,130	\$72,391	\$1,964,801	\$1,459,937	\$1,630,241	\$1,020,318
Total Capital Expenditures \$110,297,596 \$49,102,105 \$0 \$0 \$0 \$0 \$0 Total Leasing & Capital Costs \$112,697,734 \$51,500,106 \$1,635,935 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020,000	Capital Expenditures									
Total Leasing & Capital Costs \$112,697,734 \$51,500,106 \$1,635,935 \$1,076,130 \$72,391 \$1,964,801 \$1,459,937 \$1,630,241 \$1,020,	Construction costs	\$110,297,596								
	Total Capital Expenditures	\$110,297,596	\$49,102,105	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carb Flow Before Debt Conico (C11 AEO 000) (C11 201 000) (C17 101 000) (C17	Total Leasing & Capital Costs	\$112,697,734	\$51,500,106	\$1,635,935	\$1,076,130	\$72,391	\$1,964,801	\$1,459,937	\$1,630,241	\$1,020,318
Casil Flue being service (5112,400,016) (541,201,017) \$17,412,010 \$225,512,010 \$225,010,010 \$225,000,010 \$24,924,924,011 \$25,700,011 \$27,0004,010 \$225,000,010 \$225,000 \$24,924,010 \$225,000 \$24,924,010 \$225,000 \$24,924,010 \$225,000 \$225,0	Cash Flow Before Debt Service	(\$112,458,068)	(\$41,281,669)	\$17,152,319	\$23,372,366	\$25,640,075	\$23,865,208	\$24,929,047	\$25,700,811	\$27,004,080

Note: Construction costs & Ground Rent during construction are capitalized

Net Debt Service On An Accrual Basis for the Year Note: Incorporates Capitalized Interest **Debt Service Coverage** \$ 6,303,110 \$ 7,845,013 \$ 7,845,013 \$ 7,845,013 \$ 7,845,013 \$ 7,845,013 \$ 3.71 3.27 3.04 3.18 3.28 3.44

MANAGEMENT FEE EXCLUDED								
	Forecast							
Calendar Year Ending December 31	<u>2031</u>	2032	2033	<u>2034</u>	2035	2036	<u>2037</u>	2038
Rental Revenue								
Potential Base Rent	\$35,324,909	\$36,320,456				\$40,161,858	\$41,321,303	
Absorption & Turnover Vacancy	(\$36,731)	(\$996,930)				(\$20,779)		
Free Rent	\$0							
Scheduled Base Rent	\$35,288,178	\$35,323,526				\$40,141,079		
Total Rental Revenue	\$35,288,178	\$35,323,526	\$36,481,807	\$37,260,026	\$38,538,223	\$40,141,079	\$40,828,042	\$40,862,438
Other Tenant Revenue								
Expense Recoveries	\$2,393,957	\$2,371,844						
Total Other Tenant Revenue	\$2,393,957	\$2,371,844	\$2,460,064	\$2,547,953	\$2,620,246	\$2,710,732	\$2,708,086	\$2,763,955
Total Tenant Revenue	\$37,682,135	\$37,695,369	\$38,941,871	\$39,807,979	\$41,158,469	\$42,851,811	\$43,536,128	\$43,626,393
Potential Gross Revenue	\$37,682,135	\$37,695,369	\$38,941,871	\$39,807,979	\$41,158,469	\$42,851,811	\$43,536,128	\$43,626,393
Vacancy and Credit Loss								
Vacancy Allowance	(\$1,043,985)	(\$632,394)	(\$669,283)	(\$587,054)	(\$866,983)	(\$1,205,826)	(\$854,743)	(\$709,900)
Total Vacancy and Credit Loss	(\$1,043,985)	(\$632,394)		(\$587,054)		(\$1,205,826)		
·								
Effective Gross Revenue	\$36,638,150	\$37,062,975	\$38,272,588	\$39,220,925	\$40,291,486	\$41,645,985	\$42,681,385	\$42,916,493
Operating Expenses								
Accounting/Audit	\$280,994	\$288,019						
CAM A & Stormwater Fee APA	\$39,958	\$40,957		\$43,031				
County Rent OPF	\$411,048	\$421,193				\$465,954		
Ground Rent Ground Rent Hangar 14 BNA	\$2,491,752 \$172,428	\$2,535,554 \$175,872				\$2,766,196 \$190,368		
Hangar Op	\$318,694	\$326,661						
Insurance	\$1,114,185	\$1,142,039				\$1,260,598		
Management	\$0							
Payroll	\$1,509,322	\$1,547,055						
RE Tax	\$966,310	\$990,467						
Utilities	\$317,333	\$325,266					\$368,009	\$377,209
Total Operating Expenses	\$7,622,023	\$7,793,084	\$7,971,952	\$8,181,112	\$8,367,574	\$8,566,799	\$8,770,958	\$8,970,350
Net Operating Income	\$29,016,127	\$29,269,891	\$30,300,636	\$31,039,813	\$31,923,912	\$33,079,185	\$33,910,427	\$33,946,143
Non-Operating Expenses								
Replacement Reserves	\$157,751	\$161,695	\$165,737	\$169,881	\$174,128	\$178,481	\$182,943	\$187,517
Total Non-Operating Expenses	\$157,751	\$161,695		\$169,881		\$178,481		
Leasing Costs								
Leasing Commissions	\$40,952	\$972,146	\$2,571,114	\$1,983,727	\$1,438,013	\$0	\$1,088,380	\$2,607,679
Total Leasing Costs	\$40,952	\$972,146				\$0		
Capital Expenditures								
Construction costs								
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$40,952	\$972,146	\$2,571,114	\$1,983,727	\$1,438,013	\$0	\$1,088,380	\$2,607,679
Cash Flow Before Debt Service	\$28,975,175	\$28,297,746	\$27,729,523	\$29,056,085	\$30,485,899	\$33,079,185	\$32,822,046	\$31,338,464
Note: Construction costs & Ground Rent during construction are capitalized								
Net Debt Service On An Accrual Basis for the Year	\$ 7,845,013	\$ 8,845,013	\$ 9,795,013	\$ 10,695,013	\$ 11,970,013	\$ 11,973,763	\$ 11,971,263	\$ 11,972,263
Note: Incorporates Capitalized Interest Debt Service Coverage	3.69	3.20	2.83	2.72	2.55	2.76	2.74	2.62
DENT DELVICE COVERAGE	3.03	3.20	2.03	2.72	2.33	2.70	2./4	2.02

MANAGEMENT TEL EXCLOSED								
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Calendar Year Ending December 31	2039	2040	2041	2042	2043	2044	2045	2046
Rental Revenue								
Potential Base Rent	\$43,120,644	\$44,184,392	\$45,442,874	\$46,761,428	\$47,834,732	\$48,857,338	\$50,027,891	\$51,403,449
Absorption & Turnover Vacancy	(\$1,006,533)				(\$1,323,123)	(\$1,248,623)		(\$98,579)
Free Rent	\$0				\$0	\$0		\$0
Scheduled Base Rent	\$42,114,111		<u>.</u>	<u>.</u>	\$46,511,608	\$47,608,716	· · · · · · · · · · · · · · · · · · ·	\$51,304,870
Total Rental Revenue	\$42,114,111				\$46,511,608	\$47,608,716		\$51,304,870
	¥ ·=/== ·/===	¥ 10,10 1,10 E	¥ 10,112,011	Ţ,=,=	¥ 10,0 ==,000	¥ /220/: 20	Ţ,===,== :	
Other Tenant Revenue								
Expense Recoveries	\$2,880,223			\$3,064,566	\$3,131,569	\$3,254,280		\$3,462,381
Total Other Tenant Revenue	\$2,880,223	\$2,958,679	\$3,069,421	\$3,064,566	\$3,131,569	\$3,254,280	\$3,354,119	\$3,462,381
Total Tenant Revenue	\$44,994,334	\$46,413,430	\$48,512,296	\$49,273,755	\$49,643,177	\$50,862,996	\$52,572,373	\$54,767,251
Potential Gross Revenue	\$44,994,334	\$46,413,430	\$48,512,296	\$49,273,755	\$49,643,177	\$50,862,996	\$52,572,373	\$54,767,251
Vacancy and Credit Loss								
Vacancy Allowance	(\$769,739)	(\$980,642)	(\$1,389,006)	(\$944,059)	(\$824,774)	(\$952,875)		(\$1,472,551)
Total Vacancy and Credit Loss	(\$769,739)	(\$980,642)	(\$1,389,006)	(\$944,059)	(\$824,774)	(\$952,875)	(\$1,208,463)	(\$1,472,551)
Effective Gross Revenue	\$44,224,595	\$45,432,788	\$47,123,289	\$48,329,696	\$48,818,404	\$49,910,121	\$51,363,910	\$53,294,700
Operating Expenses								
Accounting/Audit	\$342,364	\$350,923	\$359,696	\$368,689	\$377,906	\$387,354	\$397,037	\$406,963
CAM A & Stormwater Fee APA	\$48,685	\$49,902	\$51,150	\$52,429	\$53,739	\$55,083	\$56,460	\$57,871
County Rent OPF	\$503,016	\$516,117	\$529,614	\$543,516	\$557,832	\$572,577	\$587,766	\$603,411
Ground Rent	\$2,961,661				\$3,294,184	\$3,306,843		\$3,455,814
Ground Rent Hangar 14 BNA	\$202,032			\$218,592	\$222,972	\$227,424		\$236,616
Hangar Op	\$388,297	\$398,005	\$407,955	\$418,154	\$428,608	\$439,323	\$450,306	\$461,564
Insurance	\$1,357,526				\$1,498,454	\$1,535,916		\$1,613,672
Management	\$0				\$0	\$0		\$0
Payroll	\$1,838,962	\$1,884,936	\$1,932,060	\$1,980,361	\$2,029,870	\$2,080,617	\$2,132,633	\$2,185,948
RE Tax	\$1,177,355				\$1,299,579	\$1,332,069	\$1,365,370	\$1,399,505
Utilities	\$386,639				\$426,777	\$437,447		\$459,592
Total Operating Expenses	\$9,206,537	\$9,445,435	\$9,721,036	\$9,952,617	\$10,189,922	\$10,374,651	\$10,691,242	\$10,880,956
Net Operating Income	\$35,018,058	\$35,987,353	\$37,402,253	\$38,377,079	\$38,628,482	\$39,535,469	\$40,672,668	\$42,413,744
	700,000	+20,000,000	401,102,200	400,011,010	400,020,102	+	¥ 10,01 =,000	*,,
Non-Operating Expenses	Ć102.204	Ć107.010	Ć204 025	¢200 002	¢242.450	¢247.4C2	¢222.000	Ć220 474
Replacement Reserves Total Non-Operating Expenses	\$192,204 \$192,204	. ,		\$206,983 \$206,983	\$212,158 \$212,158	\$217,462 \$217,462		\$228,471 \$228,471
Total NotPoperating Expenses	3152,204	\$197,010	3201,933	3200,583	3212,138	3217,402	. 3222,636	3220,471
Leasing Costs								
Leasing Commissions	\$2,460,849			. ,	\$3,731,879	\$2,784,225	. , ,	\$219,815
Total Leasing Costs	\$2,460,849	\$1,595,673	\$194,284	\$468,935	\$3,731,879	\$2,784,225	\$1,805,357	\$219,815
Capital Expenditures								
Construction costs								
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$2,460,849	\$1,595,673	\$194,284	\$468,935	\$3,731,879	\$2,784,225	\$1,805,357	\$219,815
Cash Flow Before Debt Service	\$32,557,209	\$34,391,681	\$37,207,969	\$37,908,144	\$34,896,603	\$36,751,244	\$38,867,310	\$42,193,929
Note: Construction costs & Ground Rent during construction are capitalized								
Net Debt Service On An Accrual Basis for the Year	\$ 11,971,013	\$ 11,972,013	\$ 11,974,513	\$ 11,972,763	\$ 11,971,263	\$ 11,974,263	\$ 11,970,763	\$ 11,970,263
Note: Incorporates Capitalized Interest	, , , , ,	. ,	. ,,	. ,, . 30	. , = -, = 30	. , , _ 33	. ,	. , -, -,
Debt Service Coverage	2.72	2.87	3.11	3.17	2.92	3.07	3.25	3.52

MANAGEMENT FEE EXCLUDED								
	Forecast							
Calendar Year Ending December 31	<u>2047</u>	<u>2048</u>	<u>2049</u>	<u>2050</u>	<u>2051</u>	<u>2052</u>	2053	2054
Rental Revenue								
Potential Base Rent	\$52,907,373	\$54,046,080	\$55,186,857	\$56,522,863	\$58,056,993	\$59,759,389	\$61,091,720	\$62,417,061
Absorption & Turnover Vacancy	(\$237,935)	(\$1,893,537)	(\$1,412,702)	(\$916,029)	(\$111,533)	(\$230,878)	(\$2,181,645)	(\$1,498,072)
Free Rent	\$0		\$0	\$0	\$0	\$0	\$0	\$0
Scheduled Base Rent	\$52,669,438	\$52,152,543	\$53,774,155	\$55,606,833	\$57,945,460	\$59,528,511	\$58,910,075	\$60,918,989
Total Rental Revenue	\$52,669,438	\$52,152,543	\$53,774,155	\$55,606,833	\$57,945,460	\$59,528,511	\$58,910,075	\$60,918,989
Other Tenant Revenue								
Expense Recoveries	\$3,534,515	\$3,474,162	\$3,681,919	\$3,794,878	\$3,917,366	\$4,003,018	\$3,926,556	\$4,170,111
Total Other Tenant Revenue	\$3,534,515	\$3,474,162	\$3,681,919	\$3,794,878	\$3,917,366	\$4,003,018	\$3,926,556	\$4,170,111
Total Tenant Revenue	\$56,203,953	\$55,626,706	\$57,456,074	\$59,401,711	\$61,862,826	\$63,531,529	\$62,836,631	\$65,089,100
Potential Gross Revenue	\$56,203,953	\$55,626,706	\$57,456,074	\$59,401,711	\$61,862,826	\$63,531,529	\$62,836,631	\$65,089,100
Potential Gross Revenue	\$50,205,955	\$55,626,706	\$57,450,074	\$59,401,711	\$01,802,820	\$03,331,329	\$62,830,031	\$05,069,100
Vacancy and Credit Loss								
Vacancy Allowance	(\$1,377,159)		(\$1,076,081)	(\$1,364,714)		(\$1,594,509)	(\$976,439)	(\$1,316,855)
Total Vacancy and Credit Loss	(\$1,377,159)	(\$896,578)	(\$1,076,081)	(\$1,364,714)	(\$1,663,784)	(\$1,594,509)	(\$976,439)	(\$1,316,855)
Effective Gross Revenue	\$54,826,793	\$54,730,127	\$56,379,994	\$58,036,997	\$60,199,042	\$61,937,020	\$61,860,192	\$63,772,245
Operating Expenses								
Accounting/Audit	\$417,137	\$427,566	\$438,255	\$449,211	\$460,442	\$471,953	\$483,752	\$495,845
CAM A & Stormwater Fee APA	\$59,318		\$62,321	\$63,879	\$65,476	\$67,113	\$68,791	\$70,511
County Rent OPF	\$656,520		\$696,501	\$715,404	\$715,404	\$715,404		\$715,404
Ground Rent	\$3,521,728		\$3,681,048	\$3,768,722	\$3,825,784	\$3,853,989	\$3,867,435	\$3,881,279
Ground Rent Hangar 14 BNA	\$241,344		\$251,100	\$261,144		\$261,144		
Hangar Op	\$473,103	\$484,930	\$497,053	\$509,480	\$522,217	\$535,272		\$562,370
Insurance	\$1,654,013		\$1,737,748	\$1,781,191		\$1,871,364		
Management	\$0		\$0	\$0		\$0		
Payroll	\$2,240,597		\$2,354,027	\$2,412,878	· · · · · · · · · · · · · · · · · · ·	\$2,535,030	· · · · · · · · · · · · · · · · · · ·	
RE Tax	\$1,434,492		\$1,507,113	\$1,544,791	\$1,583,411	\$1,622,996		
Utilities	\$471,082		\$494,931	\$507,304		\$532,986		
Total Operating Expenses	\$11,169,335		\$11,720,098	\$12,014,005		\$12,467,252		
Net Operating Income	\$43,657,458	\$43,288,817	\$44,659,896	\$46,022,992	\$47,946,256	\$49,469,768	\$49,188,577	\$50,891,095
Non-Operating Expenses								
Replacement Reserves	\$234,182		\$246,038	\$252,189		\$264,956		
Total Non-Operating Expenses	\$234,182	\$240,037	\$246,038	\$252,189	\$258,494	\$264,956	\$271,580	\$278,369
Leasing Costs								
Leasing Commissions	\$455,026		\$2,952,476			\$429,364		
Total Leasing Costs	\$455,026	\$4,299,698	\$2,952,476	\$2,245,156	\$248,701	\$429,364	\$4,573,777	\$3,728,447
Capital Expenditures								
Construction costs								
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$455,026	\$4,299,698	\$2,952,476	\$2,245,156	\$248,701	\$429,364	\$4,573,777	\$3,728,447
Cash Flow Before Debt Service	\$43,202,432	\$38,989,119	\$41,707,420	\$43,777,836	\$47,697,556	\$49,040,404	\$44,614,800	\$47,162,648
Note: Construction costs & Ground Rent during construction are capitalized								
Net Debt Service On An Accrual Basis for the Year	\$ 11,971,763	\$ 11,974,388	\$ 11,969,963	\$ 11,972,700	\$ 11,971,025	\$ 11,973,888	\$ 11,974,713	\$ 11,972,188
Note: Incorporates Capitalized Interest	. , ,	. ,	. ,	, , ,	. ,	. ,	. , -	
Debt Service Coverage	3.61	3.26	3.48	3.66	3.98	4.10	3.73	3.94

CASH FLOW PROJECTIONS - INCLUDING MANAGEMENT FEE

As it is common practice to include management fees as an "above the line" expense in cash flow projections, we also present a Cash Flow analysis that includess the management fee expense, which is summarized as follows:



	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Calendar Year Ending December 31	2022	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	2028	<u>2029</u>	2030
Rental Revenue									
Potential Base Rent	\$4,489,143	\$16,748,838	\$24,896,181	\$30,286,611	\$31,213,375	\$32,059,454	\$32,706,010	\$33,498,212	\$34,342,094
Absorption & Turnover Vacancy	(\$923,432)	(\$2,573,159)	(\$1,585,199)	(\$751,540)	(\$48,697)	(\$864,503)	(\$853,892)	(\$581,046)	(\$402,138)
Free Rent	(\$585,551)	(\$109,624)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Scheduled Base Rent	\$2,980,160	\$14,066,055	\$23,310,982	\$29,535,070	\$31,164,678	\$31,194,951	\$31,852,119	\$32,917,166	\$33,939,956
Total Rental Revenue	\$2,980,160	\$14,066,055	\$23,310,982	\$29,535,070	\$31,164,678	\$31,194,951	\$31,852,119	\$32,917,166	\$33,939,956
Other Tenant Revenue									
Expense Recoveries	\$186,769	\$1,151,568	\$1,638,664	\$2,003,118	\$2,114,198	\$2,098,118	\$2,166,214	\$2,257,995	\$2,318,325
Total Other Tenant Revenue	\$186,769	\$1,151,568	\$1,638,664	\$2,003,118	\$2,114,198	\$2,098,118	\$2,166,214	\$2,257,995	\$2,318,325
Total Tenant Revenue	\$3,166,930	\$15,217,623	\$24,949,646	\$31,538,188	\$33,278,876	\$33,293,068	\$34,018,333	\$35,175,162	\$36,258,281
Potential Gross Revenue	\$3,166,930	\$15,217,623	\$24,949,646	\$31,538,188	\$33,278,876	\$33,293,068	\$34,018,333	\$35,175,162	\$36,258,281
Vacancy and Credit Loss									
Vacancy Allowance	(\$74,266)	(\$252,082)	(\$512,315)	(\$670,177)	(\$906,087)	(\$573,804)	(\$552,405)	(\$589,088)	(\$789,968)
Total Vacancy and Credit Loss	(\$74,266)	(\$252,082)	(\$512,315)	(\$670,177)	(\$906,087)	(\$573,804)	(\$552,405)	(\$589,088)	(\$789,968)
Effective Gross Revenue	\$3,092,664	\$14,965,542	\$24,437,330	\$30,868,011	\$32,372,790	\$32,719,264	\$33,465,928	\$34,586,073	\$35,468,313
Operating Expenses									
Accounting/Audit	\$37,500	\$119,583	\$186,048	\$242,300	\$248,358	\$254,567	\$260,931	\$267,454	\$274,141
CAM A & Stormwater Fee APA	\$31,996	\$32,795	\$33,615	\$34,456	\$35,317	\$36,200	\$37,105	\$38,033	\$38,984
County Rent OPF	\$264,607	\$324,486	\$334,227	\$344,250	\$363,642	\$365,214	\$376,167	\$387,450	\$399,078
Ground Rent	\$1,482,019	\$1,761,576	\$1,903,897	\$2,004,410	\$2,124,810	\$2,248,642	\$2,319,266	\$2,377,326	\$2,439,896
Ground Rent Hangar 14 BNA	\$141,504	\$144,336	\$147,216	\$150,168	\$153,168	\$156,228	\$159,360	\$162,540	\$169,044
Hangar Op	\$34,132	\$144,960	\$212,925	\$274,809	\$281,679	\$288,721	\$295,939	\$303,337	\$310,921
Insurance	\$110,785	\$530,917	\$767,887	\$960,758	\$984,777	\$1,009,396	\$1,034,631	\$1,060,497	\$1,087,009
Management	\$152,286	\$689,414	\$1,187,722	\$1,543,401	\$1,618,639	\$1,635,963	\$1,673,296	\$1,729,304	\$1,773,416
Payroll	\$201,659	\$719,578	\$1,026,771	\$1,301,484	\$1,334,021	\$1,367,371	\$1,401,556	\$1,436,594	\$1,472,509
RE Tax	\$294,699	\$708,423	\$769,528	\$833,246	\$854,077	\$875,429	\$897,315	\$919,748	\$942,741
Utilities	\$254,097	\$260,450	\$266,961	\$273,635	\$280,476	\$287,488	\$294,675	\$302,042	\$309,593
Total Operating Expenses	\$3,005,284	\$5,436,519	\$6,836,798	\$7,962,916	\$8,278,964	\$8,525,219	\$8,750,241	\$8,984,325	\$9,217,331
Net Operating Income	\$87,380	\$9,529,023	\$17,600,532	\$22,905,095	\$24,093,826	\$24,194,045	\$24,715,687	\$25,601,749	\$26,250,982
Non-Operating Expenses									
Replacement Reserves	\$45,763	\$110,577	\$132,711	\$136,028	\$139,429	\$142,915	\$146,488	\$150,150	\$153,904
Total Non-Operating Expenses	\$45,763	\$110,577	\$132,711	\$136,028	\$139,429	\$142,915	\$146,488	\$150,150	\$153,904
Leasing Costs									
Leasing Commissions	\$2,400,138	\$2,398,001	\$1,635,935	\$1,076,130	\$72,391	\$1,964,801	\$1,459,937	\$1,630,241	\$1,020,318
Total Leasing Costs	\$2,400,138	\$2,398,001	\$1,635,935	\$1,076,130	\$72,391	\$1,964,801	\$1,459,937	\$1,630,241	\$1,020,318
Capital Expenditures									
Construction costs	\$110,297,596	\$49,102,105				-	-		
Total Capital Expenditures					40	\$0	\$0	ćn	\$0
	\$110,297,596	\$49,102,105	\$0	\$0	\$0	ŞU	\$0	\$0	70
Total Leasing & Capital Costs	\$110,297,596 \$112,697,734	\$49,102,105 \$51,500,106	\$0 \$1,635,935	\$0 \$1,076,130	\$72,391	\$1,964,801	\$1,459,937	\$1,630,241	\$1,020,318

Note: Construction costs & Ground Rent during construction are capitalized

Net Debt Service On An Accrual Basis for the Year Note: Incorporates Capitalized Interest \$ 6,303,110 \$ 7,845,013 \$ 7,845,013 \$ 7,845,013 \$ 7,845,013

3.20

Debt Service Coverage 3.44 3.04 2.82 2.95 3.04

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Calendar Year Ending December 31	2031	2032			2035			2038
Rental Revenue								
Potential Base Rent	\$35,324,909	\$36,320,456	\$37,222,572	\$38,087,202	\$39,055,927	\$40,161,858	\$41,321,303	\$42,167,008
Absorption & Turnover Vacancy	(\$36,731)	(\$996,930)		(\$827,176)	(\$517,704)		(\$493,262)	(\$1,304,570)
Free Rent	\$0	\$0						\$0
Scheduled Base Rent	\$35,288,178	\$35,323,526	\$36,481,807	\$37,260,026	\$38,538,223	\$40,141,079	\$40,828,042	\$40,862,438
Total Rental Revenue	\$35,288,178	\$35,323,526	\$36,481,807	\$37,260,026	\$38,538,223	\$40,141,079	\$40,828,042	\$40,862,438
Other Tenant Revenue								
Expense Recoveries	\$2,393,957	\$2,371,844	\$2,460,064	\$2,547,953	\$2,620,246	\$2,710,732	\$2,708,086	\$2,763,955
Total Other Tenant Revenue	\$2,393,957	\$2,371,844	\$2,460,064	\$2,547,953	\$2,620,246	\$2,710,732	\$2,708,086	\$2,763,955
Total Tenant Revenue	\$37,682,135	\$37,695,369	\$38,941,871	\$39,807,979	\$41,158,469	\$42,851,811	\$43,536,128	\$43,626,393
Potential Gross Revenue	\$37,682,135	\$37,695,369	\$38,941,871	\$39,807,979	\$41,158,469	\$42,851,811	\$43,536,128	\$43,626,393
Vacancy and Credit Loss								
Vacancy Allowance	(\$1,043,985)	(\$632,394)	(\$669,283)	(\$587,054)	(\$866,983)	(\$1,205,826)	(\$854,743)	(\$709,900)
Total Vacancy and Credit Loss	(\$1,043,985)	(\$632,394)		(\$587,054)	(\$866,983)	(\$1,205,826)	(\$854,743)	(\$709,900)
Effective Gross Revenue	\$36,638,150	\$37,062,975			\$40,291,486			\$42,916,493
	330,036,130	\$37,002,573	336,272,386	333,220,323	340,231,480	341,043,563	342,061,363	342,310,433
Operating Expenses Accounting/Audit	\$280,994	\$288,019	\$295,219	\$302,600	\$310,165	\$317,919	\$325,867	\$334,014
CAM A & Stormwater Fee APA	\$39,958	\$40,957		\$43,031	\$44,106		\$46,339	\$47,498
County Rent OPF	\$411,048	\$421,193		\$443,022	\$454,323		\$477,942	\$490,293
Ground Rent	\$2,491,752	\$2,535,554		\$2,658,713	\$2,707,804		\$2,825,944	\$2,877,286
Ground Rent Hangar 14 BNA	\$172,428	\$175,872		\$182,976	\$186,636			\$198,060
Hangar Op	\$318,694	\$326,661		\$343,198	\$351,778		\$369,587	\$378,827
Insurance	\$1,114,185	\$1,142,039		\$1,199,855	\$1,229,851	\$1,260,598		\$1,324,415
Management	\$1,831,907	\$1,853,149	\$1,913,629	\$1,961,046	\$2,014,574	\$2,082,299	\$2,134,069	\$2,145,825
Payroll	\$1,509,322	\$1,547,055	\$1,585,731	\$1,625,375	\$1,666,009	\$1,707,659	\$1,750,351	\$1,794,110
RE Tax	\$966,310	\$990,467		\$1,040,610	\$1,066,625	\$1,093,291	\$1,120,623	\$1,148,639
Utilities	\$317,333	\$325,266		\$341,733	\$350,276		\$368,009	\$377,209
Total Operating Expenses	\$9,453,930	\$9,646,232	\$9,885,582	\$10,142,158	\$10,382,148	\$10,649,099	\$10,905,028	\$11,116,174
Net Operating Income	\$27,184,219	\$27,416,743	\$28,387,007	\$29,078,766	\$29,909,338	\$30,996,886	\$31,776,357	\$31,800,319
Non-Operating Expenses								
Replacement Reserves	\$157,751	\$161,695	\$165,737	\$169,881	\$174,128	\$178,481	\$182,943	\$187,517
Total Non-Operating Expenses	\$157,751	\$161,695	\$165,737	\$169,881	\$174,128	\$178,481	\$182,943	\$187,517
Leasing Costs								
Leasing Commissions	\$40,952	\$972,146		\$1,983,727	\$1,438,013		. , ,	\$2,607,679
Total Leasing Costs	\$40,952	\$972,146	\$2,571,114	\$1,983,727	\$1,438,013	\$0	\$1,088,380	\$2,607,679
Capital Expenditures								
Construction costs								
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$40,952	\$972,146	\$2,571,114	\$1,983,727	\$1,438,013	\$0	\$1,088,380	\$2,607,679
Cash Flow Before Debt Service	\$26,985,517	\$26,282,902	\$25,650,156	\$26,925,158	\$28,297,197	\$30,818,405	\$30,505,034	\$29,005,123
Note: Construction costs & Ground Rent during construction are capitalized								
Net Debt Service On An Accrual Basis for the Year	\$ 7,845,013	\$ 8,845,013	\$ 9,795,013	\$ 10,695,013	\$ 11,970,013	\$ 11,973,763	\$ 11,971,263	\$ 11,972,263
Note: Incorporates Capitalized Interest	•		•					•
Debt Service Coverage	3.44	2.97	2.62	2.52	2.36	2.57	2.55	2.42

Calendar Year Ending December 31	Forecast 2039	Forecast 2040	Forecast 2041	Forecast 2042	Forecast 2043			Forecast 2046
-	2033	2040	2041	2012	<u>1043</u>	2011	<u> 2043</u>	<u> 2040</u>
Rental Revenue								
Potential Base Rent	\$43,120,644	\$44,184,392	\$45,442,874	\$46,761,428	\$47,834,732		. , ,	\$51,403,449
Absorption & Turnover Vacancy	(\$1,006,533)	(\$729,641)	\$0		(\$1,323,123)	(\$1,248,623)	(\$809,636)	(\$98,579)
Free Rent Scheduled Base Rent	\$0 \$42,114,111	\$0	\$0	<u>.</u>	\$0 \$46,511,608	<u>.</u>	·	\$0 \$51,304,870
Total Rental Revenue	\$42,114,111	\$43,454,751 \$43,454,751	\$45,442,874 \$45,442,874	\$46,209,189 \$46,209,189	\$46,511,608	\$47,608,716 \$47,608,716		\$51,304,870
Total Rental Revenue	\$42,114,111	\$45,454,751	\$45,442,674	\$40,209,169	\$40,511,008	\$47,608,716	\$49,216,254	\$31,304,670
Other Tenant Revenue								
Expense Recoveries	\$2,880,223	\$2,958,679	\$3,069,421	\$3,064,566	\$3,131,569			\$3,462,381
Total Other Tenant Revenue	\$2,880,223	\$2,958,679	\$3,069,421	\$3,064,566	\$3,131,569	\$3,254,280	\$3,354,119	\$3,462,381
Total Tenant Revenue	\$44,994,334	\$46,413,430	\$48,512,296	\$49,273,755	\$49,643,177	\$50,862,996	\$52,572,373	\$54,767,251
Potential Gross Revenue	\$44,994,334	\$46,413,430	\$48,512,296	\$49,273,755	\$49,643,177	\$50,862,996	\$52,572,373	\$54,767,251
Vacancy and Credit Loss	(6700 720)	(6000 643)	(64.200.006)	(6044.050)	(6024.774)	(6052.075)	(64.200.462)	(64, 472, 554)
Vacancy Allowance Total Vacancy and Credit Loss	(\$769,739) (\$769,739)	(\$980,642) (\$980,642)	(\$1,389,006) (\$1,389,006)	(\$944,059) (\$944,059)	(\$824,774) (\$824,774)	(\$952,875) (\$952,875)	(\$1,208,463) (\$1,208,463)	(\$1,472,551) (\$1,472,551)
Total vacancy and credit coss	(3705,735)	(3580,042)	(\$1,383,000)	(3344,033)	(3824,774)	(3532,873)	(\$1,208,403)	
Effective Gross Revenue	\$44,224,595	\$45,432,788	\$47,123,289	\$48,329,696	\$48,818,404	\$49,910,121	\$51,363,910	\$53,294,700
Operating Expenses								
Accounting/Audit	\$342,364	\$350,923	\$359,696	\$368,689	\$377,906	\$387,354	\$397,037	\$406,963
CAM A & Stormwater Fee APA	\$48,685	\$49,902	\$51,150	\$52,429	\$53,739	\$55,083	\$56,460	\$57,871
County Rent OPF	\$503,016	\$516,117	\$529,614	\$543,516	\$557,832	\$572,577	\$587,766	\$603,411
Ground Rent	\$2,961,661	\$3,040,886	\$3,156,832	\$3,224,720	\$3,294,184	\$3,306,843	\$3,447,002	\$3,455,814
Ground Rent Hangar 14 BNA	\$202,032	\$210,108	\$214,308	\$218,592	\$222,972	\$227,424	\$231,972	\$236,616
Hangar Op	\$388,297	\$398,005	\$407,955	\$418,154	\$428,608	\$439,323	\$450,306	\$461,564
Insurance	\$1,357,526	\$1,391,464	\$1,426,251	\$1,461,907	\$1,498,454	\$1,535,916		\$1,613,672
Management	\$2,211,230	\$2,271,639	\$2,356,164	\$2,416,485	\$2,440,920	\$2,495,506	\$2,568,196	\$2,664,735
Payroll	\$1,838,962	\$1,884,936	\$1,932,060	\$1,980,361	\$2,029,870		\$2,132,633	\$2,185,948
RE Tax Utilities	\$1,177,355	\$1,206,788	\$1,236,958	\$1,267,882	\$1,299,579	\$1,332,069	. , ,	\$1,399,505
Total Operating Expenses	\$386,639 \$11,417,767	\$396,305 \$11,717,074	\$406,213 \$12,077,201	\$416,368 \$12,369,102	\$426,777 \$12,630,842	\$437,447 \$12,870,157	\$448,383 \$13,259,438	\$459,592 \$13,545,691
Total Operating Expenses	311,417,707	\$11,717,074	\$12,077,201	\$12,303,102	\$12,030,642	\$12,870,137	\$13,235,436	\$13,343,031
Net Operating Income	\$32,806,828	\$33,715,714	\$35,046,089	\$35,960,594	\$36,187,562	\$37,039,963	\$38,104,472	\$39,749,009
Non-Operating Expenses								
Replacement Reserves	\$192,204	\$197,010	\$201,935	\$206,983	\$212,158	\$217,462	\$222,898	\$228,471
Total Non-Operating Expenses	\$192,204	\$197,010	\$201,935	\$206,983	\$212,158	\$217,462	\$222,898	\$228,471
Leasing Costs								
Leasing Commissions	\$2,460,849	\$1,595,673	\$194,284	\$468,935	\$3,731,879	\$2,784,225	\$1,805,357	\$219,815
Total Leasing Costs	\$2,460,849	\$1,595,673	\$194,284	\$468,935	\$3,731,879	\$2,784,225	\$1,805,357	\$219,815
Capital Expenditures								
Construction costs								
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$2,460,849	\$1,595,673	\$194,284	\$468,935	\$3,731,879	\$2,784,225	\$1,805,357	\$219,815
Cash Flow Before Debt Service	\$30,153,774	\$31,923,032	\$34,649,870	\$35,284,676	\$32,243,525	\$34,038,276	\$36,076,217	\$39,300,723
Note: Construction costs & Ground Rent during construction are capitalized								
Net Debt Service On An Accrual Basis for the Year	\$ 11,971,013	\$ 11,972,013	\$ 11,974,513	\$ 11,972,763	\$ 11,971,263	\$ 11,974,263	\$ 11,970,763	\$ 11,970,263
Note: Incorporates Capitalized Interest								
Debt Service Coverage	2.52	2.67	2.89	2.95	2.69	2.84	3.01	3.28

	Forecast	Forecast						Forecast
Calendar Year Ending December 31	2047	2048	2049	2050	2051	<u>2052</u>	2053	<u>2054</u>
Rental Revenue								
Potential Base Rent	\$52,907,373	\$54,046,080	\$55,186,857	\$56,522,863	\$58,056,993	\$59,759,389	\$61,091,720	\$62,417,061
Absorption & Turnover Vacancy	(\$237,935)	(\$1,893,537)	(\$1,412,702)	(\$916,029)	(\$111,533)	(\$230,878)	(\$2,181,645)	(\$1,498,072)
Free Rent	\$0			<u> </u>		\$0		\$0
Scheduled Base Rent	\$52,669,438					\$59,528,511		\$60,918,989
Total Rental Revenue	\$52,669,438	\$52,152,543	\$53,774,155	\$55,606,833	\$57,945,460	\$59,528,511	\$58,910,075	\$60,918,989
Other Tenant Revenue								
Expense Recoveries	\$3,534,515	\$3,474,162	\$3,681,919	\$3,794,878	\$3,917,366			\$4,170,111
Total Other Tenant Revenue	\$3,534,515	\$3,474,162	\$3,681,919	\$3,794,878	\$3,917,366	\$4,003,018	\$3,926,556	\$4,170,111
Total Tenant Revenue	\$56,203,953	\$55,626,706	\$57,456,074	\$59,401,711	\$61,862,826	\$63,531,529	\$62,836,631	\$65,089,100
Potential Gross Revenue	\$56,203,953	\$55,626,706	\$57,456,074	\$59,401,711	\$61,862,826	\$63,531,529	\$62,836,631	\$65,089,100
V 10 PU								
Vacancy and Credit Loss	/ć4 277 4F0\	(¢000 F70)	/ć4 07C 004\	(64.264.74.4)	(č4.662.704)	(64 504 500)	(6076 420)	(64.24.C.0EE)
Vacancy Allowance	(\$1,377,159) (\$1,377,159)	(\$896,578) (\$896,578)		(\$1,364,714)		(\$1,594,509)		(\$1,316,855)
Total Vacancy and Credit Loss	(\$1,577,159)	(5690,576)	(\$1,076,081)	(\$1,364,714)	(\$1,003,764)	(\$1,594,509)	(\$976,439)	(\$1,316,855)
Effective Gross Revenue	\$54,826,793	\$54,730,127	\$56,379,994	\$58,036,997	\$60,199,042	\$61,937,020	\$61,860,192	\$63,772,245
Operating Expenses								
Accounting/Audit	\$417,137	\$427,566		\$449,211	\$460,442	\$471,953	\$483,752	\$495,845
CAM A & Stormwater Fee APA	\$59,318	\$60,801	\$62,321	\$63,879		\$67,113		\$70,511
County Rent OPF	\$656,520	\$676,218		\$715,404		\$715,404		\$715,404
Ground Rent	\$3,521,728	\$3,600,438		\$3,768,722		\$3,853,989		\$3,881,279
Ground Rent Hangar 14 BNA	\$241,344	\$246,168				\$261,144		\$261,144
Hangar Op	\$473,103	\$484,930		\$509,480		\$535,272		\$562,370
Insurance	\$1,654,013 \$2,741,340	\$1,695,364 \$2,736,506		\$1,781,191 \$2,901,850		\$1,871,364 \$3,096,851		\$1,966,102 \$3,188,612
Management Payroll	\$2,741,340	\$2,736,506		\$2,412,878		\$2,535,030		\$2,663,366
RE Tax	\$1,434,492	\$1,470,355				\$1,622,996		\$1,705,160
Utilities	\$471,082	\$482,859		\$507,304		\$532,986		\$559,969
Total Operating Expenses	\$13,910,675	\$14,177,817		\$14,915,855		\$15,564,102		\$16,069,762
Net Operating Income	\$40,916,119	\$40,552,311	\$41,840,896	\$43,121,142	\$44,936,304	\$46,372,917	\$46,095,567	\$47,702,483
	¥ 10,000,000	¥ 10,000,000	¥ 12/2 10/200	+ 10/222/21	¥ : 1,000,000 :	¥ 10/01 =/0 =1	+,,	Ţ 11 /1 CZ / 1CC
Non-Operating Expenses	¢224.102	\$240.027	\$246,038	\$252,189	\$258,494	¢264.0E6	\$271,580	\$278,369
Replacement Reserves Total Non-Operating Expenses	\$234,182 \$234,182	\$240,037 \$240,037	\$246,038			\$264,956 \$264,956		\$278,369
Total Non-Operating Expenses	3234,162	3240,037	3240,038	3232,183	3236,434	3204,930	3271,380	3278,305
Leasing Costs								
Leasing Commissions	\$455,026	\$4,299,698				\$429,364	. , ,	\$3,728,447
Total Leasing Costs	\$455,026	\$4,299,698	\$2,952,476	\$2,245,156	\$248,701	\$429,364	\$4,573,777	\$3,728,447
Capital Expenditures								
Construction costs								
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$455,026	\$4,299,698	\$2,952,476	\$2,245,156	\$248,701	\$429,364	\$4,573,777	\$3,728,447
Cash Flow Before Debt Service	\$40,226,910	\$36,012,576	\$38,642,382	\$40,623,797	\$44,429,110	\$45,678,597	\$41,250,210	\$43,695,666
Note: Construction costs & Ground Rent during construction are capitalized								
Net Debt Service On An Accrual Basis for the Year	\$ 11,971,763	\$ 11,974,388	\$ 11,969,963	\$ 11,972,700	\$ 11,971,025	\$ 11,973,888	\$ 11,974,713	\$ 11,972,188
Note: Incorporates Capitalized Interest	. ,= , ==	, , ,= ,=	,,	. , , , , , , , , , , , , , , , , , , ,	, ,===	, -,	, ,	, , ,
Debt Service Coverage	3.36	3.01	3.23	3.39	3.71	3.81	3.44	3.65

SENSITIVITY ANALYSIS

The preceding financial projections were developed based on available data in the market analyses for each location, and are considered to be reasonable and well-supported as of the date of this report. Changes in market conditions, prolonged impacts of COVID-19, construction cost volatility and other factors could impact the results of this assignment and is the opinion of the author at a single point in time.

To assess the effect of varying certain key assumptions in the baseline financial projections on Sky Harbour earnings (EBITDA) and debt service coverage, we performed a sensitivity analysis that considered the potential for market rents below the targeted rates at each location, as well as increased market vacancy and lower projected annual growth.

Our "Downside Scenario" considers data provided in the market analysis regarding supply and demand projections and Sky Harbour preleasing at each location, coupled with the CBRE Econometric Advisors Q1 2021 U.S. Macro Outlook, dated May 2021.

Vacancy Analysis

The data and analyses supporting our concluded market vacancy are presented in the following table.

	CURRI	NT & PRO	JECTED SU	PPLY, DE	MAND & M	ARKET VA	CANCY	
Location	Proposed SH Campus Size (SF)	Preleasing @ SH Campus	Current Waitlist @ A/P	Market Vacancy	Current Shortage/ Surplus of Hangar Space	2020-2025 Shortage/ Surplus of Hangar Space	2025-2030 Shortage/ Surplus of Hangar Space	2030-2035 Shortage/ Surplus of Hangar Space
Sugarland (SGF)	122,660	22.9%	Yes	5.0%	4,260	67,927	2,182	(70,214)
Opa Locka (OPF)	253,858	58.0%	Yes	2.0%	(450,780)	24,057	(119,729)	(278,063)
Centennial (APA)	228,540	0.0%	No	2.0%	(1,004,010)	(792,345)	(809,389)	(826,603)
Deer Valley (DVT)	217,000	6.5%	Yes	2.0%	(341,803)	(279,677)	(347,297)	(423,030)
Nashville (BNA)	149,602	0.0%	Yes	3.0%	(46,021)	15,438	(47,128)	(116,576)
Various sources	compiled by CBR	E						

As indicated, market vacancy estimates are well-supported by preleasing activity, waitlists and the current and projected supply & demand at the Sky Harbour locations. We note that, although Sugar Land has one tenant lease in place for 22.9% of the total planned square footage and a hangar waitlist reported by the local FBO manager, there is a slight surplus of hangar space at the airport, and leasing activity is currently stalled.



All other locations currently exhibit a shortage of hangar space, with most having significant waitlists for existing hangars. As previously noted, 100% of the Phase 1 hangars at OPF have lease commitments, DVT has a commitment for one hangar space and 100% of the existing Hangar 14 facility at BNA is leased and occupied.

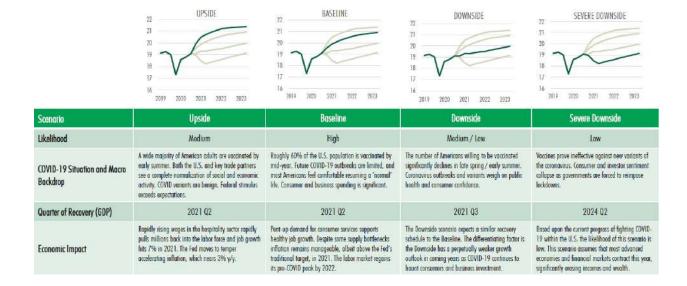
CBRE Econometric Advisors U.S. Macro Outlook Forecast Scenarios

Factors considered in the CBRE Baseline Scenario include:

	Topic	Current Conditions	Key Observations and Forecast Assumptions	Risks
Top Line Expectations	US GDP	RECOVERING	The pace of economic growth slowed in late 2020, translating to a total decline of 3.5% for 2020 overall. The vacaine and stimulus should drive near 7% + growth in 2021.	A large share of the US population opts not to be vaccinated and/or variants of the virus prove difficult to control going forward.
	US Exports	RECOVERING	As economies around the world recover U.S. exports should grow by over 5% this year.	Slowdown amongst key US trade partners and/or an escalation of the US/China trade conflict
tie n.l.	Monetary Policy	AGGRESSIVE	No monetary hightening is expected for 2021.	Aggressive QE inflates asset prices beyond sustainable levels and risks a build-up of potentially bad loans.
US Policy	Congressional Stimulus	AGGRESSIVE	The legislature recently passed the \$1.91 stimulus package that will expand transfer. The Biden Admin, recently unveiled the \$2.77 American Jobs Plan for infrastructure spending.	An aggressive stimulus carries an upside risk for consumption and U.S. growth in the short- term. A growing budget deficit could weigh upon future growth.
	Financial Conditions	UNCERTAIN	Treasury yields remain quite law despite inflation concerns, Increased M&A activity signals stronger CRE capital markets activity lies ahead.	Increased inflation and QE tapering could trigger a bond self-off in the medium term. Aggressive monetary stimulus leaves equity valuations exposed.
Business Sector	Business Sentiment	TURNING A CORNER	Capital goods orders are up 10% y/y suggesting a positive outlook for manufacturing. Small biz sentiment indices suggest firms are becoming a bit more optimistic about the future.	Supply constraints for labor and other key inputs could weigh on optimism. Alternatively, much stronger spending this year could infuse much needed optimism.
	Business Investment	RECOVERING	After declining in 2020, real biz investment should grow by nearly 8% in 2021. Increased spending will partly be supported by increased corporate profits.	There is upside risk to investment as demand and global trade begin to normalize.
	Labor Market	RECOVERING	Increased demand for consumer services will drive job growth of about 4% this year.	Prolonged weakness in the restaurant and travel industries could frustrate the recovery.
Labor Market and	Consumer Sentiment	RECOVERING	Consumer sentiment is presently bouncing off its nadir, but many remain coutious.	Constrained COVID-19 cases and reopening of the economy would be an upside risk.
Consumption	Retail Sales	STURDY	In March, retail sales increased by nearly 10%. Spending is likely to continue as households wind down excess savings built up during the pandemic.	Aggressive fiscal stimulus will deliver upside risk for consumption. On the downside, supply bottlenecks limit consumption.
	Housing Market	AGGRESSIVE	Home sales and starts activity are at cyclical highs. Homebuilder sentiment is very high!	Law for-sale inventory threatens affordability and the sustainability of the market.
Public Health and	Case Count	STABLE	New COVID-19 cases have leveled off during the spring, albeit at heightened levels.	New variants of COVID-19 could cause another upsurge in cases and hospitalizations.
Response	Vaccinations	WAVERING	43% of the US population has received at least one dose of the COVID-19 vaccine. The pace of daily vaccine administrations has dedited to 2.7M from 3.5M in early April.	Most of the people who intend to be vaccinated have already seceived a vaccine.

Source: CBRE EA: Oxford Economics

Differences in the Baseline and Downside scenarios include the following:





2.20%

2.00%

1.60%

1.70%

-27.27%

-15.00%

-27.99%

		C	BRE ECON	OMETRIC	ADVISORS	Q1 2021 U	S MACRO	OUTLOOK	SCENARIO	S		
		GDP			Employmen	it		CPI		10-YR Treasury		
	Baseline	Downside	%	Baseline	Downside	%	Baseline Downside %			Baseline	Downside	%
			Difference			Difference			Difference			Difference
2018	3.00%	3.00%	0.00%	1.60%	1.60%	0.00%	2.20%	2.20%	0.00%	3.00%	3.00%	0.00%
2019	2.20%	2.20%	0.00%	1.30%	1.30%	0.00%	2.00%	2.00%	0.00%	1.80%	1.80%	0.00%
2020	-3.50%	-3.50%	0.00%	-6.00%	-6.00%	0.00%	1.20%	1.20%	0.00%	0.90%	0.90%	0.00%
2021	6.70%	4.20%	-37.31%	3.80%	-0.30%	-107.89%	2.40%	2.00%	-16.67%	1.90%	1.30%	-31.58%
2022	4.20%	1.50%	-64.29%	3.90%	2.60%	-33.33%	2.50%	2.00%	-20.00%	2.10%	1.30%	-38.10%

33.33%

175.00%

16.78%

2.20%

2.00%

2.00%

1.90%

-9 09%

-5.00%

-12.69%

CBRE Econometric Advisors Baseline and Downside Comparison

1.80%

0.40%

2.40%

1.10%

Downside scenario assumptions include the following:

5.88%

54.55%

-10.29%

2023

2024

Average 2021-2024

1.70%

1.10%

1.80%

1.70%

- Continued flare-ups in COVID-19 weigh on public health and consumer confidence. Although the economy avoids a double-dip recession, a firmer recovery fails to gain traction and conditions remain uncertain for many.
- With demand from consumers and firms limited and the impact from Federal stimulus falling short of potential, economic growth will be limited to roughly 4% in 2021. This growth rate may be 'above-average' but will not be enough to get the economy back to full capacity and pull more people back into the labor market. Employment will not regain its pre-pandemic peak until 2025.

We note that, at 2.50%, our previously-concluded market growth rate for the Sky Harbour portfolio is generally in line with the CBRE Econometric Advisors' Baseline Scenario CPI range of 2.00%-2.50% from 2021 through 2024. The report's Downside Scenario projects growth rates through 2024 between 1.90% and 2.00%, or 5% to 20% lower than the baseline.

Downside Scenario Assumptions

Based on the foregoing, the Downside Scenario for the Sky Harbour portfolio assumes the following:

- A 10% reduction to all concluded market rent estimates. This does not apply to in-place leases and LOIs. Note that this reduction affects achievable rent for currently-vacant suites and releasing of the currently-leased suites upon expiration through the projected holding period. Further, the reduction is in addition to the lower concluded market rents for Sugar Land and Centennial previously discussed.
- A 2% increase in market vacancy across all properties. Note that this increase affects revenue through the projected holding period.
- Market growth is reduced from 2.50% to 2.00% through 2025, and resumes a 2.50% rate thereafter.



Downside Scenario Market Leasing Assumptions

The following table presents a summary of our market leasing assumptions under the Downside Scenario for each location.

Location	SGR	OPF	APA	DVT	BNA
Market Rent (\$/SF/YR)	\$20.95	\$29.25	\$29.25	\$23.40	\$25.20
Vacancy	7.0%	4.0%	4.0%	4.0%	5.0%
Concessions (New)	1mo/yr 1st generation only	None	None	None	None
Concessions (Renewal)	None	None	None	None	None
Reimbursements	RET, Ins, Util	RET, Ins, Util	RET, Ins, Util	RET, Ins, Util	RET, Ins, Ut
Escalations	3.0%	3.0%	3.0%	3.0%	3.0%
Term	5.0 Yrs.	5.0 Yrs.	5.0 Yrs.	5.0 Yrs.	5.0 Yrs.
Leasing Commissions (New)	5.00%	5.00%	5.00%	5.00%	5.00%
Leasing Commissions (Renewal)	3.00%	3.00%	3.00%	3.00%	3.00%

Downside Portfolio Cash Flow Projections – Obligated group

Our Downside Cash Flow analysis that omits the management fee expense is summarized as follows:



	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Calendar Year Ending December 31	2022	2023	2024	2025	<u>2026</u>	<u>2027</u>	2028	<u>2029</u>	2030
Rental Revenue									
Potential Base Rent	\$4,131,758	\$15,237,269	\$22,546,531	\$27,322,137	\$28,109,111	\$28,790,187	\$29,122,231	\$29,726,090	\$30,461,450
Absorption & Turnover Vacancy	(\$831,399)	(\$2,304,546)	(\$1,412,794)	(\$666,598)	(\$43,240)	(\$766,889)	(\$757,311)	(\$515,326)	(\$356,724)
Free Rent	(\$527,626)	(\$98,779)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Scheduled Base Rent	\$2,772,733	\$12,833,943	\$21,133,737	\$26,655,539	\$28,065,871	\$28,023,298	\$28,364,920	\$29,210,765	\$30,104,726
Total Rental Revenue	\$2,772,733	\$12,833,943	\$21,133,737	\$26,655,539	\$28,065,871	\$28,023,298	\$28,364,920	\$29,210,765	\$30,104,726
Other Tenant Revenue	¢100 700	Ć1 151 5C0	¢1 c20 cc1	ć2 002 110	ć2 114 100	ć2 000 110	¢2.166.21.4	ć2 257 005	62 240 225
Expense Recoveries	\$186,769	\$1,151,568	\$1,638,664	\$2,003,118	\$2,114,198	\$2,098,118	\$2,166,214	\$2,257,995	\$2,318,325
Total Other Tenant Revenue	\$186,769	\$1,151,568	\$1,638,664	\$2,003,118	\$2,114,198	\$2,098,118	\$2,166,214	\$2,257,995	\$2,318,325
Total Tenant Revenue	\$2,959,503	\$13,985,511	\$22,772,400	\$28,658,657	\$30,180,069	\$30,121,416	\$30,531,135	\$31,468,760	\$32,423,052
Potential Gross Revenue	\$2,959,503	\$13,985,511	\$22,772,400	\$28,658,657	\$30,180,069	\$30,121,416	\$30,531,135	\$31,468,760	\$32,423,052
Vacancy and Credit Loss									
Vacancy Allowance	(\$113,559)	(\$471,008)	(\$823,102)	(\$1,022,274)	(\$1,311,358)	(\$837,643)	(\$835,532)	(\$972,180)	(\$1,162,719)
Total Vacancy and Credit Loss	(\$113,559)	(\$471,008)	(\$823,102)	(\$1,022,274)	(\$1,311,358)	(\$837,643)	(\$835,532)	(\$972,180)	(\$1,162,719)
Effective Gross Revenue	\$2,845,943	\$13,514,503	\$21,949,299	\$27.626.202	¢20 060 711	¢20 202 772	\$20.605.602	\$20.406.590	\$31,260,333
Effective Gross Reveniue	\$2,645,943	\$15,514,503	ş21,545,299	\$27,636,383	\$28,868,711	\$29,283,773	\$29,695,603	\$30,496,580	\$31,20U,333
Operating Expenses									
Accounting/Audit	\$37,500	\$119,583	\$186,048	\$242,300	\$248,358	\$254,567	\$260,931	\$267,454	\$274,141
CAM A & Stormwater Fee APA	\$31,996	\$32,795	\$33,615	\$34,456	\$35,317	\$36,200	\$37,105	\$38,033	\$38,984
County Rent OPF	\$264,607	\$324,486	\$334,227	\$344,250	\$363,642	\$365,214	\$376,167	\$387,450	\$399,078
Ground Rent	\$1,482,019	\$1,761,576	\$1,903,897	\$2,004,410	\$2,124,810	\$2,248,642	\$2,319,266	\$2,377,326	\$2,439,896
Ground Rent Hangar 14 BNA	\$141,504	\$144,336	\$147,216	\$150,168	\$153,168	\$156,228	\$159,360	\$162,540	\$169,044
Hangar Op	\$34,132	\$144,960	\$212,925	\$274,809	\$281,679	\$288,721	\$295,939	\$303,337	\$310,921
Insurance	\$110,785	\$530,917	\$767,887	\$960,758	\$984,777	\$1,009,396	\$1,034,631	\$1,060,497	\$1,087,009
Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payroll	\$201,659	\$719,578	\$1,026,771	\$1,301,484	\$1,334,021	\$1,367,371	\$1,401,556	\$1,436,594	\$1,472,509
RE Tax	\$294,699	\$708,423	\$769,528	\$833,246	\$854,077	\$875,429	\$897,315	\$919,748	\$942,741
Utilities	\$254,097	\$260,450	\$266,961	\$273,635	\$280,476	\$287,488	\$294,675	\$302,042	\$309,593
Total Operating Expenses	\$2,852,999	\$4,747,105	\$5,649,076	\$6,419,515	\$6,660,324	\$6,889,256	\$7,076,944	\$7,255,021	\$7,443,915
Net Operating Income	(\$7,055)	\$8,767,398	\$16,300,223	\$21,216,868	\$22,208,387	\$22,394,517	\$22,618,659	\$23,241,559	\$23,816,418
Non-Operating Expenses									_
Replacement Reserves	\$45,763	\$110,577	\$132,711	\$136,028	\$139,429	\$142,915	\$146,488	\$150,150	\$153,904
Total Non-Operating Expenses	\$45,763	\$110,577	\$132,711	\$136,028	\$139,429	\$142,915	\$146,488	\$150,150	\$153,904
Leasing Costs									
Leasing Commissions	\$2,192,408	\$2,157,372	\$1,458,012	\$954,551	\$64,279	\$1,742,980	\$1,294,809	\$1,445,850	\$905,070
Total Leasing Costs	\$2,192,408	\$2,157,372	\$1,458,012	\$954,551	\$64,279	\$1,742,980	\$1,294,809	\$1,445,850	\$905,070
Capital Expenditures									· · ·
Construction costs	\$110,297,596	\$49,102,105							
Total Capital Expenditures	\$110,297,596	\$49,102,105	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$112,490,004	\$51,259,477	\$1,458,012	\$954,551	\$64,279	\$1,742,980	\$1,294,809	\$1,445,850	\$905,070
Total Leasing & Capital Costs	\$112,490,004	\$51,259,477	\$1,456,012	\$954,551	\$04,Z/9	\$1,742,960	\$1,294,609	\$1,445,65U	\$905,070
Cash Flow Before Debt Service	(\$112,497,059)	(\$42,492,079)	\$14,842,210	\$20,262,316	\$22,144,107	\$20,651,537	\$21,323,850	\$21,795,709	\$22,911,348

Note: Construction costs & Ground Rent during construction are capitalized

Net Debt Service On An Accrual Basis for the Year Note: Incorporates Capitalized Interest \$ 6,303,110 \$ 7,845,013 \$ 7,845,013 \$ 7,845,013 \$ 7,845,013

Debt Service Coverage 3.21 2.82 2.63 2.72 2.78 2.92

WANAGEMENT TEL EXCEODED								
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Calendar Year Ending December 31	<u>2031</u>	2032	2033	<u>2034</u>	<u>2035</u>	2036	<u>2037</u>	2038
Rental Revenue								
Potential Base Rent	\$31,333,193	\$32,216,216	\$33,016,380	\$33,783,333	\$34,642,606	\$35,623,552	\$36,651,950	\$37,402,089
Absorption & Turnover Vacancy	(\$32,615)	(\$884,379)			(\$459,228)	(\$18,450)		(\$1,157,043)
Free Rent	\$0					\$0		
Scheduled Base Rent	\$31,300,578					\$35,605,101	<u>.</u>	<u>_</u>
Total Rental Revenue	\$31,300,578			\$33,049,716		\$35,605,101		\$36,245,046
Total Hertal Herende	ψ 31 ,300,370	ψ 31 ,331,037	ψ32,333, i01	ψ33,0 13,7 <u>1</u> 0	ψο 1,100,570	\$55,005,101	ψου,21 i,2 is	ψ30,2 13,0 10
Other Tenant Revenue								
Expense Recoveries	\$2,393,957	\$2,371,844			\$2,620,246	\$2,710,732		
Total Other Tenant Revenue	\$2,393,957	\$2,371,844	\$2,460,064	\$2,547,953	\$2,620,246	\$2,710,732	\$2,708,086	\$2,763,955
Total Tenant Revenue	\$33,694,535	\$33,703,680	\$34,819,465	\$35,597,669	\$36,803,624	\$38,315,833	\$38,922,335	\$39,009,001
Potential Gross Revenue	\$33,694,535	\$33,703,680	\$34,819,465	\$35,597,669	\$36,803,624	\$38,315,833	\$38,922,335	\$39,009,001
	400,000,000	400): 00,000	70 1,020,100	700,001,000	400,000,00	, , , , , , , , , , , , , , , , , , , ,	400/022/000	700,000,000
Vacancy and Credit Loss								
Vacancy Allowance	(\$1,478,225)	(\$921,008)		(\$987,077)	(\$1,294,058)	(\$1,697,998)		(\$1,012,321)
Total Vacancy and Credit Loss	(\$1,478,225)	(\$921,008)	(\$1,005,836)	(\$987,077)	(\$1,294,058)	(\$1,697,998)	(\$1,323,067)	(\$1,012,321)
Effective Gross Revenue	\$32,216,310	\$32,782,672	\$33,813,629	\$34,610,593	\$35,509,566	\$36,617,834	\$37,599,268	\$37,996,679
Operating Expenses								
Accounting/Audit	\$280,994	\$288,019	\$295,219	\$302,600	\$310,165	\$317,919	\$325,867	\$334,014
CAM A & Stormwater Fee APA	\$39,958			\$43,031	\$44,106	\$45,209		
County Rent OPF	\$411,048	\$421,193	\$432,048	\$443,022	\$454,323	\$465,954	\$477,942	\$490,293
Ground Rent	\$2,491,752			. ,	\$2,707,804	\$2,766,196		
Ground Rent Hangar 14 BNA	\$172,428	\$175,872	\$179,388	\$182,976		\$190,368	\$194,184	\$198,060
Hangar Op	\$318,694				\$351,778	\$360,573	\$369,587	\$378,827
Insurance	\$1,114,185					\$1,260,598		
Management	\$0					\$0		
Payroll	\$1,509,322	\$1,547,055	\$1,585,731	\$1,625,375	\$1,666,009	\$1,707,659	\$1,750,351	\$1,794,110
RE Tax	\$966,310					\$1,093,291		\$1,148,639
Utilities	\$317,333				\$350,276	\$359,033		
Total Operating Expenses	\$7,622,023				\$8,367,574	\$8,566,799		
Net Or section I assess	¢24 504 200	¢24.000.500	£25.044.677	¢26 420 400	¢27.444.002	¢20.054.025	¢20,020,200	¢20,026,220
Net Operating Income	\$24,594,288	\$24,989,589	\$25,841,677	\$26,429,480	\$27,141,992	\$28,051,035	\$28,828,309	\$29,026,330
Non-Operating Expenses								
Replacement Reserves	\$157,751			. ,	\$174,128	\$178,481		
Total Non-Operating Expenses	\$157,751	\$161,695	\$165,737	\$169,881	\$174,128	\$178,481	\$182,943	\$187,517
Leasing Costs								
Leasing Commissions	\$36,363	\$862,644	\$2,280,360	\$1,759,355	\$1,275,542	\$0	\$965,779	
Total Leasing Costs	\$36,363	\$862,644	\$2,280,360	\$1,759,355	\$1,275,542	\$0	\$965,779	\$2,312,862
Capital Expenditures								
Construction costs								
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$36,363	\$862,644	\$2,280,360	\$1,759,355	\$1,275,542	\$0	\$965,779	\$2,312,862
Cash Flow Before Debt Service	\$24,557,924	\$24,126,945	\$23,561,316	\$24,670,126	\$25,866,450	\$28,051,035	\$27,862,530	\$26,713,468
Note: Construction costs & Ground Rent during construction are capitalized								
Net Debt Service On An Accrual Basis for the Year	\$ 7,845,013	\$ 8,845,013	\$ 9,795,013	\$ 10,695,013	\$ 11,970,013	\$ 11,973,763	\$ 11,971,263	\$ 11,972,263
Note: Incorporates Capitalized Interest			. , , -				. , ,	
Debt Service Coverage	3.13	2.73	2.41	2.31	2.16	2.34	2.33	2.23

							Forecast
2039	2040	<u>2041</u>	2042	2043	2044	2045	<u>2046</u>
\$38,247,996	\$39,191,562	\$40,307,843	\$41,477,366	\$42,429,368	\$43,336,461	\$44,374,772	\$45,594,875
(\$892,688)	(\$647,203)	\$0	(\$490,032)	(\$1,173,535)	(\$1,107,395)	(\$718,061)	(\$87,533)
\$0							\$0
\$37,355,308							\$45,507,342
\$37,355,308	\$38,544,358	\$40,307,843	\$40,987,334	\$41,255,834	\$42,229,065	\$43,656,711	\$45,507,342
\$2,880,223	\$2,958,679	\$3,069,421	\$3,064,566	\$3,131,569	\$3,254,280	\$3,354,119	\$3,462,381
\$2,880,223	\$2,958,679	\$3,069,421	\$3,064,566	\$3,131,569	\$3,254,280	\$3,354,119	\$3,462,381
\$40,235,531	\$41,503,037	\$43,377,264	\$44,051,901	\$44,387,403	\$45,483,345	\$47,010,830	\$48,969,723
\$40,235,531	\$41,503,037	\$43,377,264	\$44,051,901	\$44,387,403	\$45,483,345	\$47,010,830	\$48,969,723
	. , ,	. , ,	, ,				
(64.242.475)	(64,462,502)	(64.042.067)	(64.502.240)	(64.400.470)	(64.270.644)	(64.744.044)	(62.440.270)
							(\$2,110,379)
(\$1,242,175)	(\$1,463,505)	(\$1,942,967)	(\$1,503,246)	(\$1,190,179)	(\$1,379,644)	(\$1,744,941)	(\$2,110,379)
\$38,993,356	\$40,039,534	\$41,434,298	\$42,548,652	\$43,197,224	\$44,103,701	\$45,265,888	\$46,859,344
\$342,364							\$406,963
\$48,685	\$49,902	\$51,150		\$53,739		\$56,460	\$57,871
							\$603,411
							\$3,455,814
							\$236,616
							\$461,564
							\$1,613,672 \$0
							\$2,185,948
							\$1,399,505
			. , ,				\$459,592
\$9,206,537							\$10,880,956
\$29,786,818	\$30,594,099	\$31,713,261	\$32,596,035	\$33,007,303	\$33,729,050	\$34,574,646	\$35,978,388
\$102.204	\$107.010	¢201 02E	¢206.002	¢212.1E0	¢217.462	\$222.000	\$228,471
							\$228,471
3132,204	\$157,010	3201,533	3200,583	3212,138	3217,402	3222,030	3228,471
							\$195,185
\$2,182,511	\$1,415,192	\$172,515	\$416,392	\$3,309,997	\$2,469,311	\$1,601,160	\$195,185
 							
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$2,182,511	\$1,415,192	\$172,515	\$416,392	\$3,309,997	\$2,469,311	\$1,601,160	\$195,185
\$27,604,307	\$29,178,907	\$31,540,746	\$32,179,643	\$29,697,306	\$31,259,739	\$32,973,486	\$35,783,203
\$ 11,971,013	\$ 11,972,013	\$ 11,974,513	\$ 11,972,763	\$ 11,971,263	\$ 11,974,263	\$ 11,970,763	\$ 11,970,263
2.31	2.44	2.63	2.69	2.48	2.61	2.75	2.99
	\$38,247,996 (\$892,688) \$0 \$37,355,308 \$37,355,308 \$2,880,223 \$2,880,223 \$40,235,531 \$40,235,531 \$40,235,531 \$40,235,531 \$342,475) \$38,993,356 \$342,464 \$48,685 \$503,016 \$2,961,661 \$202,032 \$388,297 \$1,377,526 \$0 \$1,838,962 \$1,177,355 \$386,639 \$9,206,537 \$29,786,818 \$192,204 \$192,204 \$192,204 \$192,204 \$2,182,511 \$2,182,511 \$2,182,511	\$38,247,996 \$39,191,562 (\$892,688) (\$647,203) \$0 \$0 \$0 \$37,355,308 \$38,544,358 \$37,355,308 \$38,544,358 \$37,355,308 \$38,544,358 \$37,355,308 \$38,544,358 \$37,355,308 \$38,544,358 \$37,355,308 \$38,544,358 \$32,880,223 \$2,958,679 \$2,880,223 \$2,958,679 \$40,235,531 \$41,503,037 \$40,235,531 \$41,503,037 \$40,235,531 \$41,503,037 \$38,993,356 \$40,039,534 \$38,993,356 \$40,039,534 \$38,993,356 \$40,039,534 \$38,993,356 \$40,039,534 \$38,993,356 \$40,039,534 \$38,993,356 \$40,039,534 \$38,993,356 \$40,039,534 \$38,993,356 \$40,039,534 \$38,993,356 \$40,039,534 \$38,993,356 \$31,340,886 \$202,032 \$210,108 \$388,297 \$398,005 \$1,357,526 \$1,391,464 \$50 \$0 \$0 \$0 \$1,838,962 \$1,884,936 \$1,377,355 \$1,206,788 \$386,639 \$396,305 \$9,206,537 \$9,445,435 \$2,183,962 \$1,177,355 \$1,206,788 \$386,639 \$396,305 \$9,206,537 \$9,445,435 \$2,786,818 \$30,594,099 \$192,204 \$197,010 \$192,204 \$197,010 \$192,204 \$197,010 \$192,204 \$197,010 \$192,204 \$197,010 \$192,204 \$197,010 \$192,204 \$197,010 \$2,182,511 \$1,415,192 \$2,182,511 \$1,415,192 \$2,182,511 \$1,415,192 \$2,182,511 \$1,415,192 \$2,182,511 \$1,415,192 \$2,182,511 \$1,415,192	\$38,247,996 \$39,191,562 \$40,307,843 (\$892,688) \$50 \$0 \$0 \$0 \$37,355,308 \$38,544,358 \$40,307,843 \$37,355,308 \$38,544,358 \$40,307,843 \$37,355,308 \$38,544,358 \$40,307,843 \$37,355,308 \$38,544,358 \$40,307,843 \$37,355,308 \$38,544,358 \$40,307,843 \$37,355,308 \$2,958,679 \$3,069,421 \$2,880,223 \$2,958,679 \$3,069,421 \$40,235,531 \$41,503,037 \$43,377,264 \$40,235,531 \$41,503,037 \$43,377,264 \$40,235,531 \$41,503,037 \$43,377,264 \$40,235,531 \$41,503,037 \$43,377,264 \$40,235,531 \$41,503,037 \$43,377,264 \$40,235,531 \$41,503,037 \$43,377,264 \$40,235,531 \$41,503,037 \$43,377,264 \$40,235,531 \$41,503,037 \$43,377,264 \$338,993,356 \$40,039,534 \$41,434,298 \$338,993,356 \$40,039,534 \$41,434,298 \$338,993,356 \$40,039,534 \$41,434,298 \$338,993,356 \$40,039,534 \$41,434,298 \$338,993,356 \$40,039,534 \$41,434,298 \$338,297 \$338,005 \$407,955 \$1,357,526 \$1,391,464 \$1,426,251 \$50 \$0 \$0 \$0 \$0 \$1,838,962 \$1,884,936 \$1,932,060 \$1,177,355 \$1,206,788 \$1,236,958 \$386,639 \$39,206,537 \$9,445,435 \$9,721,036 \$29,786,818 \$30,594,099 \$31,713,261 \$192,204 \$197,010 \$201,935 \$192,204 \$197,010 \$201,935 \$192,204 \$197,010 \$201,935 \$21,82,511 \$1,415,192 \$172,515 \$2,182,511 \$1,415,192 \$172,515 \$2,182,511 \$1,415,192 \$172,515 \$27,604,307 \$29,178,907 \$31,540,746 \$11,974,513	\$38,247,996 \$39,191,562 \$40,307,843 \$41,477,366 (\$892,688) \$(\$647,203) \$0 \$50 \$50 \$50 \$37,355,308 \$38,544,358 \$40,307,843 \$40,987,334 \$37,355,308 \$38,544,358 \$40,307,843 \$40,987,334 \$37,355,308 \$38,544,358 \$40,307,843 \$40,987,334 \$37,355,308 \$2,958,679 \$3,069,421 \$3,064,566 \$2,880,223 \$2,958,679 \$3,069,421 \$3,064,566 \$2,880,223 \$2,958,679 \$3,069,421 \$3,064,566 \$40,235,531 \$41,503,037 \$43,377,264 \$44,051,901 \$40,235,531 \$41,503,037 \$43,377,264 \$44,051,901 \$340,235,531 \$41,503,037 \$43,377,264 \$44,051,901 \$38,993,356 \$40,039,534 \$41,434,298 \$42,548,652 \$38,993,356 \$40,039,534 \$41,434,298 \$42,548,652 \$38,993,356 \$40,039,534 \$41,434,298 \$42,548,652 \$38,993,356 \$40,039,534 \$41,434,298 \$42,548,652 \$368,689 \$48,685 \$49,902 \$51,150 \$52,429 \$503,016 \$516,117 \$529,614 \$543,516 \$2,961,661 \$3,040,886 \$3,156,832 \$3,224,720 \$20,032 \$210,108 \$214,308 \$218,592 \$388,297 \$398,005 \$407,955 \$418,154 \$1,357,526 \$1,391,464 \$1,426,251 \$1,461,907 \$50 \$50 \$50 \$50 \$50 \$50 \$51,177,355 \$1,266,788 \$1,236,951 \$41,61,907 \$59,065,37 \$9,454,335 \$9,721,036 \$9,952,617 \$29,786,818 \$30,594,099 \$31,713,261 \$32,596,035 \$416,392 \$29,786,818 \$30,594,099 \$31,713,261 \$32,596,035 \$419,2,044 \$197,010 \$201,935 \$206,983 \$192,204 \$197,010 \$201,935 \$206,983 \$192,204 \$197,010 \$201,935 \$206,983 \$192,204 \$197,010 \$201,935 \$206,983 \$192,204 \$197,010 \$201,935 \$206,983 \$192,204 \$197,010 \$201,935 \$206,983 \$192,204 \$197,010 \$201,935 \$206,983 \$192,204 \$197,010 \$201,935 \$206,983 \$192,204 \$197,010 \$201,935 \$206,983 \$192,204 \$197,010 \$201,935 \$206,983 \$192,204 \$197,010 \$201,935 \$206,983 \$192,204 \$197,010 \$201,935 \$206,983 \$192,204 \$197,010 \$201,935 \$206,983 \$21,82,511 \$1,415,192 \$172,515 \$416,392 \$27,604,307 \$29,178,907 \$31,540,746 \$32,179,643	\$38,247,996 \$39,191,562 \$40,307,843 \$41,477,366 \$42,429,368 (\$992,688) \$(\$647,203) \$0 \$(\$490,032) \$(\$1,173,535) \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	\$38,247,996 \$39,191,562 \$40,307,843 \$41,477,366 \$42,429,368 \$43,346,461 \$389,688] \$(\$647,203) \$0 \$50 \$50 \$50 \$50 \$50 \$50 \$50 \$50 \$50	\$38,247,996 \$39,191,562 \$40,307,843 \$41,477,366 \$42,429,368 \$43,336,461 \$44,374,772 \$43,925,888 \$43,335,461 \$544,374,772 \$50 \$50 \$50 \$50 \$50 \$50 \$50 \$50 \$50 \$50

WANAGEMENT TEE EXCEODED								
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	t Forecast	Forecast
Calendar Year Ending December 31	2047	2048	2049	<u>2050</u>	<u>2051</u>	<u>2052</u>	2053	<u>2054</u>
Rental Revenue								
Potential Base Rent	\$46,928,820	\$47,938,837	\$48,950,750	\$50,135,821	\$51,496,581	\$53,006,570	\$54,188,321	\$55,363,940
Absorption & Turnover Vacancy	(\$211,275)	(\$1,679,476)	(\$1,252,916)	(\$812,420)	(\$99,036)	(\$205,009)		(\$1,328,630)
Free Rent	\$0	\$0		\$0	\$0	\$0		\$0
Scheduled Base Rent	\$46,717,545	\$46,259,361	\$47,697,834	\$49,323,401	\$51,397,545	\$52,801,562	·	\$54,035,310
Total Rental Revenue	\$46,717,545	\$46,259,361	\$47,697,834	\$49,323,401	\$51,397,545	\$52,801,562		\$54,035,310
Other Tenant Revenue	62.524.545	42.474.462	42.504.040	42 704 070	42.047.255	44.000.040	42.026.556	4470444
Expense Recoveries	\$3,534,515	\$3,474,162		\$3,794,878	\$3,917,366	\$4,003,018		\$4,170,111
Total Other Tenant Revenue	\$3,534,515	\$3,474,162	\$3,681,919	\$3,794,878	\$3,917,366	\$4,003,018	\$ \$3,926,556	\$4,170,111
Total Tenant Revenue	\$50,252,060	\$49,733,523	\$51,379,753	\$53,118,279	\$55,314,911	\$56,804,579	\$56,179,824	\$58,205,422
Potential Gross Revenue	\$50,252,060	\$49,733,523	\$51,379,753	\$53,118,279	\$55,314,911	\$56,804,579	\$56,179,824	\$58,205,422
Vacancy and Credit Loss								
Vacancy Allewages	(\$2,048,351)	/¢1 1E0 603\	/¢1 FE0 03E\	(61.070.407)	(62.202.002)	/¢2 240 164\	/¢1 274 004)	(\$1,849,630)
Vacancy Allowance		(\$1,158,682)	(\$1,558,025)	(\$1,970,487)	(\$2,383,903)	(\$2,348,164)		
Total Vacancy and Credit Loss	(\$2,048,351)	(\$1,158,682)	(\$1,558,025)	(\$1,970,487)	(\$2,383,903)	(\$2,348,164)	(\$1,274,094)	(\$1,849,630)
Effective Gross Revenue	\$48,203,709	\$48,574,842	\$49,821,728	\$51,147,792	\$52,931,008	\$54,456,415	\$54,905,731	\$56,355,791
Operating Expenses								
Accounting/Audit	\$417,137	\$427,566	\$438,255	\$449,211	\$460,442	\$471,953	\$483,752	\$495,845
CAM A & Stormwater Fee APA	\$59,318	\$60,801	\$62,321	\$63,879	\$65,476	\$67,113	\$68,791	\$70,511
County Rent OPF	\$656,520	\$676,218	\$696,501	\$715,404	\$715,404	\$715,404	\$715,404	\$715,404
Ground Rent	\$3,521,728	\$3,600,438	\$3,681,048	\$3,768,722	\$3,825,784	\$3,853,989	\$3,867,435	\$3,881,279
Ground Rent Hangar 14 BNA	\$241,344	\$246,168	\$251,100	\$261,144	\$261,144	\$261,144	\$261,144	\$261,144
Hangar Op	\$473,103	\$484,930	\$497,053	\$509,480	\$522,217	\$535,272	\$548,654	\$562,370
Insurance	\$1,654,013	\$1,695,364	\$1,737,748	\$1,781,191	\$1,825,721	\$1,871,364	\$1,918,148	\$1,966,102
Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payroll	\$2,240,597	\$2,296,612	\$2,354,027	\$2,412,878	\$2,473,200	\$2,535,030	\$2,598,406	\$2,663,366
RE Tax	\$1,434,492	\$1,470,355	\$1,507,113	\$1,544,791	\$1,583,411	\$1,622,996	\$1,663,571	\$1,705,160
Utilities	\$471,082	\$482,859	\$494,931	\$507,304	\$519,987	\$532,986	\$546,311	\$559,969
Total Operating Expenses	\$11,169,335	\$11,441,310	\$11,720,098	\$12,014,005	\$12,252,785	\$12,467,252		\$12,881,150
Net Operating Income	\$37,034,374	\$37,133,531	\$38,101,630	\$39,133,787	\$40,678,223	\$41,989,164	\$42,234,115	\$43,474,641
net operating meanic	737,034,374	\$37,133,331	\$30,101,030	\$33,133,767	\$40,070,223	Ş+1,303,104	<u> </u>	<i>\$43,474,041</i>
Non-Operating Expenses	¢224.402	6240.027	¢246.020	¢252.400	Ć250 404	¢264.056		¢270.260
Replacement Reserves Total Non-Operating Expenses	\$234,182 \$234,182	\$240,037 \$240,037	\$246,038 \$246,038	\$252,189 \$252,189	\$258,494 \$258,494	\$264,956 \$264,956		\$278,369 \$278,369
Total Non-Operating Expenses	\$254,162	\$240,037	\$240,036	\$252,169	\$258,494	\$204,950	\$271,560	\$276,309
Leasing Costs								
Leasing Commissions	\$404,042	\$3,813,702		\$1,991,214	\$220,834	\$381,255	. , ,	\$3,306,735
Total Leasing Costs	\$404,042	\$3,813,702	\$2,618,532	\$1,991,214	\$220,834	\$381,255	\$4,056,917	\$3,306,735
Capital Expenditures								
Construction costs								
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$404,042	\$3,813,702	\$2,618,532	\$1,991,214	\$220,834	\$381,255	\$4,056,917	\$3,306,735
Cash Flow Before Debt Service	\$36,630,333	\$33,319,830	\$35,483,099	\$37,142,573	\$40,457,388	\$41,607,908	\$38,177,198	\$40,167,906
Note: Construction costs & Ground Rent during construction are capitalized								
Net Debt Service On An Accrual Basis for the Year	\$ 11,971.763	\$ 11,974,388	\$ 11,969,963	\$ 11,972,700	\$ 11,971,025	\$ 11,973,888	\$ 11,974,713	\$ 11,972,188
Note: Incorporates Capitalized Interest	, -,- : -, : 00	. , , , , ,	. , ,	. ,, . 50	. ,	. ,	. ,,. 20	. ,= -,= -0
Debt Service Coverage	3.06	2.78	2.96	3.10	3.38	3.47	3.19	3.36
-								

Downside Portfolio Cash Flow Projections

Our portfolio cash flow projections and debt service coverage under a downside scenario that includes the Management Fee are summarized on the following pages.



	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Calendar Year Ending December 31	2022	<u>2023</u>	<u>2024</u>	2025	<u>2026</u>	<u>2027</u>	<u>2028</u>	2029	<u>2030</u>
Rental Revenue									
Potential Base Rent	\$4,131,758	\$15,237,269	\$22,546,531	\$27,322,137	\$28,109,111	\$28,790,187	\$29,122,231	\$29,726,090	\$30,461,450
Absorption & Turnover Vacancy	(\$831,399)	(\$2,304,546)	(\$1,412,794)	(\$666,598)	(\$43,240)	(\$766,889)	(\$757,311)	(\$515,326)	(\$356,724)
Free Rent	(\$527,626)	(\$98,779)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Scheduled Base Rent	\$2,772,733	\$12,833,943	\$21,133,737	\$26,655,539	\$28,065,871	\$28,023,298	\$28,364,920	\$29,210,765	\$30,104,726
Total Rental Revenue	\$2,772,733	\$12,833,943	\$21,133,737	\$26,655,539	\$28,065,871	\$28,023,298	\$28,364,920	\$29,210,765	\$30,104,726
Other Tenant Revenue									
Expense Recoveries	\$186,769	\$1,151,568	\$1,638,664	\$2,003,118	\$2,114,198	\$2,098,118	\$2,166,214	\$2,257,995	\$2,318,325
Total Other Tenant Revenue	\$186,769	\$1,151,568	\$1,638,664	\$2,003,118	\$2,114,198	\$2,098,118	\$2,166,214	\$2,257,995	\$2,318,325
Total Tenant Revenue	\$2,959,503	\$13,985,511	\$22,772,400	\$28,658,657	\$30,180,069	\$30,121,416	\$30,531,135	\$31,468,760	\$32,423,052
Potential Gross Revenue	\$2,959,503	\$13,985,511	\$22,772,400	\$28,658,657	\$30,180,069	\$30,121,416	\$30,531,135	\$31,468,760	\$32,423,052
Vacancy and Credit Loss									
Vacancy Allowance	(\$113,559)	(\$471,008)	(\$823,102)	(\$1,022,274)	(\$1,311,358)	(\$837,643)	(\$835,532)	(\$972,180)	(\$1,162,719)
Total Vacancy and Credit Loss	(\$113,559)	(\$471,008)	(\$823,102)	(\$1,022,274)	(\$1,311,358)	(\$837,643)	(\$835,532)	(\$972,180)	(\$1,162,719)
Effective Gross Revenue	\$2,845,943	\$13,514,503	\$21,949,299	\$27,636,383	\$28,868,711	\$29,283,773	\$29,695,603	\$30,496,580	\$31,260,333
Operating Expenses									
Accounting/Audit	\$37,500	\$119,583	\$186,048	\$242,300	\$248,358	\$254,567	\$260,931	\$267,454	\$274,141
CAM A & Stormwater Fee APA	\$31,996	\$32,795	\$33,615	\$34,456	\$35,317	\$36,200	\$37,105	\$38,033	\$38,984
County Rent OPF	\$264,607	\$324,486	\$334,227	\$344,250	\$363,642	\$365,214	\$376,167	\$387,450	\$399,078
Ground Rent	\$1,482,019	\$1,761,576	\$1,903,897	\$2,004,410	\$2,124,810	\$2,248,642	\$2,319,266	\$2,377,326	\$2,439,896
Ground Rent Hangar 14 BNA	\$141,504	\$144,336	\$147,216	\$150,168	\$153,168	\$156,228	\$159,360	\$162,540	\$169,044
Hangar Op	\$34,132	\$144,960	\$212,925	\$274,809	\$281,679	\$288,721	\$295,939	\$303,337	\$310,921
Insurance	\$110,785	\$530,917	\$767,887	\$960,758	\$984,777	\$1,009,396	\$1,034,631	\$1,060,497	\$1,087,009
Management	\$140,820	\$623,717	\$1,067,163	\$1,381,819	\$1,443,436	\$1,464,189	\$1,484,780	\$1,524,829	\$1,563,017
Payroll	\$201,659	\$719,578	\$1,026,771	\$1,301,484	\$1,334,021	\$1,367,371	\$1,401,556	\$1,436,594	\$1,472,509
RE Tax	\$294,699	\$708,423	\$769,528	\$833,246	\$854,077	\$875,429	\$897,315	\$919,748	\$942,741
Utilities	\$254,097	\$260,450	\$266,961	\$273,635	\$280,476	\$287,488	\$294,675	\$302,042	\$309,593
Total Operating Expenses	\$2,993,819	\$5,370,821	\$6,716,239	\$7,801,334	\$8,103,760	\$8,353,445	\$8,561,724	\$8,779,850	\$9,006,932
Net Operating Income	(\$147,875)	\$8,143,682	\$15,233,059	\$19,835,049	\$20,764,951	\$20,930,328	\$21,133,879	\$21,716,730	\$22,253,401
Non-Operating Expenses									
Replacement Reserves	\$45,763	\$110,577	\$132,711	\$136,028	\$139,429	\$142,915	\$146,488	\$150,150	\$153,904
Total Non-Operating Expenses	\$45,763	\$110,577	\$132,711	\$136,028	\$139,429	\$142,915	\$146,488	\$150,150	\$153,904
Leasing Costs									
Leasing Commissions	\$2,192,408	\$2,157,372	\$1,458,012	\$954,551	\$64,279	\$1,742,980	\$1,294,809	\$1,445,850	\$905,070
Total Leasing Costs	\$2,192,408	\$2,157,372	\$1,458,012	\$954,551	\$64,279	\$1,742,980	\$1,294,809	\$1,445,850	\$905,070
Capital Expenditures	4440 000 000	640.400.100							
Construction costs	\$110,297,596	\$49,102,105	4-	4-	<i>A</i> =	4-	4-	4-	
Total Capital Expenditures	\$110,297,596	\$49,102,105	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$112,490,004	\$51,259,477	\$1,458,012	\$954,551	\$64,279	\$1,742,980	\$1,294,809	\$1,445,850	\$905,070
Cash Flow Before Debt Service	(\$112,683,642)	(\$43,226,372)	\$13,642,337	\$18,744,469	\$20,561,243	\$19,044,433	\$19,692,582	\$20,120,730	\$21,194,428

Note: Construction costs & Ground Rent during construction are capitalized

Net Debt Service On An Accrual Basis for the Year

Note: Incorporates Capitalized Interest

Debt Service Coverage 2.97 2.62 2.43 2.51 2.56

\$ 6,303,110 \$ 7,845,013 \$ 7,845,013 \$ 7,845,013 \$ 7,845,013

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	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Calendar Year Ending December 31	2031	2032				2036		2038
Rental Revenue								
Potential Base Rent	\$31,333,193	\$32,216,216	\$33,016,380	\$33,783,333	\$34,642,606	\$35,623,552	\$36,651,950	\$37,402,089
Absorption & Turnover Vacancy	(\$32,615)	(\$884,379)			(\$459,228)	(\$18,450)	(\$437,701)	(\$1,157,043)
Free Rent	\$0	\$0				\$0	\$0	\$0
Scheduled Base Rent	\$31,300,578	\$31,331,837				\$35,605,101	\$36,214,249	\$36,245,046
Total Rental Revenue	\$31,300,578	\$31,331,837	\$32,359,401	\$33,049,716	\$34,183,378	\$35,605,101	\$36,214,249	\$36,245,046
Other Tenant Revenue								
Expense Recoveries	\$2,393,957	\$2,371,844	\$2,460,064	\$2,547,953	\$2,620,246	\$2,710,732	\$2,708,086	\$2,763,955
Total Other Tenant Revenue	\$2,393,957	\$2,371,844	. , ,	. , ,	. , , ,	\$2,710,732	\$2,708,086	\$2,763,955
Total Tenant Revenue	\$33,694,535	\$33,703,680	\$34,819,465	\$35,597,669	\$36,803,624	\$38,315,833	\$38,922,335	\$39,009,001
	. , ,			. , ,		. , ,		
Potential Gross Revenue	\$33,694,535	\$33,703,680	\$34,819,465	\$35,597,669	\$36,803,624	\$38,315,833	\$38,922,335	\$39,009,001
Vacancy and Credit Loss								
Vacancy Allowance	(\$1,478,225)	(\$921,008)	(\$1,005,836)		(\$1,294,058)	(\$1,697,998)	(\$1,323,067)	(\$1,012,321)
Total Vacancy and Credit Loss	(\$1,478,225)	(\$921,008)	(\$1,005,836)	(\$987,077)	(\$1,294,058)	(\$1,697,998)	(\$1,323,067)	(\$1,012,321)
Effective Gross Revenue	\$32,216,310	\$32,782,672	\$33,813,629	\$34,610,593	\$35,509,566	\$36,617,834	\$37,599,268	\$37,996,679
Operating Expenses								
Accounting/Audit	\$280,994	\$288,019	\$295,219	\$302,600	\$310,165	\$317,919	\$325,867	\$334,014
CAM A & Stormwater Fee APA	\$39,958	\$40,957	\$41,981	\$43,031	\$44,106	\$45,209	\$46,339	\$47,498
County Rent OPF	\$411,048	\$421,193	\$432,048	\$443,022	\$454,323	\$465,954	\$477,942	\$490,293
Ground Rent	\$2,491,752	\$2,535,554	\$2,583,540	\$2,658,713	\$2,707,804	\$2,766,196	\$2,825,944	\$2,877,286
Ground Rent Hangar 14 BNA	\$172,428	\$175,872	\$179,388	\$182,976	\$186,636	\$190,368	\$194,184	\$198,060
Hangar Op	\$318,694	\$326,661	\$334,828		\$351,778	\$360,573	\$369,587	\$378,827
Insurance	\$1,114,185	\$1,142,039			\$1,229,851	\$1,260,598	\$1,292,113	\$1,324,415
Management	\$1,610,816	\$1,639,134			\$1,775,478	\$1,830,892	\$1,879,963	\$1,899,834
Payroll	\$1,509,322	\$1,547,055			\$1,666,009	\$1,707,659	\$1,750,351	\$1,794,110
RE Tax Utilities	\$966,310 \$317,333	\$990,467 \$325,266			\$1,066,625 \$350,276	\$1,093,291 \$359,033	\$1,120,623 \$368,009	\$1,148,639 \$377,209
Total Operating Expenses	\$9,232,838	\$9,432,217				\$10,397,691	\$10,650,922	\$10,870,184
Total Operating Expenses	77,232,030	\$3,432,217	\$3,002,034	\$5,511,042	\$10,143,032	\$10,337,031	\$10,030,322	\$10,070,104
Net Operating Income	\$22,983,472	\$23,350,455	\$24,150,995	\$24,698,951	\$25,366,514	\$26,220,143	\$26,948,346	\$27,126,496
Non-Operating Expenses								
Replacement Reserves	\$157,751	\$161,695			\$174,128	\$178,481	\$182,943	\$187,517
Total Non-Operating Expenses	\$157,751	\$161,695	\$165,737	\$169,881	\$174,128	\$178,481	\$182,943	\$187,517
Leasing Costs								
Leasing Commissions	\$36,363	\$862,644			\$1,275,542	\$0	\$965,779	\$2,312,862
Total Leasing Costs	\$36,363	\$862,644	\$2,280,360	\$1,759,355	\$1,275,542	\$0	\$965,779	\$2,312,862
Capital Expenditures								
Construction costs								
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$36,363	\$862,644	\$2,280,360	\$1,759,355	\$1,275,542	\$0	\$965,779	\$2,312,862
Cash Flow Before Debt Service	\$22,789,358	\$22,326,116	\$21,704,898	\$22,769,715	\$23,916,844	\$26,041,663	\$25,799,624	\$24,626,118
Note: Construction costs & Ground Rent during construction are capitalized								
Net Debt Service On An Accrual Basis for the Year	\$ 7,845,013	\$ 8,845,013	\$ 9,795,013	\$ 10,695,013	\$ 11,970,013	\$ 11,973,763	\$ 11,971,263	\$ 11,972,263
Note: Incorporates Capitalized Interest		. , , -		. , , -	. , , -	. , ,	. , ,	. , ,
Debt Service Coverage	2.90	2.52	2.22	2.13	2.00	2.17	2.16	2.06
y								

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Calendar Year Ending December 31	2039				2043	2044		
Rental Revenue								
Potential Base Rent	\$38,247,996	\$39,191,562	\$40,307,843	\$41,477,366	\$42,429,368	\$43,336,461	\$44,374,772	\$45,594,875
Absorption & Turnover Vacancy	(\$892,688)	(\$647,203)	\$0,507,843	. , ,	(\$1,173,535)	(\$1,107,395)	(\$718,061)	(\$87,533)
Free Rent	\$0				\$0	\$0 \$0		
Scheduled Base Rent	\$37,355,308	\$38,544,358			\$41,255,834	\$42,229,065		\$45,507,342
Total Rental Revenue	\$37,355,308				\$41,255,834	\$42,229,065	\$43,656,711	\$45,507,342
Total Herital Hereina	\$37,555,550	ψου,ο : 1,000	ψ 10,507,6 15	ψ 10/307/33 T	Ų 11,233,03 T	Ų 12,223,003	ψ 10,030,711	ψ 13/307/3 1 <u>2</u>
Other Tenant Revenue								<u> </u>
Expense Recoveries	\$2,880,223	\$2,958,679		· , ,	\$3,131,569	\$3,254,280	· , ,	\$3,462,381
Total Other Tenant Revenue	\$2,880,223	\$2,958,679	\$3,069,421	\$3,064,566	\$3,131,569	\$3,254,280	\$3,354,119	\$3,462,381
Total Tenant Revenue	\$40,235,531	\$41,503,037	\$43,377,264	\$44,051,901	\$44,387,403	\$45,483,345	\$47,010,830	\$48,969,723
Potential Gross Revenue	\$40,235,531	\$41,503,037	\$43,377,264	\$44,051,901	\$44,387,403	\$45,483,345	\$47,010,830	\$48,969,723
Vacancy and Credit Loss								
Vacancy Allowance	(\$1,242,175)	(\$1,463,503)	(\$1,942,967)	(\$1,503,248)	(\$1,190,179)	(\$1,379,644)	(\$1,744,941)	(\$2,110,379)
Total Vacancy and Credit Loss	(\$1,242,175)	(\$1,463,503)	(\$1,942,967)	(\$1,503,248)	(\$1,190,179)	(\$1,379,644)	(\$1,744,941)	(\$2,110,379)
Effective Gross Revenue	\$38,993,356	\$40,039,534	\$41,434,298	\$42,548,652	\$43,197,224	\$44,103,701	\$45,265,888	\$46,859,344
Operating Expenses								
Accounting/Audit	\$342,364	\$350,923	\$359,696	\$368,689	\$377,906	\$387,354	\$397,037	\$406,963
CAM A & Stormwater Fee APA	\$48,685	\$49,902	\$51,150	\$52,429	\$53,739	\$55,083	\$56,460	\$57,871
County Rent OPF	\$503,016	\$516,117	\$529,614	\$543,516	\$557,832	\$572,577	\$587,766	\$603,411
Ground Rent	\$2,961,661	\$3,040,886	\$3,156,832	\$3,224,720	\$3,294,184	\$3,306,843	\$3,447,002	\$3,455,814
Ground Rent Hangar 14 BNA	\$202,032	\$210,108	\$214,308	\$218,592	\$222,972	\$227,424	\$231,972	\$236,616
Hangar Op	\$388,297	\$398,005	\$407,955	\$418,154	\$428,608	\$439,323	\$450,306	\$461,564
Insurance	\$1,357,526	\$1,391,464	\$1,426,251	\$1,461,907	\$1,498,454	\$1,535,916	\$1,574,314	\$1,613,672
Management	\$1,949,668	\$2,001,977	\$2,071,715	\$2,127,433	\$2,159,861	\$2,205,185	\$2,263,294	\$2,342,967
Payroll	\$1,838,962	\$1,884,936	\$1,932,060	\$1,980,361	\$2,029,870	\$2,080,617	\$2,132,633	\$2,185,948
RE Tax	\$1,177,355	\$1,206,788	\$1,236,958	\$1,267,882	\$1,299,579	\$1,332,069	\$1,365,370	\$1,399,505
Utilities	\$386,639	\$396,305	\$406,213	\$416,368	\$426,777	\$437,447	\$448,383	\$459,592
Total Operating Expenses	\$11,156,205	\$11,447,412	\$11,792,751	\$12,080,050	\$12,349,783	\$12,579,836	\$12,954,537	\$13,223,923
Net Operating Income	\$27,837,150	\$28,592,122	\$29,641,547	\$30,468,602	\$30,847,441	\$31,523,865	\$32,311,352	\$33,635,421
	, , , , , , ,	, ,	,. ,.	, , ,	, / - /	, - ,,	, - , - ,	, , ,
Non-Operating Expenses Replacement Reserves	\$192,204	\$197,010	\$201,935	\$206,983	\$212,158	\$217,462	\$222,898	\$228,471
Total Non-Operating Expenses	\$192,204	\$197,010			\$212,158	\$217,462		\$228,471
	+, ·	+,	+,	+,	7,	7	,,	,,
Leasing Costs	ć2 102 F11	Ć1 41F 103	Ć172 F1F	¢416.202	¢2 200 007	¢2.460.211	¢1 c01 1c0	Ć10F 10F
Leasing Commissions	\$2,182,511 \$2,182,511	\$1,415,192 \$1,415,192			\$3,309,997 \$3,309,997	\$2,469,311 \$2,469,311	\$1,601,160 \$1,601,160	\$195,185 \$195,185
Total Leasing Costs	\$2,162,511	\$1,415,192	\$172,515	\$410,592	\$5,509,997	\$2,409,511	\$1,601,160	\$195,165
Capital Expenditures								
Construction costs	4-	4-						4-
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$2,182,511	\$1,415,192	\$172,515	\$416,392	\$3,309,997	\$2,469,311	\$1,601,160	\$195,185
Cash Flow Before Debt Service	\$25,462,435	\$26,979,921	\$29,267,096	\$29,845,227	\$27,325,287	\$28,837,092	\$30,487,294	\$33,211,765
Note: Construction costs & Ground Rent during construction are capitalized								
Net Debt Service On An Accrual Basis for the Year	\$ 11,971,013	\$ 11,972,013	\$ 11,974,513	\$ 11,972,763	\$ 11,971,263	\$ 11,974,263	\$ 11,970,763	\$ 11,970,263
Note: Incorporates Capitalized Interest	. ,- ,	. , , , = ==	, , ,	, , , , , , , , , , , , , , , , , , , ,	. , ,	. , , , , , , , , , , , , , , , , , , ,		. , ., .,
Debt Service Coverage	2.13	2.25	2.44	2.49	2.28	2.41	2.55	2.77
Dear del title develuge	2.13	2.23	2.77	2.43	2.20	2.71	2.55	2.77

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Calendar Year Ending December 31	2047							
Dental Davierus								
Rental Revenue Potential Base Rent	\$46,928,820	\$47,938,837	\$48,950,750	\$50,135,821	\$51,496,581	\$53,006,570	\$54,188,321	\$55,363,940
Absorption & Turnover Vacancy	(\$211,275)			(\$812,420)	(\$99,036)	(\$205,009)	(\$1,935,053)	(\$1,328,630)
Free Rent	\$0			\$0	\$0 \$0	\$0		
Scheduled Base Rent	\$46,717,545		\$47,697,834	\$49,323,401	\$51,397,545	\$52,801,562		
Total Rental Revenue	\$46,717,545		\$47,697,834	\$49,323,401	\$51,397,545	\$52,801,562		
Other Tenant Revenue	40.504.545	40.474.460	40.504.040	40.704.070	40.047.055	44.000.040	40.005.555	44.770.444
Expense Recoveries	\$3,534,515		· , ,	\$3,794,878	\$3,917,366	\$4,003,018	· , ,	
Total Other Tenant Revenue	\$3,534,515	\$3,474,162	\$3,681,919	\$3,794,878	\$3,917,366	\$4,003,018	\$3,926,556	\$4,170,111
Total Tenant Revenue	\$50,252,060	\$49,733,523	\$51,379,753	\$53,118,279	\$55,314,911	\$56,804,579	\$56,179,824	\$58,205,422
Potential Gross Revenue	\$50,252,060	\$49,733,523	\$51,379,753	\$53,118,279	\$55,314,911	\$56,804,579	\$56,179,824	\$58,205,422
Vacancy and Cradit Lace								
Vacancy Allowance	(\$2,048,351)	(\$1,158,682)	(\$1,558,025)	(\$1,970,487)	(\$2,383,903)	(\$2,348,164)	(\$1,274,094)	(\$1,849,630)
Total Vacancy and Credit Loss	(\$2,048,351)	(\$1,158,682)	(\$1,558,025)	(\$1,970,487)	(\$2,383,903)	(\$2,348,164)	(\$1,274,094)	(\$1,849,630)
Total Tabanay and Great Loss	(72,040,331)	(71,130,082)	(71,330,023)	(41,570,487)	(42,303,303)	(72,340,104)	(71,274,034)	(91,043,030)
Effective Gross Revenue	\$48,203,709	\$48,574,842	\$49,821,728	\$51,147,792	\$52,931,008	\$54,456,415	\$54,905,731	\$56,355,791
Operating Expenses								
Accounting/Audit	\$417,137	\$427,566	\$438,255	\$449,211	\$460,442	\$471,953	\$483,752	\$495,845
CAM A & Stormwater Fee APA	\$59,318	\$60,801	\$62,321	\$63,879	\$65,476	\$67,113	\$68,791	\$70,511
County Rent OPF	\$656,520	\$676,218	\$696,501	\$715,404	\$715,404	\$715,404	\$715,404	\$715,404
Ground Rent	\$3,521,728	\$3,600,438	\$3,681,048	\$3,768,722	\$3,825,784	\$3,853,989	\$3,867,435	\$3,881,279
Ground Rent Hangar 14 BNA	\$241,344	\$246,168	\$251,100	\$261,144	\$261,144	\$261,144	\$261,144	\$261,144
Hangar Op	\$473,103	\$484,930	\$497,053	\$509,480	\$522,217	\$535,272	\$548,654	\$562,370
Insurance	\$1,654,013			\$1,781,191	\$1,825,721	\$1,871,364		
Management	\$2,410,185			\$2,557,390	\$2,646,550	\$2,722,821	\$2,745,287	\$2,817,790
Payroll	\$2,240,597			\$2,412,878	\$2,473,200	\$2,535,030	\$2,598,406	
RE Tax	\$1,434,492			\$1,544,791	\$1,583,411	\$1,622,996		\$1,705,160
Utilities	\$471,082	\$482,859		\$507,304	\$519,987	\$532,986		\$559,969
Total Operating Expenses	\$13,579,520	\$13,870,053	\$14,211,184	\$14,571,394	\$14,899,336	\$15,190,072	\$15,416,902	\$15,698,940
Net Operating Income	\$34,624,189	\$34,704,789	\$35,610,544	\$36,576,397	\$38,031,672	\$39,266,343	\$39,488,829	\$40,656,852
Non-Operating Expenses								
Replacement Reserves	\$234,182	\$240,037	\$246,038	\$252,189	\$258,494	\$264,956	\$271,580	\$278,369
Total Non-Operating Expenses	\$234,182	\$240,037	\$246,038	\$252,189	\$258,494	\$264,956	\$271,580	\$278,369
Leasing Costs								
Leasing Commissions	\$404,042	\$3,813,702	\$2,618,532	\$1,991,214	\$220,834	\$381,255	\$4,056,917	\$3,306,735
Total Leasing Costs	\$404,042	\$3,813,702	\$2,618,532	\$1,991,214	\$220,834	\$381,255	\$4,056,917	\$3,306,735
Capital Expenditures								
Construction costs								
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Leasing & Capital Costs	\$404,042	\$3,813,702	\$2,618,532	\$1,991,214	\$220,834	\$381,255	\$4,056,917	\$3,306,735
Cash Flow Before Debt Service	\$33,985,965	\$30,651,051	\$32,745,974	\$34,332,995	\$37,552,344	\$38,620,132	\$35,160,332	\$37,071,747
Note: Construction costs & Ground Rent during construction are capitalized								
Net Debt Service On An Accrual Basis for the Year	\$ 11 971 763	\$ 11,974 388	\$ 11,969,963	\$ 11,972 700	\$ 11.971 025	\$ 11,973 888	\$ 11,974 713	\$ 11,972 188
Note: Incorporates Capitalized Interest	Ţ 11,5, 1,7 05	Ţ 11,5, 1,500	Ţ 11,505,505	Ţ 11,3,2,,00	Ţ 11,5, 1,025	Ţ 11,575,500	Ţ 11,5, 1,, 15	Ţ 11,5, L,100
Debt Service Coverage	2.84	2.56	2.74	2.87	3.14	3.23	2.94	3.10
DENT SCI VICE COVERAGE	2.04	2.30	2.74	2.07	3.14	3.23	2.34	3.10

CONCLUSION

Overall, the portfolio will represent the largest privately-held portfolio of U.S. airside private and corporate aircraft hangar campus facilities in the U.S. The portfolio benefits from geographically-diverse locations in some of the busiest general aviation and business jet airports across the U.S. The 5 locations include:

- Sugar Land Regional Airport, a designated reliever for HOU, located in the nation's fourth largest metropolitan area and a major engine of global economic activity, and the location of nearly half of all Fortune 500 energy company headquarters.
- Opa-Locka Airport, a designated reliever for MIA, ranked 8th in the FAA's Top 10 Airports for Domestic Business Jet Operations, whose service area encompasses two of the nation's top three wealthiest zip codes.
- Centennial Airport, a designated reliever for DEN, ranked 9th in the FAA's Top 10 Airports for Domestic Business Jet Operations.
- Phoenix Deer Valley Airport, a designated reliever for PHX, consistently ranked as one of the busiest general aviation airports in the U.S., ranking #2 in the FAA's Top 10 Busiest General Aviation Airports, as of 2017.
- Nashville International Airport, one of the nation's fastest-growing airports, and the
 primary commercial air service facility serving the Nashville metropolitan area, as well as
 being the largest airport in the state of Tennessee.

The global business jet market was valued at \$27.54 billion in 2019 and is projected to reach \$35.56 billion by 2027, exhibiting a compound annual growth rate (CAGR) of 5.37% from 2020 to 2027. After record sales of new and used private and corporate jet aircraft in the second half of 2020, sustained expansion is projected, albeit at a more moderate pace. Long-term rent growth projections of 2.5% by CBRE appear reasonable, and even slightly conservative, given the growth anticipated in the general aviation sector.

Aircraft manufacturers have responded to the demand for larger and longer-range aircraft, as illustrated in the expanded size of new inventory. As such, many existing hangars cannot accommodate this larger fleet. These factors combine to bode well for new hangar development. As a specialized asset class where land is leased from local governments, the pool of competition among developers with the experience and savvy to undertake on-airport projects is small, creating additional barriers to entry beyond availability of land, financial resources, etc.



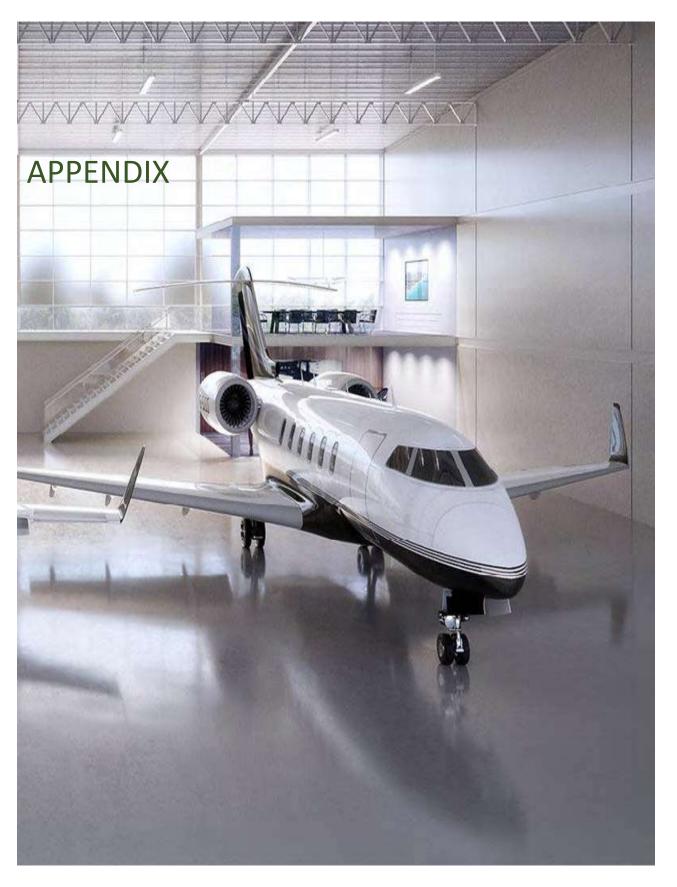
The most obvious risk associated with the portfolio is its predominantly-proposed status, lacking a track record from which to project future performance. Sustained growth is projected in all five of the Sky Harbour development markets. Moreover, our discussions with providers of hangar space reveals a lack of private hangar space in all Sky Harbour airports, as well as competing locations. As such, the Sky Harbour development has been described as welcome and long overdue. Limited availability of land with airside access and the significant cost required to construct new sites with airside infrastructure creates true barriers to entry to new supply. Additionally, there are substantial costs associated with the development of facilities, a significant deterrent to expansion, creating further high barriers to entry.

Threats for the portfolio include increasing fuel costs. This concern is somewhat offset by the deals that Sky Harbour has been able to execute in most locations, which allow the company to provide some of the lowest fuel prices available in the region to their tenants. Additional risk is presented by a non-credit tenant base; however, this is also mitigated by the comparatively long-term leases, few viable options for tenants at other locations, and the assumed renewal probability of 75%.

Rapidly-rising construction costs are also a factor. Construction contracts have been secured for most sites. Additionally, the pre-fabricated construction components are a cost-saving feature of the plans. Our analysis considers construction costs as secured as of the date of this report.

The financial projections presented in this analysis were, in part, provided by Sky Harbour and are based on information and assumptions developed by CBRE, Inc. and Sky Harbour management. This Study should be read in its entirety for an understanding of the projections and the underlying assumptions. In our opinion, the projections and the underlying assumptions are reasonable given the information available and circumstances existing as of the date of this Study. However, any projection is subject to uncertainties - in particular, uncertainties regarding the pace of economic growth, fuel costs, inflation, construction costs and corporate and private aviation activity. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, the actual results achieved may vary from the projections and the variations could be material.





Assumptions and Limiting Conditions

- CBRE, Inc. (collectively, "CBRE") has not inspected through reasonable observation the subject property. However,
 it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior
 and exterior of the improvements on the subject property. Therefore, no representation is made as to such
 matters.
- 2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
- 3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
 - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
 - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE consultants are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
 - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
 - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
 - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
 - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
 - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
 - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
 - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
 - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

(xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

- 4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
- 5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
- 6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
- 7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
- 8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other consultants may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
- 9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate consultants. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
- 10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
- 11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
- 12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

- 13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
- 14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
- 15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own consultants, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

PROFESSIONAL PROFILES



Director, Chicago, Illinois



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Experience

Victoria Pierce is a Director with CBRE's Valuation & Advisory Services Group Chicago office within the Midwest Region. Ms. Pierce has over 14 years of professional experience in providing consulting services for commercial properties throughout the Midwest.

Ms. Pierce's expertise includes a diverse range of property types including retail, industrial, office and structured parking garages, as well as manufactured housing communities and special purpose properties. She has provided consulting services for financial institutions, REITs, developers and attorneys, as well as individual and corporate property owners. Consultation experience includes market studies, feasibility studies, adaptive reuse of real estate and proposed income-producing developments.

Ms. Pierce also has extensive experience in portfolio management for institutional clients across the United States, including over 17 million square feet of property and air cargo developments at more than 35 US airports.

Clients Represented

- Aeroterm
- John Hancock
- JPMorgan Asset Management
- LaSalle Investment Management
- Ladder Capital Finance
- Deutsche Bank
- Inland Group
- Wells Fargo
- Morgan Stanley
- Guggenheim Real Estate Advisors
- Northern Trust
- US Bank
- Barclays
- Associated Bank
- Symetra Life Insurance Co.
- VEREIT, Inc.

Education _____

- Master of Arts, Communications
 University of Illinois at Chicago
- Bachelor of Arts, Communications
 - _ University of Illinois at Chicago

Les Linder

Head of VAS Central Division, Chicago, IL



Evnorionco	
Experience	

Les Linder is Head of Valuation and Advisory Services Central Division, comprised of 18 states, including the Midwest and Upper Midwest territories and the South Central states of Texas, Arkansas, Oklahoma, and Louisiana. He oversees 250 professionals across several specialties, including Assessment and Consulting, Tax Advisory Services, Hotel Advisory and Right of Way.

Les brings more than 30 years of real estate consulting experience to answer a wide range of needs for many of our most important clients, including State Farm Insurance, Torchlight Investors, Fifth Third Bank and BMO Harris Bank. He has expertise with multifamily, retail, industrial, office, hotel, and specialty properties.

Les is a Certified Commercial Investment Member (CCIM). He has testified as an expert witness in U.S. Bankruptcy Court.

Clients Represented

- Key Bank
- Prudential Investors
- Torchlight Investors
- Fifth Third Bank
- BMO Harris Bank
- Busey Bank
- Bank Leumi
 Bank C7K
- Bank OZK
- Comerica Bank
- Huntington Bank

Education _____

Indiana University, Bloomington, IN
 Bachelors of Science in Business-Real Estate Administration



Steven Ogasawara

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Managing Director, Chicago, Illinois



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Clients Represented

- CIBC
- Wells Fargo
- JPMorgan Chase
- BMO Harris
- Bank of the West
- City National Bank
- Bridgeview Bank
- Heartland Bank
- Alliant Credit Union
- Metropolitan Life Insurance
- Canada Pension Plan Investment Board
- Busey Bank
- American Enterprise Bank
- Consumer Credit Union
- Capital Bank
- C-III Asset Management
- Altus
- Loan Core Capital
- US Bank

Experience

Steven Ogasawara is a Managing Director of the Valuation & Advisory Services within the Midwest Region in the Chicago Office. Located in the CBRE Chicago office since 2012, Mr. Ogasawara has over 30 years of real estate experience throughout the United States, with primary experience in the Midwest.

As Managing Director, Mr. Ogasawara oversees operations (client relations, new business development, and quality control and production) of the CBRE offices in Chicago, IL and Oak Brook, IL.

Prior to joining CBRE, Mr. Ogasawara was Vice President at Bank of America and LaSalle Bank and Managing Director at Landauer Associates in Chicago.

Education

- Master of Business Administration University of Georgia
- Bachelors of Science in Finance University of Illinois

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE



APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

The following is a summary of certain provisions of the Master Indenture, as supplemented. This summary does not purport to be complete and reference to the Master Indenture is hereby made for all of the terms and conditions of the Master Indenture.

Defined Terms

"Accounts" shall mean the named and unnamed accounts established within any Fund.

"Act of Bankruptcy" shall mean, with respect to any Person, the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by or against such Person, under the Federal Bankruptcy Code or any other applicable bankruptcy, insolvency, reorganization or similar law, now or thereafter in effect; provided, however, that no involuntary petition in bankruptcy, or appointment of a trustee, custodian or receiver, without the consent of such Person, shall constitute an Act of Bankruptcy until one hundred and twenty (120) days shall have elapsed from the date of filing thereof, during which time such Person has been unable to obtain the dismissal of the petition or appointment.

"Additional Obligations" shall mean Obligations other than those initially issued pursuant to the Master Indenture.

"Additional Property" shall mean a property which is neither a Project nor a Mortgaged Property but from which some or all of the net revenue is pledged under the Master Indenture, each of which Additional Properties is required to be listed on Schedule B of the Master Indenture, as the same may be redelivered from time to time as provided in the Master Indenture.

"Affiliate" shall mean, with respect to any Person, another Person which controls, is controlled by or is under common control with such Person.

"Allocable Bonds" shall mean that portion of a Series of Bonds (which may be all such Bonds or less than all) that has been allocated in the Related Financing Documents or in a Supplemental Indenture to a particular Project.

"Annual Maintenance Reserve Fund Deposit" shall mean initially an amount equal to \$0.13 times the aggregate number of square feet of building space at all Projects, all Mortgaged Properties and all Additional Properties, as such number may or shall be adjusted as permitted or required by the Master Indenture.

"Architectural Consultant" shall mean an Independent architect, engineer, firm of architects or engineers, other third party consultant or firm of third party consultants which is appointed by the Group Representative for the purpose of passing on questions relating to the design and construction of any particular facility, has all licenses and certifications necessary for the performance of such services and has, in the reasonable opinion of the Group Representative, a favorable reputation for skill and experience in performing similar services in respect of facilities of a comparable size and nature.

"Authorized Representative" shall mean, with respect to any particular action to be taken by or on behalf of a Member, any officer of such Member or of the entity in control of such Member who is authorized to take such action pursuant to a certified resolution duly adopted by its board or other Governing

Person, a copy of which shall be filed with the Master Trustee, and, with respect to the Master Trustee, shall mean any authorized trust officer.

"Balloon Indebtedness" shall mean Indebtedness, other than Interim Indebtedness, 25% or more of the original principal of which matures during any consecutive twelve-month period, and which maturing principal amount is not required by the documents governing such Indebtedness to be amortized below such percentage by mandatory redemption or prepayment prior to such twelve-month period.

"Bankruptcy Code" shall mean Title 11 of the United States Code, 11 U.S.C. §§101 et seq., as amended from time to time.

"Bond Counsel" shall mean an attorney or firm of attorneys selected by the Group Representative recognized, by inclusion in the listing of attorneys in the Bond Buyer's Municipal Marketplace (or a successor publication) as most recently issued, as a nationally recognized expert in the field of municipal finance.

"Bond Trustee" shall mean the trustee for the holders of any Series of Bonds.

"Bond Year" shall mean each one-year period that ends at the close of business on the day selected by the Group Representative, initially December 31 of each year. The first and last Bond Years may be short periods. If no day is selected by the Group Representative before the earlier of the date the last Bond is discharged or the date that is five years after the date of delivery of the Bonds, Bond Years shall end on each anniversary of the date of delivery of the Bonds and on the date the last Bond is discharged. Different Series of Bonds may have different Bond Years if the Master Trustee and the applicable Bond Trustees are so notified in writing.

"Bonds" shall mean any one of the obligations of a governmental or quasi-governmental issuer secured by an Obligation issued under the Master Indenture and issued to finance or refinance a Project.

"Budgeted Operation and Maintenance Amount" shall mean the aggregate budgeted Operation and Maintenance Expenses for one or more Projects, Members, Mortgaged Properties or the Obligated Group, as the context requires, for any particular Fiscal Year as certified to by an Authorized Representative of the Group Representative.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in New York, New York and/or the cities in which the principal corporate trust or principal operations offices of the Master Trustee and the Bond Trustee to whom a payment is to be made, as applicable, are located are authorized or obligated by law or executive order to be closed or the New York Stock Exchange is closed.

"Capital Costs" shall mean costs related to improvements to capital assets of the Members.

"Class" shall mean a particular level of subordination of Notes or other Obligation, "Senior" being the most senior level, "Subordinate Class A" being the next level of subordination and "Subordinate Class B" being the most subordinate level.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Computation Date" shall mean an Installment Computation Date or the Final Computation Date.

"Confirmation of Rating" shall mean, with respect to any Bonds that are then rated, a written confirmation obtained prior to the event or action under scrutiny from each Rating Agency then rating any Bonds to the effect that, following the proposed action or event under scrutiny at the time such confirmation is sought, the rating of such Rating Agency on such Bonds will not be (i) reduced below an Investment Grade Rating or, if less than an Investment Grade Rating the then outstanding rating, or (ii) or withdrawn.

"Consultant" or "Independent Consultant" shall mean an Independent consulting firm which is appointed by the Group Representative at its expense for the purpose of passing on questions relating to the financial affairs, management or operations of one or more Members or the entire Obligated Group, is nationally recognized for its expertise and has, in the reasonable opinion of the Group Representative, a favorable reputation for skill and experience in performing similar services in respect of entities engaged in reasonably comparable endeavors and, in particular, in the market analysis of airport support facilities. If any Consultant's report or opinion is required to be given with respect to matters partly within and partly outside the expertise of any Consultant, such Consultant may rely upon the report or opinion of another Consultant possessing the necessary expertise.

"Consultant's Report" means a written report of an Independent Consultant.

"Counsel" shall mean a licensed attorney at law or law firm (which may include counsel to a Member).

"Credit Facility" shall mean an unconditional irrevocable letter of credit, a line of credit which is revocable only upon the occurrence of commercially reasonable contingencies, a guaranty or an indemnity or surety insurance policy, a bond insurance policy or bond (a) which is issued for the benefit of the holder of any Indebtedness in order to provide a source of funds for the payment of all or any portion of a Member's payment obligations under or with respect to such Indebtedness or which is issued to fund a Debt Service Reserve Fund and (b) the issuer of which is a Qualified Financial Institution.

"Current Estimated Tenant Improvement Requirement" shall mean for each Member, the amount, if any, the Member reasonably projects to be needed to fund estimated Tenant Improvements at its properties in the then current Fiscal Year and the next Fiscal Year (as provided by the Group Representative as provided in the Master Indenture).

"Current Operations Fund" shall mean the Fund of the Obligated Group established with the Master Trustee pursuant to the Master Indenture in accordance with the requirements of the Master Indenture, into which the Master Trustee shall deposit moneys as required by the Master Indenture.

"Debt Service" shall mean the principal and redemption price of and interest due on or under a Note or other Obligation.

"Debt Service Coverage Ratio" shall mean, for the period of time for which it is calculated for all Obligations (other than the Subordinate Class B Obligations), the ratio determined by dividing (a) a numerator equal to the Revenues Available for Debt Service for such period by (b) a denominator equal to the sum of the Debt Service Requirements with respect to all Indebtedness on a parity with or senior to the Subordinate Class A Obligations (with respect either to security or to payment or to both) for such period, plus any amounts then required to be deposited in the Debt Service Reserve Funds to meet the Debt Service Reserve Requirements for all Bonds.

"Debt Service Fund" means the special Fund established with the Master Trustee pursuant to the Master Indenture in accordance with the requirements of the Master Indenture.

"Debt Service Requirements" shall mean, for any specified period, (a) the amounts payable to the Holders of Obligations (or to any trustee or paying agent for such Holders) in respect of the principal of any or all Obligations under the Master Indenture (including scheduled mandatory redemptions (or other scheduled prepayments) of principal) and the interest on such Obligations, and (b) the amounts payable to any or all holders of Indebtedness other than Obligations (or to any trustee or paying agent for such holders) in respect of the principal of such Indebtedness (including scheduled mandatory redemptions or prepayments of principal) and the interest on such Indebtedness. Notwithstanding the foregoing, the amounts deemed payable in respect of any Indebtedness shall not include interest which is funded from the proceeds thereof or any amounts payable from funds available (without reinvestment) in a Qualified Escrow (other than amounts so payable solely by reason of a Member's failure to make payments from other sources). In addition, calculations of Debt Service Requirements shall be subject to adjustment as and to the extent permitted or required by the Master Indenture. Notwithstanding the foregoing, in no event shall the Debt Service Requirements be calculated as including amounts paid or due on any Outstanding or contemplated Subordinate Class B Obligations or any other Indebtedness, outstanding or contemplated. which is subordinate to the Subordinate Class A Obligations. Notwithstanding the foregoing, for any Balloon Indebtedness or Interim Indebtedness, it shall be assumed that the principal balance of such Indebtedness is to be amortized on a level debt service basis over (i) the remaining term of the ground lease to which such Balloon Indebtedness or Interim Indebtedness, as applicable, relates or (ii) a twenty-five year period, if such Balloon Indebtedness or Interim Indebtedness does not relate to a ground lease. Notwithstanding the forgoing, in the event that the Debt Service Requirements calculated pursuant hereto are less than or equal to \$0.00, the Debt Service Requirements shall be deemed to be one dollar for purposes of making any of the calculations set forth in this Master Indenture.

"Debt Service Reserve Fund" shall mean each reserve fund established under the Related Financing Documents for a Project financed with a Series of Bonds (or under the Master Indenture, to the extent required pursuant to the Master Indenture and any Supplemental Indenture) to secure such Bonds in at least the amount of the Debt Service Reserve Requirement. Any Debt Service Reserve Fund may be funded with monies, a Credit Facility or any combination of the same.

"Debt Service Reserve Requirement" shall mean with respect to each Series of Senior Bonds and of Subordinate Class A Bonds secured by Obligations issued hereunder, the amount, if any, set forth in the Related Financing Documents, provided that, in the case of any issue of Tax Exempt Bonds for purposes of Section 148 of the Code, in no event will such amount be greater than the least of (i) the maximum annual principal and interest requirements of such Tax Exempt Bonds, (ii) 10% of the Sale Proceeds and (iii) 125% of the average annual principal and interest requirements of such Tax Exempt Bonds, in each case which amount shall be certified by the Group Representative in writing by the Group Representative or applicable Bond Trustee(s).

"Defeasance Collateral" shall mean:

(a) non-callable direct obligations of the United States of America, non-callable and non-prepayable direct federal agency obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America, non-callable direct obligations of the United States of America which have been stripped by the United States Treasury itself or by any Federal Reserve Bank (not including "CATS," "TRS" and "TIGRS") and the interest components of REFCORP bonds for which the underlying bond is non-callable (or non-callable before the due date of such interest component) and for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book-entry form, and shall exclude investments in mutual funds and unit investment trusts;

- (b) non-callable obligations the timely payment of principal and interest on which are fully and unconditionally guaranteed by the United States of America; and
- (c) bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state (i) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (ii) timely payment of which is fully secured by a fund consisting only of cash or obligations of the character described in clause (a) or (b) which fund may be applied only to the payment when due of such bonds or other obligations, and (iii) which are rated at least "AA+" by Standard & Poor's or Fitch or at least "Aa3" by Moody's Investors Service.

"Environmental Laws" means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including, but not limited to, those related to Hazardous Materials, hazardous substances or wastes, air emissions and discharges to waste or public systems.

"Event of Default" shall mean any event of default under the Master Indenture, as defined in the Master Indenture.

"Facility Surplus Fund" means the named Fund with such name established with the Master Trustee pursuant to the Master Indenture, in accordance with the requirements of the Master Indenture.

"Final Computation Date" shall have the meaning ascribed thereto in the Regulations.

"Final Release Conditions" shall have the meaning set forth in the Master Indenture.

"Fiscal Year" shall mean a period of twelve consecutive months ending on December 31 or on such other date as may be specified in an Officer's Certificate delivered to the Master Trustee.

"Fitch" means Fitch Ratings, and its successors and assigns.

"Fund" shall mean any of the named Funds required to be established by the Master Trustee pursuant to the Master Indenture, or any other Fund permitted to be established by the Master Trustee.

"General Account" shall mean the Account with such name within the Revenue Fund, established with the Master Trustee pursuant to the Master Indenture, in accordance with the requirements of the Master Indenture.

"Governing Person" shall mean the governing board of an entity or such other Person having control over the actions or determinations of an entity or other Person, which Person shall be identified to the Master Trustee in writing (and, if requested by the Master Trustee, confirmed by an Opinion of Counsel).

"Government Obligations" shall mean:

- (i) direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America;
- (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations the timely payment of the principal of and the interest on which are

unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian;

- (iii) obligations issued by the Resolution Funding Corporation pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (the "FIRRE Act"), (A) the principal of which obligations is payable when due from payments of the maturing principal of non-interest bearing direct obligations of the United States of America which are issued by the Secretary of the Treasury and deposited in the Funding Corporation Principal Fund established pursuant to the FIRRE Act, and (B) the interest on which obligations, to the extent not paid from other specified sources, is payable when due by the Secretary of the Treasury pursuant to the FIRRE Act; and
- (iv) obligations which are (A) issued by any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, (B) fully secured as to principal and interest by obligations described in clause (i), (ii) or (iii) above and (C) rated at the time of purchase in one of the two highest ratings categories by at least one Nationally Recognized Rating Agency.

"Gross Proceeds" means the sum of all Proceeds and "replacement proceeds," as defined in Section 148 of the Code and Section 1.148-1(b) of the Regulations.

"Gross Revenues" shall mean Net Revenues from Additional Properties, if any, and all operating and non-operating revenues, receipts and income of each Member (provided that distributions to the Special Limited Member from the Facility Surplus Fund shall not constitute Gross Revenues) and all rights to receive the same, whether in the form of accounts receivable, contract rights, chattel paper, instruments, general intangibles or other rights and all proceeds thereof, including insurance proceeds and condemnation awards, whether now existing or hereafter coming into existence and whether now owned or hereafter acquired and all amounts contributed to the capital of a Member by its owners.

"Ground Lease" shall mean any one of the ground leases or subleases under which a Member holds its leasehold interest in the ground that is part of any Project, any Mortgaged Property or any Additional Property.

"Group Representative" shall mean Sky Harbour Capital LLC, a Delaware limited liability company, and its successors and assigns, including, without limitation, any other Member of the Obligated Group which shall have been designated to assume the responsibilities of the Group Representative pursuant to the Master Indenture.

"Hazardous Material" means any and all pollutants, toxic or hazardous wastes or any other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge spillage, seepage, or filtration of which is or shall be restricted, prohibited or penalized by any applicable law (including, without limitation, asbestos, urea formaldehyde foam insulation and polychlorinated biphenyls).

"Hedge" means an agreement being entered into with a counterparty (or whose obligation to make payment are credit enhanced or guaranteed by an entity) that, on the date the Hedge is entered into has an investment grade long term credit rating from at least one Nationally Recognized Rating Agency, in order to hedge or manage the interest payable, whether at a fixed interest rate or variable interest rate, on all or a portion of any Indebtedness, which agreement may include, without limitation, an interest rate swap, basis swap, a forward or futures contract, a commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap

transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, crosscurrency rate swap transaction, currency option or any other similar transactions (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures and which arrangement does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof.

"Holder" shall mean, as the context requires, any Noteholder or other obligee on an Obligation, and shall include successors or assigns. In the case of an Obligation issued to a trustee or other fiduciary acting on behalf of the holders of any bonds, notes, certificates or other similar obligations which are secured by such Obligation, the term Holder shall mean the trustee or other fiduciary or, if so provided in the Related Financing Documents, the holders of the bonds, notes, certificates or other obligations in proportion to their respective interests therein or, if so required in such Related Financing Documents, the Qualified Credit Provider under such Related Financing Documents as defined therein.

"Indebtedness" shall mean and include: (a) except as provided later in this definition, all Obligations; and (b) any additional obligation for the payment of money to a Person other than a Member, which obligation is incurred, assumed or guaranteed by a Member and is in the form of (i) a loan, (ii) a capitalized lease, installment sale agreement or other comparable arrangement to provide for the acquisition, renovation or construction of capital assets, or (iii) any other extension of credit by a third party which is properly treated as indebtedness under generally accepted accounting principles; provided that Indebtedness shall not include any Note or other Obligation issued to secure a Hedge. The term Indebtedness shall also include all Balloon Indebtedness and all Interim Indebtedness.

"Independent" shall mean a Person who is not (i) a Governing Person, (ii) a member of the governing board of any Member or Governing Person, (iii) an officer or employee of any Member, or (iv) a Person having a partner, director, officer, member, or substantial stockholder who is a member of the board of any Member or who is a Governing Person or an officer or employee of a Member or Governing Person; provided, however, that the fact that such Person is retained regularly by or transacts business with a Member shall not make such Person an employee within the meaning of this definition.

"Independent Director" or "Independent Manager" shall mean a Person who is not at the time of initial appointment, or at any time while serving as a director or manager, as applicable, and has not been at any time during the preceding five (5) years: (a) a stockholder, director (with the exception of serving as the Independent Director or Independent Manager), officer, employee, partner, member, manager, contractor, attorney or counsel of the Member or any Affiliate thereof; (b) a customer, creditor, supplier or other person who derives any of its purchases or revenues from its activities with the Member or any Affiliate thereof; (c) a Person controlling or under common control with any such stockholder, director, officer, partner, member, manager, contractor, customer, creditor, supplier or other Person; or (d) a member of the immediate family of any such stockholder, director, officer, employee, partner, member, manager, contractor, customer, creditor, supplier or other Person. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of management, policies or activities of a Person, whether through ownership of voting securities, by contract or otherwise.

"Independent Public Accountant" shall mean an Independent accounting firm which is appointed by the Group Representative for the purpose of examining and reporting on or passing on questions relating to the financial statements of one or more Members or the entire Obligated Group, has all certifications necessary for the performance of such services and has a favorable reputation for skill and experience in performing similar services in respect of entities engaged in reasonably comparable endeavors.

"Initial Indebtedness" shall mean the Senior Bonds the payment of which is secured by the initial Notes issued pursuant to the Master Indenture.

"Initial Projects" shall mean the Projects financed by the Initial Indebtedness.

"Installment Computation Date" means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

"Interim Indebtedness" shall mean Indebtedness having a term of sixty (60) months or less, which is incurred in anticipation of the financing of capital improvements for a Member and which is expected to be refinanced using the proceeds of Indebtedness with an original stated maturity of more than one year.

"Investment Grade Rating" shall mean a credit rating assigned by a Nationally Recognized Rating Agency that is within one of the top four rating categories (ie. "BBB" or Baa" or higher) of such National Recognized Rating Agency (without regard to gradations within such category).

"Investment Proceeds" shall have the meaning ascribed to such term in the Code.

"Investment Securities" shall mean and include any of the following to the extent the same are legal investments under the laws of any applicable jurisdiction:

- (i) cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations);
 - (ii) Government Obligations;
- (iii) obligations of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America: (a) U.S. Export-Import Bank (Eximbank), (b) Rural Economic Community Development Administration, (c) Federal Financing Bank, (d) General Services Administration, (e) U.S. Maritime Administration, (f) U.S. Department of Housing and Urban Development (PHAs) (g) Small Business Administration, (h) Government National Mortgage Association (GNMA), (i) Federal Housing Administration, and (j) Farm Credit System Financial Assistance Corporation;
- (iv) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: (a) senior debt obligations rated in the highest long-term rating category by at least one Nationally Recognized Rating Agency, issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), (b) senior debt obligations of the Federal Home Loan Bank System, and (c) senior debt obligations of other United States government sponsored agencies bearing the same or higher ratings as Government Obligations;
- (v) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which either (a) have a rating on their short-term certificates of deposit on the date of purchase in the highest short-term rating category of at least one Nationally Recognized Rating Agency, (b) are insured at all times by the Federal Deposit Insurance Corporation or (c) are collateralized with Government Obligations at 102% of the value thereof, valued daily. All such certificates must mature no more than 360 days after the date of purchase (Ratings on holding companies are not considered as the rating of the bank);

- (vi) commercial paper which is rated at the time of purchase in the highest short-term rating category of at least one Nationally Recognized Rating Agency and which matures not more than 270 days after the date of purchase;
- (vii) investments in (a) money market funds registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, and rated in the highest short-term rating category of at least one Nationally Recognized Rating Agency, including, without limitation, funds for which the Master Trustee, its Affiliates and subsidiaries provide investment advisory or other management services, and (b) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the issuer's deposit shall not exceed 5% of the aggregate pool balance at any time and such pool is rated in one of the two highest short-term rating categories of at least one Nationally Recognized Rating Agency;
- (viii) pre-funded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and (a) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category of at least one Nationally Recognized Rating Agency (without regard to gradations), or (b)(1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Government Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (2) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (viii) on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;
- (ix) general obligations of states with a short-term rating in one of the two highest rating categories and a long-term rating in one of the two highest rating categories of at least one Nationally Recognized Rating Agency. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually;
 - (x) investment agreements with a Qualified Investment Provider;
- (xi) other forms of investments (including repurchase agreements) approved in writing by a Qualified Financial Institution providing a Credit Facility or not unacceptable to the Rating Agencies then rating any Bonds;
- (xii) repurchase agreements relating to securities described in clauses (i), (ii), (iii), (iv), (vi), (viii) and (ix) above, with a Qualified Investment Provider which agreement shall provide that (A) such securities have a value of at least 103% (valued on each interest payment date for the Bonds) of the specified repurchase price and are deposited with the Master Trustee or with a third party custodian not unsatisfactory to the Master Trustee, (B) the provider will repurchase such securities without penalty upon request of the Master Trustee in order to use the proceeds for any purpose for which the Fund from which the investment was made may be used, (C) if such rating falls below "A3" or "A-," respectively by either Moody's and Standard & Poor's, the provider must notify the Trustee and repurchase such securities without penalty within five (5) Business Days of such downgrade and (D) the Master Trustee is expressly authorized to liquidate such securities in the event of the insolvency of the provider or the commencement by or against the provider of a case under the federal Bankruptcy Code or the appointment or taking possession by a trustee or custodian of the assets of the provider; and

(xiii) a guaranteed investment contract with a defined termination date, secured by Government Obligations or other security not unacceptable to the Rating Agencies then rating the Bonds in an amount at least equal to the amount invested under the contract and pledged to the Master Trustee.

"Joinder Agreement" shall mean a written instrument by which a Person becomes a Member and thereby becomes subject to the Master Indenture in accordance with the terms and provisions of the Master Indenture.

"Limited Special Purpose Entity" shall mean a corporation, limited partnership or limited liability company which at all times from and after the date of execution of the Master Indenture:

- (a) is organized solely for the purpose of (i) acquiring, developing, owning, holding, selling, leasing, transferring, exchanging, managing and operating one of the Projects, Mortgaged Properties or Additional Properties, entering into the Master Indenture and consummating the transactions contemplated by the Master Indenture and transacting lawful business that is incident, necessary and appropriate to accomplish the foregoing; or (ii) acting as a general partner of a limited partnership that is a Member or as a member or manager of a limited liability company that is a Member;
- (b) is not engaged and will not engage in any business unrelated to (i) the acquisition, development, ownership, management or operation of one of the Projects, Mortgaged Properties or Additional Properties or (ii) acting as a general partner of a limited partnership that is a Member or as a member or manager of a limited liability company that is a Member;
- (c) does not have and will not have any assets other than those related to the Projects, Mortgaged Properties or Additional Properties or its partnership interest in the limited partnership or the membership interest in the limited liability company that is a Member, as applicable;
- (d) has not engaged, sought or consented to and will not engage in, seek or consent to any dissolution, winding up, liquidation, consolidation, merger, sale of all or substantially all of its assets, transfer of partnership or membership interests (if such entity is a general partner in a limited partnership or a member in a limited liability company) or amendment of its limited partnership agreement, articles of incorporation, articles of organization, certificate of formation or operating agreement (as applicable) with respect to the matters set forth in this definition;
- (e) if such entity is a limited partnership, has and will have, as its only general partner, the Special Limited Member or Limited Special Purpose Entities that are corporations, limited partnerships or limited liability companies;
- (f) if such entity is a corporation, has at least one (1) Independent Director, and has not caused or allowed and will not cause or allow the board of directors of such entity to take any action requiring the unanimous affirmative vote of one hundred percent (100%) of the members of its board of directors unless the Independent Director shall have participated in such vote;
- (g) if such entity is a limited liability company with more than one member, has at least one (1) Independent Manager which is (i) a member that is a Limited Special Purpose Entity that is a corporation having at least one (1) Independent Director and that owns at least one hundredth of one percent (0.01%) of the equity of such limited liability company, (ii) a special purpose entity that is not a member, or (iii) a natural person;
- (h) if such entity is a limited liability company with only one member, has and will have (i) as its only member a non-managing member, (ii) at least one (1) Independent Manager and has not caused or

allowed and will not cause or allow the board of managers of such entity to take any action requiring the unanimous affirmative vote of one hundred percent (100%) of the managers unless the Independent Manager shall have participated in such vote and (iii) at least one springing member that will become the non-managing member of such entity upon the dissolution of the existing non-managing member;

- (i) if such entity is (i) a limited liability company, has a limited liability company agreement, (ii) a limited partnership, has a limited partnership agreement, or (iii) a corporation, has a certificate of incorporation or articles that, in each case, provide that such entity will not: (A) to the fullest extent permitted by law, dissolve, merge, liquidate or consolidate; (B) sell all or substantially all of its assets or the assets of the Member (as applicable); (C) engage in any other business activity, or amend its organizational documents with respect to the matters set forth in this definition without the consent of the Master Trustee (which consent may be based upon written direction of the Majority Applicable Holders); or (D) without the affirmative vote of the Independent Director or the Independent Manager, as applicable, and of all other directors or the general partner or managing or co-managing member or manager of such entity, file a bankruptcy or insolvency petition or otherwise institute insolvency proceedings with respect to itself or to any other entity in which it has a direct or indirect legal or beneficial ownership interest;
- (j) is and will remain solvent and pay its debts and liabilities (including, as applicable, shared personnel and overhead expenses) from its assets as the same shall become due, and is maintaining and will maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;
- (k) has not failed and will not fail to correct any known misunderstanding regarding the separate identity of such entity;
- (l) has maintained and will maintain its accounts, books and records separate from any other Person and will file its own tax returns unless it is a disregarded entity for federal income tax purposes, except to the extent that it is required to file consolidated tax returns by law;
 - (m) has maintained and will maintain its own records, books, resolutions and agreements;
- (n) other than as contemplated by the Master Indenture has not commingled and will not commingle its funds or assets with those of any other Person;
 - (o) has held and will hold its assets in its own name;
- (p) has conducted and will conduct its business in its name, except for services rendered under the Management Agreement so long as the manager, or equivalent thereof, under such Management Agreement holds itself out as an agent of the Member or the Obligated Group;
- (q) has maintained and will maintain its financial statements, accounting records and other entity documents separate from any other Person and has not permitted and will not permit its assets to be listed as assets on the financial statement of any other entity except as required by GAAP; provided, however, that any such consolidated financial statement shall contain a note indicating that its separate assets and liabilities are neither available to pay the debts of the consolidated entity nor constitute obligations of the consolidated entity;
- (r) has paid and will pay its own liabilities and expenses, including the salaries of its own employees, if any, out of its own funds and assets except as provided in the Master Indenture, and to the extent it has employees, has maintained and will maintain a sufficient number of employees in light of its contemplated business operations;

- (s) has observed and will observe all partnership, corporate or limited liability company formalities, as applicable;
- (t) has and will have no Indebtedness other than (i) the Indebtedness permitted hereby, (ii) liabilities incurred in the ordinary course of business relating to the ownership and operation of the Project and the routine administration of the Member including equipment leasing and financing and other short term unsecured indebtedness, in amounts not to exceed four percent (4%) of the principal balance of the Obligations which liabilities are not more than sixty (60) days past the date incurred, are not evidenced by a note and are paid when due, and which amounts are normal and reasonable under the circumstances, and (iii) such other liabilities that are permitted pursuant to the Master Indenture;
- (u) has not and will not assume or guarantee or become obligated for the debts of any other Person or hold out its credit as being available to satisfy the obligations of any other Person except as between Members of the Obligated Group as permitted pursuant to the Master Indenture;
- (v) has not and will not acquire obligations or securities of its partners, members or shareholders or any other Affiliate;
- (w) has allocated and will allocate fairly and reasonably any overhead expenses that are shared with any Affiliate, including, but not limited to, paying for shared office space and services performed by any employee of an Affiliate;
- (x) to the extent it has such items, maintains and uses and will maintain and use separate stationery, invoices and checks bearing its name. The stationery, invoices, and checks utilized by the Limited Special Purpose Entity or utilized to collect its funds or pay its expenses shall bear its own name and shall not bear the name of any other entity unless such entity is clearly designated as being the Limited Special Purpose Entity's agent;
- (y) has not pledged and will not pledge its assets for the benefit of any other Person except as permitted by the Master Indenture;
- (z) has held itself out and identified itself and will hold itself out and identify itself as a separate and distinct entity under its own name and not as a division or part of any other Person, and will not take any actions through an Affiliate except for actions taken by an Affiliate which is the Manager rendered under a Management Agreement with such Affiliate that complies with the terms contained in Subsection (aa) below, so long as the Manager, or equivalent thereof, under such Management Agreement holds itself out as an agent of the Member;
- (aa) has maintained and will maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person;
- (bb) has not made and will not make loans to any Person or hold evidence of indebtedness issued by any other Person or entity (other than cash and investment grade securities issued by an entity that is not an Affiliate of or subject to common ownership with such entity);
- (cc) has not identified and will not identify its partners, members or shareholders, or any Affiliate of any of them, as a division or part of it, and has not identified itself and shall not identify itself as a division of any other Person;
- (dd) has not entered into or been a party to, and will not enter into or be a party to, any transaction with its partners, members, shareholders or Affiliates except (A) in the ordinary course of its

business and on terms which are intrinsically fair, commercially reasonable and are no less favorable to it than would be obtained in a comparable arm's length transaction with an unrelated third party, (B) the Management Agreement, and (C) in connection with the Master Indenture;

- (ee) has not and will not have any obligation to, and will not, indemnify its partners, officers, directors or members, as the case may be, unless such an obligation is fully subordinated to the Bonds and will not constitute a claim against it in the event that cash flow in excess of the amount required to pay the Bonds is insufficient to pay such obligation;
- (ff) if such entity is a corporation, it shall consider the interests of its creditors in connection with all corporate actions;
- (gg) does not and will not have any of its obligations guaranteed by any Affiliate other than permitted among the Members as contemplated by the Master Indenture; and
- (hh) has complied and will comply with all of the terms and provisions contained in its Organizational Documents. The statement of facts contained in its Organizational Documents are true and correct and will remain true and correct.

"Maintenance Expenses" shall mean all reasonable and necessary expenses of any Member in maintaining the physical plant of any Project, Mortgaged Property or Additional Property and may include repair items that are capitalizable.

"Maintenance Expense Certification" shall mean the certification of the Group Representative described in the Master Indenture.

"Maintenance Reserve Fund" shall mean the Maintenance Reserve Fund established in Section 5.2 of the Master Indenture in accordance with the requirements of the Master Indenture.

"Majority Applicable Holders" shall mean in the case of consent or direction to be given under the Master Indenture, the Holders of the majority in aggregate principal amount of Outstanding Senior Obligations or, (i) if no Senior Obligation remains Outstanding, or (ii) if the Holders of the Outstanding Senior Obligations have so consented pursuant to a Special Senior Consent, the Holders of the majority in aggregate principal amount Outstanding of Subordinate Class A Obligations, or (iii) if no Senior Obligation and no Subordinate Class A Obligation remains Outstanding, the Holders of the majority in aggregate principal amount Outstanding of Subordinate Class B Obligations.

"Management Agreement" shall mean the management contract or contracts relating to the Projects, Mortgaged Property and Additional Property, initially, the Home Based Aircraft Management and Development Agreement, each dated September 1, 2021, between the Manager and each Member of the Obligated Group, as the same may be required to be redelivered from time to time upon a change in the Manager of any Project, Mortgaged Property or Additional Property or upon a new Project, Mortgaged Property or Additional Property being added.

"Management and Development Fees" shall mean all fees due to any Manager under the terms of the applicable Management Agreement (exclusive of expenses and out-of-pocket reimbursements constituting Operation and Maintenance Expenses), including fees related to property management, development and asset management of any Project, Mortgaged Property or Additional Property.

"Manager" shall mean, initially, with respect to all the Projects and all the Mortgaged Properties, Sky Harbour Services LLC, a Delaware limited liability company, and its successors and permitted assigns with respect to one or more of the Projects, Mortgaged Properties or Additional Properties.

"Material Adverse Effect" shall mean (a) a material adverse change in the financial condition of any Member, Project or Mortgaged Property; or (b) any event or occurrence of whatever nature which would materially and adversely change (i) any Member's ability to perform its obligations under the Related Ground Lease, the Master Indenture or any Related Financing Documents; or (ii) the Holder's or the Master Trustee's security interests in the security pledged under the Master Indenture.

"Maximum Annual Debt Service Requirements" shall mean, for any or all Indebtedness as specified as of the date of calculation, the highest annual Debt Service Requirements payable during the then current or any succeeding Fiscal Year over the remaining term of all Obligations issued under the Master Indenture (or over such shorter test period as specified for the calculations). If any calculation of Revenues Available for Debt Service as a percentage of Maximum Annual Debt Service Requirements is required to be made for any period ending between the date of incurrence of any Indebtedness to finance or refinance any construction or renovation and the completion date of such construction or renovation, the Maximum Annual Debt Service Requirements to be used for the purpose of such calculation shall be deemed equal to the sum of (a) the Maximum Annual Debt Service Requirements on all specified Indebtedness, excluding the Indebtedness or proposed Indebtedness incurred or to be incurred to finance or refinance such construction or renovation, and (b) the Debt Service Requirements on such excluded Indebtedness for the period in question. In addition, notwithstanding the foregoing, in no event shall the Maximum Annual Debt Service Requirements be calculated as including amounts paid or due on any Outstanding or contemplated Subordinate Class B Obligations or any other Indebtedness, outstanding or contemplated, which is subordinate to the Subordinate Class A Obligations.

"Member" shall mean (a) the Initial Members, the Special Limited Member, and any other Person which has become a Member in accordance with the provisions of the Master Indenture, whether or not such Person has issued any Obligations under the Master Indenture, and (b) when used in respect of any particular Obligation financing one or more Projects or other Indebtedness, shall mean the Member or each Member owning a Project or Projects financed by such Obligation thereunder.

"Membership Interest Pledge" shall mean collectively, the (i) Membership Interest Pledge and Security Agreement dated as of September 1, 2021, by the Special Limited Member for the benefit of the Master Trustee; (ii) Membership Interest Pledge and Security Agreement, dated as of September 1, 2021, by Sky Harbour Holdings LLC for the benefit of the Master Trustee; and (iii) Membership Interest Pledge and Security Agreement, dated as of September 1, 2021, by Sky Harbour LLC for the benefit of the Master Trustee.

"Moody's" means Moody's Investors Service, Inc., and its successors and assigns.

"Mortgage" shall mean a mortgage or deed of trust and an included or separate assignment of rents together with such other security documents as shall be executed to effect a security interest of the Master Trustee in a Project or Mortgaged Property.

"Mortgaged Property" shall mean any property that is not a Project but that is covered by a Mortgage.

"Nationally Recognized Rating Agency" shall mean S&P, Moody's or Fitch, or any other nationally-recognized securities rating agency.

"Net Proceeds," when used with respect to any damage, destruction, condemnation or loss of title, means the gross proceeds from any insurance relating to damage or destruction of any Project or Mortgaged Property or condemnation award with respect to any condemned Project or Mortgaged Property or realization of title insurance with respect to any deficiency or loss of title to any Project or Mortgaged Property, remaining after the payment of all expenses (including attorneys' fees and any expenses of the Master Trustee) incurred in the collection of such gross proceeds, whether paid to the Member or to the landlord under the Related Ground Lease, but in the case of amounts paid to such landlord, shall include only those amounts to be made available for replacement or repair of such Project or Mortgaged Property or for the repayment of Bonds or Indebtedness.

"Net Revenues from Additional Properties" shall mean the sum of the amount of revenues derived from the properties required to be listed on Schedule B (if any) Master Indenture from time to time after payment of all operating expenses, impositions and debt service required to be paid from such revenues prior to the owner of each such property taking any profit therefrom.

"Nonmember Affiliate" means any Person who is an Affiliate and not a Member of the Obligated Group.

"Nonpurpose Investment" shall have the meaning ascribed to such term in the Code.

"Note" shall mean any note issued under the Master Indenture by one or more Members to evidence Indebtedness incurred pursuant to the terms of the Master Indenture or to secure a Member's obligations pursuant to a Hedge.

"Noteholder" shall mean the Person in whose name the Note is registered pursuant to the Master Indenture.

"Obligated Group" shall mean all Members.

"Obligation" shall mean any Note issued under the Master Indenture and any additional form or forms of Obligations created pursuant to the Master Indenture, including any Obligation issued to secure a Hedge.

"Officer's Certificate" shall mean a certificate or report signed by an Authorized Representative of the appropriate Member of the Obligated Group. When an Officer's Certificate is required under the Master Indenture to set forth matters relating to more than one Member of the Obligated Group, such Officer's Certificate shall be signed by an Authorized Representative of the Group Representative.

"Operating Revenues" shall mean Gross Revenues derived from the operation of a Project or Mortgaged Property or Additional Property.

"Operation and Maintenance Expenses" shall mean all Maintenance Expenses and Capital Costs and reasonable and necessary expenses of any Member of operating any Project, Mortgaged Property or Additional Property, including, without limitation: (i) support function fees for all centrally provided services (including payroll and insurance), (ii) costs of goods sold with respect to fixed based operations services provided by a Member at any Project or Mortgaged Property including the cost of fuel, (iii) any expenses and out-of-pocket reimbursements due to any Manager under the terms of the applicable Management Agreement and all leasing commissions, (iv) any Management and Development Fees due to any Manager that is not an Affiliate of any Member of the Obligated Group, (v) amounts due with respect to personal property secured as permitted in the Master Indenture, (vi) Ground Lease rental payments, (vii) fees and expenses of the Master Trustee, each Bond Trustee and any issuer of Bonds, and (viii) payments

of Rebate Amount. Operation and Maintenance Expenses shall not include (a) Management and Development Fees due to any Manager that is an Affiliate of any Member of the Obligated Group, (b) depreciation charges, or adjustments for straight-line amortization of ground rental expense, amortization of purchase price allocated to below market leases, amortization of purchase price allocated to above market ground leases, bad debt expense or straight-line amortization of rental revenue, (c) amortization of principal, premium or discount and interest on Obligations or Bonds or other Indebtedness (except amounts due with respect to personal property secured as permitted in the Master Indenture), and (d) taxes on net income, taxable income, book income, net revenues, gross receipts, profits, equity, net book value, net worth or any combination thereof of such Member.

"Opinion of Bond Counsel" shall mean a written opinion of Bond Counsel.

"Opinion of Counsel" shall mean an opinion or opinions in writing, signed by legal counsel who, unless otherwise specified, may be counsel to a party to the Related Financing Documents or to a Member of the Obligated Group. As to any factual matters involved in an Opinion of Counsel, such counsel may rely, to the extent that they deem such reliance proper, upon a certificate or certificates setting forth such matters which have been signed by an official, officer, general partner or authorized representative of a particular Person.

"Organizational Documents" shall mean for any Member the organizational documents governing its creation, existence and actions, as in effect on the date in question.

"Outstanding" shall mean (a) in the case of Notes, all Notes issued, authenticated and delivered under the Master Indenture other than (i) Notes as to which all required payments of principal, premium and interest have been fully paid or have been duly provided for pursuant to the Master Indenture, and (ii) Notes surrendered to and required to be cancelled by the Master Trustee or otherwise replaced, as provided in the Master Indenture, and (b) in the case of any other Obligations, all such Obligations issued under the Master Indenture unless the Master Trustee has received from the Holder thereof a written release of all claims thereunder against the signer and all other Members.

"Permitted Encumbrances" shall mean those encumbrances enumerated in the Master Indenture.

"Person" shall mean an individual, a corporation, a partnership, an association, a limited liability company, a joint stock company, a joint venture, a trust, an unincorporated organization, a governmental unit or an agency, political subdivision or instrumentality thereof or any other group or organization of individuals.

"Prepaid Rent" shall mean any rent (less any sales or similar taxes due and payable on such rent) paid by subtenants of Members more than 30 days in advance of its due date.

"Prepaid Rent Account" shall mean the Account with such name, within the Revenue Fund, established with the Master Trustee pursuant to the Master Indenture, in accordance with the requirements of the Master Indenture.

"Proceeds" shall mean the Sale Proceeds and Investment Proceeds of the Bonds.

"Project" shall mean a facility or group of facilities for which a Member is the ground lessee or ground sublessee financed by one or more Series of Bonds.

"Projected Debt Service Coverage Ratio" shall mean, for the period of time for which it is calculated for all Obligations, the ratio determined by dividing (a) a numerator equal to the Projected

Revenues Available for Debt Service for such period by (b) a denominator equal to the sum of the Debt Service Requirements for all Indebtedness (including those for proposed Indebtedness to the extent provided in the definition of "Maximum Annual Debt Service Requirements" and using the expected amortization schedule for the proposed Indebtedness) for such period plus any amounts reasonably expected to be required to be deposited in the Debt Service Reserve Funds for all Bonds (including Bonds expected to be issued). Notwithstanding the foregoing, in no event shall the Projected Debt Service Coverage Ratio be calculated as including amounts paid or due on any Outstanding or contemplated Subordinate Class B Obligations or any other Indebtedness Outstanding or contemplated which is subordinate to the Subordinate Class A Obligations.

"Projected Revenues Available for Debt Service" shall mean "Revenues Available for Debt Service" for one or more Members, a Project or the Obligated Group, as the context requires, where the Total Revenues and expenses are projected for a future period using reasonable, consistently applied and stated assumptions including reasonable assumptions as to the revenues to be generated by the new or renovated facility which is anticipated to be financed by the proposed Indebtedness, which assumptions shall be based on leases in place at the time of financing and renewals of in-place leases at the average renewal rate over the prior 36 months.

"Projected Senior Debt Service Coverage Ratio" shall mean, for the period of time for which it is calculated for all Senior Obligations, the ratio determined by dividing (a) a numerator equal to the Projected Revenues Available for Debt Service for such period by (b) a denominator equal to the sum of the Debt Service Requirements for all Senior Obligations (including those for proposed Indebtedness to the extent provided in the definition of "Maximum Annual Debt Service Requirements" and using the expected amortization schedule for the proposed Indebtedness) for such period, plus any amounts reasonably expected to be required to be deposited in the Debt Service Reserve Funds for all Bonds secured by Senior Obligations (including any such Bonds expected to be issued).

"Qualified Distribution Notice" shall have the meaning set forth in the Master Indenture.

"Qualified Escrow" shall mean a segregated escrow fund or other similar fund or account which (a) is irrevocably established as security for Indebtedness previously incurred and then outstanding (herein referred to as "Prior Indebtedness") or for Indebtedness, if any, then to be incurred to refund outstanding Prior Indebtedness (herein referred to as "Refunding Indebtedness"), (b) is held by the holder of the Prior Indebtedness or Refunding Indebtedness secured thereby or by a trustee or agent acting on behalf of such holder and is subject to a perfected security interest in favor of such holder, trustee or agent, (c) is held in cash or invested in obligations described in subparagraph (i), (ii), (iii) or (iv) of the definition of Investment Securities, and (d) is required by the documents establishing such fund or account to be applied toward a Member's payment obligations in respect of the Prior Indebtedness, provided that, if the fund or account is funded in whole or in part with the proceeds of Refunding Indebtedness, the documents establishing the same may require specified payments of principal or interest (or both) in respect of the Refunding Indebtedness to be made from the fund or account prior to the date on which the Prior Indebtedness is repaid in full.

"Qualified Financial Institution" shall mean a bank, trust company, national banking association, insurance company, other financial services company or government or quasi-governmental agency whose unsecured long term debt obligations (in the case of a bank, trust company, national banking association, other financial services company, government or quasi-governmental agency) or whose claims paying abilities (in the case of an insurance company) are rated the equivalent of "Baa1", "BBB+" or "BBB+" or higher by at least one Nationally Recognized Rating Agency.

"Qualified Investment Provider" shall mean a financial institution or insurance company which has (or the parent company or guarantor of which has) at the date of execution of the applicable investment agreement an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated in either of the two highest long-term rating categories by at least one Nationally Recognized Rating Agency (without regard to gradations).

"Ramp-Up Reserve Requirement" shall mean an amount equal to 50% of the Maximum Annual Debt Service Requirements on all Indebtedness then Outstanding.

"Rating Agency" shall mean the rating agency or agencies rating any Obligation issued under the Master Indenture.

"Rebate Amount" has the meaning ascribed in Section 1.148-3(b) of the Regulations and generally means the excess as of any date of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments all as determined in accordance with Section 1.148-3 of the Regulations.

"Rebate Analyst" means Bond Counsel or an Independent Public Accountant or other Independent financial analyst qualified and experienced in the calculation of Rebate Payments under Section 148 of the Code, charged with calculating to Rebate Amounts and Rebate Payments with respect to a Series of Tax-Exempt Bonds.

"Rebate Fund" means the fund established with the Master Trustee pursuant to the Master Indenture, in accordance with the requirements of the Master Indenture.

"Rebate Payment" shall mean the minimum amount of rebatable arbitrage required to be paid with respect to any particular Tax Exempt Bonds on a Computation Date.

"Regulations" means the applicable Income Tax Regulations under Sections 103 and 141 through 150 of the Code and, to the extent appropriate, any predecessor statute, whether at the time proposed, temporary, final or otherwise.

"Related Bond Trustee" shall means the Bond Trustee acting as trustee with respect to a related Series of Bonds.

"Related Financing Documents" shall mean:

- (a) in the case of any Note, (i) all documents pursuant to which the proceeds of the Note (or of any debt evidenced or secured thereby) are made available to a Member, the payment obligations evidenced by the Note are created and any security for the Note (if permitted under the Master Indenture) is granted, and (ii) all documents creating any additional payment or other obligations on the part of a Member which are executed in favor of or assigned to the Noteholder in consideration of the proceeds of the Note (or of any debt evidenced or secured thereby) being loaned or otherwise made available to the Member or, if a Credit Facility has been issued in support of the Member's obligations under the Note, executed in favor of the issuer thereof or assigned thereto in consideration of such issuance;
- (b) in the case of any Indebtedness other than Notes, all documents relating thereto which are of the same nature and for the same purpose as the documents described in clause (a) above.

"Related Ground Lease" shall mean the Ground Lease related to a particular Project, Mortgaged Property or Additional Property, as the context requires.

"Related Mortgage" shall mean the Mortgage related to a particular Project or Mortgaged Property, as the context requires.

"Renewal Fund" means the Fund established with such name with the Master Trustee pursuant to the Master Indenture, in accordance with the requirements of the Master Indenture.

"Required Monthly Deposits" shall mean in any month, the sum of the following with respect to each Outstanding Note and other Outstanding Obligation: (i) a portion of the interest due on the next scheduled interest payment date with respect to the Series of Bonds or other Indebtedness secured thereby, such that if, in each subsequent month prior to the next date scheduled interest is to be paid with respect to such Note or other Obligation, an equal amount were deposited, the amount on deposit on such next scheduled interest payment date would be equal to (or as close to equal to, but not less than, as possible) the interest due with respect thereto on such date; (ii) a portion of the principal due on the next scheduled principal payment or prepayment date with respect to the Series of Bonds or other Indebtedness secured thereby, such that, if, in each subsequent month prior to the next date scheduled principal is to be paid or prepaid with respect to such Note or other Obligation, an equal amount were deposited, the amount on deposit on the next scheduled principal payment date would be equal to (or as close to equal to, but not less than, as possible) of the principal (including scheduled prepayments) and, notwithstanding the Master Indenture, excluding any termination payments due under a Hedge due on such next scheduled principal payment date; (iii) any prepayments of the Note or other Obligation required to be made in connection with any unscheduled mandatory redemption of such Series of Bonds or any optional redemption for which irrevocable notice has been sent; and (iv) any termination payments due under a Hedge. In calculating the Required Monthly Deposits, the Master Trustee shall take into account, and credit as deposited towards the Required Monthly Deposit with respect to the applicable Series of Bonds, amounts required to be credited to the Debt Service Fund held by the related Bond Trustee because of permitted reductions in the amount held in the Debt Service Reserve Fund for such Series of Bonds and may adjust for earnings and other extra amounts held in the Revenue Fund and the Debt Service Fund.

"Revenue Fund" shall mean the Fund with such name authorized to be established pursuant to the Master Indenture in accordance with the requirements of the Master Indenture.

"Revenues Available for Debt Service" shall mean, for the period of time for which it is to be calculated, the following for any one or more Members or, as the context requires, the entire Obligated Group (but excluding payments from any Hedge counterparty described in the Master Indenture): the excess of (i) the Total Revenues over (ii) all Operation and Maintenance Expenses during the period under consideration. In the event that the fiscal year of any Member ends on a date other than the last day of a Fiscal Year, the Revenues Available for Debt Service of such Member for its entire fiscal year ending within any Fiscal Year under consideration shall be deemed to be its Revenues Available for Debt Service for such Fiscal Year.

"Sale Proceeds" means all amounts already or constructively received from the sale of any Series of the Bonds, including amounts used to pay underwriter's discount or compensation.

"Scheduled Debt Service" shall mean Debt Service that consists of interest and principal due and payable without regard to unscheduled redemptions or accelerations.

"Senior Bond" shall mean any Bond secured by a Senior Obligation.

"Senior Debt Service Coverage Ratio" shall mean, for the period of time for which it is calculated for all Senior Obligations, the ratio determined by dividing (a) a numerator equal to the Revenues Available for Debt Service for such period by (b) a denominator equal to the sum of the Debt Service Requirements

with respect to the Senior Obligations for such period, plus any amounts then required to be deposited in the Debt Service Reserve Funds to meet the Debt Service Reserve Requirement for all Bonds secured by such Senior Obligations.

"Senior Notes" shall mean a Note that is a Senior Obligation.

"Senior Obligations" shall mean an Obligation that is designated as "Senior" and is, therefore, secured by the superior liens and has the preferences as to payment and rights specified in the Master Indenture with respect to Senior Obligations as compared to those of Subordinate Obligations.

"Series" shall mean the series of Bonds relating to a particular Obligation.

"Special Limited Member" shall mean Sky Harbour Capital LLC, a Delaware limited liability company, as the special limited member pursuant to the Master Indenture.

"Special Redemption Account" shall mean the special segregated Account within the Debt Service Fund, established with the Master Trustee pursuant to the Master Indenture in accordance with the requirements of the Master Indenture.

"Special Senior Consent" shall mean, with respect to any action of the Master Trustee to be taken upon the direction or consent of the Holders of Subordinate Obligations, written consent of the Holders of a majority in aggregate principal amount Outstanding of the Senior Obligations, which may be obtained in respect of rights affecting the Subordinate Obligations alone.

"Standard & Poor's" shall mean S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, and its successors and assigns.

"Subordinate Class A Bond" shall mean any Bond secured by a Subordinate Class A Obligation.

"Subordinate Class A Note" shall mean a Note that is a Subordinate Class A Obligation.

"Subordinate Class A Obligation" shall mean an Obligation that is designated as "Subordinate Class A" and, therefore, (i) is secured by liens specified in the Master Indenture which are subordinate to those of the Senior Obligations but superior to those of the Subordinate Class B Obligations and (ii) has the rights specified in the Master Indenture which are inferior and subordinate to the rights of the Senior Obligations but superior to the rights of the Subordinate Class B Obligations.

"Subordinate Class B Note" shall mean a Note that is a Subordinate Class B Obligation.

"Subordinate Class B Obligation" shall mean an Obligation that is designated as "Subordinate Class B" and, therefore, is secured by the subordinate liens and has the inferior and subordinate rights specified in the Master Indenture with respect to Subordinate Class B Obligations as compared to those of Senior Obligations and Subordinate Class A Obligations.

"Subordinate Note" shall mean a Note that is a Subordinate Obligation.

"Subordinate Obligation" shall mean an Obligation that is designated as "Subordinate" and is, therefore, secured by the subordinate liens and has the inferior and subordinate rights specified in the Master Indenture with respect to Subordinate Obligations as compared to those of Senior Obligations.

"Supplemental Indenture" shall mean an indenture supplemental to, and authorized and executed pursuant to the terms of the Master Indenture.

"Taxable Bonds" shall mean any Series of Bonds, the interest on which is includable in federal income tax under the Code

"Tax Exempt Bonds" shall mean any Series of Bonds, the interest on which is exempt from federal income tax under the Code.

"Tenant Improvement" shall mean any construction requested by subtenants to accommodate their particular work function or aesthetic needs over and above that which is provided within the base building envelope at any Member's property.

"Tenant Improvement Fund" shall mean the Fund of such name established pursuant to the Master Indenture in accordance with the requirements of the Master Indenture.

"Total Revenues" shall mean, for any Fiscal Year (or other period), the sum of the following for any one or more of the Members or, as the context requires, of the entire Obligated Group:

- (a) all amounts constituting operating revenues under generally accepted accounting principles, before deduction of operating expenses, including without limitation, gross lease rentals (but not security deposits of tenants), proceeds of business interruption insurance and interest earnings on the Funds and Accounts established under the Master Indenture, but after deduction of contractual allowances and discounts:
- (b) all amounts constituting nonoperating revenues under generally accepted accounting principles, adjusted for the period in question to exclude all income on Qualified Escrows and all unrealized gains and losses on Investment Securities (taking into account and including any corresponding interest rate swap agreements), amortization of deferred rental revenue, amortization of purchase price allocated to above market tenant leases, amortization of purchase price allocated to below market tenant leases, straight-line amortization of tenant rental revenue;
- (c) only for purposes of calculating the Debt Service Coverage Ratio under the Master Indenture, contributions to a Member by an Affiliate to be used for operations made within five (5) Business Days of the applicable test date for any fiscal quarter; and
 - (d) for the Obligated Group as a whole, Net Revenues from Additional Properties.

In the event that the fiscal year of any Member ends on a date other than the last day of a Fiscal Year, the Total Revenues of such Member during its fiscal year ending within any Fiscal Year under consideration shall be deemed to be its Total Revenues for such Fiscal Year. Any calculation for a shorter period shall make corresponding adjustments to take into account such differences in fiscal periods as necessary to permit such calculation.

"Trust Estate" shall have the meaning set forth in the Master Indenture.

"Variable Rate Indebtedness" shall mean any Indebtedness, the rate of interest on which is subject to change on a periodic basis prior to maturity; provided, however, that Indebtedness shall not be deemed to be Variable Rate Indebtedness if the rate of interest thereon is subject to change solely by reason of the occurrence of an event of default, the loss of any applicable exemption of such interest from income taxation

or any other contingency which was not reasonably expected to occur at the time of incurrence of such Indebtedness.

"Yield" means yield as determined in accordance with Section 148 of the Code and Sections 1.148-1 through 1.148-10 of the Regulations.

Pledge and Security

To secure the performance and observance of all covenants and agreements under the Master Indenture, each of the Initial Members does (and each additional Member upon becoming such shall) sell, assign, transfer, set over, pledge and grant a security interest in all of its respective right, title and interest in and to (a) the Funds and Accounts established under the Master Indenture (other than the Rebate Fund so long as the Rebate Fund is held to make Rebate Payments to the United States Treasury), including all moneys and investments therein and investment income derived from the investment thereof, (b) the Gross Revenues, (c) the Mortgages, all in favor of the Master Trustee, and (d) any and all other real or personal property of every name and nature concurrently therewith or from time to time thereafter by delivery or by writing of any nature conveyed, mortgaged, pledged, assigned or transferred as and for additional security thereunder, to have and to hold in trust for the equal and ratable benefit and security of all Obligations issued under the Master Indenture, including, without limitation, the Membership Interests Pledge, without preference or priority of any one Obligation over any other Obligation (except (i) that each and every Senior Obligation shall have priority and preference over each and every Subordinate Obligation, (ii) that each and every Subordinate Class A Obligation shall have priority and preference over each and every Subordinate Class B Obligation and (iii) as otherwise specifically provided in the Master Indenture) (collectively, the "Trust Estate").

Initial Obligations Under the Master Indenture

The initial series of Notes and other Obligations to be issued under the Master Indenture shall be listed in the First Supplemental Master Trust Indenture delivered contemporaneously with the delivery of the Master Indenture. Each such series of Notes and other Obligations may be issued upon execution of the Master Indenture and of the First Supplemental Master Trust Indenture. The Master Trustee shall authenticate and deliver each such Note and other Obligation at the written direction of the Group Representative.

Additional Indebtedness - General Provisions

Except for the initial Notes or series of Notes issued pursuant to the Master Indenture, no Member shall be permitted to incur additional Indebtedness (whether through the creation of new Indebtedness, the assumption of existing Indebtedness or the guaranteeing of any new or existing Indebtedness), except Indebtedness incurred to purchase personal property secured by a purchase money security interest as permitted in the Master Indenture unless, as of the date of such incurrence, the Master Trustee shall have received the following:

- (a) From each Member whose approval is required by its Organizational Documents (as identified to the Master Trustee by the Group Representative or in the Opinion of Counsel described in (d) below) and from the Group Representative, official actions of the Governing Person of such Member and of the Group Representative approving the incurrence of the Indebtedness and the purpose thereof.
- (b) An Officer's Certificate (i) stating that the additional Indebtedness to be incurred will be sufficient (together with other specified sources, if any) to pay for the Project (or other item or purpose) to be financed (together with a copy of the new budget or amended operating budget for the

Members for the then current year), (ii) stating that no Event of Default has occurred and is continuing, and the applicable requirements for the incurrence of the Indebtedness under the Master Indenture and under all Related Financing Documents then in effect have been satisfied, and (iii) in the case of any Indebtedness being issued to refund or refinance Indebtedness, (A) a certification to the effect that the proposed amount of Indebtedness will be sufficient to refinance the existing Indebtedness, (B) a certification to the effect that the Members have authorized the redemption of the Indebtedness to be refinanced, and (C) a copy of the form of notice of redemption with respect to any Bonds to be redeemed.

- (c) An executed counterpart or certified copy of the Supplemental Indenture, any Related Mortgage or amendment to the same, together with a Confirmation of Rating with respect to all Senior Bonds then rated and a proof of rating from each Rating Agency then rating the Bonds of any new Bonds secured by a Senior Note.
- (d) An opinion of Counsel to the effect that (i) the incurrence of the Indebtedness has been duly authorized by each Member whose approval is required, (ii) all applicable requirements for the incurrence of the Indebtedness under the Master Indenture and under the terms of any Related Financing Documents then in effect have been satisfied and (iii) all necessary approvals of all regulatory bodies having jurisdiction have been obtained with respect to the incurrence of the Indebtedness.
- (e) If any construction (including renovations involving structural changes to the renovated building) is to be financed with the proceeds of the Indebtedness, (i) an Officer's Certificate, supported by a certificate or report of an Architectural Consultant (but only if one has been retained for the Project to be financed), to the effect that the signer is not aware of any facts or circumstances which would prevent the timely application for or receipt of all approvals required to be obtained from any regulatory bodies regarding the construction to be financed, whether required to be obtained prior to the commencement of such construction, during the course thereof or upon completion thereof, and (ii) in the case of new construction (as opposed to renovation or rehabilitation of a building or structure), a true, complete and correct copy of the executed guaranteed maximum price construction contract for such construction.
- (f) (i) Except as otherwise described in (g) below, and subject to the Master Indenture, an Officer's Certificate of the Group Representative with a detailed internal report demonstrating and concluding that, (A) following incurrence of the contemplated Indebtedness, the Projected Senior Debt Service Coverage Ratio is projected or forecasted to be at least equal to 1.50 (provided that if the Senior Bonds do not then carry an Investment Grade Rating, such ratio shall be at least equal to 2.25) for each of the first three full Fiscal Years immediately following (x) in the case where the proposed Indebtedness is to finance construction (including renovations), the later of (1) the end date of the period for which all interest on the proposed Indebtedness is to be paid from amounts on deposit (hereunder or under the documents governing the Indebtedness) at the issuance of such Indebtedness (or from reasonably expected earnings on such deposited amounts) and (2) the completion of such construction (including renovations), but in no event later than the date five (5) years after the issuance of the proposed Indebtedness, or (y) if no such construction is to be financed, the issuance of the Indebtedness in question, and (B) the Senior Debt Service Coverage Ratio during the last full Fiscal Year immediately prior to the incurrence of the Indebtedness in question, was no less than 1.40 (provided that if the Senior Bonds do not then carry an Investment Grade Rating, such ratio was not less than 2.00). Notwithstanding the foregoing, the historical ratio set forth in clause (B) hereof need not be met during the period that interest on the Initial Indebtedness is being paid from amounts on deposit (hereunder or under the documents providing for the issuance of such Initial Indebtedness) at the issuance of the Initial Indebtedness (or from reasonably expected earnings on such deposited amounts).

Except as otherwise provided in the Master Indenture as described in subsection (g) below and subject to the Master Indenture, an Officer's Certificate of the Group Representative with a detailed internal report (provided that if the Senior Bonds do not then carry an Investment Grade Rating, such report shall be prepared or confirmed by an Independent Consultant) demonstrating and concluding that, (A) following incurrence of the contemplated Indebtedness, the Projected Debt Service Coverage Ratio is projected or forecasted to be at least equal to 1.25 for each of the first three full Fiscal Years immediately following (x) in the case where the proposed Indebtedness is to finance construction (including renovations), the later of (1) the end date of the period for which all interest on the proposed Indebtedness is to be paid from amounts on deposit (hereunder or under the documents governing the Indebtedness) at the issuance of such Indebtedness (or from reasonably expected earnings on such deposited amounts) and (2) the completion of such construction (including renovations), but in no event later than the date five (5) years after the issuance of the proposed Indebtedness, or (y) if no such construction is to be financed, the issuance of the Indebtedness in question, and (B) the Debt Service Coverage Ratio during the last full Fiscal Year immediately prior to the incurrence of the Indebtedness in question was no less than 1.25. Notwithstanding the foregoing, the historical ratio set forth in clause (B) hereof need not be met during the period that interest on the Initial Indebtedness is being paid from amounts on deposit (hereunder or under the documents providing for the issuance of such Initial Indebtedness) at the issuance of the Initial Indebtedness (or from reasonably expected earnings on such deposited amounts).

(g) The certificate described in paragraph (f) above shall not be required:

- (i) in the case of Indebtedness incurred to complete any construction (including renovations) for which other Indebtedness has previously been incurred, provided that the Master Trustee receives (A) an Officer's Certificate to the effect that (1) the construction to be completed is of substantially the same type and scope as was contemplated at the time of the previous incurrence, and (2) the cost of completion of the subject Project or other property does not exceed 10% of the principal amount of Indebtedness originally issued to finance such Project, and (B) an Independent Consultant's Report confirming that the proceeds of the Indebtedness to be incurred and other available moneys are sufficient to pay the estimated cost of completing such construction; provided that the foregoing Officer's Certificate and Independent Consultant's Report shall not be accepted in lieu of the requirements described in paragraph (f) above if additional financings were contemplated at the time of the previous incurrence as described in paragraph (b) above; or
- (ii) in the case of Indebtedness incurred for the purpose of refinancing, repurchasing or refunding other Indebtedness, if the Master Trustee receives (A) an official action of the Governing Person of the applicable Member, finding that such refinancing, repurchasing or refunding is in the best interests of the applicable Member and (B) an Officer's Certificate from the Group Representative demonstrating and concluding that, after giving effect to the issuance of such Indebtedness and the application of the proceeds thereof, the Maximum Annual Debt Service Requirements on all Indebtedness will not exceed the Maximum Annual Debt Service Requirements on all Indebtedness prior to such refinancing, repurchasing or refunding by more than 10%; or
- (iii) in the case of the issuance of a Credit Facility in support of any Indebtedness which is properly incurred under the Master Indenture or in the case of any drawing under such a Credit Facility to pay amounts due under the Indebtedness supported thereby; or
- (iv) in the case of any conversion of Variable Rate Indebtedness to bear interest at a fixed rate or rates or to bear interest at variable rates determined at different intervals or on the basis of a different methodology.

- (h) Unless a certificate of the Group Representative is delivered to the Master Trustee together with appraisals or a valuation report showing that the value of all Mortgaged Properties and all Projects that are subject to a mortgage or deed of trust in favor of the Master Trustee, equals or exceeds the Indebtedness secured thereby, the Master Trustee shall receive a mortgage on some or all of the property to be financed in excess of the Outstanding amount of the Indebtedness thereunder.
- (i) The Related Ground Lease and each subtenant lease shall meet the requirements set forth on Schedule C to the Master Indenture.

Variable Rate Indebtedness

For the purposes of determining the Debt Service Requirements on any Variable Rate Indebtedness (i) such Indebtedness shall be deemed to bear interest at the initial rate applicable thereto, if the determination of Debt Service Requirements is being made in connection with the incurrence thereof, and (ii) in the case of any other determination of Debt Service Requirements, such Indebtedness shall be deemed to bear interest at the weighted average rate applicable thereto for a period of twelve (12) consecutive calendar months ending not more than thirty (30) days prior to the determination (or for such portion of the 12 month period during which the Indebtedness was actually outstanding).

Interest Rate Swaps

For Indebtedness with respect to which a Member has entered into a Hedge, the interest on such Indebtedness in any period during which such Hedge is in effect shall be equal to (i) the amount of interest payable by such Member on such Indebtedness at the rate borne by such Indebtedness in accordance with its terms, plus (ii) the amount of interest payable by such Member under such Hedge at the rate stated in the Hedge, minus (iii) the amount of interest payable by such counterparty under such Hedge at the rate stated in such Hedge. The obligations of the Obligated Group under a Hedge may, at the option of the Member entering into such Hedge, be secured by a Note of a specified principal amount; provided, however, that if an Obligation is to be issued in a form other than a Note, the Supplemental Indenture for such Obligation shall include the special provisions (if any) required for issuance of such Obligation.

Security for Obligations

Obligations issued or incurred under the Master Indenture shall be secured by such liens, security interests or other similar rights and interests (hereinafter collectively referred as to as "liens") as are set forth in the Master Indenture and described below:

- (i) Obligations shall be secured by the Trust Estate, including a first, second or third lien on Gross Revenues, the first, second or third liens created by the Mortgages and the first, second or third liens created by the Master Indenture. Only Senior Obligations may be secured by a first lien. Only Subordinate Class A Obligations may be secured by a second lien. Only Subordinate Class B Obligations may be secured by a third lien.
- (ii) Upon payment or defeasance in full of any Obligation in accordance with the Master Indenture, any liens granted by a Member to secure such Obligation under the Master Indenture, shall, at the written request of the Group Representative, be released (to the extent of security for such Obligation only) by the Master Trustee, which shall reconvey or reassign to such Member, or terminate, as applicable, any corresponding security documents; provided, however, that a Member's pledge of Gross Revenues shall be released only as provided in the Master Indenture.

Ground Lease Warranties from Special Limited Member

Notwithstanding anything in the Master Indenture to the contrary, nothing therein shall be understood to prohibit or condition the delivery by the Special Limited Member of an unsecured guarantee to a lessor under a Ground Lease of a Member, guaranteeing the obligations of such Member under its Related Ground Lease.

Redemption of Notes

Notes of each series shall be subject to optional, extraordinary optional, mandatory sinking fund or extraordinary mandatory redemption in whole or in part as provided in the Master Indenture, the Notes and the applicable Supplemental Indenture. Notice of any redemption of Notes shall be given in such manner and at such time as may be specified in the Notes to be redeemed or the Supplemental Indenture applicable thereto.

Prepayment of Other Obligations

Obligations (if any) which are not evidenced by a Note shall be subject to prepayment and be prepaid as provided in the applicable Supplemental Indenture and the Obligation itself.

Obligations Created Under the Master Indenture

The Master Indenture and the Obligations created under the Master Indenture are the joint and several general obligations of each Member and the full faith and credit of each Member is pledged for the payment of all sums due or to become due under the Master Indenture or under any Obligation. To secure the performance of such Obligations, the Members sell, assign, transfer, set over and pledge unto the Master Trustee and grant a security interest in and to all the Funds and Accounts established under the Master Indenture (other than the Rebate Fund to the extent noted above), including all moneys and investments therein and all income derived from the investment thereof, and the Gross Revenues and grant the Mortgages, to have and to hold in trust for the benefit of the Holders from time to time of all Obligations issued and Outstanding under the Master Indenture, without preference or priority of any one Obligation over any other Obligation except (i) that each and every Senior Obligation shall have a preference and priority over each and every Subordinate Obligation, (ii) that each and every Subordinate Class A Obligation shall have priority and preference over each and every Subordinate Class B Obligation, and (iii) as otherwise expressly provided in the Master Indenture. In addition, the Special Limited Member has executed and delivered to the Master Trustee, the Membership Interest Pledge.

Establishment of Funds and Accounts

The Master Trustee is directed in the Master Indenture to maintain a Revenue Fund and the other Funds and Accounts described below. Each Member shall transfer all its Gross Revenues (other than amounts needed to pay Ground Lease rental payments within the then current month) on hand when such Member joins the Obligated Group to the Master Trustee for deposit to the appropriate account in the Revenue Fund, and shall direct all future Gross Revenues be paid directly or transferred, immediately upon receipt (but in any event within five (5) days of receipt) thereof, to the Master Trustee for deposit to the appropriate Account of the Revenue Fund. The Master Trustee establishes in the Master Indenture in addition to the Revenue Fund, the following Funds: the Current Operations Fund, the Tenant Improvement Fund, the Debt Service Fund, the Maintenance Reserve Fund, the Facility Surplus Fund, the Rebate Fund, the Renewal Fund and the Ramp-Up Reserve Fund. The Revenue Fund shall include a General Account, a Prepaid Rent Account. The Debt Service Fund shall consist of a Payment Account and a Special

Redemption Account. The Master Trustee shall establish separate accounts or subaccounts within each named Fund or Account for each Member if requested to do so in writing by the Group Representative.

Revenue Fund

There shall be deposited into the Revenue Fund all Gross Revenues required to be deposited therein pursuant to the Master Indenture. All such Gross Revenues other than Prepaid Rent shall be deposited in the General Account and Prepaid Rent shall be deposited in the Prepaid Rent Account. On or before the fifteenth (15th) day of each month or, if such fifteenth (15th) day is not a Business Day, the next Business Day, the Master Trustee shall withdraw and pay or transfer from the amounts on deposit in the General Account of the Revenue Fund (except as otherwise noted, without regard to which Member provided which revenues), the following amounts in the order of priority indicated; provided, however, that, to the extent of any amount remaining after the transfers required in clauses (i) to (vi), the Master Trustee shall transfer such remaining amounts as provided under the heading "Intermediate Transfers for Additional Reserves" below, prior to making any transfers otherwise required in clauses (vii) to (xii) below

- (i) pay to the respective lessors the amount needed to pay rent coming due in such month under each Ground Lease, as directed by the Group Representative;
- (ii) pay to the Master Trustee and each Bond Trustee amounts equal to all fees or expenses which are then due and payable to such Person;
- (iii) transfer to the Rebate Fund the amount necessary to make up any established deficiency in any account of the Rebate Fund;
- (iv) transfer to the appropriate account in the Current Operations Fund, an amount equal to the Operation and Maintenance Expenses (not designated by the Group Representative to be paid from the Maintenance Reserve Fund) for each Member for the current month as requested in writing by the Group Representative (exclusive of Operation and Maintenance Expenses paid pursuant to clauses (i) to (iii) above); provided, however, that the Master Trustee (1) shall not in any month deposit to the Current Operations Fund an amount to pay Operation and Maintenance Expenses of the Members which is reasonably expected to cause the projected annual Operation and Maintenance Expenses for the Members of the Obligated Group to exceed the Budgeted Operation and Maintenance Amount as set forth in the annual budget (as delivered pursuant to the Master Indenture) for the then current Fiscal Year by more than 10%; and (2) shall not pay Operation and Maintenance Expenses for the Members which exceed budgeted monthly Operation and Maintenance Expenses as approved in such budget for such month by more than 20%, unless the Group Representative certifies that such costs are consistent with normal operations and maintenance requirements;
- (v) transfer to the Debt Service Fund, an amount sufficient to make all Required Monthly Deposits and to remedy any prior deficiencies relating to previously Required Monthly Deposits not being made in full, with respect to the Senior Obligations. Amounts deposited pursuant to the Master Indenture as described in this clause shall be credited first against any previously due and unpaid Required Monthly Deposit with respect to the Senior Obligations, in order of past due date;
- (vi) transfer to the appropriate account of the Debt Service Reserve Funds established under the Related Financing Documents for each Series of Senior Bonds (or under the Master Indenture or under any Supplemental Indenture), an amount sufficient to make the balance in each such Debt Service Reserve Fund equal the Debt Service Reserve Requirement therefor;

- (vii) only after the requirements under the heading "Intermediate Transfers for Additional Reserves" below have been fully satisfied and only after the Initial Projects are substantially complete, (A) transfer to the to the Maintenance Reserve Fund an amount equal to 1/12th of the Annual Maintenance Reserve Fund Deposit and (B) transfer to the appropriate account of the Tenant Improvement Fund the amount required to fund 1/24th of the Current Estimated Tenant Improvement Requirement, unless the amounts in the Tenant Improvement Fund equal or exceed the Current Estimated Tenant Improvement Requirement;
- (viii) only after the requirements under the heading "Intermediate Transfers for Additional Reserves" below have been fully satisfied, transfer to the Debt Service Fund, an amount sufficient to make all Required Monthly Deposits and to remedy any prior deficiencies relating to previously Required Monthly Deposits not being made in full with respect to the Subordinate Class A Obligations. Amounts deposited as described in this clause shall be credited first against any previously due and unpaid Required Monthly Deposit with respect to the Subordinate Class A Obligations in order of past due date;
- (ix) only after the requirements under the heading "Intermediate Transfers for Additional Reserves" below have been fully satisfied, transfer to the appropriate account of the Debt Service Reserve Funds established under the Related Financing Documents for each Series of Subordinate Class A Bonds (under the Master Indenture or under any Supplemental Indenture), an amount sufficient to make the balance in each such Debt Service Reserve Fund equal to the Debt Service Reserve Requirement therefor;
- (x) only after the requirements under the heading "Intermediate Transfers for Additional Reserves" below have been fully satisfied, transfer to the Debt Service Fund, an amount sufficient to make all Required Monthly Deposits and to remedy any prior deficiencies relating to previously Required Monthly Deposits not made in full, with respect to Subordinate Class B Obligations. Amounts deposited pursuant to Master Indenture as described in this clause shall be credited first against any previously due and unpaid Required Monthly Deposit with respect to the Subordinate Class B Obligations in order of past due date;
- (xi) only after the requirements under the heading "Intermediate Transfers for Additional Reserves" below have been fully satisfied, pay to the Manager the amount needed to pay all Management and Development Fees due in the current month under the Management Agreement (exclusive of expenses and out-of-pocket reimbursements constituting Operation and Maintenance Expenses and Management and Development Fees due to any Manager that is not an Affiliate of any Member of the Obligated Group paid from the Current Operations Fund pursuant to clause (iv) above); and
- (xii) only after the requirements under the heading "Intermediate Transfers for Additional Reserves" below have been fully satisfied, pay to the Facility Surplus Fund, the balance, if any, of such moneys after making the payments or deposits required under clauses (i) through (xi) above.

Upon acceleration of the principal of all Senior Obligations or all Obligations pursuant to the Master Indenture, the Master Trustee shall immediately transfer all amounts in the Revenue Fund over to the Debt Service Fund.

The Group Representative shall keep an accounting of the amounts of revenues directed to or deposited by each Member in the Revenue Fund and what amounts are deposited to Members' Accounts and subaccounts and otherwise benefit each Member and what amounts are spent from each Account and

subaccount for which Members. The Group Representative shall provide the Master Trustee with any information reasonably requested by the Master Trustee to comply with the requirements in the Master Indenture.

Upon the occurrence of an Event of Default under the Master Indenture, the Master Trustee may, and shall, upon direction of the Holders of a majority in aggregate principal amount Outstanding of the Senior Obligations, or if no Senior Obligations remain Outstanding, the Subordinate Class A Obligations, make some or all of the transfers described in (ix) or (xi) above prior to making the transfer described in (iv) above.

Amounts in the Prepaid Rent Account shall be transferred pursuant to written direction from the Group Representative as the sublease rent to which they relate comes due under the related sublease (i) as needed to pay Ground Lease rentals and then (ii) to the General Account of the Revenue Fund. In addition, any monies deposited into the Prepaid Rent Account shall be applied (prior to application of the Facility Surplus Fund) to pay Ground Lease rentals to the extent other amounts are unavailable or cure any deficiency in any of the scheduled payments or deposits required to be made pursuant to the Master Indenture as described in (i), (ii), (iv), (v), (vi) or (vii) above, (but not including transfers required under the Master Indenture described in the preceding paragraph) and, upon the acceleration of the principal of all Senior Obligations, all Subordinate Class A Obligations or all Obligations Outstanding, the Master Trustee shall transfer all amounts in the Prepaid Rent Account to the Payment Account of the Debt Service Fund.

Intermediate Transfers for Additional Reserves

To the extent of the amounts remaining in the General Account on or before the fifteenth (15th) day of each month (or if such fifteenth (15th) day is not a Business Day, the next Business Day) following the transfers required in clause (i) to (vi) above, such excess amounts shall be transferred *first*, subject to the provisions under the heading "Ramp-Up Reserve Fund" below, to the Ramp-Up Reserve Fund to the extent required to make the amount therein equal to the Ramp-Up Reserve Requirement, *second*, to the Current Operations Fund to the extent required to make the amount therein equal the Budgeted Operation and Maintenance Amount of all Members (to the extent not designated by the Group Representative to be paid from the Maintenance Reserve Fund) for the next six (6) months (counting the current month as one of the months), and *third*, to the Payment Account to the extent required to make the amount therein equal to the total of the Scheduled Debt Service with respect to the Senior Obligations coming due (and not yet paid or transferred to the Bond Trustees) on or before the next January 1 or July 1, whichever comes first, (and counting as due on each such date at least half of the annual principal and sinking fund payments due on all Bonds).

Current Operations Fund; Tenant Improvement Fund

The Master Trustee shall deposit into each Member's Account in the Current Operations Fund the amounts required by the Master Indenture and shall remit any balance therein within three (3) Business Days at the written direction of the Group Representative, who shall use such amounts to pay Operation and Maintenance Expenses then due and payable for any member. Following all transfers and deposits required to be made on or before the fifteenth (15th) day of the month pursuant to the Master Indenture, any amounts held in the Current Operations Fund in excess of amounts reasonably required to meet budgeted expenses permitted and expected to be paid therefrom in the next six months shall be transferred to the Facility Surplus Fund and applied or released in accordance with the Master Indenture; in addition, any amounts in excess of amounts reasonably required to meet budgeted expenses permitted to be paid therefrom within the two months following such fifteenth (15th) day of the month, may be transferred for

the payment of Debt Service in accordance with the Master Indenture if insufficient moneys therefor are available in the Debt Service Fund.

The Master Trustee shall deposit into each Member's Account in the Tenant Improvement Fund the amounts required pursuant to the Master Indenture. The Group Representative may withdraw amounts from any of the Accounts within the Tenant Improvement Fund to pay for Tenant Improvements then due and payable for any Member.

Following all transfers and deposits required to be made on or before the fifteenth day of the month pursuant to the Master Indenture as described in the (i) through (x) of the above section "Revenue Fund," any amounts held in the Tenant Improvement Fund in excess of the Current Estimated Tenant Improvement Requirement shall be transferred to the Facility Surplus Fund and applied or released in accordance with the Master Indenture; in addition, any amounts in excess of amounts reasonably required to meet budgeted tenant improvement expenses permitted to be paid therefrom within the two months following such fifteenth day of the month, may be transferred for the payment of Debt Service in accordance with the provisions set forth in the Master Indenture if insufficient moneys therefor are available in the Debt Service Fund.

Debt Service Fund

There shall be deposited into the Payment Account of the Debt Service Fund all amounts required to be deposited therein from the Revenue Fund and any other amounts paid to or recovered by the Master Trustee for deposit in the Debt Service Fund which are not specifically required to be credited to another Account in the Debt Service Fund. Payment of Debt Service when due shall be made from amounts credited to or held in the Payment Account. Except as otherwise provided in the Master Indenture, moneys deposited in the Debt Service Fund shall be used solely for the payment of Debt Service, as the same shall become due and payable at maturity (including accelerated maturity), upon redemption or otherwise.

All amounts (other than amounts transferred to the Special Redemption Account from the Renewal Fund or credited to the Special Redemption Account in accordance with the Master Indenture) deposited into the Debt Service Fund shall be applied by the Master Trustee (without regard to source of revenues) to the payment of principal or redemption or prepayment price of and interest on all Obligations in accordance with their respective terms in the following order of priority (and in accordance with the priorities set forth in the Master Indenture): first, to payment of all Debt Service due and payable with respect to Senior Obligations without priority or preference, second, to payment of all Debt Service due and payable with respect to Subordinate Class A Obligations without preference or priority; and, third, (except as otherwise provided in the Master Indenture) to the payment of all Debt Service due and payable with respect to Subordinate Class B Obligations without priority or preference. Pending such application, all moneys and investments in the Debt Service Fund shall be held for the equal and ratable benefit of all Obligations issued and Outstanding under the Master Indenture; provided that each and every Senior Obligation issued and Outstanding under the Master Indenture shall have priority and preference over each and every Subordinate Obligation and each and every Subordinate Class B Obligation.

Any amount transferred to the Debt Service Fund from the Renewal Fund for redemption of Obligations, or held by a Bond Trustee in the redemption account established under the applicable Related Financing Documents as excess Proceeds following completion of construction or renovation or otherwise in excess of the amounts required to complete the Project to be financed by the applicable Bonds, shall be credited (but amounts held by a Bond Trustee need not be actually transferred) to the subaccount of the Special Redemption Account for the Member that owns the Project in question, to be used solely for the purpose of redeeming the Obligations related to such Bonds, in an amount equal in principal amount to the amount of Bonds to be redeemed, on the earliest date such Obligations are permitted under the Master Indenture to be redeemed without premium.

Except as otherwise specifically provided in the Master Indenture or in any Supplemental Indenture, amounts held in the Debt Service Fund may be applied to the optional prepayment of Obligations which are then optionally prepayable at the election of the Members as indicated to the Master Trustee in writing by the Group Representative. To the extent not otherwise specifically provided in the Master Indenture or in any Supplemental Indenture, any optional prepayment of any Class of Obligations shall be pro rata (or as close to pro rata as practicable) among all Obligations of such Class Outstanding unless (i) the Group Representative certifies to the Master Trustee that such distribution is not in accordance with federal tax law or other applicable restrictions or (ii) the Group Representative delivers a Confirmation of Rating with respect to all Senior Bonds then rated and certifies that the Debt Service Coverage Ratio and the Senior Debt Service Coverage Ratio following such prepayment will be at least equal to the then current Debt Service Coverage Ratio and Senior Debt Service Coverage Ratio, respectively (based on the Debt Service Coverage Ratio and the Senior Debt Service Coverage Ratio most recently calculated and delivered to the Master Trustee pursuant to the Master Indenture).

To the extent of amounts available in a Member's subaccount within the Payment Account, the Member may elect to use such amounts to purchase Bonds as permitted by the applicable Bond Indenture.

Except as otherwise provided in the Master Indenture with respect to excess or unclaimed amounts, the amounts in the Debt Service Fund shall be used solely for the payment of Debt Service, and during the continuance of an Event of Default, payment of the fees and expenses of the Master Trustee and each Bond Trustee, in accordance with the provisions of the Master Indenture.

As of any interest payment date with respect to the Bonds secured by a Subordinate Class B Note, Debt Service shall be paid for such interest payment date with respect to the Subordinate Class B Obligations (except as provided in the Master Indenture) only if the Trustee has received a Qualified Distribution Notice and, if the Trustee has not received a Qualified Distribution Notice, any amounts that would have been used for such purpose shall remain in the Debt Service Fund to be applied as otherwise provided in the Master Indenture as described above. The amounts not paid on any Subordinate Class B Obligation as described in this subsection shall remain due and owing, and the principal amount of such Obligation shall not be reduced and shall continue to bear interest in accordance with the terms of such Obligation until paid.

Maintenance Reserve Fund

The Master Trustee shall transfer to the Maintenance Reserve Fund from Gross Revenues the amounts required pursuant to the Master Indenture. All such amounts shall be deposited to the Members' subaccounts in accordance with the Group Representative's instructions. Any moneys deposited into the Maintenance Reserve Fund pursuant to the Master Indenture shall be disbursed and expended by the Master Trustee solely for the payment of (i) Debt Service in accordance with the priorities set forth in the Master Indenture if insufficient moneys therefor are available in the Debt Service Fund, and (ii) (A) Maintenance Expenses and Capital Costs designated by the Group Representative to be paid from the Maintenance Reserve Fund; and (B) provided that no Event of Default exists under the Master Indenture, other Maintenance Expenses, at the written request of the Group Representative if amounts in the Current Operations Fund are insufficient or not permitted to be used (i.e. for capitalizable repairs) to pay such Maintenance Expenses. In the event that the balance of the moneys in the Debt Service Fund is insufficient to pay Debt Service when due and payable, and prior to any transfers for such purposes from the Debt Service Reserve Fund, moneys in the Maintenance Reserve Fund shall be transferred by the Master Trustee to the Debt Service Fund for credit to the Payment Account in an amount sufficient to make up such deficiency. Moneys in the Maintenance Reserve Fund may also be used to pay the last Debt Service becoming due. The Group Representative and the Members may withdraw amounts to pay Maintenance

Expenses as provided in the Master Indenture only to the extent the Group Representative certifies to the Master Trustee that such expenditures qualify as Maintenance Expenses.

Upon the acceleration of the principal of all Senior Obligations, all Subordinate Class A Obligations or all Obligations Outstanding pursuant to the Master Indenture, the Master Trustee shall transfer all amounts in the Maintenance Reserve Fund to the Payment Account of the Debt Service Fund.

Facility Surplus Fund

Any moneys deposited into the Facility Surplus Fund shall be applied to cure any deficiency in any of the scheduled payments or deposits required to be made pursuant to the Master Indenture and, upon the acceleration of the principal of all Senior Obligations, all Subordinate Class A Obligations or all Obligations Outstanding pursuant to the Master Indenture, the Master Trustee shall transfer all amounts in the Facility Surplus Fund to the Payment Account of the Debt Service Fund.

To the extent amounts are not available to pay Maintenance Expenses as provided in the Master Indenture and upon the written request of the Group Representative (accompanied by a Maintenance Expense Certification), the Master Trustee shall cause such amounts to be paid from the Facility Surplus Fund to the extent not paid from the Current Operations Fund. To the extent amounts in the Rebate Fund are not sufficient to make any required payment to the United States Treasury on a timely basis, the Master Trustee shall cause amounts to be transferred from the Facility Surplus Fund to the Rebate Fund. To the extent amounts in either Account of the Revenue Fund are not sufficient to make rental payments under any Related Ground Lease, amounts in the Facility Surplus Fund may be used for such purpose.

Rebate Fund

The Master Trustee shall deposit or transfer to the credit of the appropriate Member Account of the Rebate Fund each amount delivered to the Master Trustee by the Members or by the applicable Bond Trustee for deposit thereto and each amount directed by the Group Representative to be transferred thereto or transferred thereto pursuant to the Master Indenture.

Within 60 days after each Computation Date, the Master Trustee shall withdraw from the applicable Member Account of the Rebate Fund and pay to the United States the Rebate Payment required in connection with such Computation Date.

Renewal Fund

Except as otherwise provided in the Master Indenture, the proceeds of any insurance (other than business interruption insurance) or condemnation award which are required to be paid to the Master Trustee pursuant to the Master Indenture and to the Related Financing Documents shall be deposited into the Renewal Fund. Amounts on deposit in the Renewal Fund shall be (i) disbursed from time to time by the Master Trustee in accordance with the Master Indenture to pay for the cost of constructing or acquiring replacement facilities for any Project or Mortgaged Property or repairing any Project or Mortgaged Property to which such proceeds relate, or (ii) transferred to the Debt Service Fund to be used in connection with a prepayment of Obligations to the extent permitted or for payment of Debt Service.

Ramp-Up Reserve Fund

Any moneys in the Ramp-Up Reserve Fund shall be disbursed and expended by the Master Trustee solely for the payment of (i) Debt Service in accordance with the priorities set forth in the Master Indenture if insufficient moneys therefor are available in the Debt Service Fund, and (ii) Operation and Maintenance

Expenses, at the written request of the Group Representative, if amounts in the Current Operations Fund are insufficient to pay such Operation and Maintenance Expenses. On the earlier of (i) the first (1st) day of the first full month after the Initial Projects are substantially complete and (ii) the date that the Senior Bonds are first assigned an Investment Grade Rating, the Master Trustee shall transfer all remaining funds on deposit in the Ramp-Up Reserve Fund, to the extent available, first, to the Current Operations Fund in the amount described under the heading "Revenue Fund - Intermediate Transfers for Additional Reserves" above, second, to the Payment Account in the amount described under the heading "Revenue Fund - Intermediate Transfers for Additional Reserves" above, third, to the Tenant Improvement Fund in an amount required for the amount on deposit in the Tenant Improvement Fund to equal to the Current Tenant Improvement Fund Requirement, and fourth, all remaining funds to the Revenue Account, and thereafter the Ramp-Up Reserve Fund shall be closed and no further transfers shall be made to the Ramp-Up Reserve Fund.

Quarterly Balances; Final Balances

After substantial completion of the Initial Projects, upon delivery to the Master Trustee by the Group Representative of a Qualified Distribution Notice for the first Business Day on or after each February 16, May 16, August 16 and November 16, and so long as there is no Event of Default continuing under the Master Indenture, all moneys in the Facility Surplus Fund not required to be transferred to any other Fund or retained therein in accordance therewith shall be remitted promptly to (or upon the direction of) the Group Representative. In addition, upon final payment of all principal and interest on the Obligations, and upon satisfaction of all claims against the Obligated Group under the Master Indenture and under the Related Financing Documents, including the payment of all fees, charges and expenses of the Master Trustee that are properly due and payable under the Master Indenture, or upon the making of adequate provision for the payment of such amounts as permitted in the Master Indenture, and upon payment and performance of all other obligations of the Member or Members under the Related Financing Documents (the "Final Release Conditions"), all moneys remaining in all Accounts of the Revenue Fund, the Debt Service Fund, the Current Operations Fund and the Facility Surplus Fund shall be remitted as directed by the Group Representative.

Payment of Principal, Premium, Interest and Other Amounts

Each Member will be jointly and severally liable for the payment of, and will duly and punctually pay, the principal of, premium, if any, and interest on all Obligations issued under the Master Indenture, and any other payments required by the terms of such Obligations, on the dates, at the times and at the place and in the manner provided in such Obligations, the applicable Supplemental Indenture and the Master Indenture when and as the same become payable, whether at maturity, upon call for redemption, by acceleration of maturity or otherwise, according to the true intent and meaning of the Master Indenture.

Representations of Members

Due Authorization of Master Indenture and Obligations. Each Member represents in the Master Indenture that: (a) it is duly authorized under the laws of the jurisdiction under which it is organized and under all other applicable provisions of law to execute and deliver the Master Indenture and to provide for the creation and issuance of Obligations under the Master Indenture as permitted by the Master Indenture; and (b) all internal official action on the part of each Member required by its Organizational Documents and by the laws of the jurisdiction under which it is organized for the execution, delivery and performance of the Master Indenture has been taken and, prior to the creation and issuance of each Obligation under the Master Indenture, all similar internal official action required for the creation and issuance of each Obligation will have been duly and effectively taken by the Member thereof.

No Defaults; Noncontravention. Each Member represents that no event of default by it or event which, with notice or lapse of time or both, would constitute an event of default by it or a default by it under any agreement or instrument to which the Member is a party or by which the Member is or may be bound or to which any of the property or assets of the Member is or may be subject, and which would have a Material Adverse Effect on the Member or which would impair its ability to carry out its obligations under the Master Indenture, under the Related Financing Documents, the Related Mortgage or under the Related Ground Lease, has occurred and is continuing; neither the execution nor the delivery by the Member of the Master Indenture or the Related Financing Documents to which it is party, nor the consummation of any of the transactions in the Master Indenture and therein contemplated nor the fulfillment of, or compliance with, the terms and provisions of the Master Indenture or thereof, will contravene the Organizational Documents of the Member or will conflict with, in any way which is material to the Member, or result in a breach of, any of the terms, conditions or provisions of, or constitute a default under, any corporate, limited liability company or limited partnership restriction or any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Member is a party or by which the Member is or may be bound or to which any of the property or assets of the Member is or may be subject, or any law or any order, rule or regulation applicable as of the date of the Master Indenture to the Member of any court, or regulatory body, administrative agency or other governmental body having jurisdiction over the Member or its properties or operations, or will result in the creation or imposition of a prohibited lien, charge or other security interest or encumbrance of any nature upon any property or asset of the Member under the terms of any such restriction, bond, debenture, note, mortgage, indenture, agreement, instrument, law, order, rule or regulation.

No Litigation. Each Member represents that, except as disclosed in writing in connection with the offering of the Bonds secured by the initial Obligations, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened, wherein an adverse decision, ruling or finding (i) would result in any Material Adverse Effect on the condition (financial or otherwise), results of operations, business or prospects of the Member or which would materially and adversely affect the properties of the Member and which has not been disclosed to the Master Trustee and the issuer or the initial purchaser of the Bonds or (ii) would materially and adversely affect the transactions contemplated by, or the validity or enforceability of, any of the Related Financing Documents.

Covenants as to Existence, Maintenance of Properties, Etc.

Under the Master Indenture, each Member covenants that it shall:

<u>Preservation of Existence</u>. except as otherwise permitted by the Master Indenture, preserve its formal legal existence and all its rights and licenses to the extent necessary or desirable in the operation of its business affairs and be qualified to do business in each jurisdiction where its ownership of property or the conduct of its business requires such qualification; provided, however, that nothing contained in the Master Indenture shall be construed to obligate it to retain or preserve any of its rights or licenses no longer used or, in the judgment of its Governing Person, useful and desirable in the conduct of its business;

Maintenance of Property. at all times cause its business to be carried on and conducted in an efficient manner and its properties to be maintained, preserved and kept in good repair, working order and condition and all needful and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing contained in the Master Indenture shall be construed to obligate it to preserve, repair, renew or replace any personal property, leases on personalty, rights, privileges or licenses no longer used or, in the reasonable judgment of its Governing Person, useful and desirable in the conduct of its business;

Compliance with Laws.

- (i) operate or cause each of its Projects to be operated as airport facilities and infrastructure qualifying under Section 142(a)(1) of the Code (but only to the extent required by the Related Financing Documents) and in compliance with the applicable Ground Lease, which facilities may include functionally related and subordinate uses, and maintain all certifications and licenses required for such use;
- (ii) comply in good faith with all laws, ordinances and regulations, including without limitation all licensure, building, zoning, safety and environmental laws, which thereafter in any manner may affect its Projects or Mortgaged Properties or the use or operation thereof; and have the right in good faith to contest or appeal from such laws, ordinances and regulations any decision adverse to the Member based thereon by appropriate proceedings diligently conducted, but all costs, fees and expenses incurred in connection with such proceedings shall be borne by the Member and *provided that* during such contest or appeal the Member complies therewith unless enforcement is stayed;
- (iii) not engage in any business other than the operation and leasing of its Projects as airport facilities and infrastructure in accordance with clause (i) above (and activities incidental thereto, including, without limitation, rental of space at its Projects and Mortgaged Properties to appropriately licensed service providers and airline service providers);

Payment of Taxes.

- (i) (A) prior to the date on which any interest or penalties shall commence to accrue thereon, cause to be paid and discharged all taxes (including but not limited to ad valorem taxes), assessments, water and sewer rents and charges and all license or permit fees, levies, and governmental charges, payments in lieu of any of the foregoing, general or special, ordinary or extraordinary, foreseen or unforeseen, of any kind and nature whatsoever, which are or may have been, or may thereafter be, charged, assessed, levied, or imposed upon or against the Member's Projects and Mortgaged Properties, or any part thereof, by any lawful authority, or which may become a lien thereon and (B) not suffer, and promptly cause to be paid and discharged, any lien or charge whatsoever which by any present or future law may be or become superior, or on a parity with or junior to, either in lien or in distribution out of the proceeds of any judicial sale, the lien of the Mortgages or the lien on the Gross Revenues of the Member created under the Master Indenture and (C) cause to be paid, when due, all charges for utilities whether public or private;
- (ii) notwithstanding the provisions described in (i) above, the Member may in good faith contest, by proper legal proceedings, the validity or amount of any such tax or charge, and may permit such tax or charge to remain unpaid during the period of such contest, provided (i) no Event of Default, or event or condition which, with the giving of notice or the passage of time or both, would constitute an Event of Default, has occurred and is continuing; (ii) the Member maintains and prosecutes with diligence such contest; (iii) the Member shall pay such contested tax or charge and all costs and penalties, if any, and shall deliver to the Master Trustee a written certificate confirming of such payment promptly if such contest is terminated or determined adversely to the Member, and in any event prior to the date any portion of the Member's Projects or Mortgaged Properties may be sold or otherwise transferred because of non-payment of the tax or charge; and (iv) the Member shall deposit with the Master Trustee during such contest cash or a surety bond in the amount of such unpaid tax or charge plus interest and penalties anticipated to accrue thereon which, notwithstanding any provision of the Master Indenture to the contrary, the Master Trustee may use, and shall use at the written direction of the Majority Applicable Holders

to pay the same prior to the date any portion of the Member's Projects or Mortgaged Properties may be sold or otherwise transferred because of non-payment of the tax or charge;

Payment of Other Debt.

- (i) promptly pay or otherwise satisfy and discharge all of its obligations and indebtedness and all demands and claims (any such obligation, indebtedness, demands and claims being "Claims") against it as and when the same become due and payable, other than any thereof (exclusive of the Obligations issued and Outstanding under the Master Indenture) whose validity, amount or collectability is being contested in good faith by appropriate proceedings as described below;
- (ii) notwithstanding the provisions described in (i) above, the Member may in good faith contest, by proper legal proceedings, the validity or amount of any such Claim as permitted in the provisions described in (i) above, and may permit such Claim to remain unpaid during the period of such contest, provided (A) no Event of Default, or event or condition which, with the giving of notice or the passage of time or both, would constitute an Event of Default, has occurred and is continuing; (B) the Member maintains and prosecutes with diligence such contest; (C) the Member shall pay such contested Claim and all costs and penalties, if any, and shall deliver to the Master Trustee a written certificate confirming such payment promptly if such contest is terminated or determined adversely to the Member, and in any event prior to the date any portion of the Member's Projects or Mortgaged Properties may be sold or otherwise transferred because of non-payment of the Claim; and (D) the Member shall deposit with the Master Trustee during such contest cash or a surety bond in the amount of such unpaid Claim plus interest and penalties anticipated to accrue thereon in amounts which, notwithstanding any provisions of the Master Indenture to the contrary, the Master Trustee may use, and shall use at the written direction of the Majority Applicable Holders to pay the same prior to the date any portion of the Member's Projects or Mortgaged Properties may be sold or otherwise transferred because of non-payment of the Claim;

<u>Compliance with Security Documents</u>. at all times comply with all terms, covenants and provisions contained in any lien or security interest at such time existing upon its properties or any part thereof or securing any of its Indebtedness and pay or cause to be paid, or to be renewed, refunded or extended, by it, all of its Indebtedness secured by a lien or security interest, as and when the same shall become due and payable.

<u>Special Purpose Entity/Separateness</u>. Until the Bonds have been indefeasibly paid in full, each Member hereby represents, warrants and covenants that:

- (i) unless it is the Special Limited Member, it should be and shall continue to be a Limited Special Purpose Entity;
- (ii) the representations, warranties and covenants described in this Section shall survive for so long as any of the Bonds remain outstanding;
- (iii) the factual assumptions made in the non consolidation opinion delivered in connection with the initial Obligations (the "Insolvency Opinion"), including, but not limited to, any exhibits attached thereto, are true and correct in all respects and any assumptions made in any subsequent non consolidation opinion required to be delivered in connection with the Master Indenture (an "Additional Insolvency Opinion"), including, but not limited to, any exhibits attached thereto, will have been and shall be true and correct in all respects. Each Member has complied and will comply with, all of the assumptions made with respect to such Member will have complied and will comply with all of the assumptions made with respect to such Member in any Additional Insolvency Opinion. Each entity other than a Member with respect to which an assumption shall be made in any Additional Insolvency

Opinion will have complied and will comply with all of the assumptions made with respect to it in any Additional Insolvency Opinion; and

(iv) it will operate only for the purpose of owning interests in and operating airport facilities and infrastructure and related facilities, both on and off airport properties.

Rate Covenant

Debt Service Coverage Ratio. The Members of the Obligated Group shall use all commercially reasonable efforts to jointly maintain a Debt Service Coverage Ratio of at least 1.25 for each applicable test period specified in the Master Indenture and described below; provided, however, that notwithstanding any other provision of the Master Indenture, the failure of the Members of the Obligated Group to maintain a Debt Service Coverage Ratio as required by the Master Indenture shall not be deemed to constitute an Event of Default under the Master Indenture, so long as (i) the Obligated Group takes all commercially reasonable action to comply with the procedures set forth in the Master Indenture for preparing and implementing a report for correcting such deficiency, and (ii) if the Debt Service Coverage Ratio tested in accordance with the Master Indenture, as of the end of any fiscal quarter is less than 1.0, the owners of the Members shall have made contributions to the Members or otherwise caused the Debt Service Coverage Ratio to be at least 1.0 within ten (10) Business Days of the applicable test date, as evidenced by a new Officer's Certificate of the Group Representative.

Testing Compliance. In order to measure compliance with the covenant set forth in the Master Indenture, the Debt Service Coverage Ratio shall be calculated (and certified as so calculated) in accordance with the requirements of the definition thereof, by the Group Representative and reported in accordance with the Master Indenture: (i) quarterly (as of the end of each quarter of the Fiscal Year commencing with the quarter ending December 31, 2024) for the twelve-month period ending on the last day of such quarter; each quarterly testing shall be performed within 60 days of the end of the applicable quarter and shall be based upon the quarterly unaudited financial reports for the immediately preceding four quarters required by the Master Indenture; provided, however, that in the first year following issuance of the initial Obligations under the Master Indenture, such testing shall be based on an annualization of the period from such issuance until the date for which the test is to be computed based upon the quarterly unaudited financial reports for the immediately preceding one, two or three quarters (as applicable) required by the Master Indenture, and (ii) annually (as of the end of each Fiscal Year commencing with the Fiscal Year ending December 31, 2024) for such Fiscal Year; each annual testing shall be performed within 120 days of the end of the Fiscal Year on the basis of the annual financial statements of the Members for such Fiscal Year required to be delivered to the Master Trustee pursuant to the Master Indenture.

<u>Failure to Maintain Debt Service Coverage Ratio</u>. If the actual Debt Service Coverage Ratio is less than 1.25 (a) as of any quarterly testing date or (b) as of the end of a Fiscal Year, then within one hundred twenty (120) days of receipt of the certification showing such deficiency, the Group Representative shall deliver to the Master Trustee and each Bond Trustee an Independent Consultant's report setting forth in detail the reasons for such deficiency and recommending a specific plan designed to achieve a Debt Service Coverage Ratio of 1.25 in the following Fiscal Year (which plan may include a recommendation that one or more Members retain a different Manager).

Reports. Whenever the Group Representative is required to deliver an Independent Consultant's report, the Group Representative shall cause such report to be prepared and shall adopt such report within the applicable time limit prescribed. Such report shall be prepared by an Independent Consultant, shall be in writing and shall contain sufficient detail to support the conclusions made concerning the reasons for the deficiency and the steps to be taken for its correction. Each such report must be acknowledged in writing by the Group Representative and each affected Member (although concurrence in every conclusion or

recommendation in the report and plan shall not be required). Each such report and plan shall be implemented immediately upon its adoption except to the extent limited by law or existing contracts and except for such recommendations (a) the implementation of which the Group Representative or an affected Member shall have determined by internal official action are unreasonable, impractical or not feasible and (b) the omission of which does not, in the reasonable judgment of the Independent Consultant, prevent the implementation of other recommendations sufficient in the aggregate to enable the Obligated Group to attain the Debt Service Coverage Ratio covenanted in the Master Indenture (i) by the end of the quarter during which the six-month anniversary of the date of implementation of the plan occurs (or such longer time as the Independent Consultant projects to be necessary). Any plan which does not meet the requirements of the preceding sentence shall within forty-five (45) days be amended to meet such requirements or be replaced with a substitute plan meeting such requirements. Copies of each such report and plan shall be sent to the Master Trustee and each Bond Trustee.

For the second consecutive Fiscal Year that the Group Representative is required pursuant to the above provisions to deliver an Independent Consultant's Report and for each consecutive Fiscal Year thereafter, the Master Trustee (if so instructed by the written direction of the Majority Applicable Holders) shall select the Independent Consultant appointed to deliver such Independent Consultant's Report

Insurance

Each Member will maintain, or cause to be maintained, insurance, in amounts and form, sufficient to cover the risk associated with its business operations, in addition to complying with requirements set forth in the Related Ground Lease. Coverage shall protect all properties of each Member and each Member and its agents, officers, employees, contractors and invitees from potential exposures that may be associated with the properties and the activities to be conducted at the properties. And, initially, each Member shall maintain or cause to be maintained at least the coverages in the amounts described Master Indenture, which coverages shall be reviewed by an Independent insurance professional every fifth Fiscal Year and shall be updated in accordance with the reasonable written recommendations of such Independent insurance professional.

All such policies of insurance required by the Master Indenture shall be issued by and maintained in responsible insurance companies, organized under the laws of one of the states of the United States or under the laws of such other jurisdiction as legally permissible and having a rating in Best's Key Rating Guide of at least "A-." All such policies shall be carried in the name of the Member or Members covered, and shall name as additional insureds the Master Trustee, and, if applicable, the lessor under any Ground Lease, the Bond Trustee for the Bonds financing or refinancing the Project and the issuer of such Bonds as their respective interests may appear. All such policies for property and casualty insurance shall contain standard mortgage clauses which provide for Net Proceeds of insurance resulting from claims per casualty thereunder to be made payable directly to the Master Trustee. The Net Proceeds of property and casualty insurance shall be applied as provided in the Master Indenture. The Net Proceeds of use and occupancy (or loss of rent) insurance required under the Master Indenture shall be applied to the extent necessary to make payments required by the Master Indenture and any additional payments required under the Master Indenture as the same become due during the period of interruption of the covered Member's operations, as estimated by the covered Member and the Group Representative. Each policy shall contain a provision that the insurer shall not cancel it without giving prior written notice to each insured named therein, at least thirty (30) days before the cancellation becomes effective. Not less than thirty (30) days prior to the expiration of any policy or any modification of the policy in a manner which would cause it to be out of compliance with the requirements of this Section (unless otherwise required by law), the Group Representative shall furnish the Master Trustee and applicable Bond Trustees a written certification that the policy has been renewed or replaced in conformity with the provisions of the Master Indenture, or that there is no necessity therefor under the terms of the Master Indenture. In lieu of separate policies, the

Obligated Group may maintain a single policy, blanket or umbrella policies, or a combination thereof, in which event the Group Representative shall deposit with the Master Trustee a certificate stating the amount of such insurance, the insurance provided, and the amount of coverage in force upon the property of each Member of the Obligated Group. The Group Representative shall promptly notify the Master Trustee and each Bond Trustee of any change in insurance for the property of the Obligated Group.

Damage, Destruction and Condemnation

In the event of any damage, destruction, condemnation, taking under the threat of condemnation or other similar action by a governmental entity requiring surrender of a Mortgaged Property (including without limitation, contractual arrangement under a Ground Lease which results in the termination at the option of the landlord under the Ground Lease or a Ground Lease for a negotiated payment to the related Member) with respect to a Project (the "Damaged Project"), or to a Mortgaged Property (the "Damaged Mortgaged Property" may be referred to in the Master Indenture as a "Damaged Property") the Member owning such Damaged Property (the "Affected Member") shall make a determination as to the amount of Net Proceeds anticipated to result therefrom and as to whether such amount is permitted by the Related Ground Lease to be paid to the Master Trustee within thirty (30) days of the occurrence of such damage, destruction, condemnation, taking or similar action.

If the Net Proceeds of any damage, destruction, condemnation or taking under the threat of condemnation with respect to the Damaged Property as determined by the Affected Member above are equal to or less than \$250,000, such Net Proceeds shall be transferred (to the extent permitted to be so transferred to the Master Trustee by the Related Ground Lease) to the Master Trustee for deposit in the Renewal Fund and shall be applied to repair, restore, modify, improve or replace the Damaged Property. To the extent the Related Ground Lease requires Net Proceeds to be held by the landlord, the Affected Member may draw such Net Proceeds only after a written requisition (containing the same information as would be required for a draw from the Renewal Fund) has been delivered to Master Trustee. The Master Trustee is directed in the Master Indenture to make payments from the Renewal Fund (or to approve draws from Net Proceeds held by the landlord under the Related Ground Lease) for such purposes or to reimburse the Affected Member for costs paid by it in connection therewith upon receipt of a requisition signed by an Authorized Representative of the Affected Member or the Group Representative (upon which the Master Trustee may conclusively rely without making any independent investigation), stating with respect to each payment to be made: (1) the requisition number, (2) the name and address of the Person to whom payment is due, (3) the amount to be paid and (4) that each obligation mentioned therein has been properly incurred, is a proper charge against the Renewal Fund and has not been the basis of any previous withdrawal, which requisition shall be accompanied by copies of bills, invoices or receipts (as appropriate) for each payment made. Any balance of the Net Proceeds (in the Renewal Fund or released or to be released by the landlord under the Related Ground Lease) remaining after the Damaged Property has been repaired, restored or replaced to a state substantially like that prior to the event of damage, destruction or taking shall be transferred to the Revenue Fund for application as a revenue in accordance with the Master Indenture.

If the Net Proceeds of any damage, destruction, condemnation or taking under the threat of condemnation with respect to the Damaged Property as determined by the Affected Member pursuant to paragraph (a) above are greater than \$250,000, such Net Proceeds shall be transferred to the Master Trustee (to the extent permitted to be so transferred to the Master Trustee by the Related Ground Lease) for deposit in the Renewal Fund, and:

(i) The Affected Member shall immediately determine (1) if (A) the repair, reconstruction, restoration or replacement of the Damaged Property or a portion thereof damaged or taken is economically feasible and permitted by the terms of the Related Ground Lease and will restore the Damaged Property to the physical and operating condition as existed before or

- (B) whether, in any event, such repair, reconstruction, restoration or replacement is the only legal or economically viable alternative under the Related Ground Lease, and (2) if the Affected Member will have sufficient funds from the Net Proceeds, business interruption insurance proceeds and other available funds to make the payments required under the Master Indenture when due, to pay the cost of repairing, reconstructing, restoring or replacing the portion of the Damaged Property affected by such loss, damage or condemnation (including without limitation Architectural Consultants' and attorneys' fees and expenses) and to pay Operation and Maintenance Expenses for such Damaged Property until completion of the repair, construction or replacement of such portion of the Damaged Property, which determination shall be reflected in a report that shall be delivered to the Master Trustee, the Bond Trustee for the Allocable Bonds financing the Damaged Property (the "Affected Bonds"), if any, and any Holder owning at least ten percent (10%) in aggregate principal amount of the Bonds, within ninety (90) days of the occurrence of such damage, destruction, condemnation or taking. If the report determines the foregoing conditions (1 and 2) are satisfied, then within ninety (90) days after delivery thereof, the Affected Member shall deliver to the Master Trustee:
 - (A) the plans and specifications, prepared by an Architectural Consultant, necessary to effect such repair, reconstruction or replacement and an executed construction contract for such work (with a copy to the Bond Trustee for the Affected Bonds, if any);
 - (B) cash in an amount equal to the funds, if any, in excess of Net Proceeds and business interruption insurance proceeds required by the report delivered under clause (i) above; and
 - (C) such other documents and information as the Master Trustee or the Bond Trustee for the Affected Bonds, if any, may reasonably require; and
 - (D) the Affected Member shall promptly proceed to repair, reconstruct and replace the affected portion of the Damaged Property, including all fixtures, furniture and equipment and effects, to its original condition to the extent possible. Each request for payment shall comply with the requirements for a construction requisition set forth in Exhibit D to the Master Indenture.
- (ii) If the Affected Member's report does not determine that the conditions are satisfied or fails to meet the requirements relating to repair or reconstruction or replacement described in clause (i) above, with respect to Net Proceeds from a Damaged Project, the Affected Member shall prepay the Obligation (or that portion of the Obligation) financing the Damaged Project and the Affected Bonds shall be redeemed as set forth in the Master Indenture and described in the second succeeding paragraph below and in accordance with the Related Financing Documents, and, with respect to Net Proceeds from a Damaged Mortgaged Property, the Master Trustee shall transfer the Net Proceeds to the Revenue Fund for application as revenues.

If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement undertaken pursuant to the Master Indenture, the Affected Member will nonetheless complete the work and will pay any cost in excess of the amount of the Net Proceeds held by the Master Trustee. Each Member agrees that if, by reason of any such insufficiency of the Net Proceeds, the Affected Member shall make any payments pursuant to the provisions of the Master Indenture, the Affected Member shall not be entitled to any reimbursement therefor from the Master Trustee, nor shall the Affected Member be entitled to any diminution of the amount payable under the Master Indenture or under the Related Financing Documents.

Under the circumstances described in paragraph (ii) above, the Obligation financing the Damaged Project, if any, shall be prepaid and the Affected Bonds, if any, redeemed in full in accordance with the Related Financing Documents and the Net Proceeds shall be transferred by the Master Trustee from the Renewal Fund to the Special Redemption Account of the Debt Service Fund for such purpose. If the Net Proceeds are insufficient to redeem such Obligation (or portion of the Obligation) as necessary to redeem the Affected Bonds in full in accordance with the Related Financing Documents, the Affected Member shall provide or cause to be provided to the Master Trustee for deposit into the Special Redemption Account of the Debt Service Fund moneys which, together with the Net Proceeds, will be sufficient to redeem the Affected Bonds in accordance with the Related Financing Documents. In the event that the Affected Member has completed any repair, reconstruction or replacement of the Damaged Property after the occurrence of any damage, destruction or condemnation or has redeemed the Affected Bonds in accordance with the requirements of the Master Indenture, and there are excess Net Proceeds, such excess shall be transferred by the Master Trustee to the Revenue Fund for application as revenues. The foregoing notwithstanding, the failure to provide sufficient money to redeem the Affected Bonds shall not be considered an Event of Default so long as the Obligated Group delivers the items set forth in the Master Indenture as if the Damages Property were being sold.

The occurrence of a casualty to or condemnation of any Project or Mortgaged Property or any portion thereof shall not entitle the Obligated Group to any abatement, postponement or reduction in the amounts payable under the Master Indenture or under the Related Financing Documents and each Member waives, to the extent permitted by law, the benefits and provisions of all laws and rights which, by reason of such casualty or condemnation, might relieve the Member from any of such obligations.

The Members and the Master Trustee acknowledge that the amount of Net Proceeds available to the Members and the Master Trustee may be limited by the terms of the applicable Ground Leases.

Permitted Encumbrances

No Member will create or suffer to be created or exist upon any property now owned or thereafter acquired by it any mortgage or other lien, security interest or other similar right or interest, servitude, easement, right-of-way, license, encumbrance, irregularity or defect in title, cloud on title, restriction, reservation or covenant running with the land, other than liens to secure the Obligations as required or permitted in the Master Indenture and Permitted Encumbrances. For the purposes of the Master Indenture, Permitted Encumbrances shall include the following:

- (i) liens arising by reason of good faith deposits with any Member in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Member to secure public or statutory obligations, or to secure or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of ground rent under any Ground Lease, taxes or assessments or other similar charges;
- (ii) any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Member to participate in any funds established to cover any insurance risks or in connection with worker's compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for institutions participating in such arrangements;
 - (iii) any judgment lien against any Member permitted by the Master Indenture;

- (iv) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any property, to (i) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of such property for its intended purpose or materially and adversely affect the value thereof, or (ii) purchase, condemn, appropriate or recapture, or designate a purchaser of such property;
- (v) any liens on any property for taxes, assessments, levies, fees, water and sewer rents, other governmental and similar charges and payments in lieu of any of the foregoing, and any liens of mechanics, materialmen and laborers for work or services performed or materials furnished in connection with such property (i) which are not due and payable or are not delinquent, or (ii) the amount or validity of which are being contested in accordance with the requirements of the Master Indenture;
- (vi) any lease which, in the judgment of the Member whose property is subject thereto, is reasonably necessary or appropriate for or incidental to the proper and economical operation of such property, taking into account the nature and terms of the lease and the nature and purposes of the property subject thereto;
- (vii) utility, access and other easements, rights-of-way, restrictions and other minor defects, encumbrances, and irregularities in the title to any property which do not materially impair the use of such property for its intended purpose or materially and adversely affect the value thereof;
- (viii) rights reserved to or vested in any municipality or public authority to control or regulate any property or to use such property in any manner, which rights have not been violated and do not materially impair the use of such property for its intended purposes or materially and adversely affect the value thereof;
- (ix) any lien or security interest described in <u>Exhibit B</u> to the Master Indenture which is existing on the date of the Master Indenture, provided that no lien or security interest so described or the indebtedness secured thereby may be extended or renewed (which terms shall not apply to the filing of any continuation statements under the Uniform Commercial Code) or modified to spread to any property not subject to such lien or security interest on the date of the Master Indenture, except to the extent that such lien or security interest, as so extended, renewed or modified could have been granted or created under any provision of the Master Indenture;
- (x) with respect to any property in which the Master Trustee has a security interest for the benefit of the Holders, any lien that is of inferior rank and priority to all liens granted in favor of the Master Trustee for the benefit of the Holders;
- (xi) any lien in favor of the provider of a Credit Facility supporting payment of any Obligation which would be required or permitted to secure the Obligation to which the Credit Facility relates:
- (xii) any lien on accounts receivable granted in favor of the transferee thereof in connection with a transfer permitted by the Master Indenture;
- (xiii) any purchase money security interest for equipment and other assets acquired by a Member in the ordinary course of business in accordance with the Master Indenture;
- (xiv) encumbrances arising directly from the establishment, as security for Indebtedness, of (i) Qualified Escrows, (ii) construction funds or other similar funds established to pay the costs of projects being financed by the Indebtedness secured thereby, (iii) debt service funds or other similar

funds established to accumulate funds to pay the principal or redemption price of and interest on the Indebtedness secured thereby, (iv) depreciation reserve funds or other similar funds established to provide a proper matching between Revenues Available for Debt Service and Debt Service Requirements, and (v) debt service reserve funds, renewal and replacement funds or other reasonably required reserve funds; provided that, in each case, the Master Trustee shall have received an Officer's Certificate certifying that establishment of the fund or account and any obligation of a Member to make deposits therein are upon commercially reasonable terms consistent with prevailing market conditions at the time the fund or account is established. If any such fund or account is established in accordance with the foregoing, the holder of the Indebtedness secured thereby shall be entitled to a first lien thereon and may exercise such rights and remedies with respect thereto as are available under applicable law and the terms of the Related Financing Documents;

- (xv) any Ground Lease and any extension, renewal, modification or replacement of the same; and
- (xvi) any lien consented to by the Master Trustee as not adversely affecting any Holder or following consent of the Majority Applicable Holders to the same.

Sale, Lease or Other Disposition of Assets

Each Member shall be permitted to transfer assets to other Members without limitation under the Master Indenture, but may not transfer assets to any other Person, unless:

- (i) the transfer is permitted under the provisions of the Master Indenture regarding consolidation, merger, sale or conveyance;
- (ii) the transfer involves only property (including, without limitation, cash and cash equivalents used to pay for Operating and Maintenance Expenses) which is retired, replaced or otherwise disposed of in the ordinary course of business, including but not limited to property which has become or is reasonably expected to become, within twenty-four (24) months, inadequate, obsolete or unnecessary;
- (iii) the transfer involves only cash and investments (i) excluded from Gross Revenues or (ii) being distributed or paid to the Members (or their owners) from the Facility Surplus Fund in accordance with the Master Indenture;
- (iv) the transfer (i) involves (A) cash, investments or accounts receivable (whether made with or without recourse for uncollectible accounts), (B) contract rights or (C) any other property (including real property, fixtures and tangible personal property) from the ownership or operation of which no Operating Revenues are or have been received during the preceding twelve months and (ii) is made for fair consideration;
- (v) the transfer consists of relinquishing a Ground Lease for a Ground Lease on the same Project, Mortgaged Property or Additional Property consented to by the Master Trustee in accordance with the provisions of the Master Indenture; or
- (vi) the transfer is in connection with the posting of collateral under a Note securing a Hedge in accordance with the terms of the Hedge; and
 - (vii) in all other cases:

- (i) the Master Trustee receives an Officer's Certificate certifying either (or both) of the following: (A) if less than all Allocable Bonds are to be redeemed, or if there are no Allocable Bonds, how much, if any, of each Obligation will need to be redeemed, refinanced or defeased as necessary in order to maintain a Senior Debt Service Coverage Ratio for the twelve month period following such redemption or defeasement which equals or exceeds 1.50 (provided that if the Senior Bonds do not then carry an Investment Grade Rating, such ratio shall be at least equal to 2.25) and Debt Service Coverage Ratio for the next twelve month period which equals or exceeds 1.25; or (B) if all Allocable Bonds are to be redeemed or defeased, that the Senior Debt Service Coverage Ratio for the twelve month period following such redemption or defeasance will equal or exceed 1.40 (provided that if the Senior Bonds do not then carry an Investment Grade Rating, such ratio shall be at least equal to 2.00) and the Debt Service Coverage Ratio for such twelve month period will equal or exceed 1.25;
- (ii) the Obligated Group within sixty (60) days causes the Allocable Bonds to be redeemed, refinanced or defeased in at least the amounts, if any, certified to in (i) above;
- (iii) if the asset is a Project or portion thereof, the Master Trustee receives an Opinion of Bond Counsel to the effect that the exclusion of interest on the related Tax-Exempt Bonds from gross income for federal income purposes will not be adversely affected by such disposition and that all state law requirements arising from the repayment of the Bonds to be redeemed have been fulfilled; and
- (iv) a Confirmation of Rating with respect to all Senior Bonds then rated is first obtained.

Consolidation, Merger, Sale or Conveyance

No Member will merge or consolidate with or sell or convey all or substantially all of its assets to any Person not a Member of the Obligated Group unless such transaction will involve a release of the affected Member pursuant to the provisions of the Master Indenture from the Obligated Group and will meet the requirements of the Master Indenture for the sale, lease or disposition of assets (see "Sale, Lease or Other Disposition of Assets" above) or:

- (i) it first complies with the applicable requirements of the Related Financing Documents and the Related Ground Lease for each Project, Mortgaged Property and Additional Property affected;
- (ii) the entity formed by such consolidation or into which the Member is merged or the Person which acquires by conveyance or transfer the properties and assets of the Member substantially as an entirety shall be an entity organized and existing under the laws of the United States of America or any state or the District of Columbia, and shall expressly assume, by an amendment to the Master Indenture, executed and delivered to the Master Trustee, the due and punctual payment of the amounts which may become due under the Master Indenture and the due and punctual performance and observance of every covenant and condition of the Master Indenture, and of the Related Financing Documents and the Related Ground Lease for each Project, Mortgaged Property and Additional Property affected, on the part of the Member to be performed or observed;
- (iii) the Master Trustee shall receive an Opinion of Counsel addressed to the Master Trustee to the effect that (i) any such consolidation, merger, sale, or conveyance, and any such assumption, complies with the provisions of the Master Indenture and (ii) any necessary

Supplemental Indenture and amendments to financing statements and Related Financing Documents under the Uniform Commercial Code or such other applicable law necessary to maintain perfection of the security interests of the Master Indenture and the applicable Mortgage have been filed;

- (iv) the Master Trustee shall receive an Opinion of Bond Counsel in form and substance satisfactory to the Master Trustee to the effect that any such consolidation, merger, sale or conveyance and any such assumption, shall not adversely affect the exclusion of interest on the related Bonds from the gross income of the holders thereof under the Code;
- (v) the Member shall have given written notice to the Master Trustee and each Holder at least fifteen (15) days prior to such merger or consolidation, sale or conveyance;
- (vi) the net worth of the surviving, resulting or transferee entity immediately following the merger, consolidation or transfer is equal to or greater than the net worth of the Member immediately preceding the merger, consolidation or transfer, as evidenced by the certificate of an Independent Public Accountant, or by an Officer's Certificate of the Member in the case of a transfer where the transferee and transferor have no liabilities other than those relating to the Obligations (and to the properties being transferred);
- (vii) any litigation or investigations in which the surviving, resulting or transferee entity or its officers and directors or partners are involved, and any court, administrative or other orders to which the surviving, resulting or transferee entity or its officer and directors or partners are subject, relate to matters arising in the ordinary course of business;
- (viii) after the merger, consolidation or transfer, the affected Projects, Mortgaged Properties and Additional Properties shall continue to be operated as required by the Related Financing Documents and the Related Ground Leases;
- (ix) the Member or such successor entity, as the case may be, immediately after such merger or consolidation, or such sale or conveyance, would not be in default in the performance or observance of any covenant or condition under the Master Indenture, under any of the Related Financing Documents or the Related Ground Lease of any affected Project or Mortgaged Property or Additional Property;
- (x) a Confirmation of Rating with respect to all Senior Bonds then rated is first obtained; and
- (xi) any necessary amendments to financing statements under the Uniform Commercial Code or such other applicable law necessary to maintain perfection of the security interests of the Master Indenture and the applicable Mortgage shall be filed.

Any entity which succeeds to and assumes the obligations of a Member pursuant to the Master Indenture shall be required to execute and deliver to the Master Trustee such documents and instruments as are, in the Opinion of Counsel, necessary or appropriate for the purpose of effectuating such succession and assumption. Thereafter, the successor entity shall be deemed a Member for all purposes under the Master Indenture. The Master Trustee shall receive an Opinion of Counsel to the effect that the Master Indenture is enforceable against the new Member. In such case and as a condition to any such merger, conveyance or transfer, the successor entity shall assume the Related Financing Documents, the Related Ground Lease, the Related Mortgage and all liability under the Master Indenture and the outgoing Member shall be released from all liability under the Master Indenture.

Books and Records, Filing of Financial Statements, Certificate of No Default, Other Information, Notice of EMMA Filings

Each Member shall keep proper books of record and account, in which full and correct entries shall be made of all dealings or transactions of or in relation to the properties, business and affairs of the Member in accordance with generally accepted accounting principles.

As soon as practicable but in no event later than 120 days after the end of each Fiscal Year, the Group Representative shall file with the Master Trustee, each Rating Agency and any other party required by the terms of any applicable financing (including, without limitation, any regulatory body), (i) financial statements of the Members on (as the Group Representative shall determine in its reasonable discretion) an individual or consolidated basis for some or all of the Members for such Fiscal Year, in each case prepared in accordance with generally accepted accounting principles and examined and reported on by an Independent Public Accountant, provided that if such audited financial statements are unavailable at such time, the Members shall provide unaudited financial statements for such period and thereafter will provide audited financial statements if and when they become available, (ii) an Officer's Certificate and a certificate of an Independent Public Accountant stating whether, to the best knowledge of the signers, the Obligated Group is in default in the performance of any covenant contained in the Master Indenture and, if so, specifying each such default of which the signers may have knowledge, (iii) the items required by the Master Indenture with respect to the Debt Service Coverage Ratio and the Senior Debt Service Coverage Ratio, and (iv) a written certificate to the effect that the insurance required by the Master Indenture remains in effect.

No later than 60 days after the end of each fiscal quarter, commencing with the fiscal quarter ending December 31, 2021, the Group Representative shall file with the parties named above (i) unaudited financial information of the Obligated Group for such preceding fiscal quarter, on a consolidated basis, including a combined statement of operations prepared on a budget comparative basis for such fiscal quarter and Fiscal Year to date, a combined statement of financial position, a combined statement of cash flows and a combined statement of changes in Members' equity; (ii) an occupancy report for each Member, (iii) subleasing and rental information for each Project, Mortgaged Property and Additional Property of the type contained under the respective subheadings regarding tenant leases and LOIs under the heading "THE FACILITIES" in the Official Statement; and (iv) debt service coverage calculations required by the Master Indenture.

If an Event of Default shall have occurred and be continuing, each Member shall (i) file with the Master Trustee such other financial statements and information concerning the operations and financial affairs of such Member (or of any consolidated group of companies of which such Member is a member) as the Master Trustee may from time to time reasonably request, and (ii) provide access to the facilities of such Member for the purpose of inspection by the Master Trustee (or its agents or representatives) during regular business hours or at such other times as the Master Trustee may reasonably request.

At least thirty (30) days prior to the start of each Fiscal Year, the Group Representative shall file a copy with the Master Trustee of a consolidated annual cash budget for the operations of the Members of the Obligated Group for such Fiscal Year of all of the facilities owned by the Members, including the Budgeted Operation and Maintenance Amount and Current Estimated Tenant Improvement Requirement for the Members (looking forward to the next two Fiscal Years), and any amendments to such budget, or Current Estimated Tenant Improvement Requirement within thirty (30) days of approval by the Members; and

Promptly upon its receipt by any Member or the Group Representative from the Internal Revenue Service as to an audit of the tax-exempt status of any Tax-Exempt Bonds, or from the Securities Exchange

Commission concerning any disclosure relating to any Bonds, the Group Representative shall file a copy of the same with the Master Trustee.

The Group Representative or the applicable Member, shall deliver to the Master Trustee prompt written notice of any litigation or regulatory or other proceeding or investigation in which any Member is a party if such litigation, proceeding or investigation, if decided against the Member, would have a Material Adverse Effect, and, to the extent feasible, the status of the Member's defense of such claim or proceeding.

Immediately upon becoming aware of the existence of any condition or event which constitutes a default or an Event of Default under the Master Indenture or an event of default under the Related Financing Documents or the Ground Leases or an Act of Bankruptcy, each Member will cause the Group Representative to deliver to the Master Trustee a written notice specifying the nature and period of existence thereof and what action the Obligated Group is taking or proposes to take with respect thereto.

Promptly upon any change in the properties producing Net Revenues from Additional Properties, a new <u>Schedule B</u> to the Master Indenture, and promptly upon any change or new information that would make the information on any other Schedule untrue, the Group Representative shall deliver to the Master Trustee an appropriately revised version of such Schedule containing the corrected and updated information.

Prior to any new Member joining the Obligated Group, the Group Representative shall deliver to the Master Trustee the items required above with respect to the new Member, to the extent the same are available or can reasonably be made available.

On or before the Business Day prior to each January 1 and July 1, the Group Representative shall provide to the Master Trustee and the Bond Trustees the recalculated Debt Service Reserve Requirement calculated in accordance with the definition thereof as of the next January 1 or July 1, as applicable. The Group Representative shall certify that the amounts specified were calculated in accordance with the requirements of the Master Indenture.

The Debt Service Coverage Ratio, Senior Debt Service Coverage Ratio and Projected Debt Service Coverage Ratio and Projected Senior Debt Service Coverage Ratio shall be calculated in accordance with the requirements of the respective definition thereof, by the Group Representative: (i) quarterly (as of the end of each quarter of the Fiscal Year commencing with the quarter ending December 31, 2024) for the twelve-month period ending on the last day of such quarter; each quarterly testing shall be performed within 60 days of the end of the applicable quarter and shall be based upon the quarterly unaudited financial reports for the immediately preceding four quarters required by the Master Indenture; provided, however, that in the first year following issuance of the initial Obligations under the Master Indenture, such testing shall be based on an annualization of the period from such issuance until the date for which the test is to be computed based upon the quarterly unaudited financial reports for the immediately preceding one, two or three quarters (as applicable) required by the Master Indenture, and (ii) annually (as of the end of each Fiscal Year commencing with the Fiscal Year ending December 31, 2024) for such Fiscal Year; each annual testing shall be performed within 120 days of the end of such Fiscal Year on the basis of the annual financial statements of the Members for such Fiscal Year required to be delivered pursuant to the Master Indenture.

The Group Representative shall cause to be delivered to the Master Trustee on behalf of each Member the items required to be delivered pursuant to the Related Financing Documents to the Holders and bondholders.

The Group Representative shall deliver to the Master Trustee all filings with the Municipal Securities Rulemaking Board (whether or not such filing has occurred via the Electronic Municipal Market

Access at <u>www.emma.msrb.org</u>), not later than five (5) days following the day the filing is made with the Municipal Securities Rulemaking Board.

The Group Representative may deliver to the Master Trustee for implementation on the first Business Day on or after each February 16, May 16, August 16 and November 16, a notice (a "Qualified Distribution Notice") in which the Group Representative shall certify as follows:

- (i) certify that no Event of Default has occurred and is continuing under the Master Indenture; and
- (ii) certify that all requirements that must be satisfied before amounts may be transferred to the Facility Surplus Fund for the immediately prior month have been so satisfied; and

(iii) either:

(A) certify and provide copies of the Senior Debt Service Coverage Ratio most recently required to be delivered pursuant to the Master Indenture demonstrating that such Senior Debt Service Coverage Ratio equals or exceeds 1.30 (provided that if the Senior Bonds do not then carry an Investment Grade Rating, such ratio equals or exceeds 1.75); and certify and provide copies of the Projected Senior Debt Service Coverage Ratio most recently required to be delivered pursuant to the Master Indenture demonstrating that such Projected Senior Debt Service Coverage Ratio equals or exceeds 1.30 (provided that if the Senior Bonds do not then carry an Investment Grade Rating, such ratio equals or exceeds 1.75); or

(B) provide a Qualified Distribution Notice requesting a distribution of less than all of the amounts on deposit in the Facility Surplus Fund, and certify that the amount on deposit in the Facility Surplus Fund immediately following the requested distribution will not be less than 250% of the Maximum Annual Debt Service Requirements on all Indebtedness then Outstanding; and certify that the ratio of (x) Revenues Available for Debt Service for the immediately preceding twelve full consecutive calendar months, to (y) the sum of all fees payable to the Manager pursuant to clause (xi) under the heading "Revenue Fund" above, during the immediately preceding twelve full consecutive calendar months, plus Maximum Annual Debt Service Requirements on all Indebtedness then Outstanding, equals or exceeds 1.00.

Within 120 days of the end of each fifth Fiscal Year of the issuance of the first Obligation under the Master Indenture, the Group Representative shall deliver to the Master Trustee a report of an independent real estate consultant concerning the appropriate size of the Annual Maintenance Reserve Fund Deposit and a certificate of the Group Representative setting forth the per square foot amount to be deposited until the next adjustment required or permitted thereunder, all as required by the Master Indenture.

Compliance with Related Financing Documents and Related Ground Leases

Nothing contained in the Master Indenture shall be construed as relieving any Member of any of its obligations under the terms of any Related Financing Documents or Related Ground Leases. Without limiting the generality of the foregoing, the Members shall not take or cause or permit to be taken any action permitted pursuant to the terms of the Master Indenture except upon compliance with such additional requirements as may be applicable thereto under the terms of such Related Financing Documents or Related Ground Leases including, without limitation, the requirements designed to assure that the exclusion of interest on any Tax Exempt Bond from the gross income of the holders thereof for federal income tax purposes is not adversely affected.

Each Member shall timely direct the Master Trustee to pay all rent due and owing under the Related Ground Lease from Gross Revenues held under the Master Indenture (which shall be released by the Master Trustee, first from the Prepaid Rent Account, second from the General Account of the Revenue Fund, third from the Facility Surplus Fund, and fourth from the Current Operations Fund).

Subordination of Certain Payments

Each Member agrees to subordinate distributions to owners of the Member and all other expenses that are not included in Operation and Maintenance Expenses to payment of principal and interest on the Senior Obligations and the Subordinate Class A Obligations, all other payments under the Master Indenture and all lease payments under the Ground Leases.

Management Agreement

The initial Manager for the Projects and the Mortgaged Properties shall be Sky Harbour Services LLC, pursuant to the Management Agreements. Any amendment or termination of any Management Agreement shall be approved by the Master Trustee (at the written direction of the Majority Applicable Holders); *provided, however*, that no such approval will be required when (i) such termination is due to a default by the Manager under such agreement and (ii) (A) such amendment is merely an extension of the term thereof (which does not otherwise materially increase the Manager's rights or decrease the Manager's rights or decrease the Manager's obligations under such agreement, or (C) changes the fees paid to the Manager so long as such fees meet the requirements as described below.

Any or all of the Management Agreements may be assigned to and assumed by a new management company without approval of the Master Trustee, any Holder or any holder of the Bonds, provided that at the time of such assignment and assumption (i) the new management company manages at least 200,000 square feet of aircraft storage or fixed base operation facilities and (ii) the new management company's senior management personnel have at least three (3) years of experience in managing aircraft storage or fixed base operation facilities.

Any or all of the Management Agreements may be replaced with a new management agreement entered into with a new management company without approval of the Master Trustee, any Holder or any holder of the Bonds and a management agreement with a management company may be entered into with respect to any new Project, Mortgaged Property or Additional Property, provided, in any of the cases, that at the time of execution of such new management agreement, (i) the new management company manages at least 200,000 square feet of aircraft storage or fixed base operation, (ii) the new management company certifies that such management company's senior management personnel has at least three (3) years of experience in managing aircraft storage or fixed base operation facilities, (iii) the new management company certifies that such management company's duties, rights and obligations under the new management contract are substantially similar to the Manager's duties, rights and obligations under the initial Management Agreement and (iv) the fees contained in the new management agreement are not at a rate as a percentage of gross receipts for the applicable Project, Mortgaged Property or Additional Property that is materially greater than the fees set forth in the initial Management Agreement; provided, however, that the fee rates may be higher so long as they represent a market rate, as so certified to by the Group Representative.

Except in the case of revisions, amendments and contracts not requiring Master Trustee consent or approval, notwithstanding any other provision of the Master Indenture, no revisions or amendments to any existing management agreement at a Project which materially increase the Manager's rights or extend the Management Agreement beyond the term of the Related Ground Lease, and no new management agreement

shall be effective unless and until there is first delivered to the Master Trustee and each affected Bond Trustee an Opinion of Bond Counsel to the effect that such revisions, amendments or new agreement will not cause interest on the related Tax Exempt Bonds to be includable in the gross income of the holders thereof.

Nothing in the Master Indenture shall be understood to require that all Projects and Mortgaged Properties be under common management or that as a new Project, Mortgaged Property or Additional Property is financed or pledged under the Master Indenture that such Project, Mortgaged Property or Additional Property must be managed by any then current Manager, including, without limitation, the initial Manager.

Additional Collateral

The Members shall pledge such additional collateral to secure a particular Series of Bonds or other indebtedness evidenced by an Obligation as shall be required pursuant to the Related Financing Documents including any amounts in the construction fund or Project or similar fund and the Debt Service Reserve Fund for a Series of Bonds.

In addition, the Master Trustee may (under the written direction of the Holders of a majority in aggregate principal amount Outstanding of Obligations), in connection with the issuance of Additional Obligations or in connection with any testing of a financial covenant under the Master Indenture, reasonably require a pledge of such additional collateral as reasonably necessary in order to assure such Member and the Obligated Group meet the financial covenants set forth in the Master Indenture. Such additional collateral may include, without limitation, one or more Mortgaged Properties and the revenues therefrom, Net Revenues Available from Additional Properties, and other revenues available from properties for which no Mortgage is provided.

No Additional Property shall be removed from <u>Schedule B</u> to the Master Indenture without a Confirmation of Rating with respect to all Senior Bonds then rated. On any date an Additional Property is added to or removed from <u>Schedule B</u> to the Master Indenture, a new <u>Schedule B</u> to the Master Indenture shall be concurrently delivered to the Master Trustee and the Rating Agency by the Group Representative.

Environmental Matters

- (i) No Member has any actual knowledge of any claim nor has any such Member received any notice of any claim, and no proceeding has been instituted raising any claim against any such Member or any of the real property or other assets now or formerly owned, leased or operated by it, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to the Master Trustee in writing:
- (ii) no Member has any actual knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real property now or formerly owned, leased or operated by any Member or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;
- (iii) no Member has stored any Hazardous Materials on real property now or formerly owned, leased or operated by it nor has it disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(iv) all buildings on all real property now owned, leased or operated by each Member are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

Subtenants under Ground Leases

Under the Master Indenture, each Member of the Obligated Group will at all times use its best efforts to (i) retain tenants in space leased by such Member and (ii) optimize the economic performance of space leased by such Member.

No Member of the Obligated Group will at any time induce (or permit a Nonmember Affiliate to induce) any tenant occupying space leased by such Member through incentives, including, but not limited to, below market rental rates, to transfer to any space leased by a Nonmember Affiliate, provided, however, that the Master Indenture does not prevent a Nonmember Affiliate from responding to the request of a tenant of any Member for a quote of market rental rates relating to available space leased by such Nonmember Affiliate in order to meet the stated business and operational needs and objectives of such tenant or prevent such Nonmember Affiliate from entering into a lease based on the market rental rates if the transaction is otherwise permitted by the Master Indenture. No Member will permit any termination of a tenant lease in advance of its stated expiration unless it receives compensation equal to the forgone Gross Revenues during the term of the terminated lease which compensation may be either paid consistently with the payment terms of the lease or paid up front based on a present value calculation.

Events of Default

"Event of Default", as used in the Master Indenture, shall mean any of the following, unless in each case cured within any applicable grace period by a Member and/or the Obligated Group, whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

- (i) (A) if the Members of the Obligated Group shall fail to make any payment of principal, redemption price or interest when due under the terms of any Senior Obligation or any Subordinate Class A Obligation and either (I) such failure continues to exist upon the expiration of any applicable grace period or (II) such failure is a result of a technical error or the manifest error of the Master Trustee and continues for a period of three (3) Business Days after the expiration of any applicable grace period; or
- (B) if the Members of the Obligated Group shall fail to make any payment of principal, redemption price or interest due under the terms of any Subordinate Class B Obligation by the first July 1 following the date on which such amount first becomes due. Moreover, notwithstanding anything in the clause above to the contrary, so long as the failure to make payment of principal, redemption price or interest when due under the terms of any Subordinate Class B Obligation is due solely to the fact that a Qualified Distribution Notice could not be delivered, such failure shall not constitute a default or Event of Default under the Master Indenture.
- (ii) if any Member shall fail to observe or perform any covenant or agreement contained in the Master Indenture, any Mortgage or any Related Financing Documents or Related Ground Leases for any Obligations, which failure would have a Material Adverse Effect, and such failure continues for a period of thirty (30) days after written notice of such failure, requiring the same to be remedied, shall have been given by the Master Trustee to the Members of the Obligated Group, the giving of which notice shall be at the discretion of the Master Trustee unless the Master

Trustee is requested in writing to do so by the Holders of at least 25% in aggregate principal amount of all Outstanding Senior Obligations, or if no Senior Obligations are Outstanding, of all Outstanding Subordinate Class A Obligations, or if no Senior Obligations and no Subordinate Class A Obligations are Outstanding, all Outstanding Subordinate Class B Obligations, in which event such notice shall be given; provided, however, that if such observance or performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied within such thirty (30) day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the defaulting Member shall commence such work, action or other remedy within such thirty (30) day period and shall diligently and continuously prosecute the same to completion; or

- if any Member shall default in the payment of any Indebtedness (other (iii) than Obligations issued and Outstanding under the Master Indenture), the principal amount of which exceeds the greater of (A) four percent (4%) of the principal amount of all Obligations outstanding or (B) five percent (5%) of Gross Revenues of all Members of the Obligated Group, whether such Indebtedness now exists or shall hereafter be created, and any period of grace with respect thereto shall have expired, or an event of default as defined in any Related Financing Documents under which any Indebtedness may be issued, secured or evidenced shall occur, which default in payment or event of default shall result in such Indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable; provided, however, that such default shall not constitute an Event of Default if within the time allowed for service of a responsive pleading in any proceeding to enforce payment of the Indebtedness under the laws governing such proceeding (A) one (1) or more Members of the Obligated Group in good faith commence and diligently continue proceedings to contest the existence or payment of such Indebtedness, and (B) sufficient moneys are escrowed with a bank or trust company for the payment of such Indebtedness; or
 - (iv) if an Act of Bankruptcy with respect to any Member shall occur; or
- (v) if an "Event of Default" under any of the Ground Leases shall occur and is not waived and with respect to which all grace and cure periods have expired; or
- (vi) if an event of default or termination event with respect to which any Member is the defaulting party or affected party under any Hedge, shall occur and is not waived and with respect to which all grace and cure periods have expired; or
- (vii) if any warranty, representation, certification, financial statement or other information made or furnished to induce the Master Trustee to enter into the Master Indenture or allow any Obligation to be issued, or made or furnished, at any time, in or pursuant to the terms of any Related Financing Document or the Ground Leases by the Group Representative or any Member shall prove to have been false or misleading in any material respect when made or furnished and shall result in a Material Adverse Effect and, if capable of being cured, such misrepresentation shall continue uncured for thirty (30) or more days from the discovery thereof; provided that if the Obligated Group commences efforts to cure such misrepresentation within such thirty (30) day period the Obligated Group may continue to effect such cure of the misrepresentation and such misrepresentation shall not be deemed an Event of Default if the Obligated Group is diligently pursuing the cure.

Upon the occurrence of an Event of Default, then, and in every such case, the Master Trustee (A) at the written request of the Holders of at least 25% in aggregate principal amount Outstanding of the Senior Obligations or (B) in the case of an Event of Default described in paragraph (i) above, without any

such request, shall declare the principal of all the Senior Obligations and the interest accrued thereon to be immediately due and payable and provide notice of the same to the Group Representative and upon any such declaration, all Debt Service on the Senior Obligations become immediately due and payable. Notwithstanding the foregoing, the Senior Obligations shall not be subject to acceleration in the event the applicable Event of Default relates solely to payment of Debt Service on the Subordinate Obligations.

Upon the occurrence of an Event of Default, then, and in every such case, the Master Trustee (A) at the written request of the Holders of at least 25% in aggregate principal amount Outstanding of the Subordinate Class A Obligations and with Special Senior Consent if any Senior Obligations remain Outstanding, and (B) if no Senior Obligations remain Outstanding, without any such request, in the case of an Event of Default described in paragraph (i) above, shall declare the principal of all of the Subordinate Class A Obligations and the interest accrued thereon to be immediately due and payable and give notice of the same to the Group Representative and upon any such declaration, all Debt Service on the Subordinate Class A Obligations shall become immediately due and payable. Notwithstanding the foregoing, the Subordinate Class A Obligations shall not be subject to acceleration in the event the applicable Event of Default relates solely to payment of the Debt Service on the Subordinate Class B Obligations.

Upon the occurrence of an Event of Default if no Senior Obligations or Subordinate Class A Obligations remain Outstanding, the Master Trustee (A) at the written request of the Holders of at least a majority in aggregate principal amount Outstanding of the Subordinate Class B Obligations and (B) if no Senior Obligations and no Subordinate Class A Obligations remain Outstanding without any such request in the case of an Event of Default under (i) above, shall declare the principal of all of the Subordinate Class B Obligations and the interest accrued thereon to be immediately due and payable and give notice of the same to the Group Representative and upon such declaration all Debt Service on the Subordinate Class B Obligations shall become immediately due and payable.

Any declaration pursuant to the Master Indenture as described in the immediately preceding three paragraphs above shall be subject to the condition that if, at any time after the principal of all Notes or other Obligations of a Class of Obligations shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as provided in the Master Indenture: (i) the Members of the Obligated Group shall deposit with the Master Trustee a sum sufficient to pay (A) all matured installments of interest upon all Notes or other Obligations and the principal and premium, if any, of all such Notes or other Obligations that shall have become due otherwise than by acceleration (with interest on overdue installments of interest, to the extent permitted by law and on such principal and premium, if any, at the respective rates borne by such Notes or other Obligations to the date of such deposit) and any other amounts required to be paid pursuant to such Notes or other Obligations, (B) all amounts due on any Note or any other such Obligation other than by reason of acceleration and (C) all amounts due and owing to the Master Trustee; and (ii) any and all Events of Default under the Master Indenture, other than the (X) nonpayment of principal of and accrued interest on Outstanding Obligations that shall have become due by acceleration and (Y) nonpayment of principal or interest on the Subordinate Obligations if any Senior Obligations remain Outstanding (and the Holders of the majority in aggregate principal amount Outstanding of the Senior Obligations have waived such nonpayment) and (Z) when no Senior Obligations remain Outstanding, nonpayment of principal or interest on the Subordinate Class B Obligations if any Subordinate Class A Obligations remain Outstanding (and the Holders of the majority in aggregate principal amount Outstanding of the Subordinate Class A Obligations have waived such nonpayment), shall have been remedied, then and in every such case, the Master Trustee may and, if requested by the Holders of a majority in aggregate principal amount of all Senior Obligations then Outstanding (or if no Senior Obligations remain Outstanding, of all Subordinate Class A Obligations then Outstanding, or if no Senior Obligations and no Subordinate Class A Obligations remain Outstanding, of all Subordinate Class B Obligations then Outstanding), shall waive all Events of Default and rescind and

annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or affect any subsequent Event of Default.

Payment of Obligations on Default

Upon the occurrence of an Event of Default as described in the Master Indenture and upon demand of the Master Trustee, the Members shall pay to the Master Trustee, for the benefit of the Holders of all Obligations then Outstanding: (a) the whole amount that then shall have become due and payable on all such Obligations for principal or interest, or both, and such other amounts as may be required to be paid on all such Obligations, with interest upon the overdue principal and installments of interest (to the extent permitted by law) at the respective rates of interest borne by such Obligations or as provided in the applicable Supplemental Indenture, and (b) such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to the Master Trustee, its agents, attorneys and counsel, and any expenses incurred by the Master Trustee other than as a result of its negligence or bad faith.

Suit for Moneys Due; Other Remedies

In case any Member shall fail forthwith to pay the amounts due as described in the preceding caption upon such demand of the Master Trustee and unless such failure is cured in whole by one (1) or more Members of the Obligated Group, the Master Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to and shall, upon direction of the Majority Applicable Holders, and upon being indemnified as provided in the Master Indenture, institute any actions or proceedings at law or in equity (including, without limitation, foreclosure actions) for the collection of the sums so due and unpaid, enforce the terms of the Master Indenture, of one or more of the Mortgages and the Related Financing Documents and each and every right of the Master Trustee under the Master Indenture and thereunder and may prosecute any such actions or proceedings to judgment or final decree, and may enforce any such judgment or final decree against each Member, and collect in the manner provided by law out of the property of the Obligated Group wherever situated the moneys adjudged or decreed to be payable. The Master Trustee, upon the bringing of any action or proceeding at law or in equity as described in this paragraph, as a matter of right, without notice and without giving bond to any member of the Obligated Group, may, to the extent permitted by law, have a receiver appointed of all of the property of the Obligated Group pending such action or proceeding, with such powers as the court making such appointment shall confer.

Proceedings in Bankruptcy

In case there shall be pending proceedings for the bankruptcy or for the reorganization or arrangement of any Member under the United States Bankruptcy Code or any other applicable law, or in case a receiver or trustee shall have been appointed for its property, the Master Trustee, irrespective of whether the principal of Notes of any series shall then be due and payable as therein expressed or any amount in respect of any other Obligation is then payable or by declaration or otherwise, and irrespective of whether the Master Trustee shall have made any demand pursuant to the provisions of the Master Indenture, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal, premium, if any, interest and any other amounts owing and unpaid in respect of Notes of all series and amounts owing and unpaid in respect of any other Obligation, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Master Trustee and of the Holders of the Obligations allowed in such judicial proceedings relative to such Member of the Obligated Group, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses;

and any receiver, assignee or trustee in bankruptcy or reorganization is authorized in the Master Indenture by each of such Holders to make such payments to the Master Trustee, and, in the event that the Master Trustee shall consent to the making of such payments directly to such Holders, to pay to the Master Trustee any amount due it for compensation and expenses, including counsel fees incurred by it up to the date of such distribution. To the extent that such payment of reasonable compensation, expenses and counsel fees out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, moneys, securities and other property which the Holders of the Obligations may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

Suit by Master Trustee

All rights of action and rights to assert claims under any Obligation may be enforced by the Master Trustee without the possession of such Obligation on any trial or other proceedings instituted by the Master Trustee. In any proceedings brought by the Master Trustee (and also any proceedings involving the interpretation of any provision of the Master Indenture to which the Master Trustee shall be a party), the Master Trustee shall be held to represent all the Holders of Obligations, and it shall not be necessary to make any Holders of Obligations parties to such proceedings.

Application of Moneys Collected

During the continuation of an Event of Default, any amounts collected by the Master Trustee pursuant to the occurrence of an Event of Default under the Master Indenture and all moneys on deposit in the Funds and Accounts established under the Master Indenture shall be applied, applied (after payment of costs and expenses of collection, including reasonable fees of Counsel and reasonable compensation to the Master Trustee and each Bond Trustee, and any other outstanding fees and expenses of the Master Trustee, including the establishment of a reasonable reserve for anticipated fees, costs and expenses), (i) first, for the equal and ratable benefit of the Holders of Senior Obligations and (ii) second, for the equal and ratable benefit of the Holders of all Subordinate Class A Obligations and (iii) third, for the equal and ratable benefit of all Subordinate Class B Obligations in the order following, at the date or dates fixed by the Master Trustee for the distribution of such moneys, upon presentation of such Obligations, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

- (i) to the payment of costs and expenses of collection, including reasonable fees of Counsel and reasonable compensation to the Master Trustee and each Bond Trustee, and any other outstanding fees and expenses of the Master Trustee; and
- (ii) whether or not the principal of all Outstanding Notes and amounts under all other Obligations shall have become or have been declared due and payable:

FIRST: To the payment to the Persons entitled thereto of all installments of interest then due on any Senior Obligations in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due on such date, without any discrimination or preference;

SECOND: To the payment to the Persons entitled thereto of the unpaid principal installments which shall have become due, whether at maturity (including accelerated maturity) or by call for redemption, on any Senior Obligations in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all principal installments due on the same date, then to the payment thereof ratably, according to the

amounts of such principal installments due on such date, without any discrimination or preference;

THIRD: To the payment to the Persons entitled thereto of any additional amounts due and unpaid in respect of Senior Obligations, in the order of the due dates of such amounts, and if the moneys available therefor shall not be sufficient to pay in full any such additional amounts due on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference;

FOURTH: To the payment to the Persons entitled thereto of all installments of interest then due on any Subordinate Class A Obligations in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due on such date, without any discrimination or preference;

FIFTH: To the payment to the Persons entitled thereto of the unpaid principal installments which shall have become due, whether at maturity (including accelerated maturity) or by call for redemption, on any Subordinate Class A Obligations in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all principal installments due on the same date, then to the payment thereof ratably, according to the amounts of such principal installments due on such date, without any discrimination or preference;

SIXTH: To the payment to the Persons entitled thereto of any additional amounts due and unpaid in respect of Subordinate Class A Obligations, in the order of the due dates of such amounts, and if the moneys available therefor shall not be sufficient to pay in full any such additional amounts due on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference;

SEVENTH: To the payment to the Persons entitled thereto of all installments of interest then due on any Subordinate Class B Obligations in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due on such date, without any discrimination or preference;

EIGHTH: To the payment to the Persons entitled thereto of the unpaid principal installments which shall have become due, whether at maturity (including accelerated maturity) or by call for redemption, on any Subordinate Class B Obligations in order of their due dates and, if the amounts available shall not be sufficient to pay in full all principal installments due on the same date, then to the payment thereof ratably, according to the amounts of such principal installments due on such date, without any discrimination or preference;

NINTH: To the payment to the Persons entitled thereto of any additional amounts due and unpaid in respect of Subordinate Class B Obligations, in the order of the due dates of such amounts, and if the moneys available therefor shall not be sufficient to pay in full any such additional amounts due on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference; and

TENTH: To the payment of such other amounts as may be due under the Master Indenture or under any Related Financing Document;

provided that for the purpose of determining the amount of unpaid principal in respect of any such Obligation, there shall be deducted the amount, if any, which has been realized by the Holder by exercise of its rights as a secured party with respect to any liens granted pursuant to the Master Indenture or is on deposit in any fund or account established pursuant to any Related Financing Document for such Obligation as of the date of payment by the Master Trustee as certified to the Master Trustee by the Holder; and

(iii) to the payment of the remainder, if any, to the Members of the Obligated Group, their successors or assigns, as directed by the Group Representative, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Actions by Holders

No Holder of an Obligation shall have any right by virtue of or by availing of any provision of the Master Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to the Master Indenture or for the appointment of a receiver or trustee, or any other remedy under the Master Indenture, unless the Holders of not less than 25% in aggregate principal amount of Senior Obligations then Outstanding (and if no Senior Obligations remain Outstanding, the Subordinate Class A Obligations, and if no Senior Obligations and no Subordinate Class A Obligations remain Outstanding, the Subordinate Class B Obligations) shall have made written request upon the Master Trustee to institute such action, suit or proceeding in its own name as Master Trustee under the Master Indenture and shall have offered to the Master Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Master Trustee, for 30 days after its receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding and no direction inconsistent with such written request shall have been given to the Master Trustee pursuant to the Master Indenture; it being understood and intended, and being expressly covenanted by the Holder of an Obligation and the Master Trustee, that no one or more Holders of Obligations shall have any right in any manner whatever by virtue of or by availing itself of any provision of the Master Indenture to affect, disturb or prejudice the rights of any other Holder of an Obligation or to obtain or seek to obtain priority over or preference to any other such Holder not specifically provided for in the Master Indenture, or to enforce any right under the Master Indenture, except in the manner provided in the Master Indenture and for the equal, ratable and common benefit of all Obligations, except that each and every Senior Obligation shall have priority and preference over each and every Subordinate Obligation. For the protection and enforcement of the provisions of the Master Indenture, each and every Holder of an Obligation and the Master Trustee shall be entitled to such relief as can be given either at law or in equity.

The Holder of an Obligation instituting a suit, action or proceeding in compliance with the provisions of the Master Indenture shall be entitled in such suit, action or proceeding to such amounts as shall be sufficient to cover the costs and expenses of collection, including to the extent permitted by applicable law, a reasonable compensation to its attorneys.

Notwithstanding any other provision of the Master Indenture, the right of a Holder of an Obligation to receive payment of the principal of and interest on any Note or other Obligation and any other amounts payable thereunder, on or after the respective due dates expressed in such Note or other Obligation, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder, provided that any moneys collected through the exercise of rights and remedies of any Holder against any Member pursuant to the Related Financing Documents for an Obligation (other than rights and remedies relating to liens granted pursuant to the Master Indenture or to funds and accounts established under such Related Financing Documents) shall be paid over to the Master Trustee or, with the consent of the Holder, collected directly by the Master Trustee; and provided, further however, the right of the Holders of the Senior Obligations to receive such payments as shall then be due and owing shall be prior and superior in all cases to the right of the Holders of the Subordinate Obligations

to receive such payments and that the rights of the Holders of the Subordinate Class A Obligations to receive such payments as shall then be due and owing shall be prior and superior in all cases to the right of the Holders of the Subordinate Class B Obligations to receive such payments.

Direction of Proceedings by Holders

Except as otherwise specifically provided in the Master Indenture, the Majority Applicable Holders shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred on the Master Trustee under the Master Indenture or under any Mortgage; provided, however, that, subject to the provisions of the Master Indenture regarding indemnification by the Master Trustee, the Master Trustee shall have the right to decline to follow any such direction if the Master Trustee, being advised by Counsel, determines that the action so directed may not lawfully be taken, or if the Master Trustee in good faith shall, by a responsible officer or officers of the Master Trustee, determine that the proceedings so directed would be illegal or involve it in personal liability, and provided further that nothing in the Master Indenture shall impair the right of the Master Trustee in its discretion to take any action deemed proper by the Master Trustee and which is not inconsistent with such direction by the Majority Applicable Holders.

Notice of Default

The Master Trustee shall, within ten (10) days after the occurrence of an Event of Default, mail to all Holders of Obligations, as the names and addresses of such Holders appear upon the books maintained pursuant to the Master Indenture, notice of such Event of Default known to the Master Trustee, unless such Event of Default shall have been cured before the giving of such notice.

Resignation, Removal and Succession of Master Trustee

The Master Trustee may resign at any time without cause by giving at least thirty (30) days' prior written notice to the Group Representative and by mailing notice of such resignation to each Holder of an Obligation then Outstanding, as the names and addresses of such Holders appear on the registers maintained pursuant to the Master Indenture, such resignation to be effective upon the acceptance of such Master Trusteeship by a successor. In addition, the Master Trustee may be removed with cause (a) at the direction of the Majority Applicable Holders, delivered to the Group Representative and the Master Trustee, or (b) at the direction of the Group Representative if no Event of Default then exists hereunder, such direction to be evidenced by an Officer's Certificate specifying the cause for such removal and delivered to the Master Trustee, any such removal to be effective upon the acceptance of the Master Trusteeship by a successor. The parties recognize that deterioration in service or the charging of excessive fees shall constitute cause for removal of the Master Trustee. The Master Trustee shall promptly give notice of any removal pursuant to the previous sentence in writing to each Holder of an Obligation then Outstanding as provided above. In the case of the resignation of the Master Trustee, a successor Master Trustee may be appointed by the Obligated Group, as evidenced by an Officer's Certificate designating the successor. In the case of the removal of the Master Trustee, such successor may be appointed at the direction of the Majority Applicable Holders. If a successor Master Trustee shall not have been appointed within 30 days after such notice of resignation or removal, the Master Trustee, any Member or any Holder of an Obligation then Outstanding may apply to any court of competent jurisdiction to appoint a successor to act until such time, if any, as a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided.

Supplemental Indentures without Consent of Holders

Each Member, when authorized by an official action of its Governing Person, and the Master Trustee may from time to time and at any time enter into an indenture or indentures supplemental or amendatory to the Master Indenture (and make corresponding or additional amendments to any or all Mortgages) for one or more of the following purposes:

- (i) to provide for the issuance of any Notes or other Obligations permitted under the Master Indenture;
- (ii) to evidence the addition of a Member or the succession of another Person to any Member as otherwise permitted in the Master Indenture, or successive successions, and the assumption by the new Member or successor Person of the covenants, agreements and obligations of a Member pursuant to the Master Indenture:
- (iii) to add to the covenants of any Member such further covenants, restrictions or conditions as its Governing Person and the Master Trustee shall consider to be for the protection of the Holders of Obligations issued under the Master Indenture, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions an Event of Default permitting the enforcement of all or any of the several remedies provided in the Master Indenture; provided, however, that in respect of any such additional covenant, restriction or condition such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Master Trustee upon such default;
- (iv) to cure any ambiguity or to correct or supplement any provision contained in the Master Indenture or in any Supplemental Indenture or in any Mortgage which may be defective or inconsistent with any other provision contained in the Master Indenture, in any Mortgage, or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under the Master Indenture, in any Mortgage or any Supplemental Indenture as shall not be inconsistent with the Master Indenture, any Mortgage, or any Supplemental Indenture and shall not impair the security of the Master Indenture or adversely affect the interests of the Holders of any particular Notes or series of Notes or of any other Obligation issued under the Master Indenture;
- (v) to modify or supplement the Master Indenture in such manner as may be necessary or appropriate to qualify the Master Indenture under the Trust Indenture Act of 1939 as then amended, or under any similar federal statute hereafter enacted, including provisions whereby the Master Trustee accepts such powers, duties, conditions and restrictions under the Master Indenture and each Member undertakes such covenants, conditions or restrictions additional to those contained in the Master Indenture as would be necessary or appropriate so to qualify the Master Indenture;
- (vi) to provide for the establishment of additional funds and accounts under the Master Indenture and for the proper administration of and transfers of moneys between any such funds and accounts, provided that, except as otherwise provided in the Master Indenture, all such funds and accounts shall be established for the equal and ratable benefit of the Holders of all Outstanding Obligations;
- (vii) to permit the issuance of Obligations in a form other than Notes, if appropriate, to evidence or secure a Member's payment obligations in respect of any Indebtedness, provided that such

Obligations are equally and ratably secured with all other Obligations issued under the Master Indenture (except as otherwise provided in the Master Indenture);

- (viii) to effect any other change that does not materially adversely affect the rights and interests of the Holders of any Notes or Obligations or any related Bonds; and
- (ix) to correct, add or update provisions of the Master Indenture to preserve the exclusion of interest from gross income for federal income tax purposes on any Tax Exempt Bonds.

Modification of Indenture with Consent of Holders

With the consent of the Majority Applicable Holders, each Member, when authorized by official action of its Governing Person, and the Master Trustee may from time to time and at any time enter into an indenture or indentures supplemental to the Master Indenture (and make corresponding or additional amendments to any or all Mortgages) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Master Indenture or of any Supplemental Indenture or of modifying in any manner the rights of the Holders of Obligations; provided, however, that (A) without the consent of the Holders of not less than 100% in aggregate principal amount of all Obligations then Outstanding, no such Supplemental Indenture shall permit the granting of any liens to secure Indebtedness in any manner other than as expressly permitted under the Master Indenture, and (B) without the consent of the Holders of all affected Obligations then Outstanding, no such Supplemental Indenture shall (1) effect a change in the times, amounts or currency of payment of the principal of, premium, if any, or interest on any other amounts payable on any Note or any other Obligation or a reduction in the principal amount or redemption price or any other amounts payable on any Note or any other Obligation or the rate of interest thereon, (2) reduce the aforesaid percentage of Obligations (or any subset of the same), the Holders of which are required to consent to any such Supplemental Indenture, or (3) permit the preference or priority of any Note or Notes or other Obligation over any other Note or Notes or other Obligation, except for preferences and priorities of Senior Obligations over Subordinate Obligations and of Subordinate Class A Obligations over Subordinate Class B Obligations.

Notwithstanding anything in the Master Indenture to the contrary, while any Senior Obligations remain Outstanding, the Holders of the Subordinate Obligations shall have no right of consent to any amendment, change or modification to the Master Indenture or the Mortgages other than as set forth in the Master Indenture. Any notices required under the Master Indenture shall be sent to the Holders of the Senior Obligations with a copy to the Holders of Subordinate Obligations. By their purchase of the Subordinate Obligations, the Holders of such Subordinate Obligations shall be deemed to have consented to the provisions of the Master Indenture. Nothing in the Master Indenture shall permit, or be construed as permitting, without the consent of the Holders of all affected Outstanding Subordinate Class A Obligations, any amendment, change or modification to the Master Indenture or any of the Related Financing Documents that would cause any of the following effects: (1) an extension of the maturity date or redemption dates or the due date of any interest on any Subordinate Class A Obligation, (2) a reduction in the principal amount of any Subordinate Class A Obligation or the interest rate thereon, (3) a privilege or priority of any Subordinate Class A Obligation or Obligations over any other Subordinate Class A Obligation or Obligations, (4) a reduction in the aggregate principal amount of the Subordinate Class A Obligations required for consent to remedies or waivers of remedies in connection with the occurrence of an Event of Default under the Master Indenture, (5) an extension of the dates on which the Members' payments with respect to the Subordinate Class A Obligations are due, (6) the creation of any lien other than (A) a Permitted Lien or (B) a lien ratably securing all of the Subordinate Class A Obligations at any time Outstanding, or (7) the elimination or diminution of the lien securing the Subordinate Class A Obligations.

Notwithstanding anything in the Master Indenture to the contrary, while any Senior Obligations or any Subordinate Class A Obligations remain Outstanding, the Holders of the Subordinate Class B Obligations shall have no right of consent to any amendment, change or modification to the Master Indenture or the Mortgages other than as set forth in the Master Indenture. Any notices required under the Master Indenture shall be sent to the Holders of the Senior Obligations or if no Senior Obligations are Outstanding, to the Holders of the Subordinate Class A Obligations, with a copy in either case to the Holders of Subordinate Class B Obligations. By their purchase of the Subordinate Class B Obligations, the Holders of such Subordinate Class B Obligations shall be deemed to have consented to the provisions of the Master Indenture. Nothing in the provisions described in this paragraph shall permit, or be construed as permitting, without the consent of the Holders of all affected Outstanding Subordinate Class B Obligations, any amendment, change or modification to the Master Indenture or any of the Related Financing Documents that would cause any of the following effects: (1) an extension of the maturity date or redemption dates or the due date of any interest on any Subordinate Class B Obligation, (2) a reduction in the principal amount of any Subordinate Class B Obligation or the interest rate thereon, (3) a privilege or priority of any Subordinate Class B Obligation or Obligations over any other Subordinate Class B Obligation or Obligations, (4) a reduction in the aggregate principal amount of the Subordinate Class B Obligations required for consent to remedies or waivers of remedies in connection with the occurrence of an Event of Default under the Master Indenture, (5) an extension of the dates on which the Members' payments with respect to the Subordinate Class B Obligations are due, (6) the creation of any lien other than (A) a Permitted Encumbrance or (B) a lien ratably securing all of the Subordinate Class B Obligations at any time Outstanding, or (7) the elimination or diminution of the lien securing the Subordinate Class B Obligations.

Notwithstanding anything in the Master Indenture to the contrary, any amendment or supplement that adversely affects the rights or obligations of the Holder of a Note securing a Hedge shall require the prior written consent of such Holder. Authentication of such Obligation securing a Hedge will in no manner prejudice the rights of the parties thereto under such agreement, including, without limitation, the right to enforce such Obligation against the Member that is a party thereto in accordance with its terms and without reference to the terms and provisions of the Master Indenture.

Upon request of each Member, the Master Trustee shall provide written notice to all affected Holders of any proposed Supplemental Indenture or amendment to any Mortgage for which consent is to be sought, and upon the request of each Member, and upon the filing with the Master Trustee of evidence of the consent of Holders required under the terms of the Master Indenture, the Master Trustee shall join with each Member in the execution of such Supplemental Indenture or amendment to a Mortgage unless such Supplemental Indenture or amendment to a Mortgage adversely affects the Master Trustee's own rights, duties or immunities under the Master Indenture or otherwise, in which case the Master Trustee may in its discretion, but shall not be obligated to, enter into such Supplemental Indenture.

It shall not be necessary for the consent of the Holders under the Master Indenture to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Amendments to Ground Leases

The Master Trustee may from time to time and at any time, without notice to or consent from any Holder, enter into (or permit the applicable Member to enter into) modifications, changes, supplements, alterations and amendments and replacements of (each a "Ground Lease Modification") to any Ground Lease, in accordance with the provisions of the related Mortgage, to cure any ambiguity or to correct or supplement any provision contained therein which may be defective or inconsistent with any other provision contained therein or to make such other provisions in regard to matters or questions arising thereunder as shall not be inconsistent with the Master Indenture or any indenture supplemental to the Master Indenture, with the related Mortgage, and shall not impair the security of the Master Indenture or adversely affect the interests of the Holders of any particular Notes or series of Notes or of any other Obligation issued under the Master Indenture, including, without limitation, (i) any Ground Lease Modification which consists solely of an extension of any existing Ground Lease, whether or not the ground rentals thereunder increase after the end of the then current term of the Ground Lease and any Ground Lease amendment that does not cause the Projected Debt Service Coverage Ratio resulting therefrom to fall below the then current Debt Service Coverage Ratio or, if lower, 1.25, and does not cause the Projected Senior Debt Service Coverage Ratio resulting therefrom to fall below the then current Senior Debt Service Coverage Ratio, or, if lower, 1.50.

The Master Trustee is authorized in the Master Indenture to join with each Member in the execution of any such Ground Lease Modification permitted by the Master Indenture to make any further appropriate agreements and stipulations which may be therein contained, but the Master Trustee shall not be obligated to enter into any such Ground Lease Modification that adversely affects the Master Trustee's rights, duties or immunities under the Master Indenture or otherwise.

The Master Trustee shall give prompt notice to the Holders in accordance with the Master Indenture of any proposed Ground Lease Modification not described above and may, with the consent of the Holders of the majority in aggregate principal amount of the Outstanding Obligations (other than the Subordinate Class B Obligations), obtained in accordance with the procedures established in the Master Indenture, execute and deliver any such Ground Lease Modification (or permit the applicable Member to execute and deliver such Ground Lease Modification).

Persons Becoming Members

Any Person (other than the Initial Members) which is not a Member may become a Member, if:

- (i) The Person which is becoming a Member shall execute and deliver to the Master Trustee a "Joinder Agreement," satisfactory to the Master Trustee, containing the agreement of such Person (i) to become a Member of the Obligated Group under the Master Indenture and thereby become subject to compliance with all provisions of the Master Indenture pertaining to a Member, including, without limitation, the performance and observance of all covenants and obligations of a Member under the Master Indenture; (ii) covenanting to the Master Trustee and each other Member that it will pay all Obligations in accordance with the terms thereof and of the Master Indenture, and that it will be jointly and severally liable on each Obligation issued under the Master Indenture and (iii) pledging some or all of its Gross Revenues.
- (ii) Each Joinder Agreement executed and delivered to the Master Trustee in accordance with the Master Indenture shall be accompanied by an Opinion of Counsel, addressed to and satisfactory to the Master Trustee, to the effect that (i) such Joinder Agreement has been duly authorized, executed and delivered by such Person, and constitutes the valid and binding obligation of such Person enforceable in accordance with its terms, except as limited by bankruptcy laws, insolvency laws and other laws affecting creditors' rights generally and (ii) the proposed new Member is not subject to any previous

commitments or encumbrances that would prohibit it from joining the Obligated Group and being subject to the Master Indenture.

- The Master Trustee shall also have received (i) an Officer's Certificate stating and demonstrating that, (A) immediately upon any Person becoming a Member, no other Member would, as part of or as a result of such transaction, be in default in the performance or observance of any covenant or condition to be performed or observed by it under the Master Indenture, and that the new Member is one hundred percent owned, directly or indirectly, by the Special Limited Member, and (B)(1) the conditions described in the Master Indenture for the Issuance of Additional Indebtedness could be met for the incurrence of one dollar of additional Indebtedness or (2) the ratio of (x) Revenues Available for Debt Service to (y) Indebtedness, for the period of twelve (12) full consecutive calendar months immediately succeeding the proposed date of the applicable transaction, is expected to be no less than it would have been had the Person not become a Member or (C) upon becoming a Member, the total Indebtedness of such new Member is separately forecasted to meet a Debt Service Coverage Ratio of at least 1.30 and such Member will covenant to use all commercially reasonable efforts to maintain this Debt Service Coverage Ratio, (ii) an Officer's Certificate that such officer reasonably expects to be able to provide to the Master Trustee, subsequent to the admission of the new Member to the Obligated Group, an annual certificate relating to the financial statements of the Members of the type required by the Master Indenture, and (iii) an Opinion of Bond Counsel to the effect that consummation of such transaction would not adversely affect any applicable exemption from federal income taxation on the interest payable on any Tax-Exempt Bonds which were previously issued pursuant to and are secured by the Related Financing Documents for any Obligations or other Indebtedness incurred or permitted to be incurred under the Master Indenture or any similar Indebtedness of the new Member.
- (iv) The Group Representative shall have approved in writing any such Person becoming a Member.
- (v) The Group Representative shall have delivered to the Master Trustee a Confirmation of Rating with respect to all Senior Bonds then rated and an Opinion of Counsel as to the enforceability of the Joinder Agreement.

Cessation of Status as Member

Each Member covenants that it will not take any action which would cause it to cease to be a Member unless (a) the Group Representative shall have consented thereto, and (b) prior to taking any such action, there is delivered to the Master Trustee an Officer's Certificate stating and demonstrating that the requirements of the Master Indenture are met as if the assets of the departing Member were being sold (see "Sale, Lease or Other Disposition of Assets" above) (provided that if the Senior Bonds do not then carry an Investment Grade Rating, the calculations of the Senior Debt Service Coverage Ratio and Debt Service Coverage Ratio required thereby shall be prepared or confirmed by an Independent Consultant), and (c) all remaining Obligations of such Member not concurrently redeemed or defeased in accordance with the terms thereof are specifically assumed by the remaining Members to the extent required to preserve such Obligations as Obligations of the remaining Members.

Appointment of Group Representative; Authorization of Group Representative; Cessation of Status as Group Representative

Sky Harbour Capital LLC is designated in the Master Indenture as the Group Representative and agrees to assume the responsibilities of Group Representative pursuant to the Master Indenture.

Any provision in the Master Indenture to the contrary notwithstanding and subject to any applicable requirements of state or federal law, the Group Representative is authorized to bind the Obligated Group with respect to any Obligation issued or delivered pursuant to a Supplemental Indenture if the Supplemental Indenture so states, without further authorization from any other Member. Any such authorization is to be construed broadly in favor of the authorization of the Group Representative.

In the event that the Group Representative either (i) ceases to be a Member in accordance with the provisions of the Master Indenture, or (ii) while continuing as a Member, ceases to act as the Group Representative upon compliance with the provisions of the Master Indenture, the Members whose aggregate Total Revenues constitute at least 60% of the Total Revenues of the Obligated Group in the most recent Fiscal Year for which financial statements are available shall designate a Member to assume all of the responsibilities assigned under the Master Indenture to the Group Representative and shall send written notice of such designation to the Master Trustee. If no new Group Representative is so designated within 30 days after the prior Group Representative shall have ceased such status pursuant to clause (i) or (ii) above, any Member or Members whose aggregate Total Revenues constitute at least 20% of the Total Revenues of the Obligated Group in the most recent Fiscal Year for which financial statements are available may assume the position of Group Representative by an instrument executed by all such Members and filed with the other Members and the Master Trustee.

Any Group Representative, while continuing as a Member, may cease to act as the Group Representative by giving the other Members and the Master Trustee at least 30 days' prior written notice of its intention to do so as long as a successor has been appointed.

Enforcement of Member's Obligations

Each Member agrees that the Group Representative shall be entitled to take all action it deems necessary or appropriate, including, without limitation, the institution of any legal or other proceedings, to enforce each Member's obligations under the Master Indenture and under all Joinder Agreements, and to cause each Member to make any of the transfers specified in the Master Indenture in order to meet the aforesaid obligations of each Member.

Satisfaction and Discharge of Master Indenture

If (A) all Hedges have been terminated and all amounts payable thereunder to any counterparty thereto have been paid in full and (B) the Master Trustee receives: (a) an amount which is (i) in the form of cash or Defeasance Collateral, and (ii) in a principal amount sufficient, together with the interest thereon and any funds on deposit under the Master Indenture and available for such purpose, to provide for the payment of the principal of and premium, if any, and interest on all Outstanding Obligations to and including the maturity date or prior redemption or prepayment date thereof; (b) irrevocable instructions to redeem all Obligations to be redeemed prior to maturity and to notify the Holders of each such redemption; and (c) an amount sufficient to pay or provide for the payment of all other sums payable under the Master Indenture by the Members of the Obligated Group or any thereof, then the Master Indenture shall cease to be of further effect, and the Master Trustee, on demand of the Group Representative, and at the cost and expense of the Members of the Obligated Group or any thereof, shall execute all such instruments acknowledging satisfaction of and discharging the Master Indenture as may be requested by the Members of the Obligated Group. Each Member agrees in the Master Indenture to reimburse the Master Trustee for any costs or expenses (including reasonable fees of counsel) theretofore and thereafter reasonably and properly incurred by the Master Trustee in connection with the Master Indenture.

In like manner, the Member that issued any particular Obligation or the Group Representative may provide for the payment thereof (or of a portion thereof) at or prior to maturity and the Obligation (or portion thereof) so provided for shall thereupon cease to be Outstanding under the Master Indenture.

In lieu of the foregoing, the Member issuer of any particular Obligation may deliver to the Holder thereof the amount required under the Related Financing Documents to provide for the payment of the principal, premium, if any, and interest (and any other amounts) due or to become due in respect of such Obligation and such Obligation shall, upon surrender to the Master Trustee for cancellation, no longer be deemed Outstanding under the Master Indenture.

The sufficiency of any cash and Defeasance Collateral pledged to effect a defeasance pursuant to the Master Indenture shall be verified by an Independent Public Accountant. In addition, the Master Trustee shall receive an Opinion of Counsel to the effect that the defeasance has been effected in accordance with the requirements of the Master Indenture.

Members, Officers and Members of the Board and Governing Persons Exempt from Individual Liability

No recourse under or upon any obligation, covenant or agreement of the Master Indenture, or of any Notes or other Obligations issued under the Master Indenture, or for any claim based thereon or otherwise in respect thereof, shall be had against any Person (who is not also a Member of the Obligated Group) who is an incorporator, member, partner, officer or member of the board (if any), as such, past, present or future, of any Member or of any Governing Person, or of any successor Person, either directly or through such Member, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Master Indenture and the Obligations issued under the Master Indenture are solely company obligations, and that no personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, members, partners, officers or members of the board (if any), as such, of any Member or of any Governing Person or any successor Person, or any of them, because of the creation of the Indebtedness authorized in the Master Indenture, or under or by reason of the obligations, covenants or agreements contained in the Master Indenture or in any Obligations issued under the Master Indenture or implied therefrom; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, member, partner, officer or trustee, as such, because of the creation of the Indebtedness authorized in the Master Indenture, or under or by reason of the obligations, covenants or agreements contained in the Master Indenture or in any Obligations issued under the Master Indenture or implied therefrom are expressly waived and released as a condition of, and as consideration for, the execution of the Master Indenture and the issuance of such Obligations.



APPENDIX C SUMMARY OF THE BOND DOCUMENTS



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The following summaries of the Bond Indenture and the Loan Agreement do not purport to be comprehensive or definitive statements of the provisions of the Bond Indenture and the Loan Agreement. Prospective purchasers of the Series 2021 Bonds are referred to the complete texts of the Bond Indenture and the Loan Agreement of which are available upon request from the Underwriters prior to the issuance and delivery of the Series 2021 Bonds and from the Bond Trustee after the issuance and delivery of the Series 2021 Bonds.

DEFINITIONS

Certain words and terms used in this Official Statement are defined in this Appendix A. In addition to the words and terms defined elsewhere within this Official Statement, the following words and terms are defined terms in this Official Statement.

- "Account" means any account within a special trust fund as established under the Bond Indenture.
 - "Act" means Sections 66.0301, 66.0303 and 66.0304, as amended, of the Wisconsin Statutes.
- "Act of Bankruptcy" means with respect to any Person, the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by or against such Person, under the Federal Bankruptcy Code or any other applicable bankruptcy, insolvency, reorganization or similar law, now or thereafter in effect; provided, however, that no involuntary petition in bankruptcy, or appointment of a trustee, custodian or receiver, without the consent of such Person, shall constitute an Act of Bankruptcy until one hundred and twenty (120) days shall have elapsed from the date of filing thereof, during which time such Person has been unable to obtain the dismissal of the petition or appointment.
- "Additional Bonds" means Bonds of one or more Series, other than the Series 2021 Bonds, authorized and issued by the Issuer, in the Issuer's sole and exclusive discretion, pursuant to the Bond Indenture, each of which Series shall be designated as either Senior Bonds or Subordinate Bonds.
- "Additional Senior Bonds" means Bonds of one or more Series of Senior Bonds that qualify as Additional Bonds hereunder.
- "Additional Subordinate Bonds" means Bonds of one or more Series of Subordinate Bonds that qualify as Additional Bonds hereunder.
- "Authorized Denominations" shall mean \$500,000 and any integral multiple of \$5,000 in excess thereof.
- "Authorized Representative" means, in the case of the Issuer, any Authorized Signatory of the Issuer, in the case of the Obligated Group, any Authorized Representative of the Obligated Group under the Master Indenture, and, when used with reference to the performance of any act, the discharge of any duty, or the execution of any certificate or other document, any officer, employee or other person authorized to perform such act, discharge such duty or execute such certificate or other document, provided the Bond Trustee receives written evidence of such person's authorization.
- "Authorized Signatory" means any officer, director or other Person designated by resolution of the Board of Directors of the Issuer (whether such resolution is adopted in connection with the issuance of

the Bonds or otherwise) or by the Issuer's Bylaws as an 'Authorized Signatory' empowered to, among other things, execute and deliver on behalf of the Issuer, the Bond Indenture, the Issuer Finance Documents, and the Bonds.

- "Beneficial Owner" shall mean, so long as the Bonds are negotiated in the Book-Entry System, any Person who acquires a beneficial ownership interest in a Bond held by the Securities Depository. If at any time the Bonds are not held in the Book-Entry System, Beneficial Owner shall mean Owner for purposes of the Bond Indenture.
- "Bond Counsel" shall mean Greenberg Traurig, LLP, or any other law firm approved by the Issuer having a national reputation in the field of municipal law, whose legal opinions are generally accepted by purchasers of municipal bonds.
- "Bondholder," "holder," or "owner" or words of similar import when used with reference to Bonds shall, unless otherwise specified, mean any person who shall be the registered owner of any Outstanding Bond.
- "Bonds" means the Series 2021 Bonds and any Additional Bonds authorized and issued pursuant to the Bond Indenture.
- "Book-Entry System" shall mean the system maintained by the Securities Depository described in the Bond Indenture.
- "Borrower Financing Documents" means all documents and agreements executed and delivered by any Borrower on the Date of Delivery as security for or in connection with the issuance of the Bonds, including the Loan Agreement, the Tax Certificate, the Master Indenture Notes and the General Certificate of each Borrower, and all other documents executed in connection therewith.
- "Borrower Representative" shall mean Sky Harbour Capital LLC or such other Person at the time designated to act on behalf of the Borrowers for purposes of the Bond Indenture by a written instrument furnished to the Bond Trustee containing the specimen signature of the Authorized Representatives of such Person and signed on behalf of each Borrower by any of their respective officers. The certificate may designate an alternate or alternates.
- "Business Day" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in New York, New York and/or the cities in which the principal corporate trust or principal operations offices of the Bond Trustee and the Master Trustee to whom a payment is to be made, as applicable, are located are authorized or obligated by law or executive order to be closed or the New York Stock Exchange is closed.
- "Cede & Co." means the nominee for The Depository Trust Company (DTC) who shall act as securities depository for the Bonds.
- "Class" means a particular level of subordination of Bond, "Senior" being the most senior level, "Subordinate Class A" being the next level of subordination and "Subordinate Class B" being the most subordinate level.
- "Code" shall mean the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated thereunder.

"Date of Delivery" means the date that the Series 2021 Bonds are initially delivered pursuant to the Bond Indenture.

"Debt Service" shall mean the principal and redemption price of and interest due on or under the Bonds.

"Debt Service Fund" means the special trust fund so designated, established and maintained pursuant to the Bond Indenture and the accounts therein.

"Debt Service Reserve Fund" means the special trust fund so designated, established and maintained pursuant to the Bond Indenture and the accounts therein.

"Debt Service Reserve Requirement" means, with respect to the Series 2021 Bonds, an amount equal to fifty percent (50%) (unless and until such date as the Bond Trustee has received a Notice of Reserve Fund Increase, after which date it shall be equal to one hundred percent (100%) until such time as the Bond Trustee has received a Notice of Reserve Fund Decrease) of the maximum annual debt service requirements for the Series 2021 Bonds provided that, in the case of any issue of Tax-Exempt Bonds for purposes of Section 148 of the Code, in no event greater than the least of (i) the maximum annual principal and interest requirements of such Tax-Exempt Bonds, (ii) 10% of the Sale Proceeds and (iii) 125% of the average annual principal and interest requirements of such Bonds, in each case which amount shall be certified by the Borrower Representative, and with respect to any other Senior Bonds, the amount designated in the Supplemental Indenture providing for the issuance thereof.

"**Default**" means any event or condition which will, with the lapse of time, or the giving of notice, or both, become an Event of Default.

"Defeasance Collateral" means:

- (a) non-callable direct obligations of the United States of America, non-callable and non-prepayable direct federal agency obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America, non-callable direct obligations of the United States of America which have been stripped by the United States Treasury itself or by any Federal Reserve Bank (not including "CATS," "TRS" and "TIGRS") and the interest components of REFCORP bonds for which the underlying bond is non-callable (or non-callable before the due date of such interest component) for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book-entry form, and shall exclude investments in mutual funds and unit investment trusts;
- (b) non-callable obligations the timely payment of principal and interest on which are fully and unconditionally guaranteed by the United States of America; and
- (c) bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state (i) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (ii) timely payment of which is fully secured by a fund consisting only of cash or obligations of the character described in clause (a) or (b) which fund may be applied only to the payment when due of such bonds or other obligations, and (iii) which are rated "AAA" by Standard & Poor's or Fitch or "Aaa" by Moody's Investors Service.

"Determination of Taxability" means, with respect to any Series 2021 Bonds, a determination that the interest income on any Series 2021 Bond does not qualify as being excludable from the gross

income of the holder thereof ("exempt interest") for any reason other than that such holder is a "substantial user" of the Project or a "related person" as such terms are defined in Section 147 of the Code, which determination shall be deemed to have been made upon the first to occur of any of the following: (a) the date on which any change in law or regulation becomes effective or on which the Internal Revenue Service issues any private ruling, technical advice memorandum or any other written communication to the effect that the interest income on any of the Series 2021 Bonds does not qualify as exempt interest; or (b) the date on which the Borrower Representative shall receive notice from the Bond Trustee in writing that the Bond Trustee has been advised by any holder or former holder that the Internal Revenue Service has issued a thirty-day letter or other notice which asserts that the interest on any such Series 2021 Bond does not qualify as such exempt interest; or (c) the date on which the Bond Trustee receives written notice from any Bondholder that any Borrower has, or the Issuer has taken any action inconsistent with, or has failed to act consistently with, the tax exempt status of interest on the Series 2021 Bonds; provided that no Determination of Taxability shall be deemed to have occurred as a result of a determination by any Bondholder pursuant to clause (c) above unless such determination is supported by an opinion of Bond Counsel to the effect that the interest income on Series 2021 Bonds does not constitute exempt interest and that the Series 2021 Bonds do not qualify for a remedial action under the applicable regulations, compliance with which would render the interest on the Series 2021 Bonds tax exempt. With respect to any other Tax-Exempt Bonds, "Determination of Taxability" shall have the meaning, if any, provided in the Supplemental Indenture authorizing the issuance of such Tax-Exempt Bonds.

"DTC" or "The Depository Trust Company" means the limited-purpose trust company organized under the laws of the State of New York which shall act as securities depository for the Bonds, and any successor thereto.

"Electronic Means" shall mean telecopy, facsimile transmission, e-mail transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Bond Trustee, or another method or system specified by the Bond Trustee as available for use in connection with its services hereunder.

"Event of Default" has the meaning given such term in Section 8.1 of the Bond Indenture.

"Favorable Opinion of Bond Counsel" shall mean, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Counsel, which shall be a Bond Counsel, to the effect that such action is permitted under the Bond Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Bonds).

"Fiscal Year" means a period of twelve consecutive months ending on December 31 or on such other date as may be specified in an Officer's Certificate delivered to the Bond Trustee.

"Fitch" shall mean Fitch, Inc., and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Borrower Representative.

"Fund" means any special trust fund established pursuant to the Bond Indenture.

"Fund Letter of Credit" means the irrevocable, transferable letter of credit, if any, deposited in an applicable Fund in lieu of or in partial substitution for cash or securities on deposit therein, which shall be payable or available to be drawn upon on any date that moneys therein are required to be transferred; provided that the issuer providing such letter of credit shall be a banking association, bank or trust company

or branch thereof whose letter of credit obligations are rated in any of the three highest rating categories of Fitch, Moody's or Standard & Poor's at the time such Fund Letter of Credit is issued.

"General Financing Documents" means the Borrower Financing Documents and the Issuer Financing Documents.

"Governmental Obligations" shall mean:

- (i) direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America;
- (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations the timely payment of the principal of and the interest on which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian;
- (iii) obligations issued by the Resolution Funding Corporation pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (the "FIRRE Act"), (A) the principal of which obligations is payable when due from payments of the maturing principal of non-interest bearing direct obligations of the United States of America which are issued by the Secretary of the Treasury and deposited in the Funding Corporation Principal Fund established pursuant to the FIRRE Act, and (B) the interest on which obligations, to the extent not paid from other specified sources, is payable when due by the Secretary of the Treasury pursuant to the FIRRE Act; and
- (iv) obligations which are (A) issued by any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, (B) fully secured as to principal and interest by obligations described in clause (i), (ii) or (iii) above and (C) rated at the time of purchase in one of the two highest ratings categories by at least one Nationally Recognized Rating Agency.
- "Group Representative" shall mean Sky Harbour Capital LLC, a Delaware limited liability company, and its successors and assigns, including, without limitation, any other Member of the Obligated Group which shall have been designated to assume the responsibilities of the Group Representative pursuant to the Master Indenture.

"Indebtedness" shall mean and include: (a) the Loan and (b) any additional obligation for the payment of money to a Person other than a Borrower, which obligation is incurred, assumed or guaranteed by a Borrower and is in the form of (i) a loan, (ii) a capitalized lease, installment sale agreement or other comparable arrangement to provide for the acquisition, renovation or construction of capital assets, or (iii) any other extension of credit by a third party which is properly treated as indebtedness under generally accepted accounting principles.

"Interest Accrual Period" shall mean the period during which a Bond accrues interest payable on the next Interest Payment Date applicable thereto. Each Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid, from the date of original authentication and delivery of the Bonds) to, but not including, the Interest Payment Date on which interest is to be paid. If, at the time of authentication of any Bond, interest is in default or overdue on the Bonds, such Bond shall bear interest from the date to which interest has previously been paid in full or made available for payment in full on Outstanding Bonds.

"Interest Payment Date" shall mean each date on which interest is to be paid and is each January 1 and July 1, commencing on January 1, 2022.

"Investment Securities" shall mean and include any of the following to the extent the same are legal investments under the laws of any applicable jurisdiction:

- (i) cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations);
 - (ii) Government Obligations;
- (iii) obligations of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America: (a) U.S. Export-Import Bank (Eximbank), (b) Rural Economic Community Development Administration, (c) Federal Financing Bank, (d) General Services Administration, (e) U.S. Maritime Administration, (f) U.S. Department of Housing and Urban Development (PHAs), (g) Small Business Administration, (h) Government National Mortgage Association (GNMA), (i) Federal Housing Administration, and (j) Farm Credit System Financial Assistance Corporation;
- (iv) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: (a) senior debt obligations rated in the highest long-term rating category by at least two nationally recognized Rating Agencies issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), (b) senior debt obligations of the Federal Home Loan Bank System, and (c) senior debt obligations of other United States government sponsored agencies bearing the same or higher ratings as Government Obligations;
- (v) U.S. dollar denominated deposit accounts, federal funds, bankers' acceptances and other deposit products with domestic commercial banks which either (a) have a rating on their short-term certificates of deposit on the date of purchase in the highest short-term rating category of at least two nationally recognized Rating Agencies, (b) are insured at all times by the Federal Deposit Insurance Corporation or (c) are collateralized with Government Obligations at 102% of the value thereof, valued daily. All such certificates must mature no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);
- (vi) commercial paper which is rated at the time of purchase in the highest short-term rating category of at least two nationally recognized Rating Agencies and which matures not more than 270 days after the date of purchase;
- (vii) investments in (a) money market funds registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, and rated in the highest short-term rating category of at least two nationally recognized Rating Agencies, including, without limitation, funds for which the Bond Trustee, its Affiliates and subsidiaries serve as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian or provide investment advisory or other management services (notwithstanding that the Bond Trustee or an Affiliate receives and retains fees for services provided to such funds), and (b) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the issuer's deposit shall not exceed 5% of the aggregate pool balance at any time and such pool is rated in one of the two highest short-term rating categories of at least two nationally recognized Rating Agencies;;
- (viii) pre-funded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any

such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and (a) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category of at least two nationally recognized Rating Agencies (without regard to gradations), or (b)(1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Government Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (2) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (viii) on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

- (ix) general obligations of states with a short-term rating in one of the two highest rating categories and a long-term rating in one of the two highest rating categories of at least two nationally recognized Rating Agencies. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually;
 - (x) investment agreements with a Qualified Investment Provider;
- (xi) other forms of investments (including repurchase agreements) approved in writing by a Qualified Financial Institution providing a Credit Facility or not unacceptable to the Rating Agencies then rating any Bonds;
- (xii) repurchase agreements relating to securities described in clauses (i), (ii), (iii), (iv), (vi), (viii) and (ix) above, with Qualified Investment Provider which agreement shall provide that (A) such securities have a value of at least 103% (valued on each interest payment date for the Bonds) of the specified repurchase price and are deposited with the Bond Trustee or with a third party custodian approved by, and in accordance with documentation satisfactory to, the Bond Trustee, (B) the provider will repurchase such securities without penalty upon request of the Bond Trustee in order to use the proceeds for any purpose for which the Fund from which the investment was made may be used, (C) if such rating falls below "A3" or "A-," respectively by either Moody's and Standard & Poor's, the provider must notify the Bond Trustee and repurchase such securities without penalty within five (5) Business Days of such downgrade and (D) the Bond Trustee is expressly authorized to liquidate such securities in the event of the insolvency of the provider or the commencement by or against the provider of a case under the federal Bankruptcy Code or the appointment or taking possession by a trustee or custodian of the assets of the provider; and
- (xiii) a guaranteed investment contract with a defined termination date, secured by Government Obligations or other security not unacceptable to the Rating Agencies then rating the Bonds, if any, in an amount at least equal to the amount invested under the contract and pledged to the Bond Trustee.

"Issuer Financing Documents" means all documents and agreements executed and delivered by the Issuer on the Date of Delivery as security for or in connection with the issuance of the Bonds, including the Bond Indenture, the Loan Agreement and all other documents executed by the Issuer in connection therewith.

"Issuer Indemnified Persons" means, collectively, (i) the Sponsors, (ii) the Members and (iii) each and all of the Issuer's Sponsors' and Members' respective past, present and future directors, board members, governing members, trustees, commissioners, elected or appointed officials, officers, employees, Authorized Signatories, attorneys, contractors, subcontractors, agents and advisers (including, without limitation, counsel and financial advisers) and each of their respective heirs, successors and assigns.

"Joint Exercise Agreement" means the Amended and Restated Joint Exercise of Powers Agreement Relating to the Public Finance Authority, dated September 28, 2010 by and among Adams County, Wisconsin, Bayfield County, Wisconsin, Marathon County, Wisconsin, Waupaca County Wisconsin and the City of Lancaster, Wisconsin, as such agreement may be amended from time to time.

"Letter of Representations" means the Letter of Representations of the Issuer to DTC.

"Loan Agreement" means the Loan Agreement of even date herewith between the Issuer and the Borrowers, and any amendments and supplements thereto.

"Master Indenture Note" means Note (as defined in the Master Indenture).

"Master Trust Indenture Documents" means the Master Indenture, the Mortgages and the ground leases under which the Members of the Obligated Group hold their respective leasehold interests in the ground that is a part of any project financed pursuant to the terms of the Master Indenture.

"Maturity Date" shall mean the date of final maturity of any Series of Bonds.

"Maximum Rate" shall mean a rate of interest that shall not (as a result of an event of default or otherwise) exceed (i) the not to exceed interest rate stated in the Series 2021 Bond Resolution, 12% per annum, or (ii) the highest rate allowed by law.

"Moody's" shall mean Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Borrower Representative.

"Mortgages" means the Mortgages, as such term is defined in the Master Indenture from certain of the Members of the Obligated Group to the Master Trustee given against the interests of the Members of the Obligated Group under the Related Ground Leases to secure the payment of the Obligations issued under the Master Indenture, including, without limitation, the Master Indenture Notes.

"Notice Parties" shall mean the Issuer, the Borrower Representative, the Bond Trustee, the Paying Agent, the Master Trustee and the Group Representative.

"Obligated Group" shall have the meaning set forth in the Master Indenture.

"Opinion of Counsel" shall mean a written legal opinion from a firm of attorneys experienced in the matters to be covered in the opinion.

"Outstanding," when used with reference to a Bond or Bonds, as of any particular date, means all Bonds which have been authenticated and delivered hereunder, except:

- (1) Any Bonds canceled by the Bond Trustee because of payment or redemption prior to maturity or surrendered to the Bond Trustee for cancellation;
- (2) Any Bond (or portion of a Bond) paid or redeemed or for the payment or redemption of which there has been separately set aside and held in the Redemption Account of the Debt Service Fund moneys in an amount sufficient to effect payment of the principal or applicable Redemption Price thereof, together with accrued interest on such Bond to the payment or redemption date, which payment or

redemption date shall be specified in irrevocable instructions given to the Bond Trustee to apply such moneys to such payment on the date so specified;

- (3) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article IV of the Bond Indenture; and
 - (4) Any Bond deemed to have been paid as provided in Section 12.1(b) of the Bond Indenture.
- "Owner" shall mean the registered owner of a Bond, including the Securities Depository, if any, or its nominee.
- "Paying Agent" shall mean the commercial bank, trust company or other entity which may from time to time be appointed to serve as Paying Agent as provided in Section 9.1 of the Bond Indenture. Until such time as an alternate Paying Agent is appointed, the Paying Agent shall be the Bond Trustee.
- "**Person**" shall mean an individual, a corporation, a partnership, an association, a joint venture, a trust, an unincorporated organization or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.
- "Principal and Interest Account" means the Account so designated, established within the Debt Service Fund pursuant to Section 5.1 of the Bond Indenture.
- "Principal Payment Date" shall mean any date upon which the principal amount of Bonds is due hereunder, including the Maturity Date, any Redemption Date, any date on which a Sinking Fund Payment is due, or the date the maturity of any Bond is accelerated pursuant to the terms of the Bond Indenture or otherwise.
- "**Project**" means the land, facilities, equipment and other property financed by the proceeds of the Series 2021 Bonds or any Additional Bonds, and includes, without limitation, the 2021 Project.
- "Qualified Financial Institution" shall mean a bank, trust company, national banking association, insurance company, other financial services company or government or quasi-governmental agency whose unsecured long term debt obligations (in the case of a bank, trust company, national banking association, other financial services company, government or quasi-governmental agency) or whose claims paying abilities (in the case of an insurance company) are rated in any of the three highest rating categories (without regard to gradation) by one or more of Moody's, Fitch and S&P, including the rating agency, if any, then rating the Bonds (i.e., the equivalent of A or higher).
- "Qualified Investment Provider" shall mean a financial institution or insurance company which has (or the parent company or guarantor of which has), at the date of execution of the applicable investment agreement, an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated in either of the two highest long-term rating categories by Moody's, Fitch or S&P, including the Rating Agency, if any, then rating the Bonds (without regard to gradations).
- "Rating Agencies" shall mean any of Moody's, S&P or Fitch, which is then providing a rating on the Bonds.
- "Record Date" shall mean the fifteenth (15th) day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

- "Redemption Account" means the Account so designated, established within the Debt Service Fund pursuant to Section 5.1 of the Bond Indenture.
- "Redemption Date" shall mean the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Bond Indenture.
- "Redemption Price" shall mean an amount equal to the principal of and premium, if any, and accrued interest, if any, on the Bonds to be paid on the Redemption Date.
- "Required Bondholders" means in the case of consent or direction to be given hereunder, the holders of the majority in aggregate principal amount Outstanding of Senior Bonds or, (i) if no Senior Bonds remain outstanding, or (ii) if the Holders of the Outstanding Senior Bonds have so consented pursuant to a Special Senior Consent, the Holders of the majority in aggregate principal amount Outstanding of Subordinate Class A Bonds or, (iii) if no Senior Bond and no Subordinate Class A Bond remains Outstanding, the Holders of the majority in aggregate principal amount Outstanding of Subordinate Class B Bonds.
- "S&P" shall mean S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Borrower Representative.
- "Sale Proceeds" means all amounts already or constructively received from the sale of the Bonds, including amounts used to pay underwriter's discount or compensation.
- "Scheduled Debt Service" shall mean Debt Service that consists of interest and principal due and payable without regard to unscheduled redemptions or accelerations.
- "Securities Depository" shall mean The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190 and such other securities depository as the Members of the Obligated Group may designate in a certificate of the Members of the Obligated Group delivered to the Bond Trustee.
- "Senior Bonds" means, initially, the Series 2021 Bonds and as Series of Additional Bonds are issued, any Additional Bonds of any Series designated as "Senior" and secured by a Senior Note.
- "Senior DSR Account" means the special trust account so designated, established and maintained pursuant to the Bond Indenture.
- "Senior DSRFR" shall have the meaning set forth under "Debt Service Reserve Fund Requirement" above.
- "Senior Notes" means Senior Master Indenture Promissory Note No. 2021-1 delivered pursuant to the Master Indenture, and any other senior notes issued pursuant to the Master Indenture as the same may be amended or supplemented from time to time.
 - "Series" means any series of Bonds.
- "Sinking Fund Payment" means the amount required by the Indenture as payable on a single future date for the retirement of any Outstanding Bonds which are expressed to mature after such future date, but does not include any amounts payable by reason only of the maturity of a Bond.

"State" means the State of Wisconsin.

"Subordinate Class A DSR Account" means the special trust account so designated, established and maintained pursuant to Section 5.1 of the Bond Indenture.

"Subordinated Class A DSRFR" shall have the meaning set forth in a Supplemental Indenture.

"Subordinate Class B DSR Account" means the special trust account so designated, established and maintained pursuant to Section 5.1 of the Bond Indenture.

"Subordinated Class B DSRFR" shall have the meaning set forth in a Supplemental Indenture.

"Subordinate Bonds" means the Bonds of any Series of Additional Bonds designated as "Subordinate" and secured by the Subordinate Notes.

"Supplemental Indenture" means any indenture supplemental hereto or amendatory of the Bond Indenture, adopted by the Issuer in accordance with Article X of the Bond Indenture.

"Tax Certificate" means collectively, the Arbitrage and Tax Certificate dated the date of initial issuance and delivery of the Series 2021 Bonds, executed by the Issuer and the Borrowers, and any amendments and supplements thereto.

"**Taxable Bonds**" means any Series of Bonds, the interest on which is includable in federal income tax under the Code.

"**Tax-Exempt Bonds**" means the Series 2021 Bonds and any other Series of Bonds, the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes.

"Tax Incidence Date" means the date as of which interest on any Tax-Exempt Bonds becomes or became includable in the gross income of the recipient thereof (other than the Members of the Obligated Group or another substantial user or related person) for federal income tax purposes for any cause, as determined by a Determination of Taxability.

"**Term**" when used with reference to the Loan Agreement, means the term of the Loan Agreement determined as provided in Article III of the Bond Indenture.

"**Trust Estate**" means all property and rights granted to the Bond Trustee pursuant to the granting clauses of the Bond Indenture, as the same may be amended or supplemented from time to time.

"Treasury Rate" means, with respect to any redemption date for a particular Taxable Series 2021 Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least thirty (30) days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Taxable Series 2021 Bond to be redeemed.

Unassigned Rights" means the Issuer's rights under Sections 3.2(a)(iv), 3.2(b), 3.3, 4.3, 7.4, 7.5, 7.6, 7.10 7.11, 7.13, 7.14 and 7.15 of the Loan Agreement, and, to the extent not expressly provided in such sections or in any other sections hereof or thereof), the Issuer's rights hereunder or thereunder to (i) inspect books and records, (ii) give or receive notices, approvals, consents, requests, and other communications,

(iii) receive payment or reimbursement of expenses, including, without limitation, "Additional Payments" as defined in the Loan Agreement and the Issuer's Annual Fee, (iv) immunity from and limitation of any liability, (v) indemnification by each Borrower or any other Person, (vi) security for the indemnification obligation of each Borrower, and (vii) to enforce, in the Issuer's own name and on the Issuer's own behalf, those provisions hereof or of the Loan Agreement and any other document, instrument or agreement entered into with respect to the Bonds that provides generally for the foregoing enumerated rights or any similar rights of the Issuer or any Issuer Indemnified Person. For avoidance of doubt, the "Unassigned Rights" referenced in clauses (iv), (v), and (vi), above, shall include (but not be limited to) the rights of the Issuer Indemnified Persons to immunity from and limitation of liability and indemnification by the Borrower as provided in the Loan Agreement and the right of any such Issuer Indemnified Person to enforce such rights in his, her or its own name.

THE BOND INDENTURE

Granting Clauses

That the Issuer in consideration of the premises and the acceptance by the Bond Trustee of the trusts created by the Bond Indenture and of the purchase and acceptance of any Bonds by the holders and owners thereof, and of the sum of One Dollar, lawful money of the United States of America, to it duly paid by the Bond Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal or Redemption Price, if any, of and interest on all Bonds according to their tenor and effect and all other amounts due in connection therewith and the performance and observance by the Issuer of all the covenants expressed or implied in the Bond Indenture and in the Bonds, does hereby grant, bargain, sell, convey, pledge, and assign unto, and grant a security interest in and to, the Bond Trustee, and unto its respective successors in trust, and to their respective assigns, forever, for the securing of the performance of the obligations of the Issuer hereinafter set forth, the following:

I.

The General Financing Documents (except to the extent to which any such document provides for the retention of Unassigned Rights), including, without limitation, the Loan Agreement and the Master Indenture Notes, and including all extensions and renewals of the term thereof, if any, together with all right, title, and interest of the Issuer therein (including rights, title and interests of the Borrowers pledged to the Issuer to secure the Borrowers' obligations to the Issuer pursuant to the Loan Agreement) including, but without limiting the generality of the foregoing, the present and continuing right to claim, collect, and receive any of the moneys, income, revenues, issues, profits, and other amounts payable or receivable thereunder, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer is or may become entitled to do under the Loan Agreement and the Master Indenture Notes, but reserving in all cases, however, to the Issuer the Unassigned Rights upon the conditions therein set forth:

Subject only to the rights of the Issuer to apply amounts under the provisions of the Bond Indenture, the pledge and assignment of the Trust Estate (as hereinafter defined) hereby made shall immediately attach thereto and shall be effective, binding and enforceable from and after the time of the delivery by the Bond Trustee of the first bonds authenticated and delivered under the Bond Indenture. The security so pledged and any assignment then or thereafter received by the Bond Trustee from the Issuer as security for the Bonds shall immediately be subject to the lien of such pledge and assignment and the lien of such pledge and assignment shall be valid and binding against the Issuer, purchases thereof, creditors and all other parties having claims against the Issuer irrespective of whether such parties have notice thereof and without the need for any physical delivery, recordation, filing or further act;

III.

All Funds (except the Rebate Fund) and moneys and securities therein; and

IV.

All moneys and securities from time to time held by the Bond Trustee or the Paying Agent under the terms of the Bond Indenture and any and all other real or personal property of every name and nature concurrently herewith or from time to time hereafter by delivery or by writing of any nature conveyed, mortgaged, pledged, assigned, or transferred as and for additional security hereunder by the Issuer or by anyone in its behalf, or with its written consent, to the Bond Trustee or the Paying Agent, which are hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Bond Indenture.

The above described trust estate (as the same is further defined in the Bond Indenture), whether now owned or acquired after the effective date of the Bond Indenture, is granted unto the Bond Trustee and its respective successors and assigns in trust forever to its and their own proper use and behalf.

Creation of Funds

The following funds are established and created under the Bond Indenture:

- (i) Series 2021 Bond Fund
 - (A) Series 2021 Construction Account
 - (1) Bond Proceeds Subaccount
 - (2) Equity Subaccount
 - (B) Series 2021 Costs of Issuance Account
- (ii) Debt Service Fund
 - (A) Senior Principal and Interest Account
 - (B) Senior Redemption Account
 - (C) Subordinate Class A Principal and Interest Account

- (D) Subordinate Class A Redemption Account
- (E) Subordinate Class B Principal and Interest Account
- (F) Subordinate Class B Redemption Account
- (iii) Debt Service Reserve Fund
 - (A) Senor DSR Account
 - (B) Subordinate Class A DSR Account
 - (C) Subordinate Class B DSR Account
- (iv) Rebate Fund

All of the Funds created under the Bond Indenture will be held by the Bond Trustee, including one or more depositories in trust for the Bond Trustee. All moneys and investments deposited with the Bond Trustee or any Paying Agent will be held in trust and applied only in accordance with the Bond Indenture and will be trust funds for the purposes of the Bond Indenture.

Debt Service Fund

The Bond Trustee shall promptly deposit the following receipts in the Debt Service Fund: (i) any amount required pursuant to the Bond Indenture to be deposited from the proceeds of the Bonds, which shall be credited to the Principal and Interest Account; (ii) all amounts received by the Bond Trustee pursuant to the Master Indenture, in satisfaction of the obligations under the Loan Agreement, which shall be credited to the Senior Principal and Interest Account in the manner set forth in the Bond Indenture and the Loan Agreement; (iii) excess or remaining amounts in the Project Fund required to be deposited in the Debt Service Fund pursuant to the Bond Indenture, which shall be credited to the Principal and Interest Account to the extent the amount of such transfer plus amounts already on hand in the Principal and Interest Account would not exceed the principal amount of the next scheduled principal payment and sinking fund redemption, unless the Borrower Representative directs any such amounts to be deposited to the Redemption Account, and to the extent the amount to be transferred exceeds the amount required for such scheduled payment and redemption or the Borrower Representative directs such amounts to be deposited to the Redemption Account, such amounts shall be deposited to the Redemption Account; (iv) any other amounts required to be paid or transferred to the Debt Service Fund, for payment of principal and interest due on the Bonds, which shall be credited to the Principal and Interest Account; (v) prepayments under the Loan Agreement received by the Bond Trustee pursuant to the Loan Agreement, which shall be credited to the Senior Redemption Account or the Subordinate Class B Redemption Account, as applicable; and (vi) all other receipts, when and if required by the Borrower Financing Documents or any subsequent agreement or by the Bond Indenture to be paid into the Debt Service Fund, which shall be credited to the Principal and Interest Account.

There shall be paid from the Senior Principal and Interest Account to the Paying Agent, on each Interest Payment Date for the Senior Bonds, the amounts required for the payment of the principal and interest due on the Senior Bonds on such date (to the extent not paid from moneys in the Series 2021 Capitalized Interest Account, or paid from moneys in any other capitalized interest account established pursuant to a Supplemental Indenture). Such amounts shall be applied by the Paying Agent to the payment of principal and interest on the Bonds when due in the following order of priority: First, the Bond Trustee shall pay principal and Redemption Price for any sinking fund redemption of and interest on the Senior

Bonds due on the Interest Payment Date, and Second, the Bond Trustee shall pay principal and Redemption Price for any sinking fund redemption of and interest on the Subordinate Class A Bonds due on the Interest Payment Date. There shall be paid from the Subordinate Class B Principal and Interest Account to the Paying Agent, on each Interest Payment Date for the Subordinate Class B Bonds, the amounts required for the payment of principal and interest due on the Subordinate Class B Bonds on such date.

Debt Service Reserve Fund

- (a) There shall be deposited into the applicable accounts in the Debt Service Reserve Fund amounts sufficient to cause the total amount on deposit in such accounts of the Debt Service Reserve Fund to be an amount not less than the Senior DSRFR, the Subordinate Class A DSRFR and the Subordinate Class B DSRFR, as applicable, with respect to the Bonds being issued.
- (b) Moneys on deposit in the applicable account of the Debt Service Reserve Fund shall be applied as follows (unless otherwise provided in the Bond Indenture):
 - On the date of each required payment in respect of the Bonds, moneys in (A) the (i) Senior DSR Account shall be applied to cure any deficiency (after transfers from moneys held under the Master Indenture, if any, made in accordance with the terms thereof) in the Debt Service Fund needed to pay principal or Redemption Price of or interest on all Outstanding Senior Bonds; (B) the Subordinate Class A DSR Account shall be applied to cure any deficiency (after transfer from moneys held under the Master Indenture, if any, made in accordance with the terms thereof) in the Debt Service Fund needed to pay principal or Redemption Price of or interest on all Outstanding Subordinate Class A Bonds; and (C) the Subordinate Class B DSR Account shall be applied to cure any deficiency (after transfer from moneys held under the Master Indenture, if any, made in accordance with the terms thereof) in the Debt Service Fund needed to pay principal or Redemption Price of or interest on all Outstanding Subordinate Class B Bonds. The Borrowers agree that any transfer from the Debt Service Reserve Fund to the Debt Service Fund pursuant to this paragraph shall not be construed as preventing, waiving or curing any nonpayment of any payments required under the Loan Agreement until the amount of such deficiency has been restored.
 - (ii) At the time of valuation pursuant to the Bond Indenture, any amount in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement not required to be transferred to the Rebate Fund shall be transferred to the Debt Service Fund for the payment of such principal and interest.
 - (iii) In each month during the twelve-month period preceding the final maturity date of any Series of Bonds, so long as no Event of Default has occurred and is continuing, moneys held in the Debt Service Reserve Fund shall be credited against the payment of principal of and interest on such Series of Bonds and shall be transferred to the Debt Service Fund for the payment of such principal and interest, provided that after such transfer the amount remaining in the Debt Service Reserve Fund satisfies the Debt Service Reserve Fund Requirement.

Construction Account

The Bond Trustee shall disburse moneys in the Series 2021 Construction Account as provided in the Loan Agreement to pay costs related to the 2021 Project.

Capitalized Interest Account

Moneys on deposit in the Series 2021 Capitalized Interest Account shall be used by the Bond Trustee to pay interest due on the Series 2021 Bonds on each Interest Payment Date through and including July 1, 2025, in the amounts set forth in the Bond Indenture.

Investment of Funds and Accounts

Amounts in the Funds and Accounts shall, if and to the extent then permitted by law, be invested in Investment Securities. Investments authorized under this Section shall be made by the Bond Trustee at the written direction of the Borrower Representative, and may be made by the Bond Trustee through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including investment maintenance fees.

Non-presentment of Bonds

In the event any Bond shall not be presented for payment when the remaining principal thereof becomes due, either at final maturity, or at the date fixed for redemption thereof, or otherwise, and funds sufficient to pay any such Bond shall have been made available to the Bond Trustee for the benefit of the holder or holders thereof, all liability of the Issuer to the holder thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Bond Trustee to pay such funds to the person or persons entitled thereto in the case of a fully registered Bond or, if the person is not known to the Bond Trustee, hold such funds, without liability for interest thereon, for the benefit of the holder of such Bond, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under the Bond Indenture or on, or with respect to, such Bond. Subject to applicable escheat laws, funds remaining with the Bond Trustee as described above and unclaimed for two years shall be deposited in the Redemption Account of the Debt Service Fund or, in the event there are no longer any Bonds Outstanding, shall be paid to the Master Trustee so long as the Master Indenture remains in full force and effect, and, thereafter, to or upon the direction of the Borrower Representative. Upon deposit or payment of such funds with the Master Trustee or to the Borrower Representative, as the case may be, the Bond Trustee shall certify the amount thereof and the identifying numbers of the particular Bonds whose holders have a claim against such funds (which holders shall also be identified, if known) and deliver such certificate to the Borrower Representative. Thereafter, such holders shall have an unsecured claim against the Borrowers with respect to the payment of such unpresented Bonds and shall have no further claim whatever against the Issuer or the Bond Trustee.

Rights under Financing Documents

The General Financing Documents, originals or duly executed counterparts of which have been filed with the Bond Trustee, set forth the covenants and obligations of the Issuer and the Borrowers, including provisions that subsequent to the issuance of Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions hereof, the General Financing Documents may not be effectively amended, changed, modified, altered or terminated without the written consents provided for therein, and reference is hereby made to the same for a detailed statement of the covenants and obligations of the Borrowers thereunder. It is agreed that the Bond Trustee may and is hereby granted the right to enforce all rights of the Issuer other than the Unassigned Rights and all obligations of the Borrowers under and pursuant to the General Financing Documents, including, without limitation the Master Indenture Note and the security interests created thereby or securing the same. Nothing in this Section shall permit any reduction in the payments required to be made by the Borrowers under or pursuant to the Loan Agreement and the Master Indenture Note or any alteration in the terms of payment thereof. All covenants and agreements on the part of the Issuer shall, except as otherwise specifically provided in the Bond Indenture,

be for the benefit of the holders from time to time of the Bonds and may be enforced in the manner provided by Article VIII of the Bond Indenture on behalf of such holders by the Bond Trustee.

Events of Default; Acceleration of Due Dates

- (a) Each of the following events constitutes an "Event of Default" under the Bond Indenture:
 - (i) payment of any installment of principal, Redemption Price of, or interest on, any Senior Bond or Subordinate Class A Bond is not made when due; or
 - (ii) payment of any installment of principal, Redemption Price of, or interest on, any Subordinate Class B Bond is not made by the first July 1 following the date on which such amount first becomes due; or
 - (iii) if the Borrowers or the Issuer shall fail to observe or perform any covenant or agreement contained in the Bond Indenture, which failure would have a Material Adverse Effect, and such failure continues for a period of thirty (30) days after written notice of such failure, requiring the same to be remedied, shall have been given by the Bond Trustee to the Borrower Representative and the Issuer, the giving of which notice shall be at the discretion of the Bond Trustee unless the Bond Trustee is requested in writing to do so by the Holders of at least 25% in aggregate principal amount of all Outstanding Senior Bonds or, if no Senior Bonds are Outstanding, of all Outstanding Subordinate Class A Bonds, or if no Senior Bonds and no Subordinate Class A Bonds are Outstanding, of all Outstanding Subordinate Class B Bonds, in which event such notice shall be given; provided, however, that if such observance or performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied within such 30-day period but can be done, taken or remedied within a reasonable period of time, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the Borrowers or the Issuer, as the case may be, shall commence such work, action or other remedy within such 30-day period and shall diligently and continuously prosecute the same to completion;
 - (iv) any Event of Default as specified in the Loan Agreement or the Master Indenture shall occur and is continuing and has not been waived; or
 - (v) the occurrence of an Act of Bankruptcy with respect to the Issuer
- (b) Subject to the provisions of Section (c) below, upon the occurrence of an Event of Default then and in every such case, the Bond Trustee shall (A) at the written request of the Holders of 25% in aggregate principal amount Outstanding of the Senior Bonds or (B) in the case of an Event of Default under subsection (a)(i) above, without any such request, shall declare the principal of all the Senior Bonds and the interest accrued thereon to be immediately due and payable and provide notice of the same to the Master Trustee, the Borrower Representative and the Issuer and upon any such declaration, all principal of and interest on the Senior Bonds become immediately due and payable. Notwithstanding the foregoing, the Senior Bonds shall not be subject to acceleration in the event the applicable Event of Default relates solely to payment of principal of and interest on the Subordinate Bonds;
- (c) Any declaration pursuant to subsection (b) above shall be subject to the condition that if, at any time after the principal of all Senior Bonds or Subordinate Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided: (i) the Borrowers shall deposit or cause to be deposited with

the Bond Trustee a sum sufficient to pay (A) all matured installments of interest upon all Bonds and the principal and premium, if any, of all such Bonds that shall have become due otherwise than by acceleration (with interest on overdue installments of interest, to the extent permitted by law and on such principal and premium, if any, at the respective rates borne by such Bonds to the date of such deposit) and any other amounts required to be paid pursuant to such Bonds, and (B) the expenses and fees of the Bond Trustee and the Master Trustee; and (ii) any and all Events of Default under the Bond Indenture, other than the (X) nonpayment of principal of and accrued interest on Outstanding Bonds that shall have become due by acceleration and (Y) nonpayment of principal or interest on the Subordinate Bonds if any Senior Bonds remain Outstanding and (Z) when no Senior Bonds remain Outstanding, nonpayment of principal or interest on the Subordinate Class B Bonds if any Subordinate Class A Bonds remain Outstanding (and the Holders of the majority in aggregate principal amount Outstanding of the Subordinate Class A Bonds have waived such nonpayment), shall have been remedied, then and in every such case, the Bond Trustee shall, if requested by the Required Bondholders, waive all Events of Default and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or affect any subsequent Event of Default.

Enforcement of Remedies

- (a) Upon the happening and continuance of any Event of Default, then and in every case, but subject to the provisions the Bond Indenture, the Bond Trustee, in its own name as trustee of an express trust, shall be entitled and empowered to, and shall, upon written direction of the Required Bondholders, proceed to protect and enforce its rights and the rights of the Bondholders under the Bonds, the Master Trust Indenture Documents, the General Financing Documents, including, without limitation, the Master Indenture Notes and the Bond Indenture, and under any agreement executed in connection with the foregoing, forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in the Bond Indenture, the Master Trust Indenture Documents or the General Financing Documents or in aid of the execution of any power granted therein or for the enforcement of any legal or equitable rights or remedies as the written directions of the Required Bondholders shall require.
- (b) When the Bond Trustee incurs expenses or renders services after the occurrence of an Act of Bankruptcy with respect to the Issuer or any Borrower, the expenses and the compensation for the services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.
- Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due hereunder for principal, Redemption Price, interest or otherwise under any of the provisions of the Master Trust Indenture Documents, the General Financing Documents, the Bond Indenture or of the Bonds, and unpaid, with interest on overdue payments at the applicable rate or rates of interest specified in the Bonds or any Supplemental Indentures, together with any and all costs and expenses of collection and of all proceedings under the Master Trust Indenture Documents, the General Financing Documents, the Bond Indenture, and the Bonds, without prejudice to any other right or remedy of the Bond Trustee or of the Bondholders, and to recover and enforce judgment or decree against the appropriate party or parties, but solely as provided in the Master Trust Indenture Documents, the General Financing Documents, the Bond Indenture, and the Bonds, for any portion of such amounts remaining unpaid, with interest, costs, and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.
- (d) Regardless of the happening of an Event of Default, the Bond Trustee, if requested in writing by the Required Bondholders and furnished with reasonable security and indemnity satisfactory

to it, shall institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Bond Indenture by any acts which may be unlawful or in violation of the Indenture or of any resolution authorizing the Bonds, and such suits and proceedings as the Bond Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; but no such request shall be otherwise than in accordance with the provisions of law and of the Indenture.

Application of Revenues and Other Moneys After Default

All moneys received by the Bond Trustee pursuant to any right given or action taken under the provisions of the Bond Indenture, after payment of (i) the reasonable cost and expenses of the proceedings resulting in the collection of such moneys and of the reasonable fees, expenses, liabilities and advances incurred or made by the Bond Trustee and any Paying Agent, including reasonable attorneys' fees, and (ii) the fees, costs and expenses of the Issuer and the Issuer Indemnified Persons and any other payments due them in respect of the Unassigned Rights (including, without limitation, indemnification payments); provided, that payment of amounts due to the Issuer or the Issuer Indemnified Persons under this Section shall not absolve the Borrowers from liability therefor except to the extent of the amounts received from the Bond Trustee, shall be deposited in the Principal and Interest Account of the Debt Service Fund and all moneys so deposited, to the extent not required under the Master Indenture Note or the Master Indenture to be delivered to the Master Trustee to be applied under the Master Indenture, in such Fund and available for payment of the Bonds shall be applied as follows: (i) to the payment of costs and expenses of collection, including reasonable fees of counsel and reasonable compensation to the Master Trustee (to the extent the Master Trustee has not received or retained amounts for such fees and expenses) and the Bond Trustee and (ii) whether or not the principal of all Outstanding Bonds shall have become or have been declared due and payable:

FIRST: To the payment to the Holders entitled thereto of all installments of interest then due on any Senior Bonds in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to such amounts due on such date, without any discrimination or preference;

SECOND: To the payment to the Holders entitled thereto of the unpaid principal installments which shall have become due, whether at maturity or by call for redemption, on any Senior Bonds in order of their due dates and, if the amounts available shall not be sufficient to pay in full all principal installments due on the same date, then to the payment thereof ratably, according to the amounts of such principal installments due on such date, without any discrimination or preference;

THIRD: To the payment to the Holders entitled thereto of any additional amounts due and unpaid in respect of Senior Bonds, in the order of the due dates of such amounts, and if the moneys available therefor shall not be sufficient to pay in full any such additional amounts due on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference;

FOURTH: To the payment to the Holders entitled thereto of all installments of interest then due on any Subordinate Class A Bonds in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to such amounts due on such date, without any discrimination or preference;

FIFTH: To the payment to the Holders entitled thereto of the unpaid principal installments which shall have become due, whether at maturity or by call for redemption, on any Subordinate Class A Bonds in order of their due dates and, if the amounts available shall not be sufficient to pay in full all principal installments due on the same date, then to the payment thereof ratably, according to the amounts of such principal installments due on such date, without any discrimination or preference;

SIXTH: To the payment to the Holders entitled thereto of any additional amounts due and unpaid in respect of Subordinate Class A Bonds, in the order of the due dates of such amounts, and if the moneys available therefor shall not be sufficient to pay in full any such additional amounts due on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference;

SEVENTH: To the payment to the Holders entitled thereto of all installments of interest then due on any Subordinate Class B Bonds in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to such amounts due on such date, without any discrimination or preference;

EIGHTH: To the payment to the Holders entitled thereto of the unpaid principal installments which shall have become due, whether at maturity or by call for redemption, on any Subordinate Class B Bonds in order of their due dates and, if the amounts available shall not be sufficient to pay in full all principal installments due on the same date, then to the payment thereof ratably, according to the amounts of such principal installments due on such date, without any discrimination or preference; and

NINTH: To the payment to the Holders entitled thereto of any additional amounts due and unpaid in respect of Subordinate Class B Bonds, in the order of the due dates of such amounts, and if the moneys available therefor shall not be sufficient to pay in full any such additional amounts due on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference.

- (b) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Bond Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Bond Trustee shall apply such funds, it shall fix the date upon which such application shall be made. The Bond Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the owner of any Bonds until such Bonds shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid.
- (c) Whenever all Bonds and interest thereon and all other amounts due under the Loan Agreement, the Master Indenture Note and the Tax Certificate have been paid under the provisions of this Section and all fees, expenses and charges of the Bond Trustee and Paying Agent have been paid, any balance remaining in the Debt Service Fund shall be paid to the Master Trustee for deposit to the Revenue Fund established under the Master Indenture for application as revenues held in such Revenue Fund, and if the Master Indenture is no longer in full force and effect, to or upon the direction of the Borrower Representative.

Required Bondholders Control Proceedings

The Required Bondholders shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Bond Indenture, or for any other proceedings hereunder; but such direction shall not be otherwise than in accordance with the provisions of law and of the Bond Indenture.

Individual Bondholder Action Restricted

- No owner of the Bonds shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Bond Indenture or the execution of any trust under the Bond Indenture or for any remedy under the Bond Indenture, unless such owner shall have previously given to the Bond Trustee written notice of the happening of an event of default, as provided in the Bond Indenture, and the Required Bondholders shall have filed a written request with the Bond Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in the Bond Indenture or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such owners shall have offered to the Bond Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Bond Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no owner of any Bond shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture, except in the manner provided in the Bond Indenture; and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all owners of the Outstanding Bonds, provided, however, that the right of the Holders of the Senior Bonds to receive such payments as shall then be due and owing shall be prior and superior in all cases to the right of the Holders of the Subordinate Bonds to receive such payments and that the rights of the Holders of the Subordinate Class A Bonds to receive such payments as shall then be due and owing shall be prior and superior in all cases to the rights of the Holders of the Subordinate Class B Bonds to receive such payments...
- (b) Nothing in the Bond Indenture or in the Bonds contained shall affect or impair the right of any owner of the Bonds to enforce payment of the principal or Redemption Price, if any, of and interest on any Bond or other amounts due under the Loan Agreement and the Master Indenture Note at and after the maturity thereof, or the obligation of the Borrowers to pay the principal or Redemption Price, if applicable, of and interest on each of the Bonds or other amounts due under the Loan Agreement and the Master Indenture Note to the respective owners thereof at the time, place, from the source and in the manner in the Bond Indenture and in such Bonds expressed.

Supplemental Indentures Without Consent of Owners of the Bonds.

- (a) Subject to the terms and conditions contained in the Bond Indenture, the Issuer and the Bond Trustee may, from time to time and at any time, adopt Supplemental Indentures with the prior written consent of the Borrower Representative and without prior notice to, and without the consent of, the owners of the Bonds for any of the following purposes:
 - (i) To cure any ambiguity or to correct or supplement any provision contained in the Bond Indenture or in any Supplemental Indenture which may be defective or inconsistent with any other provision contained in the Bond Indenture or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under the Bond Indenture or

any Supplemental Indenture as shall not be inconsistent with the Bond Indenture or adversely affect the interests of the Holders of any particular Bonds or series of Bonds;

- (ii) To grant to or confer upon the Bond Trustee for the benefit of the owners of the Bonds any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Bond Indenture as theretofore in effect:
- (iii) To add to the covenants and agreements of the Issuer in the Bond Indenture other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Bond Indenture as theretofore in effect;
- (iv) To add to the limitations and restrictions in the Bond Indenture other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Bond Indenture as theretofore in effect;
- (v) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Bond Indenture, of the properties of the Project, or revenues or other income from or in connection with the Project or of any other moneys, securities or funds, or to subject to the lien or pledge of the Bond Indenture additional revenues, properties or collateral;
- (vi) To qualify the Bond Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect;
- (vii) To authorize the issuance of certain Additional Bonds, in accordance herewith, and prescribe the terms, forms and details thereof not inconsistent with the Bond Indenture.
- (viii) To amend any provision pertaining to matters under Federal income tax laws, including Section 148(f) of the Code;
- (ix) To authorize different authorized denominations of the Bonds and to make correlative amendments and modifications to the Bond Indenture regarding exchangeability of Bonds of different authorized denominations, redemptions of portions of Bonds of particular authorized denominations and similar amendments and modifications of a technical nature;
- (x) To provide for any uncertificated system of registering the Bonds or to provide for the change to or from a Book-Entry System for the Bonds;
- (xi) To evidence the succession of a new trustee or the appointment by the Bond Trustee or the Issuer of a co-trustee;
- (xii) To make any change related to the Bonds that does not materially adversely affect the interests of any Bondholder; or
- (xiii) To make any other change to the Bond Indenture that will take effect during any period when the Borrower is permitted to optionally redeem Bonds.
- (b) Before the Issuer shall adopt any Supplemental Indenture pursuant to this Section, there shall have been filed with the Bond Trustee an Opinion of Bond Counsel satisfactory to the Bond

Trustee to the effect that (i) such Supplemental Indenture is authorized or permitted by the Bond Indenture and complies with its terms, and (ii) upon execution, the Supplemental Indenture will be valid and binding upon the Issuer in accordance with its terms.

Supplemental Indentures With Consent of Owners of the Bonds

- (a) Subject to the terms and provisions contained in the Bond Indenture, the Required Bondholders and the Borrower Representative shall have the right from time to time, to consent to and approve the adoption by the Issuer of any Supplemental Indenture as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Indenture. Nothing contained in the Bond Indenture shall permit, or be construed as permitting, without the consent of all of the owners of the Bonds affected thereby (A) a change in the terms of redemption or maturity of the principal of or the interest on any Outstanding Bond, tender provision, or a reduction in the principal amount or redemption price of any Outstanding Bond or the rate of interest thereon without the consent of the owner of such Bond, or (B) the creation of a lien upon or pledge of revenues or other income from or in connection with the Loan Agreement other than the lien or pledge created by the Bond Indenture or the Master Indenture, or (C) a preference or priority of any Bond or Bonds over any other Bond or Bonds, except for preferences and priorities (x) of Senior Bonds over Subordinate Bonds, and (y) of Subordinate Class A Bonds over Subordinate Class B Bonds or (D) a reduction in the aggregate principal amount of the Bonds or any subset of the same required for consent to such Supplemental Indenture.
 - Notwithstanding anything in the Bond Indenture to the contrary, while any Senior Bonds remain Outstanding, the Holders of the Subordinate Bonds shall have no right of consent to any amendment, change or modification to the Bond Indenture other than as set forth in this subsection and subsection (iii) below. Any notices required under this Article shall be sent to the Holders of the Senior Bonds with copy to the Holders of Subordinate Bonds. By their purchase of the Subordinate Bonds, the Holders of such Subordinate Bonds shall be deemed to have consented to the provisions of this Section. Nothing in this Section shall permit, or be construed as permitting, without the consent of the Holders of all Outstanding Subordinate Class A Bonds any amendment, change or modification to the Bond Indenture that would cause any of the following effects (1) an extension of the maturity date or redemption dates or the due date of any interest on any Subordinate Class A Bond, (2) a reduction in the principal amount of any Subordinate Class A Bond or the interest rate thereon, (3) a privilege or priority of any Subordinate Class A Bond or Bonds over any other Subordinate Class A Bond or Bonds, (4) a reduction in the aggregate principal amount of the Subordinate Class A Bonds required for consent to remedies or waivers of remedies in connection with the occurrence of an Event of Default hereunder, (5) an extension of the dates on which the Borrowers' payments with respect to the Subordinate Class A Bonds are due, (6) a reduction in the principal amount or interest rate payable by the Borrowers under the Loan Agreement with respect to the Subordinate Class A Bonds and the Subordinate Class A Note, (7) the creation of any lien on the Trust Estate other than (A) a Permitted Encumbrance or (B) a lien ratably securing all of the Subordinate Class A Bonds at any time Outstanding, or (8) the elimination or diminution of the lien securing the Subordinate Class A Bonds except to the extent necessary and appropriate in connection with a reduction in such lien permitted by the Master Indenture.
 - (ii) Notwithstanding anything in the Bond Indenture to the contrary, while any Senior Bonds or Subordinate Class A Bonds remain Outstanding, the Holders of the Subordinate Class B Bonds shall have no right of consent to any amendment, change or modification to the Bond Indenture other than as set forth in this subsection. Any notices required under this Article shall be sent to the Holders of the Senior Bonds or if no Senior Bonds are Outstanding, to the

Holders of the Subordinate Class A Bonds, with copy to the Holders of Subordinate Class B Bonds. By their purchase of the Subordinate Class B Bonds, the Holders of such Subordinate Class B Bonds shall be deemed to have consented to the provisions of this Section. Nothing in this Section shall permit, or be construed as permitting, without the consent of the Holders of all Outstanding Subordinate Class B Bonds any amendment, change or modification to the Bond Indenture that would cause any of the following effects (1) an extension of the maturity date or redemption dates or the due date of any interest on any Subordinate Class B Bond, (2) a reduction in the principal amount of any Subordinate Class B Bond or the interest rate thereon, (3) a privilege or priority of any Subordinate Class B Bond or Bonds over any other Subordinate Class B Bond or Bonds, (4) a reduction in the aggregate principal amount of the Subordinate Class B Bonds required for consent to remedies or waivers of remedies in connection with the occurrence of an Event of Default hereunder, (5) an extension of the dates on which the Borrowers' payments with respect to the Subordinate Class B Bonds are due, (6) a reduction in the principal amount or interest rate payable by the Borrowers under the Loan Agreement with respect to the Subordinate Class B Bonds and the Subordinate Class B Note, (7) the creation of any lien on the Trust Estate other than (A) a Permitted Encumbrance or (B) a lien ratably securing all of the Subordinate Class B Bonds at any time Outstanding, or (8) the elimination or diminution of the lien securing the Subordinate Class B Bonds except to the extent necessary and appropriate in connection with a reduction in such lien permitted by the Master Indenture.

- (b) If at any time the Issuer shall determine to adopt any Supplemental Indenture for any of the purposes of this Section, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all owners of the Bonds. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that a copy thereof is on file at the offices of the Bond Trustee for inspection by all owners of the Bonds.
- (c) Within one year after the date of such notice, the Issuer may execute such Supplemental Indenture in substantially the form described in such notice, only if there shall have first been filed with the Issuer (i) the written consents of the required percentage of owners of the Bonds then Outstanding so affected, and (ii) an opinion of counsel satisfactory to the Bond Trustee stating that such Supplemental Indenture is authorized or permitted by the Bond Indenture and complies with its terms, and that upon adoption it will be valid and binding upon the Issuer in accordance with its terms. Each valid consent shall be effective only if accompanied by proof of the owning, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates by the Bond Trustee that it has examined such proof and that such proof is sufficient in accordance with the Bond Indenture shall be conclusive that the consents have been given by the owners of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the owner of the Bonds giving such consent and upon any subsequent owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent owner thereof has notice thereof), unless such consent is revoked in writing by the owner of such Bonds giving such consent or a subsequent owner thereof by filing such revocation with the Bond Trustee prior to the adoption of such Supplemental Indenture.
- (d) If the owners of not less than the percentage of Bonds required by the Bond Indenture shall have consented to and approved the execution thereof as provided in the Bond Indenture, no owner of any Bond shall have any right to object to the enactment of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.
- (e) Upon the adoption of any Supplemental Indenture pursuant to the provisions of this Section, the Bond Indenture shall be deemed to be modified and amended in accordance therewith, and

the respective rights, duties and obligations under the Bond Indenture of the Issuer, the Bond Trustee and all owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Bond Indenture, subject in all respects to such modifications and amendments.

Amendments of Financing Documents Not Requiring Consent of Owners of the Bonds

The Issuer and the Bond Trustee may, without the consent of and without prior notice to the owners of the Bonds, consent to any amendment, change or modification of the General Financing Documents or the Master Trust Indenture Documents for the purpose of carrying out any of the purposes set forth in Section 10.2, curing any ambiguity or formal defect therein to provide for the issuance of Additional Bonds or to otherwise modify the same in a manner which is not adverse to the interests of the owners of the Bonds, as evidenced to the Bond Trustee by an opinion of counsel. The Bond Trustee shall have no liability to any owner of the Bonds or any other person for any action taken by it in good faith pursuant to this Section.

Amendments of Financing Documents Requiring Consent of Owners of the Bonds

- Except as provided in the Master Trust Indenture Documents and Section 11.2 hereof and in clauses (b) and (c) below, the Issuer and the Bond Trustee shall not consent to any amendment, change or modification of the General Financing Documents, without mailing of notice and the written approval or consent of the Required Bondholders, provided that the written approval or consent of the owners of 100% in aggregate principal amount of the affected Bonds at the time Outstanding and so affected, given and procured as in Section 10.3 hereof provided, shall be required for any amendment that causes any of the following effects (1) a reduction in the aggregate principal amount of the Bonds or a Class of Bonds required for consent to remedies or waivers of remedies in connection with the occurrence of an Event of Default thereunder, (2) an extension of the dates on which the Borrowers' payments with respect to the Bonds are due, (3) a reduction in the principal amount or interest rate payable by the Borrowers under the Loan Agreement and the Master Indenture Notes, (4) the creation of any lien other than a lien securing all Bondholders according to the Class of Bonds they hold and ratably securing all of the Bonds within a Class at any time Outstanding or (5) the elimination or diminution of the liens securing the Bonds except to the extent necessary and appropriate in connection with a reduction in any such lien permitted by the Master Indenture under the General Financing Documents. If at any time the Borrower Representative shall request the consent of the Bond Trustee to any such proposed amendment, change or modification, the Bond Trustee shall cause notice of such proposed amendment, change or modification to be mailed in the same manner as is provided in Article X of the Bond Indenture with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Bond Trustee for inspection by all owners of the Bonds.
- (b) Notwithstanding anything in this Article to the contrary, while any Senior Bonds remain outstanding, the Holders of the Subordinate Bonds shall have no right of consent to any amendment, change or modification to any of the General Financing Documents other than as set forth in this subsection and in subsection (c) below. Any notices required under this Article shall be sent to the Holders of the Senior Bonds with a copy to the Holders of Subordinate Bonds. By their purchase of the Subordinate Bonds, the Holders of such Subordinate Bonds shall be deemed to have consented to the provisions of this Section. Nothing in this Section shall permit, or be construed as permitting, without the consent of the Holders of all Outstanding Subordinate Class A Bonds any amendment, change or modification to any of the General Financing Documents that would cause any of the following effects (1) a reduction in the aggregate principal amount of the Subordinate Class A Bonds required for consent to remedies or waivers of remedies in connection with the occurrence of an Event of Default thereunder, (2) an extension of the dates on which the Borrowers' payments with respect to the Subordinate Class A Bonds are due, (3) a

reduction in the principal amount or interest rate payable by the Borrowers with respect to the Subordinate Class A Bonds under the Loan Agreement and the Subordinate Class A Note, (4) the creation of any lien other than (A) a Permitted Encumbrance or (B) a lien ratably securing all of the Subordinate Class A Bonds at any time Outstanding or (5) the elimination or diminution of the lien securing the Subordinate Class A Bonds except to the extent necessary and appropriate in connection with a reduction in such lien permitted by the Master Indenture.

Notwithstanding anything in this Article to the contrary, while any Senior Bonds or Subordinate Class A Bonds remain outstanding, the Holders of the Subordinate Bonds Class B shall have no right of consent to any amendment, change or modification to any of the General Financing Documents other than as set forth in this subsection. Any notices required under this Article shall be sent to the Holders of the Senior Bonds or, if no Senior Bonds remain Outstanding, to the Holders of the Subordinate Class A Bonds, with a copy to the Holders of Subordinate Class B Bonds. By their purchase of the Subordinate Class B Bonds, the Holders of such Subordinate Class B Bonds shall be deemed to have consented to the provisions of this Section. Nothing in this Section shall permit, or be construed as permitting, without the consent of the Holders of all Outstanding Subordinate Class B Bonds any amendment, change or modification to any of the General Financing Documents that would cause any of the following effects (1) a reduction in the aggregate principal amount of the Subordinate Class B Bonds required for consent to remedies or waivers of remedies in connection with the occurrence of an Event of Default hereunder, (2) an extension of the dates on which the Borrowers' payments with respect to the Subordinate Class B Bonds are due, (3) a reduction in the principal amount or interest rate payable by the Borrowers with respect to the Subordinate Class B Bonds under the Loan Agreement and the Subordinate Class B Note, (4) the creation of any lien other than (A) a Permitted Encumbrance or (B) a lien ratably securing all of the Subordinate Class B Bonds at any time Outstanding or (5) the elimination or diminution of the lien securing the Subordinate Class B Bonds except to the extent necessary and appropriate in connection with a reduction in such lien permitted by the Master Indenture.

Defeasance; **Discharge** of Indenture

- If the Issuer shall pay or cause to be paid to the holders of all Outstanding Bonds, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Bond Indenture and any Supplemental Indenture authorizing the issuance of such Bonds, then the pledge of any revenues and other moneys, securities, funds and property hereby pledged and all other rights granted hereby with respect to such Bonds shall be discharged and satisfied. In such event, the Bond Trustee shall, upon the request of the Issuer or the Borrower Representative, execute and deliver to the Issuer or the Borrower Representative all such instruments as may be desirable to evidence such discharge and satisfaction and after all amounts owed to the Bond Trustee have been paid, the Bond Trustee shall pay over or deliver to the Master Trustee, so long as the Master Indenture remains in full force and effect, and thereafter, to or upon the direction of the Borrower Representative, all moneys or securities held by it pursuant to the Bond Indenture which are not required for the payment or redemption of such Bonds not theretofore surrendered for such payment or redemption. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Outstanding Bonds of a particular Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein in the Bond Indenture and in the Supplemental Indenture authorizing a Series, such Bonds or Series of Bonds shall cease to be entitled to any lien, benefit or security hereunder and all covenants, agreements and obligations of the Issuer to the holders of such Bonds or Series of Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.
- (b) Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid with the effect expressed in subsection (a) of this Section if (A) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Bond Trustee in form

satisfactory to it irrevocable instructions to mail as provided in Article VI of the Bond Indenture notice of redemption on said date of such Bonds, (B) there shall have been deposited with the Bond Trustee either Available Moneys in an amount which shall be sufficient, or Defeasance Collateral purchased with Available Moneys the principal of and the interest on which when due (without further reinvestment) will provide moneys which, together with the Available Moneys, if any, deposited with the Bond Trustee at the same time, shall be sufficient, in the opinion of a nationally recognized certified public accountant, to pay when due the principal or Redemption Price, if any, of and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof as the case may be, and (C) in the event said Bonds do not mature and are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall have given the Bond Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the holders of such Bonds that the deposit required by (B) above has been made with the Bond Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, on said Bonds. Neither Defeasance Collateral nor moneys deposited with the Bond Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Collateral shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on said Bonds; but if any cash received from such principal or interest payments on such Defeasance Collateral deposited with the Bond Trustee, is not then needed for such purpose, the Bond Trustee shall notify the Issuer of such receipt, and upon written direction from the Issuer shall to the extent practicable, reinvest such amounts in Defeasance Collateral maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case maybe, and interest earned from such reinvestments shall be paid over to the Master Trustee, so long as the Master Indenture remains in full force and effect, and, thereafter, to or upon the direction of the Borrower Representative, as received by the Bond Trustee, free and clear of any trust, lien or pledge hereunder.

- (c) If, through the deposit of moneys by the Issuer or otherwise, the Bond Trustee shall hold pursuant to the Bond Indenture, moneys sufficient to pay the principal and interest to maturity on all Outstanding Bonds, or in the case of Bonds in respect of which the Issuer shall have taken all action necessary to redeem prior to maturity, sufficient to pay the Redemption Price and interest to such redemption date, then at the request of the Issuer all moneys held by the Bond Trustee hereunder shall be held by the Bond Trustee for the payment or the redemption of Outstanding Bonds.
- (d) Anything in the Bond Indenture to the contrary notwithstanding, any moneys held by the Bond Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when all of the Bonds have become due and payable either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Bond Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Bond Trustee after the said date when all of the Bonds became due and payable, shall be paid over to the Master Trustee, so long as the Master Indenture remains in full force and effect, and, thereafter, to or upon the direction of the Borrower Representative, free and clear of any trust, lien or pledge hereunder, and the Bond Trustee shall thereupon be released and discharged.
- (e) A Supplemental Indenture may provide that any or all of the provisions of this Section are applicable or not applicable, and that other provisions of like or different effect are applicable, to the Series of Bonds authorized by such Supplemental Indenture.

THE LOAN AGREEMENT

Representations by each Borrower

Each Borrower shall represent and warrant to the Issuer in the Loan Agreement that, as of the date of execution of the Loan Agreement and as of the date of delivery of the Series 2021 Bonds to the initial purchasers thereof (such representations and warranties are to remain operative and in full force and effect regardless of the issuance of the Series 2021 Bonds or any investigations by or on behalf of the Issuer or the results thereof):

- (a) Each Borrower has been duly organized, validly exists and is in good standing under the laws of its state of organization, has full legal right, power and authority to enter into the Loan Agreement and the other Borrower Financing Documents, and to carry out and consummate all transactions contemplated hereby and by the Borrower Financing Documents, and by proper organizational action has duly authorized the execution, delivery and performance of the Loan Agreement and the Borrower Financing Documents.
- (b) The officers of each Borrower executing the Loan Agreement and the Borrower Financing Documents are duly and properly in office and fully authorized to execute the same.
- (c) The Loan Agreement and the Borrower Financing Documents have been duly authorized, executed and delivered by each Borrower party thereto.
- (d) (i) The Loan Agreement and the Borrower Financing Documents, when assigned to the Bond Trustee pursuant to the Trust Indenture, will constitute the legal, valid and binding agreements of each Borrower party thereto enforceable against each such Borrower by the Bond Trustee in accordance with their terms, including without limitation, by the Bond Trustee for the benefit of the Owners of the Bonds, and (ii) the Unassigned Rights constitute the legal, valid, and binding agreements of each Borrower enforceable against each Borrower (A) by the Issuer in its own right, or (B) in the case of the rights of any Issuer Indemnified Person (including, without limitation, the right of any Issuer Indemnified Person to indemnification and immunity from liability), by such Issuer Indemnified Person in his, her or its own right in accordance with their respective terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.
- (e) The execution and delivery of the Loan Agreement and the Borrower Financing Documents, the consummation of the transactions contemplated in the Loan Agreement and the Borrower Financing Documents and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the organizational documents of any Borrower, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any trust indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which such Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of such Borrower, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Loan Agreement or the Borrower Financing Documents, or the financial condition, assets, properties or operations of such Borrower.

- (f) No consent or approval of any bond trustee or holder of any indebtedness of any Borrower or any guarantor of indebtedness of or other provider of credit or liquidity of or to such Borrower, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of the Loan Agreement or the Borrower Financing Documents, or the consummation of any transaction contemplated in the Loan Agreement or the Borrower Financing Documents, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.
- (g) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of any Borrower, after reasonable investigation, threatened, against or affecting any Borrower or the assets, properties or operations of any Borrower which, if determined adversely to any Borrower or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Loan Agreement or the Borrower Financing Documents, or upon the financial condition, assets, properties or operations of any Borrower, and no Borrower is in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Loan Agreement or the Borrower Financing Documents, or the financial condition, assets, properties or operations of any Borrower.
- (h) All tax returns (federal, state, and local) required to be filed by or on behalf of each Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by any Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof, which reserves, if any, are reflected in the audited financial statements described therein. Each Borrower enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating its facilities.
- (i) No written information, exhibit or report furnished to the Issuer by any Borrower in its application for financing or by any Borrower or its representatives in connection with the negotiation of the Loan Agreement or the Borrower Financing Documents, regardless of whether the Issuer is a party thereto (including, without limitation, any financial statements, if any, whether audited or unaudited, and any other financial information provided in connection therewith) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representation and warranty in this clause is made only to the Issuer and may not be relied upon by any other Person.

Loan Payments

On the Business Day immediately prior to any date on which principal or Redemption Price of, or interest on, the Bonds is due, if insufficient moneys are then on deposit in the Debt Service Fund and available therefor, the Borrowers shall, prior to 10:00 a.m. New York City time on such date, pay (or cause the Master Trustee to pay in accordance with the Master Indenture) to the Bond Trustee for deposit in the Debt Service Fund the amount necessary (in immediately available funds, as necessary) for the payment of such principal, interest, and premium, if any, due on such date. In addition, the Borrowers shall pay or cause the Master Trustee to pay to the Bond Trustee, as and when the same shall become due, all other amounts due under the General Financing Documents, together with interest thereon at the then applicable rate as set forth in the Loan Agreement.

The Borrowers shall have the option to prepay their payment obligations hereunder in whole or in part at the times and in the manner provided in Article VI of the Loan Agreement and in accordance with the Trust Indenture. The Borrowers hereby agree to prepay their payment obligations hereunder in the amount required to effect a redemption (at the applicable Redemption Price) of the Bonds in whole or in part at the times and in the manner provided in Article VI of the Loan Agreement and in accordance with the Trust Indenture.

At their option, to be exercised on or before the forty-fifth (45th) day next preceding the date any Bonds are to be redeemed from mandatory sinking fund payments, provided no Event of Default has occurred and is continuing, the Borrowers may deliver Bonds to the Bond Trustee which are subject to mandatory sinking fund payment redemption in an aggregate principal amount not in excess of the principal amount of Bonds to be so redeemed on such date. Each Bond so delivered shall be credited by the Bond Trustee at a hundred percent (100%) of the principal amount thereof against the obligation of the Borrowers to make the next payment with respect to principal on the Bonds.

If the amounts in the applicable account of the Debt Service Reserve Fund are not at the level of the Senior DSRFR and the Subordinate Class A DSRFR, as applicable, the Borrowers shall or shall cause the Master Trustee, on or before the fifteenth (15th) day of the month next following the date the Borrower Representative is notified of such deficiency, to deposit with the Bond Trustee sufficient moneys to meet the Senior DSRFR and the Subordinate Class A DSRFR under the Trust Indenture. No withdrawal from the Debt Service Reserve Fund to make up for a deficiency in the Debt Service Fund shall be deemed to cure any failure by the Borrowers to pay or cause to be paid the amounts required by Section 3.1(c) of the Loan Agreement when due.

Other Amounts Payable and Other Obligations

Each Borrower hereby further expressly agrees to pay or cause to be paid by the Master Trustee in accordance with the Master Indenture an amount equal to (i) the initial and annual fees of the Bond Trustee for the Ordinary Services of the Bond Trustee rendered and its Ordinary Expenses incurred under the Trust Indenture, including its reasonable fees and expenses as Registrar and in connection with preparation of new Bonds upon exchanges or transfers, and the reasonable fees and expenses of Bond Trustee's counsel, (ii) the reasonable fees and expenses of the Bond Trustee, and any Paying Agents on the Bonds for acting as such as provided in the Trust Indenture, including the reasonable fees and expenses of its and their counsel, (iii) the reasonable fees and expenses of the Bond Trustee for Extraordinary Services rendered by it and Extraordinary Expenses incurred by it under the Trust Indenture, including reasonable counsel fees and expenses, (iv) the fees and expenses of the Issuer, including the fees and expenses of its counsel, incurred by the Issuer as a result of an Event of Default or otherwise enforcing the Loan Agreement, and (v) any other sums required to be paid by any Borrower under the terms of the Trust Indenture and the Master Indenture Note. Scheduled fees and expenses shall be paid on or before the scheduled due date. Unscheduled fees and expenses will be paid on the specified due date, or if the due date is fewer than 30 days from receipt, within 30 days of receipt.

The Borrowers agree to fund, replenish and maintain all amounts required to be funded, replenished and maintained in the Funds and Accounts established in and as required by Article V of the Trust Indenture.

The Borrowers agree to perform all obligations required to be performed by it under the Trust Indenture in accordance with its terms.

Obligation Unconditional

The obligations of the Borrowers under the Loan Agreement and the other Borrower Financing Documents shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Issuer or the Bond Trustee. The Borrowers will not suspend or discontinue any such payment or terminate the Loan Agreement (other than in the manner provided for hereunder) for any cause, including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, failure of title, or commercial frustration of purpose, or any damage to or destruction of the Project, or the taking by eminent domain of title to or the right of temporary use of all or any part of the Project, or any change in the tax or other laws of the United States, the State or any political subdivision of either thereof; or any failure of the Issuer or the Bond Trustee to perform and observe any agreement or covenant, whether expressed or implied, or any duty, liability or obligation arising out of or connected with the Borrower Financing Documents.

Security for Borrower's Performance

The Loan Agreement represents the joint and several general obligation of the Borrowers and the obligations created hereunder are evidenced in part by the Master Indenture Note issued pursuant to the Master Indenture. The Master Indenture Notes are the joint and several general obligations of each Member of the Obligated Group and are secured by such mortgages, liens and security interests as are provided under the Master Indenture. The full faith and credit of each Member of the Obligated Group is pledged to pay all sums due or to become due hereunder and under the Master Indenture Note. The obligations hereunder are secured by the terms and provisions of the Master Indenture. The Loan Agreement constitutes a Related Financing Document, as defined in the Master Indenture.

Compliance with Master Indenture

Each Borrower covenants and agrees that, during the term of the Loan Agreement, it will at all times comply in all material respects with the requirements of the Master Indenture.

Events of Default

"Event of Default," as used in the Loan Agreement, shall mean any of the following events of which the Bond Trustee has received actual written notice (provided that the Bond Trustee shall be deemed to have received written notice with respect to any event specified in subsection (a)), unless in each case cured by the Borrowers, whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(a) if the Borrowers shall fail

- (i) to make or cause to be made any payment of principal, Redemption Price or interest pursuant to Sections 3.1(c) or 3.1(d) of the Loan Agreement or when due hereunder or under the terms of the Master Indenture Notes; or
- (ii) to make any deposit or other payment required to be made to the Bond Trustee hereunder prior to the earlier of (1) the 15th day following the due date of such deposit or payment in accordance with the terms hereof, or (2) the date on which any payment is required to be made by the Bond Trustee on the Bonds from any such amount; or

- (b) if the Borrowers shall fail to observe or perform any covenant or agreement contained in the Loan Agreement or any Company Financing Document, the Mortgage to which it is a party or the Master Indenture or the Ground Lease and such failure continues for a period of 30 days after written notice of such failure, requiring the same to be remedied, shall have been given by the Bond Trustee or the Issuer (with regards to the Unassigned Rights) to the Borrower, the giving of which notice shall be at the discretion of the Issuer or the Bond Trustee unless the Bond Trustee is requested in writing to do so by the Holders of at least 25% in aggregate principal amount of the Outstanding Bonds; provided, however, that if such observance or performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied within such 30-day period but can be done, taken or remedied within a reasonable period of time, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the Borrowers shall commence such work, action or other remedy within such 30-day period and shall diligently and continuously prosecute the same to completion; or
- (c) if any warranty, representation, certification, financial statement or other information made or furnished to induce the Issuer to enter into the Loan Agreement or allow any Bonds to be issued, or made or furnished, at any time, in or pursuant to the terms of any Borrower Financing Document or the Ground Lease by the Borrower Representative or the Borrowers shall prove to have been false or misleading in any material respect when made or furnished and shall result in a Material Adverse Effect and, if capable of being cured, such misrepresentation shall continue uncured for thirty (30) or more days from the discovery thereof; provided that if the Borrowers commence efforts to cure such misrepresentation within such thirty (30) day period the Borrowers may continue to effect such cure of the misrepresentation and such misrepresentation shall not be deemed an Event of Default if the Borrowers are diligently pursuing the cure; or
 - (d) if an Event of Default under the Master Indenture shall occur and is not waived or cured.

Remedies on Default

- (a) Whenever any Event of Default shall have occurred, the Bond Trustee, or the Issuer where so provided in the Loan Agreement, may take any one or more of the following actions:
 - (i) One or more Master Indenture Notes and the corresponding obligations of the Borrowers under the Loan Agreement may be accelerated or shall be accelerated in the same manner and subject to the same conditions as specified in the Trust Indenture, and, to the extent any Bond is accelerated, the corresponding Master Indenture Note shall be accelerated to the same extent.
 - (ii) The Issuer, without the consent of the Bond Trustee or any Bondholder, may proceed to enforce the obligations of the Borrowers to the Issuer in respect of the Unassigned Rights.
 - (iii) The Bond Trustee may take whatever action at law or in equity it may have to collect the amounts then due and thereafter to become due, or to enforce the performance or observance of the obligations, agreements, and covenants of the Borrowers under the Borrower Financing Documents, including, to the extent permitted by applicable law, by mandamus or by the appointment of a receiver in equity with power to charge and collect rents, purchase price payments, and loan payments and to apply the revenues from the Project in accordance with such Borrower Financing Document.
 - (iv) The Bond Trustee may exercise any and all rights it may have under the General Financing Documents, including, without limitation, the requirement that each Borrower obtain the prior written consent of the Bond Trustee to the taking of any action otherwise permitted by the General Financing Documents.

(b) In the event that any Event of Default or any proceeding taken by the Issuer or by the Bond Trustee thereon shall be waived or determined adversely to the Issuer or the Bond Trustee, then the Event of Default shall be annulled and the Issuer, the Bond Trustee and the Borrowers shall be restored to their former rights hereunder, but no such waiver or determination shall extend to any subsequent or other default or impair any right consequent thereon.

Optional and Extraordinary Prepayment

Each Borrower shall have, and is hereby granted, the option to prepay its obligations hereunder as a whole, or in part, at any time by delivering a written notice to the Bond Trustee in accordance with the Trust Indenture, with a copy to the Issuer, setting forth the amount to be prepaid, the amount of Bonds requested to be redeemed with the proceeds of such payment (to the extent authorized by and in the manner required by the Master Indenture and the Trust Indenture or any Supplemental Trust Indenture authorizing the issuance of such Bonds), and the date on which such Bonds are to be redeemed. Such prepayment must be sufficient to provide moneys for the payment of interest and Redemption Price in accordance with the terms of the Bonds requested to be redeemed with such prepayment and all other amounts then due under the Borrower Financing Documents. In the event of any complete prepayment of the Borrowers' obligations hereunder, the Borrowers shall, at the time of such prepayment, also pay or provide for the payment of all fees and expenses of the Issuer, the Bond Trustee and Paying Agent (including without limitation attorneys' fees and expenses) accrued and to accrue through the final payment of all the Bonds. Any such prepayments shall be applied to the redemption of Bonds in the manner provided in Article III and VI of the Trust Indenture, and credited against payments due under the Loan Agreement in the same manner.

The Borrowers shall be required to prepay their loan payments in whole or in part to the extent and at the times necessary to effect a mandatory redemption in the manner and at the times required by Article III of the Trust Indenture.

The Borrowers may prepay their loan payments in whole or in part to effect an extraordinary optional redemption to the extent, in the manner and at the times permitted pursuant to the Trust Indenture.

In any such case, the loan payment shall be a sum sufficient, together with other funds deposited with the Bond Trustee and available for such purpose, to redeem the Bonds called for the redemption under the Trust Indenture at the applicable Redemption Price, and with respect to any final payment of the Bonds all other amounts due under the Loan Agreement and the Master Indenture Notes.

Benefit of and Enforcement by Bondholders

The Issuer and each Borrower agree that the Loan Agreement is executed in part to induce the purchase by others of the Bonds and for the further securing of the Bonds, and accordingly that all covenants and agreements on the part of the Issuer and each Borrower as to the amounts payable with respect to the Bonds and Master Indenture Notes hereunder are hereby declared to be for the benefit of the holders from time to time of the Bonds and may be enforced as provided in the Trust Indenture on behalf of the Bondholders by the Bond Trustee.



APPENDIX D SUMMARY OF THE GROUND LEASES



The following is a summary of certain provisions of the Ground Leases. This summary does not purport to be complete and reference to the Ground Leases is hereby made for all of the terms and conditions of the Ground Leases.

Nashville International Airport Lease

Agreement and Parties

Under the terms of that certain Lease Agreement, dated January 22, 2020 (including as amended, the "Nashville Lease"), by and between Nashville Hangars LLC, a Delaware limited liability company ("Nashville Lessee"), Nashville Lessee leases certain premises described below from The Metropolitan Nashville Airport Authority, a public corporation existing under the laws of the State of Tennessee (the "Nashville Landlord").

Leased Premises

The leased premises consist of approximately 659,934 square feet of land (the "Nashville Ground Premises") together with Hangar 14, having approximately 27,202 square feet ("Hangar 14," and together with the Ground Premises, the "Nashville Premises") at Nashville International Airport, located in Nashville, Davidson County, Tennessee (the "Nashville Airport").

Term and Rent

The Nashville Lease has an initial term of approximately forty (40) years and is scheduled to expire on January 21, 2060. The Nashville Lease provides for two (2) five (5) year extensions exercisable by Nashville Lessee subject to certain terms and conditions. An appraisal is required in connection with the exercise of the first extension to establish fair market value rent of the Nashville Premises for the extension period.

Rent for the Nashville Ground Premises is payable monthly at a fixed square foot rate of \$0.65 per square foot commencing on the second (2nd) anniversary of the date of the Nashville Lease, escalating at an annual rate of two percent (2%) per year until the tenth (10th) anniversary of the date of the Nashville Lease.

Rent for Hangar 14 is payable monthly at a fixed square foot rate of \$5.00 per square foot commencing on the first (1st) anniversary of the date of the Nashville lease, escalating incrementally at two percent (2%) per year until the tenth (10th) anniversary of the Nashville Lease. Upon the tenth (10th) anniversary of the Nashville Lease, and for each ten (10) year period thereafter, the base monthly rate for each of the Ground Premises and Hangar 14 shall be reset based on an appraisal of fair market value in conformity with the Uniform Standards of Professional Appraisal (USPAP) and FAA requirements, provided that any such increase shall not be greater than four percent (4%) over the previous year's annual rent payable under the Nashville Lease.

Lease Year	Subject Property	SF	Rent/SF	Monthly Rent	Annual Rent	TOTAL ANNUAL RENT	TOTAL MONTHLY RENT
Lease Year 1	Hangar 14/ Building Premises	27,202	\$5.00	\$11,334.17	\$136,010.00		
	Ground/Premises						
	Overall/Premises					\$136,010.00	\$11,334.17
Lease Year 2	Hangar 14/ Building Premises	27,202	\$5.10	\$11,560.85	\$138,730.20		
	Ground/Premises	659,934	\$0.65	\$35,746.43	\$428,957.10		
	Overall/Premises					\$567,687.30	\$47,307.28
Lease Year 3	Hangar 14/ Building Premises	27,202	\$5.20	\$11,787.53	\$141,450.40		
	Ground/Premises	659,934	\$0.66	\$36,296.37	\$435,556.44		
	Overall/Premises					\$577,006.84	\$48,083.90
Lease Year 4	Hangar 14/ Building Premises	27,202	\$5.30	\$12,014.22	\$144,170.60		
	Ground/Premises	659,934	\$0.67	\$36,846.32	\$442,155.78		
	Overall/Premises					\$586,326.38	\$48,860.53
Lease Year 5	Hangar 14/ Building Premises	27,202	\$5.41	\$12,263.57	\$147,162.82		
	Ground/Premises	659,934	\$0.68	\$37,396.26	\$448,755.12		
	Overall/Premises					\$595,917.94	\$49,659.83
Lease Year 6	Hangar 14/ Building Premises	27,202	\$5.52	\$12,512.92	\$150,155.04		
	Ground/Premises	659,934	\$0.69	\$37,946.21	\$455,354.46		
	Overall/Premises					\$605,509.50	\$50,459.13
Lease Year 7	Hangar 14/ Building Premises	27,202	\$5.63	\$12,762.27	\$153,147.26		
	Ground/Premises	659,934	\$0.70	\$38,496.15	\$461,953.80		
	Overall/Premises					\$615,101.06	\$51,258.42
Lease Year 8	Hangar 14/ Building Premises	27,202	\$5.74	\$13,011.62	\$156,139.48		
	Ground/Premises	659,934	\$0.71	\$39,046.10	\$468,553.14		
	Overall/Premises					\$624,692.62	\$52,057.72
Lease Year 9	Hangar 14/ Building Premises	27,202	\$5.85	\$13,260.98	\$159,131.70		
	Ground/Premises	659,934	\$0.72	\$39,596.04	\$475,152.48		
	Overall/Premises					\$634,284.18	\$52,857.02
Lease Year 10	Hangar 14/ Building Premises	27,202	\$5.97	\$13,533.00	\$162,395.94		
	Ground/Premises	659,934	\$0.73	\$40,145.99	\$481,751.82		
	Overall/Premises					\$644,147.76	\$53,678.98

The Lease is intended to be a triple net lease,

Nashville Lessee must also pay a per gallon fuel flowage fee (at the rate Nashville Landlord charges to fixed base operators) to the extent that the Nashville Lessee sells or dispenses fuel and lubricants to subtenants.

Obligation to Construct Initial Improvements

Nashville Lessee is obligated to construct approximately 107,856 square feet of new hangar space, 14,303 of other building space, approximately 206,350 square feet of new or improved ramp/apron space in the Nashville Premises to accommodate at least Group II Aircraft and approximately 124,340 square feet of new or improved non-aircraft rated pavement (the "Nashville Initial Improvements") within twenty four (24) months after the date that the Nashville Lessee receives all construction permits (the "Nashville Initial Construction Period"). According to a Memorandum of Understanding between Nashville Landlord and Nashville Lessee, the commencement date of the Nashville Initial Construction Period is July 2, 2021. Nashville Lessee has agreed to invest a minimum of \$17,000,000 in capital improvements to the Nashville Premises subject to a maximum of twenty five percent (25%) of such amount consisting of hard and soft costs associated with the Initial Improvements. If the amount expended by Nashville Lessee for construction of the Nashville Initial Improvements is less than \$17,000,000, the Nashville Lessee

must pay the Nashville Landlord the difference within 60 days after the expiration of the Nashville Initial Construction Period.

Use of Premises

Permitted uses for the Nashville Premises include the development and improvement of the Nashville Premises, subleasing the Nashville Premises for hangar space, and the sale and dispensing of fuel and lubricants to sub-tenants either directly or through a third party.

Prohibited uses of the Nashville Premises include performing any business that is in direct competition with tenants, lessees or concessionaires of the Nashville Landlord other than tenants possessing similar rights of use, the furnishing or storage of food other than a snack or coffee bar or breakroom for sole use of Nashville Lessee and its subtenants and their guests, staff and invitees, the operation of an automobile or rental concessionary business, operation of fee-paid or public parking services, residential use, parking and/or ground handling of air cargo aircraft in excess of 50,000 pounds of certified landing weight; and the placement of temporary or mobile-type structures except in connection with construction improvements to the Nashville Premises.

Casualty and Condemnation and Landlord Right to Recapture

Should the improvements constructed by Nashville Lessee upon the Nashville Premises be damaged or destroyed in whole or in part by fire or other casualty not due to the Nashville Landlord's gross negligence or willful misconduct, Nashville Lessee, at its own cost and expense, shall use commercially reasonable efforts and commence and diligently prosecute to completion, the repair, replace and rebuild the same, at least to the condition of the Nashville Premises prior to being damaged or destroyed in whole or in part by fire or other casualty; provided that if such casualty occurs during the last three years of the initial term or during an extension term of the Nashville Lease (1) repair or replacement costs exceed fifty percent (50%) of the full replacement value of the Nashville Premises or (2) such repairs cannot be reasonably completed within one hundred eighty (180) days, then Nashville Lessee may terminate the Nashville Lease.

The Nashville Landlord may terminate the Nashville Lease at any time after eight (8) years from the effective date of the Nashville Lease if, as to some or the entirety of, the Nashville Premises require modification and/or expansion in order to adequately provide airport facilities and air service in the Nashville Airport; provided that such determination was made by resolution adopted in an open meeting at which Tenant shall be afforded an opportunity to be heard, and that the Nashville Premises, or portion thereof, are necessary for the Nashville Airport modification or expansion. In such circumstance, the Nashville Landlord shall give Nashville Lessee at least eighteen (18) months' notice to vacate the Nashville Premises, or the affected portion thereof. In the event of such termination, Tenant shall have no liability for the payment of rent for the remainder of the term of the Nashville Lease with respect to the portion of the Nashville Premises so vacated. The Nashville Lessee is required to be compensated by the Nashville Landlord based on a determination by a qualified appraiser (who shall be agreed upon by the parties) of the fair market value of improvements (excluding any fixtures or finishes) owned by Nashville Lessee at the time of termination. If Nashville Lessee then determines that the remainder of the Nashville Premises are no longer useful for its purposes, Nashville Lessee shall have the right to terminate.

In the event all of the Nashville Premises is taken by a "Condemning Party" through the exercise of the power of eminent domain, or is conveyed to a Condemning Party by a negotiated sale in lieu of a taking by exercise of the power of eminent domain, then the Nashville Lease shall terminate as of the date of such taking or conveyance. In the event only a portion of the Nashville Premises is taken by a Condemning Party, the Nashville Lease shall terminate only with respect to the portion of the Nashville Premises so taken or conveyed and the base rent payable at the time of such condemnation shall be adjusted proportionately on the basis of the square footage of the Nashville Premises taken or conveyed. In the event that any amounts are awarded for actual taking, inverse condemnation, demolition, removal or restoration, consequential damages, leasehold value or loss of rent, less the costs, if any, of obtaining any such amounts, including reasonable attorneys' fees, such awards shall first be paid to (1) the Nashville Landlord based on the unimproved value of the Nashville Premises; then (2) if the Nashville Lease is not terminated, to Nashville Lessee to the extent required for the repair or restoration of the Initial Improvements, or (ii) if the Nashville Lease is terminated, to Nashville Lessee to the extent Nashville Lessee is entitled to compensation therefor under the applicable laws of the State of Tennessee; then (3), any remaining balance to the Nashville Landlord.

Assignment and Subletting; Mortgage

The Nashville Lease may not be assigned (except to a subsidiary or affiliate of Nashville Lessee or acquirer or all or substantially all of Nashville Lessee's assets where Nashville Landlord has vetted and approved the financial stability of the assignee in Nashville Landlord's sole discretion) or sublet (other than office, hangar and maintenance space for the storage of general aviation aircraft and personnel) without the consent of the Nashville Lessee and subject to the assumption of the terms and conditions of the Nashville Lease. Nashville Lessee and any such assignee shall be jointly and severally liable under the Nashville Lease. Nashville Lessee may mortgage its interest in the Nashville Lease with the consent of Nashville Landlord so long as Nashville Lessee continues to be responsible for all payments due under the Nashville Lease and the mortgage does not cross-collateralize other indebtedness of Nashville Lessee, except to the extent expressly consented to by Nashville Landlord. Under the Nashville Lease, the mortgagee-holder has the right to cure any default on Nashville Lessee's behalf. The Nashville Landlord has expressly consented to the delivery of a mortgage to the Master Trustee at issuance of the Series 2021 Bonds, securing all obligations of the Obligated Group under the Master Indenture to the extent of the amount of the financing properly allocable to the Nashville Premises.

Events of Default and Remedies

The Lease may be terminated by the Nashville Landlord in the event any one or more of the following events shall have occurred and shall have not been remedied as hereinafter provided:

- (i) Failure by Nashville Lessee to complete the Nashville Initial Improvements within the Nashville Initial Construction Period;
- (ii) In the event of the financial failure of Nashville Lessee resulting in an assignment for the benefit of creditors, or in the commencement of voluntary or involuntary bankruptcy proceedings or in the filing of any petition for reorganization, or in the

- commencement of any other proceeding for the attachment, dissolution or reorganization of the business of Nashville Lessee;
- (iii) Nashville Lessee' failure to pay an installment of rent due and payable or the continuance of such failure for a period of thirty (30) days after receipt by Nashville Lessee of notice in writing from Nashville Landlord;
- (iv) Failure by Nashville Lessee to provide any insurance as and when required under the Nashville Lease.
- (v) Failure by Nashville Lessee to discharge any lien, encumbrance or charge upon the Nashville Premises; or
- (vi) Nashville Lessee' failure to perform any of the other covenants, conditions and agreements contained in the Nashville Lease on Nashville Lessee' part to be kept or performed (other than as described above) and the continuance of such failure without the curing of same for a period of thirty (30) days after receipt by Nashville Lessee of notice in writing from the Nashville Landlord specifying the nature of such failure or provided that the default cannot be cured within such thirty (30) day period unless Nashville Lessee provides Nashville Landlord with additional security reasonably satisfactory to Nashville Landlord to protect Nashville Landlord from loss, so long as corrective action is taken within such thirty (30) days, and Nashville Lessee is diligently and expeditiously proceeding to cure such default.

In addition to and without prejudice to any other rights and remedies Nashville Landlord shall have at law or in equity, Nashville Landlord may re-enter the Nashville Premises and recover possession thereof and dispossess any and all occupants of the Nashville Premises upon Nashville Lessee's default.

Sugar Land Regional Airport Lease

Agreement and Parties

Under the terms of that certain Amended and Restated Standard Form Airport Corporate Hangar Land Lease, dated February 6, 2019 (including as amended, the "Sugar Land Lease") whereby Sky Harbour Sugar Land Airport, LLC, a Delaware limited liability company ("Sugar Land Lessee") leases certain premises described below from the City of Sugar Land, a political subdivision of the State of Texas ("Sugar Land Landlord").

Leased Premises

The leased premises consist of 8.126 acres (353,960 square feet) (the "Sugar Land Premises") located at Sugar Land Regional Airport, Fort Bend County, Texas (the "Sugar Land Airport").

Term and Rent

The Sugar Land Lease has a term of thirty (30) years from February 6, 2019 (the "Sugar Land Effective Date").

Rent for the Sugar Land Premises is payable monthly commencing upon the earlier of (i) eight (8) months from the Sugar Land Effective Date and (ii) receipt of a certificate of occupancy for the improvements to be made on the Sugar Land Premises (and described in more detail below). Rent for the Sugar Land Lease is payable at a monthly rate determined by multiplying the square footage (353,960) of the Sugar Land Premises against an annual land lease rate (initially \$0.50 per square foot) and dividing by twelve (12) for a monthly rent of \$14,749.00 per month. The base monthly rent payable by Sugar Land Lessee will increase by 10% upon each five (5) year anniversary of the Sugar Land Effective Date.

Monthly Lease Rates for Subsequent Five Year Periods of the Sugar Land Lease

<u>Years</u>	Sq. Ft. Rate	<u>Monthly</u>	<u>Annually</u>
6-10	\$0.5500	\$16,223	\$194,678
11-15	\$0.6050	\$17,845	\$214,146
16-20	\$0.6655	\$19,630	\$235,560
21-25	\$0.7321	\$21,593	\$259,116
26-30	\$0.8053	\$23,752	\$285,028

Obligation to Construct Improvements

Sugar Land Lessee is obligated to construct new hangars and other related improvements on sites 5 and 6 of the Sugar Land Premises (the "Sugar Land Initial Improvements"). Construction of the Sugar Land Initial Improvements must begin by the later of (i) one hundred eighty (180) days after the Sugar Land Effective Date, or (ii) sixty (60) days after Sugar Land Lessee receives all the required construction permits. The Sugar Land Initial Improvements must be completed within three hundred and sixty (360) days from the start of construction, subject to force majeure. The Sugar Land Initial Improvements will, upon completion, cost no less than two million dollars (\$2,000,000). The Sugar Land Lessee has completed construction of the Sugar Initial Land Improvements.

Sugar Land Lessee is additionally obligated to construct new hangars and other related improvements on sites 4 and 7 of the Sugar Land Premises (the "Sugar Land Additional Improvements" and together with the Sugar Land Initial Improvements, the "Sugar Land Improvements"). Construction of the Sugar Land Additional Improvements must begin by the later of (i) one hundred eighty (180) days after the date of the Sugar Land Lease, or (ii) sixty (60) days after Sugar Land Lessee receives all the required construction permits. The Sugar Land Additional Improvements must be completed within three hundred and sixty (360) days from the start of construction, subject to force majeure. The Sugar Land Additional Improvements will, upon completion, cost no less than two million dollars (\$2,000,000). Lease automatically terminates if Sugar Land Lessee fails to commence construction within one year of the Amended and Restated Date. Sugar Land Landlord and Sugar Land Lessee have executed an amendment to the Sugar

Land Lease extending the deadline to October 31, 2022; Sugar Land Lessee reasonably expects that it will request and receive an additional extension to accommodate the expected construction schedule for the Sugar Land Additional Improvements.

Sugar Land Lessee is required to install and maintain any connections between the Sugar Land Landlord's taxiway pavement and the Sugar Land Premises as need by Sugar Land Lessee for the enjoyment or use of the Sugar Land Premises.

Use of Premises

Permitted uses of the Sugar Land Premises include aeronautical activities that are in compliance with certain minimum requirements for corporate hangar development and otherwise comply with the Sugar Land Airport's rules and regulations, state and federal laws and ordinances of the City of Sugar Land. The City reserves the exclusive right to provide fuel on the airfield.

Casualty and Condemnation and Landlord Right to Recapture

In case of damage to the Sugar Land Premises of at least one hundred thousand dollars (\$100,000), Sugar Land Lessee is obligated to begin to repair such damages within ninety (90) days from the date of the damage or destruction.

If all of the Sugar Land Premises is condemned by a public entity other than the Sugar Land Landlord, the Sugar Land Lease terminates upon the date possession is taken by the public entity. If only a part is condemned and the taking of that part does not substantially impair the capacity of the remainder to be used for the purposes allowed by the Sugar Land Lease in the reasonable determination of Sugar Land Lessee, Sugar Land Lessee continues to be bound by the terms, covenants and conditions of the Sugar Land Lease, except the monthly rental will be reduced in proportion to the relationship that the compensation paid by the public entity for the portion of the Sugar Land Premises condemned bears to the value of the whole of the Sugar Land Premises as of the date possession of the part is taken by the public entity. If only part of the Sugar Land Premises is condemned and the purposes of use for the Sugar Land Lease is substantially impaired, in the reasonable determination of the Aviation Director, the Sugar Land Lessee may elect to immediately terminate the Sugar Land Lease. Sugar Land Lessee and Sugar Land Lessee's mortgagee, if any, are entitled to share in any condemnation award for the value of its leasehold interest, if any, as determined by law in the condemnation proceeding.

Assignment and Subletting; Mortgage

The Sugar Land Lessee may not assign, mortgage, pledge, encumber, sublet, or otherwise transfer the Sugar Land Lease without the consent of (i) in the case of an assignment, the Sugar Land Landlord's city manager, (ii) in the case of a sublease, the Aviation Director and (iii) in the case of a mortgage or deed of trust, Sugar Land Landlord's city manager or designee, such consent in the case of a mortgage or deed of trust not to be unreasonably withheld. Sugar Land Lessee may mortgage its interest in the Sugar Land Lease to finance construction of the Sugar Land Initial Improvements or the Sugar Land Additional Improvements so long as the deed of trust requires notice of any default or sale related to the Sugar Land Lease be given to Sugar Land Landlord. A mortgage-holder with respect to Sugar Land Lessee's interest in the Sugar Land Lease has the right

to cure monetary default on Sugar Land Lessee's behalf. If such default cannot be cured, Sugar Land Landlord has right of first purchase to such encumbered leasehold mortgage, which, if not exercised, gives such mortgagee holder the right to foreclose on Sugar Land Lessee's interest, succeed to Sugar Land Lessee's interest under the Sugar Land Lease, or, if the Lease is terminated, to enter into a new lease for the Sugar Land Premises with Sugar Land Landlord upon the same terms and conditions as the Sugar Land Lease.

Events of Default and Remedies

The Sugar Land Lease may be terminated by Sugar Land Landlord in the event any one or more of the following events have occurred and have not been remedied as hereinafter provided:

- (i) Sugar Land Lessee's failure to cure any default within 30 days after receiving notice of default from Sugar Land Landlord; provided, however, (i) with respect to failure to pay monthly rent, the notice and opportunity to cure only applies to the first and second failure in any consecutive twelve (12) month period, and (ii) where the default could not otherwise be cured within thirty (30) days, Sugar Land Lessee's failure to act in good faith to cure as soon as practical after the thirty (30) day period;
- (ii) If the Sugar Land Landlord needs the Sugar Land Premises during the term of the Sugar Land Lease for future expansion of the Sugar Land Airport in accordance with an approved Airport Layout Plan (as defined in the Sugar Land Lease), the Sugar Land Landlord may terminate the Sugar Land Lease by giving Sugar Land Lessee one hundred eighty (180) days prior written notice, whereupon all Sugar Land Improvements become the City's sole property, subject to payout for the appraised value of the Sugar Land Improvements by the Sugar Land Landlord;
- (iii) If, at any time after completion of construction of the Sugar Land Improvements, the Sugar Land Lessee ceases, for one hundred eighty (180) consecutive days or more, to operate an aeronautical activity on the Sugar Land Premises and provided that such cessation is not related to a force majeure, the Sugar Land Landlord may terminate with thirty (30) days' written notice. Upon termination, all Sugar Land Improvements become the City's sole property, subject to payout for the appraised value of the Sugar Land Improvements by the Sugar Land Landlord; or
- (iv) Sugar Land Lessee's failure to materially perform any of the other covenants, conditions and agreements contained in the Sugar Land Lease.

In addition to and without prejudice to any other rights and remedies Sugar Land Landlord shall have at law or in equity, upon termination of the Sugar Land Lease, Sugar Land Landlord may re-enter the Sugar Land Premises and recover possession thereof and dispossess any and all occupants of the Sugar Land Premises. Any damages arising as a result of such action to Sugar Land Lessee are limited to one dollar (\$1.00).

Centennial Airport Lease

Agreement and Parties

Under the terms of that certain Ground Sublease, dated December 1, 2020 (the "Arapahoe Lease"), APA Hangars LLC, a Delaware limited liability company ("Arapahoe Lessee") leases certain premises described below from Sunbourne XVI, LTD., a Colorado limited partnership ("Arapahoe Landlord"). Arapahoe Landlord in turn leases such premises pursuant to that certain Ground Lease and Agreement, dated March 1, 2007 (as amended, the "Arapahoe Master Lease"), by and between Arapahoe Landlord and Arapahoe County Public Airport Authority ("Arapahoe Master Landlord").

Leased Premises

The leased premises consist of approximately 494,685 square feet of land (the "Arapahoe Phase 1 Premises" or prior to lease of the Arapahoe Phase 2 Premises, the "Arapahoe Premises"), and, if Arapahoe Lessee exercises its option by such date that is no later than ninety (90) days prior to the third (3rd) anniversary of the Arapahoe Lease, approximately 356,679 square feet of additional land (the "Arapahoe Phase 2 Premises," and in the event of such option exercise, together with the Arapahoe Phase 1 Premises, the "Arapahoe Premises") at Centennial Airport, located in Dove Valley CDP, Arapahoe County, Colorado.

Concept Plan; Development Plan; Construction of Improvements

As required by the Lease, the Arapahoe Lessee submitted a development plan for the Improvements (the "Arapahoe Development Plan") to the Arapahoe Landlord for approval. The Arapahoe Landlord has also submitted the Arapahoe Development Plan to the Arapahoe Master Landlord for approval. Approval from both the Arapahoe Landlord and Arapahoe Master Landlord is expected in August of 2021.

The Arapahoe Lessee is obligated to immediately commence and prosecute with diligence the construction of certain buildings and/or other improvements pursuant to the Arapahoe Development Plan (the "Arapahoe Improvements") at its own cost and expense and in accordance with certain Lease and Arapahoe Master Landlord conditions and requirements. Arapahoe Lessee must perform its obligations with promptness, continuity and diligence and if the Arapahoe Improvements are not completed by the date that is twenty four (24) months from the date at which Arapahoe Lessee obtained building permits applicable to Arapahoe Improvements covered by such building permit, unless by reason of "unforeseen delays or unavoidable delays" said date and all subsequent dates, are extended for such period of time as Arapahoe Lessee as have been delayed, but in no more than sixty (60) days in the aggregate.

The Arapahoe Improvements shall be considered complete on the date upon which either (i) a valid temporary or final certificate of occupancy or equivalent has been issued by the applicable governmental authority with respect to the Arapahoe Improvements, other than with respect to tenant finish work for premises leased or to be leased by Arapahoe Lessee to any tenant, or (ii) Arapahoe Lessee has commenced use and/or occupancy of the Arapahoe Improvements.

Term and Rent

The term of the Arapahoe Lease begins on January 1, 2021 for an initial term of approximately forty one (41) years and is scheduled to expire on February 28, 2062, which is the same termination date as the Arapahoe Master Lease. The Arapahoe Master Lease provides Arapahoe Landlord two (2) options to extend the Arapahoe Master Lease for (i) an additional fifteen (15) years, and (ii) an additional twenty (20) years. The Arapahoe Lease provides for automatic extension upon any such exercise by Arapahoe Landlord under the Arapahoe Master Lease.

Rent for the Arapahoe Premises is payable monthly commencing on the second (2nd) anniversary of the date of the Arapahoe Lease according to a set schedule under the Arapahoe Lease. Rent for the Arapahoe Premises shall increase at an annual rate of three percent (3%) commencing on the fifth (5th) year of the Arapahoe Lease. Arapahoe Lessee is also responsible for its pro rata share of certain common area administrative and maintenance expenses owed by Arapahoe Landlord to Arapahoe Master Landlord under the Arapahoe Master Lease. Arapahoe Lessee must also pay all fees and percentages attributable to the Arapahoe Premises as specified in the Arapahoe Master Lease, including a 3% monthly fee on the costs of construction of the Arapahoe Improvements. Arapahoe Lessee is also responsible for any and all other taxes, assessments, water and sewer rents, rates and charges, personal property taxes, charges for public utilities, excises, levies, other governmental license and permit fees and other governmental charges with respect to the Arapahoe Premises and Arapahoe Improvements or any appurtenance thereto, financial obligations and requirements that may be assessed, levied, imposed, required to be paid or become due and payable during the term of the Arapahoe Lease.

Arapahoe Lease Rent Schedule										
Commencement	Year	Sq. Ft.	Escalated Rate		Effective		Monthly		Total Annual	
1-Jan-21			3%	Annually		Rate		Payment		Payment
1-Jan-21	1	873620	\$	0.5900	\$	-	\$	-	\$	-
1-Jan-22	2	873620	\$	0.4453	\$	0.4453	\$	32,419.70	\$	389,036.38
1-Jan-23	3	873620	\$	0.5517	\$	0.5517	\$	40,164.76	\$	481,977.13
1-Jan-24	4	873620	\$	0.5900	\$	0.5900	\$	42,952.98	\$	515,435.80
1-Jan-25	5	873620	\$	0.6077	\$	0.6077	\$	44,241.57	\$	530,898.87
1-Jan-26	6	873620	\$	0.6259	\$	0.6259	\$	45,568.82	\$	546,825.84
1-Jan-27	7	873620	\$	0.6447	\$	0.6447	\$	46,935.88	\$	563,230.62
1-Jan-28	8	873620	\$	0.6641	\$	0.6641	\$	48,343.96	\$	580,127.53
1-Jan-29	9	873620	\$	0.6840	\$	0.6840	\$	49,794.28	\$	597,531.36
1-Jan-30	10	873620	\$	0.7045	\$	0.7045	\$	51,288.11	\$	615,457.30
1-Jan-31	11	873620	\$	0.7256	\$	0.7256	\$	52,826.75	\$	633,921.02
1-Jan-32	12	873620	\$	0.7474	\$	0.7474	\$	54,411.55	\$	652,938.65
1-Jan-33	13	873620	\$	0.7698	\$	0.7698	\$	56,043.90	\$	672,526.81
1-Jan-34	14	873620	\$	0.7929	\$	0.7929	\$	57,725.22	\$	692,702.61
1-Jan-35	15	873620	\$	0.8167	\$	0.8167	\$	59,456.97	\$	713,483.69
1-Jan-36	16	873620	\$	0.8412	\$	0.8412	\$	61,240.68	\$	734,888.20

1-Jan-37	17	873620	\$ 0.8664	\$ 0.8664	\$ 63,077.90	\$	756,934.85
1-Jan-38	18	873620	\$ 0.8924	\$ 0.8924	\$ 64,970.24	\$	779,642.89
1-Jan-39	19	873620	\$ 0.9192	\$ 0.9192	\$ 66,919.35	\$	803,032.18
1-Jan-40	20	873620	\$ 0.9468	\$ 0.9468	\$ 68,926.93	\$	827,123.15
1-Jan-41	21	873620	\$ 0.9752	\$ 0.9752	\$ 70,994.74	\$	851,936.84
1-Jan-42	22	873620	\$ 1.0044	\$ 1.0044	\$ 73,124.58	\$	877,494.95
1-Jan-43	23	873620	\$ 1.0346	\$ 1.0346	\$ 75,318.32	\$	903,819.80
1-Jan-44	24	873620	\$ 1.0656	\$ 1.0656	\$ 77,577.87	\$	930,934.39
1-Jan-45	25	873620	\$ 1.0976	\$ 1.0976	\$ 79,905.20	\$	958,862.42
1-Jan-46	26	873620	\$ 1.1305	\$ 1.1305	\$ 82,302.36	\$	987,628.29
1-Jan-47	27	873620	\$ 1.1644	\$ 1.1644	\$ 84,771.43	\$ 1,	,017,257.14
1-Jan-48	28	873620	\$ 1.1993	\$ 1.1993	\$ 87,314.57	\$ 1,	,047,774.86
1-Jan-49	29	873620	\$ 1.2353	\$ 1.2353	\$ 89,934.01	\$ 1.	,079,208.10
1-Jan-50	30	873620	\$ 1.2724	\$ 1.2724	\$ 92,632.03		,111,584.35
1-Jan-51	31	873620	\$ 1.3106	\$ 1.3106	\$ 95,410.99		144,931.88
1-Jan-52	32	873620	\$ 1.3499	\$ 1.3499	\$ 98,273.32	\$ 1,1	179,279.83
1-Jan-53	33	873620	\$ 1.3904	\$ 1.3904	\$ 101,221.52	\$ 1,2	214,658.23
1-Jan-54	34	873620	\$ 1.4321	\$ 1.4321	\$ 104,258.16	\$ 1,2	251,097.97
1-Jan-55	35	873620	\$ 1.4750	\$ 1.4750	\$ 107,385.91	\$ 1,2	288,630.91
1-Jan-56	36	873620	\$ 1.5193	\$ 1.5193	\$ 110,607.49	\$ 1,3	327,289.84
1-Jan-57	37	873620	\$ 1.5649	\$ 1.5649	\$ 113,925.71	\$ 1,3	367,108.54
1-Jan-58	38	873620	\$ 1.6118	\$ 1.6118	\$ 117,343.48	\$ 1,4	408,121.79
1-Jan-59	39	873620	\$ 1.6602	\$ 1.6602	\$ 120,863.79	\$ 1,4	450,365.45
1-Jan-60	40	873620	\$ 1.7100	\$ 1.7100	\$ 124,489.70	\$ 1,4	493,876.41
1-Jan-61	41	873620	\$ 1.7613	\$ 1.7613	\$ 128,224.39	\$ 1,5	538,692.70
1-Jan-62	42	873620	\$ 1.8141	\$ 1.8141	\$ 132,071.12	\$ 1,5	584,853.48
1-Jan-63	43	873620	\$ 1.8685	\$ 1.8685	\$ 136,033.26	\$ 1,6	632,399.09
1-Jan-64	44	873620	\$ 1.9246	\$ 1.9246	\$ 140,114.25	\$ 1,6	581,371.06
1-Jan-65	45	873620	\$ 1.9823	\$ 1.9823	\$ 144,317.68	\$ 1,7	731,812.19
1-Jan-66	46	873620	\$ 2.0418	\$ 2.0418	\$ 148,647.21	\$ 1,7	783,766.56
1-Jan-67	47	873620	\$ 2.1031	\$ 2.1031	\$ 153,106.63	\$ 1,8	837,279.55
1-Jan-68	48	873620	\$ 2.1662	\$ 2.1662	\$ 157,699.83	\$ 1,8	892,397.94
1-Jan-69	49	873620	\$ 2.2311	\$ 2.2311	\$ 162,430.82	\$ 1,9	949,169.88
1-Jan-70	50	873620	\$ 2.2981	\$ 2.2981	\$ 167,303.75	\$ 2,0	007,644.97
1-Jan-71	51	873620	\$ 2.3670	\$ 2.3670	\$ 172,322.86	\$ 2,0	067,874.32
1-Jan-72	52	873620	\$ 2.4380	\$ 2.4380	\$ 177,492.55	\$ 2,1	129,910.55
1-Jan-73	53	873620	\$ 2.5112	\$ 2.5112	\$ 182,817.32	\$ 2,1	193,807.87
1-Jan-74	54	873620	\$ 2.5865	\$ 2.5865	\$ 188,301.84	\$ 2,2	259,622.11
1-Jan-75	55	873620	\$ 2.6641	\$ 2.6641	\$ 193,950.90	\$ 2,3	327,410.77
1-Jan-76	56	873620	\$ 2.7440	\$ 2.7440	\$ 199,769.42	\$ 2,3	397,233.09
1-Jan-77	57	873620	\$ 2.8263	\$ 2.8263	\$ 205,762.51	\$ 2,4	469,150.08
1-Jan-78	58	873620	\$ 2.9111	\$ 2.9111	\$ 211,935.38	\$ 2,5	543,224.59
1-Jan-79	59	873620	\$ 2.9985	\$ 2.9985	\$ 218,293.44	\$ 2,6	519,521.33
1-Jan-80	60	873620	\$ 3.0884	\$ 3.0884	\$ 224,842.25	\$ 2,6	598,106.96
1-Jan-81	61	873620	\$ 3.1811	\$ 3.1811	\$ 231,587.51	\$ 2,7	779,050.17
1-Jan-82	62	873620	\$ 3.2765	\$ 3.2765	\$ 238,535.14	\$ 2,8	862,421.68
1-Jan-83	63	873620	\$ 3.3748	\$ 3.3748	\$ 245,691.19	\$ 2,9	948,294.33
1-Jan-84	64	873620	\$ 3.4760	\$ 3.4760	\$ 253,061.93	\$ 3,0	036,743.16

1-Jan-85	65	873620	\$ 3.5803	\$ 3.5803	\$ 260,653.79	\$ 3,127,845.45
1-Jan-86	66	873620	\$ 3.6877	\$ 3.6877	\$ 268,473.40	\$ 3,221,680.82
1-Jan-87	67	873620	\$ 3.7984	\$ 3.7984	\$ 276,527.60	\$ 3,318,331.24
1-Jan-88	68	873620	\$ 3.9123	\$ 3.9123	\$ 284,823.43	\$ 3,417,881.18
1-Jan-89	69	873620	\$ 4.0297	\$ 4.0297	\$ 293,368.13	\$ 3,520,417.61
1-Jan-90	70	873620	\$ 4.1506	\$ 4.1506	\$ 302,169.18	\$ 3,626,030.14
1-Jan-91	71	873620	\$ 4.2751	\$ 4.2751	\$ 311,234.25	\$ 3,734,811.05
1-Jan-92	72	873620	\$ 4.4034	\$ 4.4034	\$ 320,571.28	\$ 3,846,855.38
1-Jan-93	73	873620	\$ 4.5355	\$ 4.5355	\$ 330,188.42	\$ 3,962,261.04
1-Jan-94	74	873620	\$ 4.6715	\$ 4.6715	\$ 340,094.07	\$ 4,081,128.87
1-Jan-95	75	873620	\$ 4.8117	\$ 4.8117	\$ 350,296.89	\$ 4,203,562.74
1-Jan-96	76	873620	\$ 4.9560	\$ 4.9560	\$ 360,805.80	\$ 4,329,669.62
1-Jan-97	77	873620	\$ 5.1047	\$ 5.1047	\$ 371,629.98	\$ 743,259.95

Additionally, Arapahoe Lessee is required to make payments in consideration of its right to lease the Arapahoe Phase 2 Premises as follows: (i) commencing upon the first (1st) anniversary of the commencement date¹, \$0.25 per square foot of the Arapahoe Phase 2 Premises, payable in monthly installments of \$7,745.07 and (ii) commencing upon the second (2nd) anniversary of the commencement date², 0.50 per square foot of the Arapahoe Phase 2 Premises, payable in monthly installments of \$15,490.13. If Arapahoe Lessee exercises its option to lease the Arapahoe Phase 2 Premises, Arapahoe Lessee and Arapahoe Landlord will enter into a Shared Access Agreement pursuant to which Arapahoe Lessee will construct ramp improvements on an parcel of Arapahoe Landlord adjacent to the Arapahoe Phase 2 Premises which will serve the Arapahoe Phase 2 Premises and Arapahoe Landlord will construct a common access road, the cost of both of which will be shared on a pro rata basis (Arapahoe Landlord's cost calculated to be 12.71%).

Use of Premises

Permitted uses for the Arapahoe Premises include continuous use as and for aircraft hangars with appurtenant office space. The Arapahoe Premises shall not be used for any other purpose except as otherwise stipulated under the Arapahoe Lease and Arapahoe Development Plan.

Casualty and Condemnation

In case of casualty to the Arapahoe Premises or any Arapahoe Improvements, Arapahoe Lessee shall promptly give written notice thereof to Arapahoe Landlord. Regardless of the scope or amount of any such damage or destruction, this Sublease shall remain in full force and effect, and Arapahoe Landlord shall not be entitled to any diminution or abatement of rent. Arapahoe Lessee, at its sole cost and expense, except as otherwise provided in the Arapahoe Lease, and whether or not the insurance proceeds, if any, shall be sufficient for the purpose, shall, within a

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¹ The Arapahoe Lease says that this payment is to be made during the second (2nd) year of the lease term, but the intent of the parties according to Arapahoe Lessee is that payments are to be made beginning on the first (1st) anniversary.

² The Arapahoe Lease says that this payment is to be made during the third (3^{rd}) year of the lease term and the option terminates upon the third (3^{rd}) anniversary. The intent of the parties according to Arapahoe Lessee is that payments are to be made beginning on the second (2^{nd}) anniversary.

reasonable time, either (i) restore, repair, replace, rebuild the same as nearly as possible to their value, condition and character immediately prior to such damage or destruction or with such changes or alterations as may be made at Arapahoe Lessee's election; or (ii) demolish the Arapahoe Improvements and construct new Arapahoe Improvements in replacement thereof.

In the event that the Arapahoe Premises, improvements thereto or any part thereof, is taken in condemnation, Arapahoe Landlord and Arapahoe Lessee have the right to participate in any such condemnation proceedings and the award or proceeds are to be deposited with an Authorized Institution (as defined in the Lease), or if at the time there is no Authorized Institution, with Arapahoe Landlord to be distributed as described below.

The Arapahoe Lease provides that condemnation of "materially all" of the Arapahoe Premises takes place if:

- (i) the portion of the improvements not taken cannot be repaired or reconstructed, in Arapahoe Lessee's reasonable judgment, as to constitute a complete, rentable structure capable of producing a fair and reasonable net annual income, after the payment of all operating expenses (as defined in the Arapahoe Lease) thereof; or
- (ii) the Arapahoe Premises are rendered unsuitable for Arapahoe Lessee's permitted use.

In the event the whole or materially all of the Arapahoe Premises are taken in condemnation proceedings, the Arapahoe Lease shall terminate as of the date of such taking. The rights of Arapahoe Landlord and Arapahoe Lessee to share in the net award or awards (after expenses of collection) is to be determined as follows: Arapahoe Landlord is to receive its expenses and costs, including appraisal fees in connection with such taking, plus that portion of the award representing the value of the leasehold estate in the Arapahoe Premises under the Arapahoe Master Lease, considered as vacant, unimproved and unencumbered land, but in no event, less than a minimum sum equal to a value arrived at by capitalizing the aggregate rent due over the remaining term of the Arapahoe Lease, including any renewal terms, at eight percent (8%) per annum. Subject to the rights of Arapahoe Master Landlord under the Arapahoe Master Lease, Arapahoe Lessee shall be entitled to receive the remainder of such award.

In the event of the taking of less than the whole or materially all of the Arapahoe Premises, then the respective shares of the net award(s) are as follows shall be determined in accordance with the preceding paragraph, but prorated by multiplying by a fraction the numerator of which is the premises taken and the denominator of which is the entire premises. Arapahoe Lessee is required to apply its share of the award fist to restoration of the premises, before retaining any excess award. In the case of a partial taking, rent shall be reduced proportionately.

Assignment and Subletting; Mortgage

Arapahoe Lessee may not assign its interest in the Arapahoe Lease without the prior consent of Arapahoe Landlord and Arapahoe Master Landlord, except that Arapahoe Lessee may assign the Arapahoe Lease to an Affiliate with the consent of Arapahoe Landlord only (not to be

unreasonably withheld) and subject to certain terms and conditions. In no event shall Arapahoe Lessee and/or each succeeding assignor be released from any liability under the Arapahoe Lease accruing after the effective date of such assignment.

Arapahoe Lessee may sublet the Arapahoe Premises in the ordinary course of its business subject to the right of the Arapahoe Landlord to object to the sublease (and failure to object within 10 days after requested consent is deemed consent). Arapahoe Landlord agrees not to unreasonably object to any sublease. Subleases must be consistent with the permitted use under the Arapahoe Lease and are required to include specified provisions.

Arapahoe Lessee shall have the right from time to time to mortgage and pledge its entire interest in the Arapahoe Lease and the Arapahoe Premises, subject to certain conditions, including:

- (i) Prior to the completion of the Arapahoe Improvements, Arapahoe Lessee can only have the right to mortgage and pledge the Arapahoe Lesse to assist Arapahoe Lessee in the construction of the Arapahoe Improvements, and
- (ii) No holder of a mortgage affecting Arapahoe Lessee's interest in the Arapahoe Lease (sometimes referred to as a "leasehold mortgage") has the rights or benefits, unless and until an executed counterpart of such leasehold mortgage or of such assignment thereof, as the case may be (or a copy of such mortgage or any such assignment, as the case may be, certified by the holder of such mortgage or by the recording officer to be true), delivered to Arapahoe Landlord, notwithstanding any other form of notice, actual or constructive.

Further, no leasehold mortgage shall be entered into by Arapahoe Lessee unless the holder thereof (including any subsequent assignee thereof) shall be an Authorized Institution (defined in the Arapahoe Lease as any bank, savings bank, insurance company, trust company, savings and loan association or other person or entity which is authorized to make first mortgage loans in the State of Colorado, and which is the holder of a first mortgage upon Arapahoe Lessee's interest in the Arapahoe Lease, other than an affiliate of Arapahoe Lessee).

As long as the leasehold mortgage remains unsatisfied, the following provisions of the Lease apply:

- (i) Arapahoe Landlord must provide a copy of a notice of default to the holder of such leasehold mortgage and such holder may cure or remedy any such default on Arapahoe Lessee's behalf.
- (ii) If requested in writing by a leasehold mortgagee of Arapahoe Lessee, Arapahoe Landlord and Arapahoe Lessee agree to enter into a subordination, non-disturbance and attornment agreement in a form that is reasonably acceptable to Arapahoe Landlord, Arapahoe Lessee and the leasehold mortgagee. Arapahoe Landlord agrees to submit such agreement to the Arapahoe Master Landlord for its consent.

(iii) In the event of the termination of the Arapahoe Lease, prior to the expiration of the term, whether by summary proceedings to dispossess, service of notice to terminate, or otherwise, due to any event of default of Arapahoe Lessee, Arapahoe Landlord is obligated to serve upon the holder of such leasehold mortgage written notice that the Arapahoe Lease has been terminated together with a statement of any and all sums which would at that time be due under the Arapahoe Lease but for such termination, and of all other defaults, if any, under the Arapahoe Lease then known to Arapahoe Landlord. Such holder shall thereupon have the option to obtain a new sublease in accordance with certain terms and conditions and procedures.

Events of Default and Remedies

The Arapahoe Lease may be terminated by Arapahoe Landlord in the event any one or more of the following events have occurred and have not been remedied as hereinafter provided:

- (i) Arapahoe Lessee shall fail to pay sum payable under the Arapahoe Lease when due and payable, and such default continues for a period of ten (10) days after written notice from Arapahoe Landlord to Arapahoe Lessee, provided that Arapahoe Landlord is not obligated to provide Arapahoe Lessee with such written notice more than two (2) times in any twenty-four (24)-month period, and to the extent that two (2) such notices have been provided by Arapahoe Landlord to Arapahoe Lessee, then thereafter, within any such twenty-four (24)-month period, failure to pay for a period of ten (10) days after the due date thereof, will constitute an immediate event of default;
- (ii) Arapahoe Lessee shall fail to perform or breach any of the covenants, agreements, terms or conditions, and such failure or breach continues uncured for a period of thirty (30) days after notice thereof from Arapahoe Landlord to Arapahoe Lessee, except that in the case of a nonmonetary default which cannot with due diligence be cured within such period of thirty (30) days, the time of Arapahoe Lessee within which to cure the same shall be extended for such period as may be necessary to cure the same with due diligence, provided Arapahoe Lessee commences within thirty (30) days and proceeds diligently to cure same unless otherwise mutually agreed by the parties, but in no event shall such additional time period exceed a total of sixty (60) additional days unless otherwise mutually agreed by the parties;
- (iii) Arapahoe Lessee files a voluntary petition in bankruptcy or is adjudicated to be bankrupt or insolvent or files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief or an order for relief is granted under the present or any future federal bankruptcy act or any other present or future applicable federal, state or other statute of law, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Arapahoe Lessee or of all or any substantial part of its properties or the Arapahoe Premises;

- (iv) The commencement of any proceeding against Arapahoe Lessee seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy act or any other present or future applicable federal, state or other statute or law, such proceeding not dismissed within sixty (60) days of commencement, or within sixty (60) days after the appointment, without the consent or acquiescence of Arapahoe Lessee, of any trustee, receiver or liquidator of Arapahoe Lessee or of all or any substantial part of its properties or of the Arapahoe Premises, such appointment shall not have been vacated; or
- (v) Representation by Arapahoe Lessee that it has authority to represent the position of Arapahoe Landlord to any third party on any topic, including to Arapahoe Master Landlord.

In addition to and without prejudice to any other rights and remedies Arapahoe Landlord shall have at law or in equity, upon termination of the Arapahoe Lease, Arapahoe Landlord may re-enter the Arapahoe Premises and recover possession thereof and dispossess any and all occupants of the Arapahoe Premises.

Deer Valley Airport Lease

Agreement and Parties

Under the terms of that certain Unsubordinated Ground Lease (No. 154206-0), dated as of May 4, 2021 (the "Deer Valley Lease"), DVT Hangars LLC, a Delaware limited liability company ("Deer Valley Lessee") leases certain premises described below from the City of Phoenix, an Arizona municipal corporation (the "Deer Valley Landlord").

Leased Premises

The leased premises initially consists of approximately 384,474 square feet of unimproved real property (the "Deer Valley Phase 1 Premises"), with a 4-year option to lease an additional 288,152 square feet (the "Deer Valley Phase 2 Premises", and collectively, the "Deer Valley Premises") at Phoenix Deer Valley Airport, located in Phoenix, Maricopa County, Arizona (the "Deer Valley Airport").

Additionally, Deer Valley Lessee has a right of first refusal to lease an additional 99,641 square feet of property on the same terms as a bona fide third party offer to lease the same such property. Such right must be exercised within five (5) years from the date that the current tenant of such property vacates, which is expected to occur within two (2) years from the effective date of the Deer Valley Lease.

Deer Valley Lessee's Construction Obligations

Deer Valley Lessee must diligently seek approvals and permits for the improvements to be erected on the Deer Valley Phase 1 Premises and the Deer Valley Phase 2 Premises ('collectively, the "Deer Valley Improvements") beginning no later than the effective date of the Deer Valley

Lease. Deer Valley Lessee must commence and complete the Deer Valley Improvements on the Deer Valley Phase 1 Premises and Deer Valley Phase 2 Premises within twelve (12) months after receiving all required permits and approvals for the work required on each parcel, respectively, but in no event later than sixty (60) months after the effective date of the Deer Valley Lease (the "Deer Valley Construction Period"), unless Deer Valley Landlord extends the Construction Period for delays beyond Deer Valley Lessee's control and without its fault. The Deer Valley Construction Period shall be deemed complete with the issuance of certificate of occupancy for each of the Deer Valley Phase 1 Premises and Deer Valley Phase 2 Premises. Deer Valley Lessee's failure to complete the Deer Valley Improvements within the Deer Valley Construction Period constitutes a material breach of the Deer Valley Lessee if the failure continues for more than thirty (30) days after notice to Deer Valley Lessee, unless Deer Valley Lessee diligently and in good faith proceeds to construct and complete the Deer Valley Improvements.

Landlord Right to Reclaim and Reimbursement of Unamortized Investment

Deer Valley Landlord has the right to terminate the Deer Valley Lease if, acting reasonably, Deer Valley Landlord determines that termination is necessary for the safe or efficient operation of the Deer Valley Airport or for the public health or safety. Deer Valley Landlord also reserves the right to terminate the Deer Valley Lease if Deer Valley Landlord reasonably determines that termination is necessary for future expansion or development of the Deer Valley Airport in accordance with the Airport Master Plan (as defined in the Deer Valley Lease). If the Lease is terminated, Deer Valley Landlord must reimburse Deer Valley Lessee for its unamortized, actual investment in the Deer Valley Improvements as of such termination date with such reimbursement not to exceed \$15,300,000 for improvements to the Deer Valley Phase 1 Premises, and, if the option is exercised, \$14,600,000 for improvements to the Deer Valley Phase 2 Premises. Deer Valley Lessee's remaining unamortized investment must be calculated in accordance with a thirty (30)-year straight-line depreciation schedule.

Term and Rent

The Deer Valley Lease has an initial term of forty (40) years and is scheduled to expire on May 4, 2061.

Rent under the Deer Valley Lease is payable monthly at a fixed square foot annual rate (initially \$0.54 per square foot (\$207,616) with respect to the Deer Valley Phase 1 Premises) commencing on the earlier of (i) twelve (12) months after the effective date of the Deer Valley Lease or (ii) upon substantial completion of the Deer Valley Improvements in the Deer Valley Phase 1 Premises. Starting from the second (2nd) anniversary of the effective date of the Deer Valley Lease, rent is adjusted upwards at an annual rate equal to the increase in the Consumer Price Index of Phoenix-Mesa-Scottsdale, All Urban Consumers, as published by the U.S. Department of Labor, Bureau of Labor Statistics, up to a maximum of three percent (3%) during the prior year. Additionally, Deer Valley Lessee is required to pay Deer Valley Landlord an option payment of \$40,341 with respect to the initial year of the 4 year option period and \$77,801 with respect to each subsequent year of the 4 year option period. In the event that Deer Valley Lessee exercises its option to lease the Deer Valley Phase 2 Premises, the monthly rent due under the Deer Valley Lease shall increase correspondingly at a fixed square foot rate (equal to the then-applicable rate per square foot applicable to the Deer Valley Phase 1 Premises) commencing on the earlier of

(i) sixty (60) months after the effective date of the Deer Valley Lease or (ii) upon substantial completion of the Deer Valley Improvements in the Deer Valley Phase 2 Premises. Rent under the Deer Valley Lease is adjusted according to any change in the square footage of the Deer Valley Premises as determined in accordance with the Deer Valley Lease.

The Lease is triple net- Deer Valley Lessee pays all taxes, insurance, utility and repair and maintenance costs.

Use of Premises

Permitted uses of the Deer Valley Premises include constructing improvements, including a fuel farm, office uses, subletting hangars to aeronautical operators and approved service providers and parking for private vehicles.

Prohibited uses of the Deer Valley Premises include the prohibited placement of signage or advertising on the Deer Valley Premises, storage of surplus or non-airworthy aircraft except for maintenance purposes, storage or parking of materials and vehicles unrelated to support aeronautical activities.

Casualty and Condemnation

If Deer Valley Lessee reasonably determines that the Deer Valley Premises are damaged or destroyed to the extent of less than fifty percent (50%), then Deer Valley Lessee, at its expense, shall cause the Deer Valley Premises to be reconstructed, repaired, or replaced with due diligence and as nearly as possible to the Deer Valley Premises' value, condition, and character immediately prior to the damage or destruction, but commercially reasonable alterations and changes may be approved by Deer Valley Landlord at no cost to Deer Valley Landlord.

All property insurance proceeds related to such damage or destruction shall be paid to Deer Valley Lessee or an applicable lender and held in an account. The property insurance proceeds shall be applied by Deer Valley Lessee to pay for the cost of the repairs to the extent the insurance proceeds are sufficient to do so. Upon receipt by Deer Valley Landlord of a statutory lien waiver from every contractor and subcontractor working on the project and such other evidence reasonably satisfactory to Deer Valley Landlord that the restoration of the Deer Valley Premises is complete and paid for in full and that there are no mechanic's or materialmen's liens, and if Deer Valley Lessee is not then in default, then Deer Valley Lessee may retain as its property any remaining balance of the property insurance proceeds. If the property insurance proceeds received by Deer Valley Lessee are not sufficient to pay the entire cost of the restoration, then Deer Valley Lessee shall pay the amount of any deficiency. Deer Valley Landlord is not obligated to make any payment, reimbursement, or contribution toward the cost of such restoration.

If Deer Valley Lessee reasonably determines that the Deer Valley Improvements are damaged or destroyed to the extent of fifty percent (50%) or more, then Deer Valley Landlord and Deer Valley Lessee have to agree whether or not the Deer Valley Improvements will be reconstructed, repaired, or replaced. If, within thirty (30) days of the damage or destruction, Deer Valley Landlord and Deer Valley Lessee have not agreed that the Deer Valley Lessee

Improvements will be reconstructed, repaired, or replaced, then this Lease shall terminate, and the property insurance proceeds shall be divided as follows:

- (i) Deer Valley Landlord's Improvements, if any: All proceeds for Deer Valley Landlord Improvements, if any, shall be paid to Deer Valley Landlord.
- (ii) For Deer Valley Improvements of Deer Valley Lessee:
 - a. Deer Valley Lessee receives the percentage equal to number of months remaining in the Term after the date of the damage or destruction, as the numerator, over the number of months in the Term, as the denominator
 - b. Deer Valley Landlord receives the percentage equal to the number of months from beginning of Term to the date of the damage or destruction, as the numerator, over the number of months in the Term, as the denominator.
- (iii) Deer Valley Lessee's trade Fixtures and personal property: To the extent insured by the insurance policy from which proceeds will be paid, all proceeds shall be paid to Deer Valley Lessee.

If title to the Deer Valley Premises are taken in a condemnation proceeding by any right of eminent domain, or by agreement in lieu of such proceedings, the Deer Valley Lease terminates on the date possession is transferred to the condemning authority. If title to a substantial portion of the Deer Valley Premises is, and if Deer Valley Landlord and Deer Valley Lessee reasonably determine that, the remaining portion of the Deer Valley Premises cannot be used or converted for use in an economically feasible manner by Deer Valley Lessee for the uses authorized by the Deer Valley Lease, then the Deer Valley Lease also terminates on the date possession is transferred to the condemning authority.

In any condemnation proceedings, the parties shall insist and formally stipulate that the condemnation award must adjudicate, determine, and distribute the amount to be paid to each party for its respective interest in the Deer Valley Premises condemned (including severance damages and repair and restoration costs) and for attorneys' fees, experts' fees, and court costs.

If the taking is less than the whole or substantially all of the Deer Valley Premises, then the remaining term of the Deer Valley Lease will not be affected, and:

(i) In the condemnation proceedings, the Parties shall insist and formally stipulate that the Award must adjudicate, determine, and distribute the amount to be paid to each party for its respective interest in the Deer Valley Premises condemned (including severance damages and repair and restoration costs) and for attorneys' fees, experts' fees, and court costs.

- (ii) Deer Valley Lessee has to promptly complete all repairs and restoration of the Deer Valley Premises, protect the Deer Valley Premises and all other property pending completion of the repairs and restoration, and pay all related costs.
- (iii) The aggregate rent payable by Deer Valley Lessee after the partial taking for the remaining term will be apportioned and reduced, from the date of the partial taking, by the percentage equivalent to a fraction in which the area of the Deer Valley Premises remaining is the numerator, and the original area of the Deer Valley Premises is the denominator multiplied by the rent payable immediately before the taking and the rent in effect during the remaining term of the Deer Valley Lease.
- (iv) If Deer Valley Lessee reasonably determines that the remaining part of the Deer Valley Premises can feasibly be used or converted for use by Deer Valley Lessee as permitted by this Lease, then Deer Valley Lessee, at its own expense, must proceed with reasonable diligence to restore the remaining part of the Deer Valley Premises to a complete, self-contained building or buildings in good condition and repair, and usable in accordance with the terms of Deer Valley Lease.
- (v) Except as expressly set forth above and in the Deer Valley Lease, Deer Valley Lessee is not entitled to any abatement, allowance, reduction, or suspension of any amounts required to be paid by Deer Valley Lessee or a release from obligations imposed upon Deer Valley Lessee under the Deer Valley Lease as a result of a condemnation or other taking of a portion of the Deer Valley Premises.

Assignment and Subletting; Mortgage

The Lease may not be assigned (which includes mergers and equity transfers) without the consent of the Deer Valley Landlord, such consent not to be unreasonably withheld. Deer Valley Landlord consent is required for subletting of the Deer Valley Premises, unless such sublease is done pursuant to Deer Valley Landlord's sublease form, or a form of Deer Valley Lessee's preapproved by the Deer Valley Landlord. Deer Valley Lessee may mortgage its interest in the Deer Valley Lease without the consent of the Deer Valley Landlord, so long as the mortgage does not give a lender thereunder any right or privilege in the Deer Valley Lease or Deer Valley Premises greater than that held by Deer Valley Lessee. A mortgagee-holder shall be given notice of any default, summons or complaint related to the Deer Valley Lease, and has the right to cure any such monetary default on Deer Valley Lessee's behalf. If such default cannot be cured, Deer Valley Landlord has right of first purchase to such encumbered leasehold mortgage, which, if not exercised, gives such mortgagee holder the rights foreclose on Deer Valley Lessee's interest, succeed to Deer Valley Lessee's interest under the Deer Valley Lease, or, if the Lease is terminated, to enter into a new lease for the Deer Valley Premises with Deer Valley Landlord within specified time frame and subject to curing defaults.

Events of Default and Remedies

Deer Valley Landlord may terminate the Deer Valley Lease in the event any one or more of the following events have occurred and have not been remedied as hereinafter provided:

- (i) Deer Valley Lessee fails to pay any amount owed when due, and the failure continues for ten (10) days after notice from Deer Valley Landlord.
- (ii) Except for the events of default listed below, Deer Valley Lessee fails to perform any non-monetary obligation, and the failure continues for thirty (30) days after notice from Deer Valley Landlord, unless the default cannot objectively be cured within thirty (30) days, and Deer Valley Lessee diligently and in good faith proceeds to cure the default, in which case Deer Valley Lessee is entitled to a reasonable time to cure under the circumstances:
- (iii) Deer Valley Lessee fails to procure and maintain the required insurance coverages, and the failure continues for five (5) days after notice from Deer Valley Landlord;
- (iv) Deer Valley Lessee vacates or ceases to use and occupy the Deer Valley Premises for thirty (30) consecutive days or for a total of sixty (60) days in any twelve (12) month period;
- (v) Deer Valley Lessee abandons or surrenders possession of the Deer Valley Premises. Deer Valley Lessee's failure to use or occupy the Deer Valley Premises for thirty (30) consecutive days is deemed an abandonment of the Deer Valley Premises;
- (vi) Deer Valley Lessee's use or occupancy of the Premises creates a condition that Deer Valley Landlord determines is a danger to the health, safety, or welfare of the Airport or the public, and Deer Valley Lessee fails to correct the condition to Deer Valley Landlord's satisfaction within two (2) days after notice from Deer Valley Landlord;
- (vii) Deer Valley Lessee or its trustees, owners, officers, directors, managers, agents, employees, contractors, guests, invitees, or subtenants cause any lien or encumbrance to be filed or recorded against the Deer Valley Premises or other Deer Valley Airport property that is not completely discharged and released within thirty (30) days after the date Deer Valley Landlord demands release of the lien or encumbrance;
- (viii) Deer Valley Lessee files a voluntary petition in bankruptcy; is adjudicated bankrupt or insolvent; takes the benefit of any law applicable to bankrupt or insolvent debtors; files a petition or action seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief for itself under any applicable law; seeks or acquiesces to the appointment of a trustee, receiver, or liquidator of all or a substantial part of Deer Valley Lessee's assets; or makes any general assignment for the benefit of creditors;
- (ix) A petition or action is filed against Deer Valley Lessee seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any applicable law and the petition or action is not dismissed or stayed ninety (90) days; or

(x) A trustee, receiver, or liquidator of Deer Valley Lessee is appointed, and the appointment is not vacated or stayed within ninety (90) days.

In addition to and without prejudice to any other rights and remedies Deer Valley Landlord shall have at law or in equity, Deer Valley Landlord re-enter the Deer Valley Premises and recover possession thereof and dispossess any and all occupants of the Deer Valley Premises.

Miami-Opa Locka Executive Airport Lease

Agreement and Parties

Under the terms of that certain Sublease Agreement, dated May 2, 2019 (including as amended, the "OL Lease"), by and between Sky Harbour Opa Locka Airport, LLC, a Delaware limited liability company ("OL Lessee") leases certain premises described below from AA Acquisitions, LLC (the "OL Landlord"). OL Landlord in turn leases such premises pursuant to that certain Amended and Restated Development Lease Agreement, dated March 22, 2007 (including as amended, the "OL Master Lease"), by and between the OL Landlord and Miami-Dade County, Florida ("OL Master Landlord").

Leased Premises

The leased premises consist of approximately 641,318 square feet (the "OL Phase I Premises") together with an additional 345,225 square feet per the exercise of an expansion option by OL Lessee (the "OL Phase II Premises," and together with the OL Phase I Premises, the "OL Premises") at Miami-Opa Locka Executive Airport, located in Opa-Locka, Miami-Dade County, Florida. The OL Premises consist of a portion of the premises covered by the OL Master Lease.

Term and Rent

The OL Lease has an initial term of approximately forty (40) years and is scheduled to expire on July 9, 2059. The OL Lease provides for two (2) five (5) year extensions exercisable by OL Lessee subject to certain terms and conditions.

Rent for the OL Premises is payable monthly commencing upon the earlier of (i) OL Lessee's occupancy of the OL Phase I Premises, or (ii) on the second (2nd) anniversary of the OL Lease. The base rent for the land of the OL Premises is payable at a monthly rate of \$0.28 per square foot, escalating incrementally at approximately three percent (3%) per year. Since July 10, 2019, OL Lessee paid only fifty percent (50%) of the allocable rent for the OL Phase I Premises due to OL Master Landlord from OL Landlord under the OL Master Lease. Since July 10, 2021, OL Lessee has begun paying the full amount of the allocable rent for the OL Phase I Premises. Since December 23, 2019 (the "OL Phase II Exercise Date"), OL Lessee paid only fifty percent (50%) of the allocable rent for the OL Phase II Premises due to OL Master Landlord from OL Landlord under the OL Master Lease. Upon the earlier of (i) twenty four (24) months from the OL Phase II Exercise Date (December 23, 2021) or (ii) occupancy of the OL Phase II Premises, OL Lessee shall pay the full amount of the allocable rent for the OL Phase II Premises. All rent due under the OL Lease is subject to a 6.7% monthly real estate tax. The OL Lessee additionally pays

additional sums for (i) solid waste fees, (ii) storm water fees (iii) emergency ambulance fees, and (iv) utilities.

Lease is intended to be triple net.

OL Lease Rent Schedule

	<u>Years</u>	Sq Ft.	Sq Ft. Rate	Monthly	<u>Yearly</u>
Phase I	1-3	641,318	\$0.55	\$29,393.74	\$352,724.90
<u>r nuse r</u>	1-3 4-6	641,318	\$0.57	\$30,275.55	\$363,306.65
	7-9	641,318	\$0.57 \$0.58	\$30,273.33	\$374,205.85
	10-12	641,318	\$0.58 \$0.60	\$31,163.62	\$385,432.02
	13-15		\$0.60 \$0.62		
		641,318		\$33,082.92	\$396,994.98
	16-18	641,318	\$0.64	\$34,075.40	\$408,904.83
	19-21	641,318	\$0.66	\$35,097.66	\$421,171.98
	22-24	641,318	\$0.68	\$36,150.59	\$433,807.14
	24-26	641,318	\$0.70	\$37,235.11	\$446,821.35
	27-29	641,318	\$0.72	\$38,352.17	\$460,225.99
	30-32	641,318	\$0.74	\$39,502.73	\$474,032.77
	32-34	641,318	\$0.76	\$40,687.81	\$488,253.75
	34-36	641,318	\$0.78	\$41,908.45	\$502,901.37
	36-38	641,318	\$0.81	\$43,165.70	\$517,988.41
	38-40	641,318	\$0.83	\$44,460.67	\$533,528.06
Phase II	1-3	345,225	\$0.55	\$15,822.81	\$189,873.75
	4-6	345,225	\$0.57	\$16,297.50	\$195,569.96
	7-9	345,225	\$0.58	\$16,786.42	\$201,437.06
	10-12	345,225	\$0.60	\$17,290.01	\$207,480.17
	13-15	345,225	\$0.62	\$17,808.71	\$213,704.58
	16-18	345,225	\$0.64	\$18,342.98	\$220,115.72
	19-21	345,225	\$0.66	\$18,893.27	\$226,719.19
	22-24	345,225	\$0.68	\$19,460.06	\$233,520.76
	24-26	345,225	\$0.70	\$20,043.87	\$240,526.39
	27-29	345,225	\$0.72	\$20,645.18	\$247,742.18
	30-32	345,225	\$0.74	\$21,264.54	\$255,174.44
	32-34	345,225	\$0.76	\$21,902.47	\$262,829.68
	34-36	345,225	\$0.78	\$22,559.55	\$270,714.57
	36-38	345,225	\$0.81	\$23,236.33	\$278,836.00
	38-40	345,225	\$0.83	\$23,933.42	\$287,201.08

Purchase Option

Until December 31, 2021, OL Lessee has the one-time option to purchase OL Landlord's interest in the OP Premises at a price of \$375,000 per acre.

Obligation to Construct Initial Improvements

OL Lessee is obligated to construct no less than five (5) aviation hangars and related improvements on the OL Phase I Property at a cost of no less than \$8,500,000, and, if OL Lessee exercises its option to lease the OL Phase II Property, five (5) aviation hangars on the OL Phase II Property at a cost of no less than \$6,000,000, provided that such improvements must provide OL Landlord with continuous access to the OL Premises and that such construction is configured to allow for the unhampered movement of an aircraft equal to the size of The Bombardier Global 7000 (the "OL Initial Improvements"). OL Lessee is obligated to promptly apply for all licenses and permits required to construct such OL Initial Improvements. OL Lessee has until July 31, 2022 to complete the improvements to the OL Phase I Premises and, if OL Lessee exercises its option to lease the OL Phase II Premises, until July 9, 2023 to complete the improvements to the OL Phase II Premises. Construction of the OL Initial Improvements is set to begin in August of 2021.

Use of Premises

Permitted uses for the OL Premises include the development and improvement of the OL Premises, operation of aircraft hangar facilities and ancillary uses, each in compliance with the OL Master Lease, and subject to fueling restrictions in favor of Atlantic Aviation.

Casualty and Condemnation

In the event the OL Initial Improvements, or any portion thereof, shall be destroyed or damaged by fire or other casualty, OL Lessee must promptly commence the restoration of the damaged or destroyed portion as nearly as reasonably practicable to the value and condition thereof immediately prior to such damage or destruction. OL Lessee shall be obligated to provide any additional monies required to restore the Initial Improvements to the condition immediately prior to such damage or destruction beyond what is recouped from insurance coverage. OL Lessee, at its sole cost and expense, is responsible for the repair and restoration of any such improvements. If any damage or casualty occurs during the five (5) years prior to the expiration of the OL Lease, and the restoration cost exceeds twenty (20%) percent of the replacement cost, OL Lessee may terminate the OL Lease within sixty (60) days after the occurrence of such damage, provided that OL Lessee must, within forty-five (45) days of the damage, demolish and remove all debris from the OL Premises and assign to OL Landlord all excess insurance proceeds.

If the whole of the OL Premises is taken for any public or quasi-public use under any statute by right of eminent domain, the OL Lease and the term granted by it shall cease and expire on the date OL Lessee is deprived of possession pursuant to such taking. Any condemnation award shall be allocated in accordance with Florida law and as provided in the OL Master Lease, which consists of the unamortized balance of the costs of constructing all of the improvements to OL Premises calculated on a thirty-five (35) year straight line basis from the date construction was completed for each of the OL Initial Improvements. If any part of the OL Premises is acquired or condemned by eminent domain for any public or quasi-public use or purpose, and in the event that such partial taking or condemnation, in the reasonable opinion of OL Lessee, renders the OL Premises unsuitable, then OL Lessee shall have the right to terminate with sixty (60) days' notice after the date that title vests in such proceeding. In the event of a partial taking or condemnation

which is not extensive enough to render the OL Premises unsuitable, then OL Lessee must promptly restore the OL Premises to a condition comparable to its condition at the time of such condemnation (less the portion lost in the taking), except that rent payable shall be reduced to the extent the same is reduced pursuant to the OL Master Lease. Condemnation award shall first be applied to restoration and any remaining award shall be allocated between OL Lessee and OL Landlord in accordance with Florida law. In the event of any taking of the OL Premises or any part thereof for temporary use for a period of ninety (90) days or less, (i) the OL Lease remains unaffected thereby and shall not abate, and (ii) OL Lessee will be entitled to receive for itself such portion or portions of any award received by OL Landlord with respect to the period of the taking which is within the term of the OL Lease, subject to certain terms and exceptions.

Assignment and Subletting

The OL Lease may not be assigned without first obtaining the written consent of the OL Landlord which consent may be given in OL Landlord's sole discretion, except that if so requested after completion of the OL Initial Improvements, OL Lessee may, without OL Landlord's consent, transfer the OL Lease, in its entirety, to an entity that is wholly owned and controlled by Sky Harbour, LLC or in connection with the merger or consolidation of OL Lessee into or with another entity or the transfer of all or substantially all of OL Lessee's assets or the sale of all or substantially all of the ownership interests in OL Lessee, provided the tangible net worth (as determined in accordance with generally accepted accounting principles consistently maintained) of the surviving entity of at least ten (10) times the then-current annual rent payable under the OL Lease.

Nothing set forth in the OL Lease prohibits OL Lessee from subleasing or licensing portions of the improvements to the OL Premises.

Permitted Mortgage

OL Lessee may, without OL Master Landlord's or OL Landlord's consent, execute and deliver any mortgage, deed of trust, collateral assignment, or other lien (as modified from time to time) encumbering the sub-leasehold estate at any time to secure financing for the construction of improvements to the OL Premises.

Events of Default and Remedies

The OL Lease may be terminated by OL Landlord in the event any one or more of the following events shall have occurred and shall have not been remedied as hereinafter provided:

- (i) If OL Lessee files a petition in bankruptcy or insolvency or for reorganization under any bankruptcy act, or voluntarily takes advantage of any such act by answer or otherwise, or makes an assignment for the benefit of creditors;
- (ii) If involuntary proceedings under any bankruptcy law or insolvency act are instituted against OL Lessee, or if a receiver or trustee is appointed for all or substantially all of the property of OL Lessee, and such proceedings are not dismissed or the receivership or trusteeship vacated within twenty (20) days after the institution or appointment;

- (iii) OL Lessee's failure to pay rent or make any other required payment, which failure continues for ten (10) days after written notice to OL Lessee;
- (iv) OL Lessee's failure to complete the OL Initial Improvements in the allotted period, subject to force majeure, and such failure continues for 30 days after written notice from OL Landlord (or if such failure cannot reasonably be cured in 30 days, OL Lessee shall not have commenced cure within such 30 day period and shall not diligently and continuously proceed to cure;
- (v) OL Lessee's failure to perform or comply with any of the conditions of the OL Lease other than the nonpayment, which failure continues for a period of thirty (30) days after written notice to OL Lessee, or, if the performance cannot be reasonably had within the thirty (30) day period, OL Lessee has not promptly commenced performance within said thirty (30) day period and has not diligently and continuously proceeded to completion of performance, up to a maximum extension period of one hundred eighty (180) days and if allowed under the OL Master Lease;
- (vi) OL Lessee's breach of any of the terms of the OL Master Lease that are applicable to OL Lessee vis a vis the OL Lease; or
- (vii) If OL Lessee makes a prohibited transfer of the OL Lease.

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE LEASEHOLD MORTGAGES



APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE LEASEHOLD MORTGAGES

The following is a summary of certain provisions of the Leasehold Mortgages with respect to the Notes. Separate Leasehold Mortgages have been executed for each Facility in connection with the issuance of the Notes containing in all material respects the common terms described in this Appendix E. The singular is used for convenience and where it is used herein reference is made to all such agreements or documents relating to the Members of the Obligated Group. This summary does not purport to be complete and reference to the Leasehold Mortgages is hereby made for all of the terms and conditions of the Leasehold Mortgages. Terms used in this Appendix E that are not defined herein shall have the meanings set forth in Appendix B or Appendix C.

MORTGAGED PROPERTY

The Member (the "Grantor") gives, grants, mortgages, assigns, bargains, sells, alienates, conveys and confirms unto the Master Trustee, or in the case of a deed of trust, to the deed of trust trustee for the benefit of the Master Trustee (the "Grantee") and to the Grantee's successors and assigns, for and during the rest, residue and remainder of the term of years yet to come and unexpired in the Ground Lease and the renewals therein provided for subject to the rents, covenants, conditions and provisions of the Ground Lease, all of the Grantor's right, title and interest in and to the following property, interests and rights, whether now owned or existing or hereafter acquired or arising (the "Mortgaged Property"):

- (i) all right, title and interest of the Grantor, under its Ground Lease in that certain real property, together with the buildings and other improvements now or hereafter placed thereon, situate, lying and being in the location and more particularly bounded and described in the Leasehold Mortgage, subject to the permitted encumbrances set forth in the Leasehold Mortgage, together with all the right, title and interest of the Grantor in and to all streets, roads and public places, open or proposed, in front of and adjoining such real property and all easements and rights of way, public or private, now or hereafter used in connection with such real property (such real property, such improvements, such right, title and leasehold interest, and such easements and rights of way are collectively called the "Premises");
- (ii) all fixtures, equipment, machinery, apparatus, appliances, fittings, chattels and articles of personal property, now or hereafter attached to, or used or usable in connection with any present or future occupancy of the Premises and all renewals and replacements thereof and additions and accessions thereto, including without limitation partitions, elevators, lifts, steam and hot water boilers, heating and air conditioning equipment, lighting and power plants, engines, motors, compressors, ducts, coal, oil and gas burning apparatus, pipes, pumps, plumbing, radiators, sinks, bath tubs, water closets, refrigerators, gas and electrical fixtures, communications apparatus, stoves, ranges, shades, screens, awnings, vacuum cleaning system, and sprinkler system or other fire prevention or extinguishing apparatus and materials, all of which shall be deemed to be, remain and form a part of the Premises and are covered by the lien of the Leasehold Mortgage (the "Project Equipment");

- (iii) all insurance proceeds and awards and other compensation payments, including interest thereon, which are heretofore or hereafter made with respect to the Mortgaged Property as a result of or in lieu of any taking by eminent domain, the alteration of the grade of any street, any other injury to or decrease in the value of the Mortgaged Property, or the damage or destruction to all or a portion of the Mortgaged Property, to the extent of all amounts which may be secured by the Leasehold Mortgage at the date of receipt of any such award or payment by the Grantee, and of the reasonable attorneys' fees, costs and disbursements incurred by the Grantee in connection with the collection of such award or payment;
- (iv) all moneys, investment property, rents, operating and non-operating revenues, receipts and income received or receivable by the Grantor and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights, chattel paper, instruments, investment property, general intangibles or other rights and all proceeds thereof, including insurance proceeds and condemnation awards, whether now existing or hereafter coming into existence and whether now owned or hereafter acquired (the "Gross Receipts");
- (v) all agreements, such as construction contracts, architects' agreements, engineers' contracts, utility contracts, maintenance agreements, management agreements, service contracts, permits, licenses, certificates and entitlements in any way relating to the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Mortgaged Property;
 - (vi) all accounts, goods, general intangibles and books and records;
 - (vii) all products and proceeds of the foregoing;
- (viii) any and all further estate, right, title, interest, property, claim and demand whatsoever of the Grantor in or to any of the above;
- (ix) all appurtenances in respect of or otherwise relating to the Ground Lease, including, but not limited to, renewal options and expansion right, and all the estate and rights of Grantor of, in and to (i) all modifications, extensions and renewals of the Ground Lease and all rights to renew or extend the term thereof, (ii) all credits to and deposits of Grantor under the Ground Lease, (iii) all other options, privileges and rights granted and demised to Grantor under the Ground Lease, (iv) all the right or privilege of Grantor to terminate, cancel, abridge, surrender, merge, modify or amend the Ground Lease and (v) any and all possessory rights of Grantor and other rights and/or privileges of possession, including, without limitation, Grantor's right to elect to remain in possession of the Land and the leasehold estate created by the Ground Lease pursuant to Section 365(h)(1) of the federal bankruptcy code (as amended from time to time and including any successor legislation thereto, the "Bankruptcy Code"); and
- (x) all of Grantor's claims and rights to damages and any other remedies in connection with or arising from the rejection of the Ground Lease by the Ground Lessor (including any successor or assign thereof) or any trustee, custodian or receiver appointed pursuant to the Bankruptcy Code in the event that there shall be filed by or against the Ground Lessor any petition,

action or proceeding under the Bankruptcy Code or under any other similar federal or state/commonwealth law now or hereinafter in effect.

INDEBTEDNESS SECURED

The indebtedness secured by the Leasehold Mortgages consists of the Obligations of the Members of the Obligated Group pursuant to and secured in accordance with the Master Indenture. As used in the Leasehold Mortgage, "Obligations" shall mean any and all payment and performance liabilities and obligations of the Grantor or the Obligated Group under the Master Indenture, set forth in or arising under the Notes or other Obligations, however evidenced and whether now existing or thereafter incurred, direct or indirect, matured or not matured, absolute or contingent, now due or thereafter to become due (including, without limitation, any and all costs and attorneys' fees and expenses incurred by the Grantee or the holders of the Obligations in enforcement or collection, whether by suit or by any other means, of any of the Obligations to the extent the same is required to be paid by the Master Indenture) and any modifications, extensions or renewals of any of the foregoing.

PAYMENT AND COMPLIANCE

The Grantor shall pay the debt evidenced by the Notes at the times and in the manner provided therein and shall pay all other Obligations under the Master Indenture in accordance with the requirements thereof, and will comply with all of the terms and conditions to be complied with by the Grantor under the provisions of the Leasehold Mortgage, the Notes and the Master Indenture.

TAXES

The Grantor shall: (i) prior to the date on which any interest or penalties shall commence to accrue thereon, cause to be paid and discharged all taxes (including but not limited to ad valorem taxes), assessments, water and sewer rents and charges and all license or permit fees, levies, and governmental charges, payments in lieu of any of the foregoing, general or special, ordinary or extraordinary, foreseen or unforeseen, of any kind and nature whatsoever, which are or may have been, or may hereafter be, charged, assessed, levied, or imposed upon or against the Mortgaged Property, or any part thereof by any lawful authority, or which may become a lien thereon and (ii) not suffer, and promptly cause to be paid and discharged, any lien or charge whatsoever which by any present or future law may be or become superior, or on a parity with or junior to, either in lien or in distribution out of the proceeds of any judicial sale, the lien of the Leasehold Mortgage created thereunder and (iii) cause to be paid, when due, all charges for utilities whether public or private.

Notwithstanding the foregoing, the Grantor may in good faith contest, by proper legal proceedings, the validity or amount of any such tax or charge, and may permit such tax or charge to remain unpaid during the period of such contest, *provided* (i) no Event of Default (see "Event of Default" under the Leasehold Mortgage), or event or condition which, with the giving of notice or the passage of time or both would constitute an Event of Default, has occurred and is continuing; (ii) the Grantor maintains and prosecutes with diligence such contest; (iii) the Grantor shall pay such contested tax or charge and all costs and penalties, if any, and shall deliver to the Master Trustee evidence acceptable to the Master Trustee of such payment promptly if such contest is terminated or determined adversely to the Grantor, and in any event

prior to the date any portion of the Mortgaged Property may be sold or otherwise transferred because of non-payment of the tax or charge; and (iv) the Grantor shall deposit with the Master Trustee during such contest cash or a surety bond in the amount of such unpaid tax or charge plus interest and penalties anticipated to accrue thereon in amounts reasonably satisfactory to the Master Trustee which, notwithstanding any provision of the Leasehold Mortgage to the contrary, the Master Trustee may use, and shall use at the written direction of the Majority Applicable Holders to pay the same prior to the date any portion of the Mortgaged Property may be sold or otherwise transferred because of non-payment of the tax or charge.

INSURANCE

The Grantor shall keep, or cause to be kept, the Mortgaged Property insured for the benefit of the Grantee against such losses and risks and in such amounts as provided in the Master Indenture. In the event of any loss or damage to the Mortgaged Property there shall be no abatement or reduction in the amount payable by the Grantor under the Leasehold Mortgage or under the Notes and the Master Indenture, and the Grantor shall continue to make such payments. The Grantor shall give immediate notice of any such loss or damage to the Grantee. All insurance proceeds shall be collected, held and expended as provided in the Master Indenture. If the Grantee shall acquire title to the Mortgaged Property by virtue of foreclosure, a deed in lieu of foreclosure or a judicial sale thereof, or otherwise, then all of the Grantor's right, title, estate and interest in and to all insurance policies, including unearned premiums thereon and the proceeds thereof, shall vest in the Grantee.

EMINENT DOMAIN

The Grantor shall give the Grantee immediate notice of the actual or threatened commencement of any proceedings under eminent domain affecting all or any part of the Mortgaged Property, including without limitation severance and consequential damage and change in grade of streets. In the event of any aforementioned actual or threatened commencement, the Grantor shall proceed as set forth in the Master Indenture. All condemnation proceeds shall be collected, held and expended as provided in the Master Indenture.

There shall be no abatement or reduction in the amount payable by the Grantor under the Leasehold Mortgage or under the Master Indenture or the Notes in the event of the commencement of any eminent domain proceeding affecting the Mortgaged Property, and the Grantor shall continue to be obligated to make all such payments.

COMPLIANCE WITH LAW

The Leasehold Mortgage obligates the Grantor to:

(i) operate or cause the Premises to be operated as airport facilities qualifying under Section 142(a)(i) of the Code, if applicable, and in compliance with the Ground Lease, which facilities may include functionally related and subordinate uses, and maintain all certifications and licenses required for such use;

- (ii) comply in good faith with all laws, ordinances and regulations, including, without limitation, all licensure, building, zoning, safety and environmental laws, which thereafter in any manner may affect the Premises or the use or operation thereof; and have the right in good faith to contest such laws, ordinances and regulations or appeal from any decision adverse to the Grantor based thereon by appropriate proceedings diligently conducted, but all costs, fees and expenses incurred in connection with such proceedings shall be borne by the Grantor and *provided that* during such contest or appeal the Grantor complies therewith unless enforcement is stayed; and
- (iii) not engage in any business other than the operation and leasing of its Projects and Mortgaged Properties as airport facilities in accordance with clause (i) above (and activities incidental thereto, including, without limitation, rental of space at its Projects and Mortgaged Properties to appropriately licensed service providers and airline service providers).

SALE, LEASE, ENCUMBRANCE, MORTGAGE AND USE

The Grantor shall not directly or indirectly sell, lease, encumber, mortgage, transfer or otherwise dispose of title to all or any part of the Mortgaged Property, except to the extent permitted by the Master Indenture.

PAYMENT OF OTHER DEBT

Under the Leasehold Mortgage, the Grantor shall:

- (i) promptly pay or otherwise satisfy and discharge all of its obligations and indebtedness and all demands and claims (any such obligation, indebtedness, demands and claims being "Claims") against it as and when the same become due and payable, other than any thereof (exclusive of the Obligations issued and Outstanding under the Master Indenture) whose validity, amount or collectability is being contested in good faith by appropriate proceedings;
- notwithstanding the foregoing, the Grantor may in good faith contest, by proper legal proceedings, the validity or amount of any such Claim as permitted by the Leasehold Mortgage and described in (i) above, and may permit such Claim to remain unpaid during the period of such contest, provided (A) no Event of Default, or event or condition which, with the giving of notice or the passage of time or both, would constitute an Event of Default, has occurred and is continuing; (B) the Grantor maintains and prosecutes with diligence such contest; (C) the Grantor shall pay such contested Claim and all costs and penalties, if any, and shall deliver to the Grantee evidence acceptable to the Grantee of such payment promptly if such contest is terminated or determined adversely to the Grantor, and in any event prior to the date any portion of the Mortgaged Property may be sold or otherwise transferred because of non-payment of the Claim; and (D) the Grantor shall deposit with the Master Trustee during such contest cash or a surety bond in the amount of such unpaid Claim plus interest and penalties anticipated to accrue thereon in amounts reasonably satisfactory to the Master Trustee which, notwithstanding any provisions of the Leasehold Mortgage to the contrary, the Master Trustee may use, and shall use at the written direction of the Majority Applicable Holders to pay the same prior to the date any portion of the Mortgaged Property may be sold or otherwise transferred because of non-payment of the Claim.

ASSIGNMENT OF LEASES AND RENTS

As further security for the payment of the debt secured by the Leasehold Mortgage, the Grantor assigns to the Grantee the leases, rents, issues and profits of the Mortgaged Property.

The Grantor agrees not to collect rent more than thirty (30) days in advance of its due date under any lease of all or any part of the Mortgaged Property. All leases entered into by the Grantor after the execution of the Leasehold Mortgage must provide that the tenant thereunder shall pay to the Grantee (or as directed by the Grantee) all sums due under the lease upon notice to the tenant from the Grantee, and that the Grantor shall, at the Grantee's option, furnish the Grantee with an estoppel and subordination and attornment letter agreement as to its respective leases in form and substance reasonably acceptable to the Grantee. Grantor authorizes and directs the present and future tenants and occupants named in any leases, upon receipt from the Grantee of written notice stating that an Event of Default has occurred, to pay over to Grantee (or as directed by the Grantee) all rents, income and profits arising or accruing under such leases or from the premises described therein and to continue to do until otherwise notified by the Grantee. The Grantor agrees that any such notice by the Grantee shall be valid and binding, without any obligation or right to inquire as to whether any such default actually exists and notwithstanding any notice from or claim of the Grantor to the contrary, and that the Grantor shall have no right or claim against any such tenant or occupant who has made payment to the Grantee following receipt of such notice.

The Grantor shall not assign to any person other than the Grantee the payments, rents, issues and profits of the Mortgaged Property, or cancel, except in accordance with the terms of the Master Indenture, abridge or otherwise modify or amend any material provision of any lease of all or any part of the Premises. In addition, the Grantor shall observe and comply with all of its obligations as lessor under any such lease, will promptly notify the Grantee if it receives any notice of a material default by it thereunder and will forward a copy of any such default notice to the Grantee, and enforce any material default thereunder by the lessee.

GRANTEE'S PERFORMANCE OF GRANTOR'S OBLIGATIONS

The Grantee may, but shall not be obligated to (i) advance, on behalf of the Grantor, any amounts due under a promissory note or similar instrument secured by a prior mortgage or deed of trust on the Mortgaged Property, or (ii) pay any amount which the Grantor has failed to pay or perform any act which the Grantor has failed to pay or perform under the Leasehold Mortgage, in which event the costs, disbursements, expenses and reasonable counsel fees and expenses thereof, together with interest thereon from the date the expense is paid or incurred at the prime interest rate publicly announced from time to time by the Master Trustee as a commercial bank plus 2% (the "Default Rate"), shall be payable on demand by the Grantor and shall be secured by the lien of the Leasehold Mortgage.

EVENTS OF DEFAULT

The occurrence of an Event of Default under the Master Indenture shall constitute an "Event of Default" under the Leasehold Mortgage without further grace periods or notices being given.

REMEDIES ON DEFAULT

Whenever an Event of Default shall have occurred, the Grantee may declare any portion or the entire unpaid balance of the principal indebtedness, accrued interest and all other sums secured by the Leasehold Mortgage to be immediately due and payable without notice or demand. If an Event of Default shall occur, the Grantee may, but shall not be obligated to, forthwith, with or without accelerating the Notes or the indebtedness evidenced by the Notes or the Master Indenture and all other amounts due thereunder, exercise any and all rights available to it at law or in equity, elect to apply any of the following remedies or any remedy set forth in the Master Indenture (which remedies shall be cumulative) and may without further delay, but shall not be obligated to, exercise any one or more of the following rights:

- (i) The Grantee may foreclose the Leasehold Mortgage and exercise its rights as a secured party for all or any portion of the debt secured by the Leasehold Mortgage which is then due and payable, by acceleration or otherwise, subject to the continuing lien of the Leasehold Mortgage for the balance not then due and payable. The proceeds from any disposition, transfer or re-letting of the Mortgaged Property shall be applied first to all expenses (including reasonable attorney's fees and expenses) of retaking, holding, storing, processing, preparing for sale, selling, collecting and liquidating the Mortgaged Property and second to the satisfaction of the Obligations (including all amounts due under the Master Indenture).
- (ii) The Grantee may, by its agents, servants or attorneys, take possession of and enter upon the Mortgaged Property; lease and operate the same; collect and receive the rents, issues and profits therefrom; and apply such receipts, first to the payment of the necessary expenses of operating the Mortgaged Property (including without limitation reasonable counsel fees and expenses and customary fees and expenses for management agents), and second, in the Grantee's sole discretion, to the payment of amounts due on the Obligations or amounts required to be paid by the Grantor under any provision of the Leasehold Mortgage. The Grantee shall be liable to account only for rents and profits actually received by the Grantee.
- (iii) The Grantee may apply for and shall be entitled to the appointment of a receiver of the rents, issues and profits of the Mortgaged Property, without notice to the Grantor, without regard to the value of the Mortgaged Property as security for the amounts due the Grantee or to the solvency of any person liable for the payment of such amounts, and irrespective of whether the Grantee has an adequate remedy at law.
- (iv) The Grantee may pay any amount which the Grantor has failed to pay or perform any act which the Grantor has failed to perform under the Leasehold Mortgage, in which event the costs, disbursements, expenses and reasonable counsel fees thereof, together with interest thereon from the date the expense is paid or incurred at the prime interest rate publicly announced from time to time by the Master Trustee as a commercial bank plus 2% provided that the interest payable shall not exceed the maximum rate permitted by law, shall be payable on demand by the Grantor and shall be secured by the lien of the Leasehold Mortgage.
- (v) The Grantee may exercise any and all rights of a secured party with respect to the Mortgaged Property under the Uniform Commercial Code. The Grantee may take possession of any of the Mortgaged Property and sell any portion of such property pursuant to the provisions

of the State's Uniform Commercial Code and generally exercise any of such other rights and remedies with respect to such property as may be provided by said Code. Any requirement of such Uniform Commercial Code as to reasonable notice shall be met by delivering written notice to the Grantor ten (10) days prior to any such sale. In the event of any foreclosure under the Leasehold Mortgage, the Mortgaged Property may be sold in whole or in part as part of the realty or separately. The Grantee shall also be entitled to take possession of, assemble and collect all or any portion of the Mortgaged Property and require the Grantor to assemble the Mortgaged Property and make it available at any place the Grantee may designate so as to allow Grantee to take possession of or dispose of all or any portion of the Mortgaged Property.

(vi) The Grantee may proceed by one or more suits, actions or proceedings at law or in equity or otherwise or by any other approved means to enforce payment of the Notes and all other amounts due under the Notes, the Master Indenture, the Leasehold Mortgage by the Grantor or protect and enforce any of the Grantee's rights or powers under the Master Indenture or the Leasehold Mortgage.

In the event the Leasehold Mortgage is foreclosed (i) the Mortgaged Property may be re-let by the Grantee, (ii) there shall be included in the Obligations, to the extent permitted by law, the reasonable fees, costs and disbursements of the Grantee paid or incurred by the Grantee in connection with the foreclosure proceedings and any such re-letting, and (iii) if the Grantee so consents, the lessee of the Mortgaged Property shall succeed to all of the rights of the Grantor to the Mortgaged Property.

ACCELERATION OF OBLIGATIONS

The Leasehold Mortgage (including without limitation, the Security Agreement and the Assignment of Leases and Rents contained in the Leasehold Mortgage) separately secures the Senior Obligations, the Subordinate Class A Obligations and the Subordinate Class B Obligations issued under the Master Indenture. Each Class of Obligations may be accelerated only as provided in the Master Indenture. To the full extent permitted by law, the Leasehold Mortgage may be foreclosed upon acceleration of one or more Classes of Obligations as provided in the Leasehold Mortgage but to the extent a Class of Obligations is not accelerated and is not paid in full the Leasehold Mortgage shall not be extinguished with respect to such Class and shall remain in full force and effect with respect thereto.

COMPLIANCE WITH GROUND LEASE

The Grantor shall pay on or before the due dates thereof all rents and other amounts payable under the provisions of the Ground Lease and will timely fully observe and perform all of the terms, covenants, agreements and conditions of the Ground Lease required therein to be observed and performed by the Grantor, and will, upon request from the Grantee, furnish to the Grantee satisfactory evidence of payment evidencing the timely payment of all rents due thereunder, which evidence shall be furnished to the Grantee within ten (10) days after the due date for such rents. If the Grantor shall fail to do any of the things described in the preceding sentence, the Grantee may (but shall not be obligated to) take any action the Grantee deems necessary or desirable to prevent or to cure any default by the Grantor in the performance of or compliance with any of the Grantor's covenants or obligations under the Ground Lease. In any such event, subject to the rights of lessees, sublessees and other occupants, Grantee and any person designated by Grantee shall have, and are hereby granted, the right to enter upon the Mortgaged Property at any time

and from time to time for the purpose of taking any such action. If the Ground Lessor shall deliver to Grantee a copy of any notice of default sent to the Grantor, as tenant under the Ground Lease, such notice shall constitute full protection to Grantee for any action taken or omitted to be taken by Grantee in reliance thereon. The Grantor covenants and agrees to immediately (and in all events within five (5) days) deliver to the Grantee a copy of any notice of default under the Ground Lease and fully and timely cure the same. In addition, the Grantor will not, whether or not in accordance with the terms of the Ground Lease, do or permit anything to be done, the doing of which, or refrain from doing anything to be done, the omission of which, will terminate or impair the security of the Leasehold Mortgage or will be grounds for terminating the Ground Lease or declaring a forfeiture thereof (including, without limitation, the timely exercise of any renewal options contained in the Ground Lease). In addition, the Grantor covenants and agrees that if it exercises any option the Grantor may have with respect to the Mortgaged Property or any part thereof it will deliver to the Grantee a copy of its notice to the owner of such Mortgaged Property of the Grantor's intent to exercise such option concurrently with the Grantor's delivery of such notice to such owner.

As further and additional collateral for payment of the principal and interest payments on the Notes and the other Obligations and performance of the covenants set forth in the Master Indenture, or in the Ground Lease, the Grantor assigns to the Grantee all of the Grantor's right, title and interest as tenant under the Ground Lease and its rights to terminate, disaffirm, cancel, modify, change, surrender, supplement, alter or amend the Ground Lease (excluding the right to timely exercise of any renewal options thereunder, which right is expressly retained as a right of the Grantor so long as no Event of Default has occurred and is continuing), and any such termination, cancellation, disaffirmance, modification, change, surrender, supplement, alteration or amendment of, or election under, the Ground Lease made without the Grantee's prior written consent shall be void and of no force and effect; *provided, however*, that termination, cancellation or modification required by the owner of the property subject to the Ground Lease pursuant to the terms of the Ground Lease shall not require consent of the Grantee.



APPENDIX F FORM OF BOND COUNSEL OPINION





[Closing Date]

Public Finance Authority Madison, Wisconsin

The Bank of New York Mellon, as Trustee New York, New York

Re: \$166,340,000 Public Finance Authority Special Facility Revenue Bonds (Sky Harbour Capital LLC Aviation Facilities Project), Series 2021

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Public Finance Authority (the "Issuer"), a commission created under the laws of the State of Wisconsin (the "State"), including particularly Sections 66.0301 and 66.0303, together with Section 66.0304 of the Wisconsin Statutes (the "Act"), and that certain Amended and Restated Joint Exercise of Powers Agreement dated as of September 28, 2010, among the members of the Issuer (the "JPA"), of its Special Facility Revenue Bonds (Sky Harbour Capital LLC Aviation Facilities Project), Series 2021, in the aggregate principal amount of \$166,340,000, dated the date of original issuance and delivery thereof (the "Bonds"). The Bonds are issued under, and are equally and ratably secured by, a Trust Indenture (the "Indenture"), dated as of September 1, 2021, between the Issuer and The Bank of New York Mellon, as trustee (in such capacity, the "Bond Trustee"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

The proceeds of the Bonds will be used to make a loan (the "Loan") to Sky Harbour Sugar Land Airport, LLC, Sky Harbour Opa Locka Airport, LLC, Nashville Hangars LLC, APA Hangars LLC and DVT Hangars LLC (collectively, the "Borrowers") pursuant to a Loan Agreement, dated as of September 1, 2021 (the "Loan Agreement"), between the Issuer and the Borrowers, and assigned to the Bond Trustee. The proceeds of the Loan will be applied, together with other funds, for the purposes of: (i) financing and refinancing the acquisition, development and construction of airport facilities located on the grounds of Sugar Land Regional Airport, Miami-Opa Locka Executive Airport, Nashville International Airport, Centennial Airport and Phoenix Deer Valley Airport (each a "Project Facility" and collectively, the "Project"); (iii) funding a deposit to the Debt Service Reserve Fund for the Bonds; and (iv) paying capitalized interest and the costs of issuance of the Bonds.

Each of the Project Facilities is located on land held by a governmental owner (each, an "Airport") in fee simple and leased directly or indirectly to one of the Borrowers for a term of not more than 80 percent of the reasonably expected life of the related Project Facility. None of the leases from which the leasehold interest of the Borrowers are derived (each, a "Ground Lease") provides a Borrower or any other party with any option to purchase the Project Facilities other than at fair market value (as of the time such option is exercised). Each Member of the Obligated Group has irrevocably elected not to claim depreciation or an investment credit with respect to the Project Facilities, which election is noted in the land records of the respective recording office.

The joint and several obligation of the Borrowers to repay the Loan is secured by a master note (the "Master Indenture Note") issued by, and evidencing a joint and several obligation of, all of the Borrowers, as initial members (with the other members, the "Members") of the obligated group (the "Obligated Group") under that certain Master Trust Indenture (Security Agreement), dated as of

Public Finance Authority
The Bank of New York Mellon, as trustee
[Closing Date]
Page 2

September 1, 2021, between the Members of the Obligated Group and The Bank of New York Mellon, as Master Trustee (in such capacity, the "Master Trustee"), as supplemented by that certain First Supplemental Master Trust Indenture, dated as of September 1, 2021, between the Master Trustee and the Members of the Obligated Group (together, the "Master Trust Indenture").

To secure its joint and several obligations evidenced by the Master Indenture Note and all other Obligations of the Obligated Group under the Master Indenture: (i) certain Members of the Obligated Group will enter into a leasehold mortgage or deed of trust (collectively, the "Mortgages"), pursuant to which each such Member of the Obligated Group will grant to the Master Trustee a lien on its interest in the Project Facilities or other property pledged as additional collateral; and (ii) each Member of the Obligated Group will pledge and grant a security interest in its Gross Revenues to the Master Trustee. The Bond Trustee's interest in the Master Notes together with any amounts in the funds and accounts established under the Indenture (except the Rebate Fund) are the security for the Bonds.

The Bonds are issued as registered bonds and numbered as provided in the Indenture. The Bonds bear interest on the principal amount thereof at the rates, the principal thereof matures on the dates, and the Bonds are subject to redemption prior to maturity at the times, in the manner and upon the terms, set forth in such Bonds and in the Indenture. In the Indenture, the Issuer has assigned to the Bond Trustee the rights of the Issuer (excepting only certain rights expressly excluded from such assignment under the Indenture as more fully specified therein) in and to the Loan Agreement, as security for the payment by the Issuer of the principal of, and the premium, if any, and interest on, the Bonds.

The Indenture and the Loan Agreement are hereinafter referred to as "Bond Documents". The Indenture, the Master Trust Indenture, the Master Note, the Loan Agreement and the Mortgages are hereinafter referred to collectively as the "Financing Documents."

The Internal Revenue Code of 1986, as amended (the "Code") contains various requirements pertaining to the exclusion of interest on bonds from the gross income of the holders thereof including various requirements pertaining to (a) use of the proceeds of the Bonds, (b) the maturity of, and security for, the Bonds, (c) the payment to the United States of certain amounts earned from investment of proceeds of the Bonds, (d) the procedure for issuance of the Bonds, (e) governmental ownership under the safe harbor provided in Section 142(b)(1)(B) of the Code, and (f) filings with the Internal Revenue Service in respect of the Bonds.

The Issuer and each Member of the Obligated Group have certified that the Bonds meet the requirements of the Code on the date hereof, and the Issuer and each Member of the Obligated Group has covenanted that the requirements of the Code will be met as long as any of the Bonds are outstanding. The exclusion from gross income of the interest on the Bonds depends upon and is subject to the accuracy of the certifications by the Issuer and each Member of the Obligated Group with respect to the use of proceeds, investment of proceeds and rebate of earnings on the proceeds of the Bonds and to present and continuing compliance with the requirements of the Code. Failure to comply with these requirements could cause interest on the Bonds to become required to be included in gross income as of the date hereof or as of some later date.

The Issuer and each Member of the Obligated Group have covenanted in the Financing Documents that they will not use the proceeds of Bonds or any moneys derived, directly or indirectly,

Public Finance Authority
The Bank of New York Mellon, as trustee
[Closing Date]
Page 3

from the use or investment thereof in a manner which would cause the Bonds to be "arbitrage bonds" as that term is defined in Section 148(a) of the Code. An officer of the Issuer responsible for issuing the Bonds and the Obligated Group Representative have executed a certificate stating the reasonable expectations of the Issuer and the Members of the Obligated Group on the date of issuance as to future events that are material for purposes of Section 148 of the Code pertaining to arbitrage and certain other matters (the "Tax Matters Certificate"). Also, the Issuer will file with the Internal Revenue Service a report of the issuance of the Bonds as required by Section 149(e) of the Code as a condition of the exclusion from gross income of the interest on the Bonds.

In rendering the opinions set forth herein, we have assumed the proper and authorized authentication of the Bonds by the Bond Trustee in accordance with the Indenture and the proper and authorized execution and delivery of the Indenture and the Loan Agreement by the Bond Trustee and the Borrowers, as applicable. In rendering this opinion, we have further relied upon the opinion of even date herewith of von Briesen & Roper, s.c., counsel to the Issuer, with respect to the formation of the Issuer and the adoption of the resolution approving the issuance of the Bonds. Regarding questions of fact material to our opinion, we have relied on representations of the Issuer and the Borrowers contained in the Indenture and the Loan Agreement, and the certifications furnished to us by or on behalf of the Issuer and the Borrowers, without undertaking to verify the same by independent investigation.

In our capacity as Bond Counsel, we have examined such documents, records of the Issuer and other instruments as we deem necessary to enable us to express the opinions set forth below, including original counterparts or certified copies of the Indenture, the Loan Agreement, Resolution No. 21-33A of the Issuer adopted on July 7, 2021, approving the financing of the Project by Issuer, the other documents listed in the closing index in respect of the Bonds filed with the Bond Trustee, including the Tax Matters Certificate and an executed Bond, as authenticated by the Bond Trustee.

Based upon such examination and such other documents, showings, and related matters of law as we deem necessary to render this opinion, we are of the opinion that, under existing law as presently enacted and construed:

- (1) The Issuer has full power under the Act to enter into, execute, deliver and perform its obligations under, and accept, as applicable, the Indenture and the Loan Agreement, and to issue, sell and deliver the Bonds.
- (2) The execution and delivery of the Indenture and the Loan Agreement have been duly authorized by all necessary action on the part of the Issuer, and the Indenture and the Loan Agreement have been duly executed and delivered by the Issuer, and, assuming due authorization, execution and delivery by the parties thereto (other than the Issuer), constitute legal, valid and binding instruments enforceable against the Issuer in accordance with their respective terms, except to the extent the enforceability thereof may be limited by future proceedings under bankruptcy, reorganization, insolvency, moratorium or other laws of general application or principles of equity relating to or affecting the enforcement of creditors' rights generally.
- (3) The issuance and sale of the Bonds have been duly authorized by the Issuer; the Bonds have been duly executed and delivered by the Issuer; and, on the assumption that all Bonds have been authenticated by the Bond Trustee, such Bonds are entitled to the benefit and security of the Indenture

Public Finance Authority
The Bank of New York Mellon, as trustee
[Closing Date]
Page 4

and the trust created thereby and are legal, valid and binding obligations of the Issuer enforceable in accordance with their limited terms, except to the extent the enforceability thereof may be limited by future proceedings under bankruptcy, reorganization, insolvency, moratorium or other laws of general application or principles of equity relating to or affecting the enforcement of creditors' rights generally.

(4) Assuming the accuracy of the certifications of the Issuer and each Borrower and their continued compliance with their respective covenants in the Financing Documents designated to assure compliance with the requirements of the Code, under existing laws as enacted and construed on the date hereof, (i) interest on the Bonds is excludable from gross income for purposes of federal income taxation (except for interest on any Bonds while held by a substantial user of the Project or a related person as defined in Section 147(a) of the Code), and (ii) interest on the Bonds will be a preference item for purposes of determining federal alternative minimum tax imposed on individuals. Interest on the Bonds held by certain foreign corporations may be subject to the branch profits tax imposed by the Code.

We express no opinion as to the title to, or the description of, any property described in the Indenture or the Loan Agreement, the perfection or priority of any lien or security interest, the adequacy of the security or the sources of payment for the Bonds, the adequacy or accuracy of any disclosure or offering documents in respect of the Bonds, or any other information pertaining to the offering for sale of the Bonds. In addition, except as expressly stated in paragraph 4 of this opinion letter, we express no opinion regarding any Federal or state tax consequences of the ownership of, receipt of interest on or disposition of, the Bonds.

We express no opinion herein as to the adequacy of any offering materials for the Bonds.

We call your attention to the fact that the Bonds are special, limited obligations of the Issuer payable only out of payments to be made by the Members of the Obligated Group pursuant to the Master Indenture Note and any other funds or property constituting the Trust Estate. The Bonds are not a debt of the State or of any other political subdivision of the State, and neither the State nor any other political subdivision of the Bonds. The full faith and credit of the Issuer, the State or any political subdivision of the State are not pledged to the payment of the principal of or interest on the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion as to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Our opinions expressed herein represent our best legal judgment based on our review of the law and the facts that we deem relevant to render these opinions, but are not a guaranty of a result.

Very truly yours,

GREENBERG TRAURIG, LLP

APPENDIX G

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement"), dated September 14, 2021, is executed and delivered by Sky Harbour Capital LLC, as Obligated Group Representative (the "Representative") on behalf of the Members of the Obligated Group identified in the Master Trust Indenture (as hereinafter defined) (each a "Member" and, collectively, the "Obligated Group") in order to provide certain continuing disclosure with respect to the \$166,340,000 Public Finance Authority Senior Special Facility Revenue Bonds (Sky Harbour Capital LLC Aviation Facilities Project), Series 2021 (the "Series 2021 Bonds") in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Representative covenants agrees as follows:

SECTION 1. <u>Definitions</u>. Capitalized terms not otherwise defined in this Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f) herein, by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as specified in Section 3(a) of this Agreement.

"Audited Financial Statements" means the audited financial statements of the Members of the Obligated Group on (as the Group Representative shall determine in its reasonable discretion) an individual or consolidated basis for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as specified Section 3(b) of this Agreement.

"Annual Report" means an Annual Report described in and consistent with Section 3 of this Agreement.

"Bond Trustee" means The Bank of New York Mellon, and its successors and assigns.

"Disclosure Representative" means the Chief Financial Officer of the Manager or his or her designee, or such other person as the Representative shall designate in writing from time to time.

"Facilities" shall have the meaning set forth in the Official Statement.

"Failure to File Event" means the failure to file an Annual Report on or before the Annual Filing Date.

"Financial Obligation" means a "financial obligation" as such term is defined in the Rule, which definition, subject to certain exceptions, as of the date hereof defines Financial Obligation to mean (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of a financial obligation described in (i) or (ii) of this clause. The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2021 Bonds (including persons holding Series 2021 Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Series 2021 Bonds for federal income tax purposes.

"Issuer" means the Public Finance Authority, as issuer of the Series 2021 Bonds.

"Master Trust Indenture" means the Master Trust Indenture (Security Agreement), dated as of September 1, 2021, as supplemented by a First Supplemental Master Trust Indenture, dated as of September 1, 2021, by and among the Members and The Bank of New York Mellon, as master trustee or its successors as master trustee thereunder.

"Master Trustee" means The Bank of New York Mellon.

"Members" means Sky Harbour Capital LLC, Sky Harbour Sugar Land Airport, LLC, Sky Harbour Opa Locka Airport, LLC, Nashville Hangars LLC, APA Hangars LLC and DVT Hangars LLC.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in Section 4(a) of this Agreement.

"Obligated Person" means any person, including each Member of the Obligated Group, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Series 2021 Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means the Official Statement dated August 24, 2021 prepared in connection with the sale of the Series 2021 Bonds.

"Quarterly Filing Date" means the date, set in Sections 2(a), by which the Quarterly Report is to be filed with the MSRB.

"Quarterly Financial Information" means quarterly financial information specified in Section 3(b) of this Agreement.

"Quarterly Report" means a Quarterly Report described in and consistent with Section 3 of this Agreement.

"Series 2021 Bonds" shall have the meaning set forth in the introductory paragraph hereof and shall include the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers.

SECTION 2. <u>Provision of Annual Reports</u>, <u>Quarterly Reports and Monthly Construction Reports</u>.

- (a) The Representative shall provide or shall cause the Disclosure Representative to provide, (i) annually, an electronic copy of the Annual Report to the MSRB, not later than one hundred twenty (120) days after the end of each fiscal year of all members of the Obligated Group on a consolidated basis, commencing with the fiscal year ending December 31, 2021 (such date and each anniversary thereof is the "Annual Filing Date"), (ii) quarterly, an electronic copy of the Quarterly Report to the MSRB, not later than sixty (60) days after the end of each fiscal quarter, commencing with the fiscal quarter ending December 31, 2021 (such date and the date ending each fiscal quarter thereafter is the "Quarterly Filing Date") and (iii) monthly, not later than 20 days after the end of each calendar month, commencing with the month ending October 31, 2021 and continuing until such time as the New Facilities have achieved substantial completion Monthly Construction Reports as defined in Section 3 (c) below (such report, the "Monthly Construction Report, as applicable, may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Agreement.
- (b) In the event that a third-party Disclosure Dissemination Agent is designated by the Representative, not later than fifth (5th) day prior to the Annual Filing Date and the Quarterly Filing Date, the Representative or the Disclosure Representative shall provide the Annual Report or Quarterly Report, as applicable to the Disclosure Dissemination Agent.
- (c) If the Representative or the Disclosure Representative is unable to provide the MSRB, the Annual Report or Quarterly Report, as applicable, by 6:00 p.m. Eastern time on the Annual Filing Date or Quarterly Filing Date, as applicable, (or, if such Annual Filing Date or Quarterly Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter), a Failure to File Event shall have occurred and the Disclosure Representative will immediately send a notice to the MSRB in substantially the form attached as Exhibit B.
- (d) If Audited Financial Statements of a Member of the Obligated Group are prepared but not available prior to the Annual Filing Date, then such Member shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Representative for filing with the MSRB.
 - (e) The Disclosure Representative shall:
 - (i) verify the filing specifications of the MSRB on an annual basis prior to the Annual Filing Date; and
 - (ii) provide the Representative evidence of the filings of each of the above when made.

(f) The Representative may adjust the Annual Filing Date upon change of a fiscal year of a Member by providing written notice of such change and the new Annual Filing Date or Quarterly Filing Date to the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

SECTION 3. <u>Content of Annual Reports, Quarterly Reports and Monthly Construction Reports.</u>

- (a) Each Annual Report shall contain Annual Financial Information with respect to the Obligated Group, including the following information:
 - 1. audited financial statements of the Members of the Obligated Group on (as the Group Representative shall determine in its reasonable discretion) an individual or consolidated basis, prepared in accordance with generally accepted accounting principles, provided that if such audited financial statements are unavailable as of an Annual Filing Date, the Members of the Obligated Group shall provide unaudited financial statements for such period and thereafter will provide immediately audited financial statements if and when they become available; and
 - 2. the Debt Service Coverage Ratio, Senior Debt Service Coverage Ratio, Projected Debt Service Coverage Ratio and Projected Senior Debt Service Coverage Ratio all as defined in the Master Trust Indenture calculated in accordance with the requirements of the Master Indenture.
- (b) Each Quarterly Report shall contain Quarterly Financial Information with respect to the Obligated Group, including the following information:
 - 1. the quarterly unaudited financial statements of the Members of the Obligated Group on a consolidated basis, including a combined statement of operations prepared on a budget comparative basis for such fiscal quarter and Fiscal Year to date, a combined statement of financial position, a combined statement of cash flows and a combined statement of changes in Members' equity;
 - 2. an occupancy report for each Member;
 - 3. subleasing and rental information for each Project, Mortgaged Property and Additional Property of the type contained under the respective subheadings regarding tenant leases and LOIs under the heading "THE FACILITIES" of the Official Statement; and
 - 4. the Debt Service Coverage Ratio, Senior Debt Service Coverage Ratio, Projected Debt Service Coverage Ratio and Projected Senior Debt Service Coverage Ratio as defined in the Master Trust Indenture calculated in accordance with the requirements of the Master Indenture.
- (c) Each Monthly Construction Report shall provide the following information on a consolidated basis for the New Facilities, a monthly construction report as of the end of the

previous month prepared by the Group Representative containing the following information: (A) executive summary; (B) the general status of construction during such month, including schedule variances; (C) a monthly update to Table 1 Construction of New Facilities contained in the Official Statement including any change to expected Project costs; (D) to the extent the following could reasonably be expected to result in a material adverse effect on the scheduled completion of the New Facilities, report on any change orders delivered during such month; (E) the occurrence of any Loss Events; (F) to the extent any of the following could reasonably be expected to result in a material adverse effect, design, construction and manufacturing critical issues, including without limitation draws on letters of credit or performance bonds during such month; (G) a list of activities or milestones expected to be completed during the next calendar month.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which a Member of the Obligated Group is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Representative will clearly identify each such document so incorporated by reference.

Any Annual Financial Information or Quarterly Financial Information containing modified information, operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

- (a) The occurrence of any of the following events with respect to the Series 2021 Bonds constitutes a Notice Event:
 - 1. Principal and interest payment delinquencies;
 - 2. Non-payment related defaults, if material;
 - 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - 5. Substitution of credit or liquidity providers, or their failure to perform;
 - 6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2021 Bonds, or other material events affecting the tax status of the Series 2021 Bonds;
 - 7. Modifications to rights of bond holders, if material;
 - 8. Bond calls, if material, and tender offers;

- 9. Defeasances;
- 10. Release, substitution, or sale of property securing repayment of the Series 2021 Bonds, if material;
- 11. Rating changes;
- 12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

- 13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- 15. incurrence of a Financial Obligation of the Obligate Group, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Group, any of which affect bondholders, if material;
- 16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Group, any of which reflect financial difficulties; and
- 17. in a timely manner, notice of a failure of the Representative to provide required Annual Financial Information on or before the Annual Filing Date.

The Representative shall or shall cause the Disclosure Representative, in a timely manner within ten (10) business of its occurrence, to file a notice of the occurrence of the Notice Event

with the MSRB. Any notice given pursuant to clause (15) above will include a debt service schedule with respect to such Financial Obligation

SECTION 5. <u>CUSIP Numbers</u>. Whenever filing information with the MSRB, including but not limited to Annual Reports, Quarterly Reports and Monthly Construction Reports documents incorporated by reference to the Annual Reports, Quarterly Reports, Audited Financial Statements, Notice Event notices, and Failure to File Event notices, the Representative or the Disclosure Representative as the case may be shall indicate the full name of the Series 2021 Bonds and the 9-digit CUSIP numbers for the Series 2021 Bonds as to which the provided information relates.

SECTION 6. <u>Termination of Reporting Obligation</u>. The obligations of the Representative and the Disclosure Representative under this Agreement shall terminate with respect to the Series 2021 Bonds upon the legal defeasance, prior redemption or payment in full of all of the Series 2021 Bonds or when the Obligated Group is no longer an Obligated Person with respect to the Series 2021 Bonds.

SECTION 7. Remedies in Event of Default. In the event of a failure of the Representative or the Disclosure Representative to comply with any provision of this Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Agreement. Any failure by a party to perform in accordance with this Agreement shall not constitute a default on the Series 2021 Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 8. No Issuer Responsibility. The Representative acknowledges that neither the Issuer, the Bond Trustee nor the Master Trustee have undertaken any responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Agreement, and shall have no liability to any person, including any Holder of the Series 2021 Bonds, with respect to any such reports, notices or disclosures.

SECTION 9. <u>Amendment; Waiver</u>. Notwithstanding any other provision of this Agreement, the Representative may amend this Agreement, and any provision of this Agreement may be waived, provided that the following conditions are satisfied:

- a. If the amendment or waiver relates to the provisions of Section 2, 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2021 Bonds, or the type of business conducted;
- b. The agreement, as amended or taking into account such waiver would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

c. The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holder or Beneficial Owner of the Series 2021 Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the Representative shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Representative. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. <u>Beneficiaries</u>. This Agreement shall inure solely to the benefit of the Representative, the Issuer (as a third party beneficiary), the Bond Trustee (as a third party beneficiary), the Master Trustee (as third party beneficiary), the underwriter, and the Holders from time to time of the Series 2021 Bonds, and shall create no rights in any other person or entity.

SECTION 11. <u>Governing Law</u>. This Agreement shall be governed by the laws of the State of New York (other than with respect to conflicts of laws).

The Representative has caused this Continuing I	Disclosure Agreement to be executed, on
the date first written above, by its respective officers dul	y authorized.

SKY HARBOUR CAPITAL LLC,
as Representative
-
By:
Name: []

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: Public Finance Authority

Obligated Person: Sky Harbour Capital LLC, as Obligated Group Representative Name of Bond Issue: Senior Special Facility Revenue Bonds (Sky Harbour Capital

LLC Aviation Facilities Project), Series 2021

Date of Issuance: September 14, 2021 Date of Official Statement: August 24, 2021

Maturities, Amounts, Interest Rates, Prices or Yields and CUSIP Numbers

\$21,085,000 4.00% Term Bond due July 1, 2036; Yield 3.80%¹, CUSIP²: 74446DAG3

\$30,435,000 4.00% Term Bond due July 1, 2041; Price 100.00, CUSIP2: 74446DAH1

\$114,820,000 4.25% Term Bond due July 1, 2054; Price 100.00, CUSIP2: 74446DAJ7

¹ Yield to the July 1, 2028 optional redemption date at a redemption price of 100%.

² Copyright, American Bankers Association ("ABA"). CUSIP is a registered trademark of the ABA. CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Series 2021 Bonds. The Issuer is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2021 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2021 Bonds.

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE [ANNUAL REPORT/QUARTERLY REPORT]

Issuer:	Public Finance Authority			
Obligated Person:	Sky Harbour Capital LLC, as Obligated Group Representative			
Name of Bond Issue:	Senior Special Facility Revenue Bonds (Sky Harbour Capital LLC Aviation Facilities Project), Series 2021			
Date of Issuance:	September 14, 2021			
CUSIP Numbers:				
Representative (the "Repwith respect to the above-report, by the	REBY GIVEN that Sky Harbour Capital LLC, as Obligated Group resentative") has not provided [an Annual Report/a Quarterly Report] named Bonds as required by the Continuing Disclosure Agreement, dated at Representative on behalf of the Obligated Group. The Representative at Report/Quarterly Report] will be filed by			
	Sky Harbour Capital LLC, as Obligated Group Representative			
cc: Issuer Obligated Group				
Trustee				

EXHIBIT C

EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Obligated Person's Name:					
Issuer's Six-Dig	it CUSIP Number:				
or Nine-Digit C	USIP Number(s) of the bonds to which this event notice relates:				
Number of page	s attached:				
Description	of Notice Events (Check One):				
3. difficulti 4. 5. 6.	"Unscheduled draws on credit enhancements reflecting financial difficulties;" "Substitution of credit or liquidity providers, or their failure to perform;" "Adverse tax opinions, IRS notices or events affecting the tax status of the				
security; 7 8 9.	"Modifications to rights of securities holders, if material;" "Bond calls, if material;" "Defeasances;"				
10.	"Release, substitution, or sale of property securing repayment of the s, if material;" "Rating changes;" "Bankruptcy, insolvency, receivership or similar event of the obligated				
person;" 13. and	"Merger, consolidation, or acquisition of the obligated person, if material;"				
14 15 16	"Appointment of a successor or additional trustee, or the change of name of a trustee, if material." "Incurrence of Financial Obligation," "Default, event of acceleration, elimination, modification of financial obligation."				

Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:					
Signature:					
Name:	_ Title:				
Date:					



SkyHarbour

