The Sports Facilities Advisory
600 Cleveland Street, Suite 910 • Clearwater, FL 33755 • O: 727.474.3845 • F: 727.361.1480
www.sportadvisory.com

May 16th, 2014

Aviator Sports & Events Center
3159 Flatbush Avenue
Brooklyn, NY 11234

Dear :

In accordance with the services agreement between The Sports Facilities Advisory and Aviator Sports & Events Center, enclosed please find the financial forecast through the existing concession contract for Aviator Sports & Events Center.

Assumptions and Limiting Conditions
The Sports Facility Advisory (“SFA”) was retained by the Aviator Sports & Events Center ("Aviator" or "Client") to conduct the referenced Services.

The Services do not include the provision of legal advice and we make no representations regarding questions of legal interpretation. Client should consult with its attorneys with respect to any legal matters or items that require legal interpretation, under federal, state or other type of law or regulation. Changes in the law or in regulations and/or their interpretation may take place after the date that our engagement commences, or may be retrospective in impact; SFA accepts no responsibility for changes in the law or regulations or their interpretation which may occur after the effective date of our engagement.

To the best of our knowledge and belief, the statements of fact contained in this report, upon which the analysis and conclusion(s) expressed are based, are true and correct. Our analyses are based on estimates and assumptions developed in connection with the contract to provide these services. Some assumptions, however, inevitably will not materialize, and unanticipated events and circumstances will occur; therefore, actual results achieved during the period covered by the accompanying financial analyses will vary from the estimates contained therein and the variations may be material.

Unless otherwise stated, no effort has been made to determine the possible effect, if any, on the estimates contained herein from future federal, state, or local legislation, including any environmental or ecological matters or interpretations thereof. The underlying analyses presented herein are time sensitive, as changing market conditions over time inevitably will require that this analysis be updated.

Regards,

[redacted]

Chief Operating Officer
The Sports Facilities Advisory
600 Cleveland Street, Suite 910 | Clearwater, FL 33755

[redacted]

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Aviator Sports & Events Center
3159 Flatbush Avenue
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Dear :

The Sports Facilities Advisory (SFA) is pleased to present the attached analysis forecasting the financial performance of Aviator Sports & Events Center (Aviator). The enclosed documents serve to project the baseline financial forecast for Aviator over the course of the upcoming nine-year period as well as to identify the potential for generating a return on investment in multiple scenarios where enhancements are made to the existing facility. SFA is grateful for the opportunity to be of service and we look forward to providing any further assistance that you may desire.

Project Background and Methodology

In March 2014, SFA was engaged to review the existing operational and financial performance of Aviator, develop a nine-year financial forecast for the facility (which extends through the end of the current concession contract), and analyze the return on investment and financial performance of capital investment opportunities. SFA utilized the following steps to complete this scope of work:

1. Review of the Gateway National Recreation Area General Management Plan.
2. Interviews of Aviator ownership and executive management.
3. Review of methodology with NPS management.
4. Identification of synergistic programming opportunities between Aviator and the objectives in the General Management Plan.
5. Identification of capital investment opportunities that potentially provide a positive return on investment.
6. Review and analysis of Aviator financials and historic performance.
7. Development of a baseline nine-year financial forecast based on current assets.
8. Development of a nine-year financial forecast including selected new amenities that would require capital investment.

Synergistic Programming Opportunities between Aviator and the General Management Plan

In order to complete this engagement, SFA evaluated the Gateway National Recreation Area General Management Plan (GMP) to identify opportunities for enhancing Aviator's operation. These opportunities fell into two broad categories:

1. Opportunities for investment and reinvestment by Aviator within its current footprint. Our analysis of those opportunities is summarized below.
2. Opportunities that would require either capital investment by the Park Service in areas outside Aviator's current footprint or expansion of the footprint so that Aviator could make these investments. These opportunities are outside the scope of our engagement, so we did not analyze them in detail. They are listed on the following page:

a. Natural creative play area
b. Natural recreation area, including:
   i. Wilderness areas
   ii. Marina boardwalk
   iii. Fishing areas
   iv. Kayaking, canoeing and other low-impact, non-motorized boating
   v. Radio-controlled model sailboats
c. Natural walking trails
d. Additional athletic fields beyond those offered by Aviator within its current footprint
e. Outdoor amphitheater/events center
f. Family Events Center (as part of a renovation of an existing hangar or new construction), including:
   i. Go-Karts
   ii. Bowling center
   iii. Outdoor aquatics component (splash pad or more elaborate element)

These amenities appear to be consistent with general objectives identified in the GMP. SFA recommends further investigation of these opportunities in the context of a longer-range plan for Gateway and Aviator. In addition to their own merits on a stand-alone basis, these amenities would likely benefit from synergies with Aviator and at the same time would have the potential to generate additional revenue streams to Aviator if Aviator's land assignment extends beyond 2023.

Identification of Capital Investment Opportunities within Aviator's Current Footprint
At the onset of the study, SFA identified new amenities that could have a potential positive return on investment within Aviator's current footprint. SFA analyzed and evaluated the potential payback window of these capital investments within the scope of this study. These opportunities include:

1. Family Recreation Center, including:
   a. Ballocity
   b. Soft Play
   c. Expanded Redemption Arcade
   d. Clip'n Climb
   e. Laser Tag
2. Air Supported Dome Structure
   a. Erected over one of the existing outdoor turf fields on a seasonal basis
3. Outdoor Adventure Center, including:
   a. Zip lines
   b. Canopy tour
   c. Aerial adventure

Additional information regarding the amenities identified as synergistic opportunities between Aviator and the General Management Plan and capital investment opportunities can be found in the "Appendix A" at the end of this document. After identifying capital investment elements, SFA developed a concept for each model based on Aviator financial performance, facilities, utilization, door swings, and revenue potential.

SFA organized the findings of the current operation and each potential capital investment in the following manner:

1. ***Baseline:*** The nine-year financial forecast is based on the current operation utilizing the existing spaces and amenities. SFA evaluated current trends, experience in managing similar operations, likely economic climate, knowledge of Aviator methodology, and historical performance from 2008-2013. The baseline model is built on Aviator's present business and does not reflect any major facility or business reinvestments.
2. ***Family Recreation Center (Small – Widen Main Street):*** Financial forecast of a small-scale family recreation addition, including an expanded redemption arcade and Clip'n Climb center.
3. ***Family Recreation Center (Over Indoor Turf):*** Financial forecast of an expanded family recreation activity center installation. The renovation would require removing the indoor turf space and replacing it with a redemption arcade, laser tag arena, Ballocity, Clip'n Climb, and additional party areas.
4. ***Outdoor Adventure Center (Cricket Field):*** Financial forecast of an outdoor adventure center on Aviator's land assignment including an aerial adventure activity.
5. ***Air-Supported Dome (Outdoor Turf):*** Financial forecast of a seasonal air-supported structure enclosing one of Aviator's outdoor turf fields.

Summary of Financial Analysis

SFA has summarized the financial forecasts below. They are based on a thorough analysis of the market, competitors, demand, and historical data and reflective of SFA's management experience with each amenity. Note that while these amenities have been analyzed as standalone developments, they will likely lead to an increase in current program performance. This financial forecast does not include the indirect, "synergistic" opportunities to increase existing programming through the addition of new amenities. Therefore, some additional upside to Aviator's overall financial performance may take place with the investment into new amenities. A summary of the financial performance of each analyzed model can be found in the enclosed document titled "Appendix B."

Baseline

The baseline model projects performance based on Aviator's current business and reflects no significant capital investment into new amenities. However, a capital reinvestment to replace the existing turf on the outdoor fields will be required based on the life cycle and current condition of the turf.

BASELINE ANALYSIS: Projected performance of current assets.										
Capital Reinvestment*	**$710,400**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Total Revenue		$9,513,523	$9,829,554	$10,120,963	$10,470,004	$10,826,964	$10,996,220	$11,168,987	$11,345,352	$11,525,403
Total Direct Expense (COGS-COS)		$4,183,890	$4,257,728	$4,293,964	$4,372,513	$4,450,283	$4,488,945	$4,528,051	$4,567,604	$4,607,610
Gross Margin		$5,329,632	$5,571,826	$5,826,999	$6,097,491	$6,376,681	$6,507,275	$6,640,936	$6,777,747	$6,917,794
Total Operating Expenses		$5,531,867	$5,621,998	$5,661,723	$5,825,159	$5,964,264	$6,056,666	$6,150,886	$6,246,967	$6,344,953
EBITDA		($202,235)	($50,172)	$165,276	$272,332	$412,417	$450,609	$490,050	$530,780	$572,841
Other Expenses		$105,349	$98,937	$95,047	$93,485	$91,858	$90,166	$88,404	$86,571	$55,054
Total Net Income		**($307,584)**	**($149,108)**	**$70,229**	**$178,848**	**$320,558**	**$360,443**	**$401,646**	**$444,209**	**$517,786**
Cumulative Net Income from Ops.		**($307,584)**	**($456,692)**	**($386,464)**	**($207,616)**	**$112,942**	**$473,385**	**$875,031**	**$1,319,240**	**$1,837,026**
Forecasted Capital Reinvestment		**$0**	**$355,200**	**$355,200**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Cumulative Net Earnings		**($307,584)**	**($811,892)**	**($1,096,864)**	**($918,016)**	**($597,458)**	**($237,015)**	**$164,631**	**$608,840**	**$1,126,626**
Cumulative ROI		*-43%*	*-114%*	*-154%*	*-129%*	*-84%*	*-33%*	*23%*	*86%*	*159%*

**Capital Reinvestment is allocated to replace the synthetic turf of both outdoor fields.*

The baseline analysis results in negative net operating income in through 2015, with positive year-end income occurring for the first time in 2016. The cumulative net income from operations over the nine-year period is forecasted to be $1.84 million. The detailed baseline financial performance can be found in the enclosed document titled "Appendix C."

SFA's Findings

- The full analysis is based on Aviator's historical performance from 2008-2013 and reflective of continued successful management and operational practices.
- SFA projects Aviator's current revenue generation of $53/SF will continue to improve over the next nine years.
    - Based on industry standards and national benchmarks, sports facilities typically generate $25-40/SF at maturity.
    - Aviator exceeds the national benchmark in part because of advantages afforded by a large land assignment that provides revenue-generating opportunities outside of the complex. The revenue per square foot calculation is based on total revenue divided by the square footage of the indoor facility, not on the square footage of the land assignment.
- SFA's forecast projects a 25% increase in revenue through the remainder of the concession contract.
- SFA's forecast projects General and Administrative (G&A) expenses to increase by 37% over the remainder of the concession contract.
    - One contributing factor to the increase in G&A expenses is the inclusion of an NPS franchise fee that is re-introduced in 2014. This expense is part of the "Other G&A" line in the financial forecast and grows from an expected $190,000 in 2014 to $230,508 in 2022.
    - Another contributing factor to the increase in G&A expenses is the shift in utilities costs from 2013 to 2014. In 2013, NPS subsidized Aviator's utilities by $400,000 (approximately 50% of the cost of Aviator's utility inputs (i.e., not including the cost of maintaining Aviator's co-generation plant); in 2014 that subsidy will not be granted, resulting in an expected $546,162 (135%) increase in utilities.
    - Additionally, SFA projects a $130,165 (130%) increase in annual advertising and marketing expenses from 2013 compared to 2022.
- As stated above, SFA's forecast projects Aviator will produce a net operating loss in 2014 and 2015 directly due to the increase in annual G&A expenses.

Family Recreation Center (Small)
SFA analyzed the development of a small-scale family recreation center that would include the following amenities and floor spaces:

Indoor Recreation Facility

Space	Indoor Programming Product/Service	Count	Dimensions L (')	Dimensions W (')	Approx. SF each	Total SF	% of Footprint
Family Recreat	Arcade Area	1	30	30	900	900	29.0%
	Redemption Counter	1	20	20	400	400	12.9%
	Redemption Storage	1	20	10	200	200	6.5%
	Clip N' Climb	1	80	20	1,600	1,600	51.6%
	Total Family Recreation Sq. Feet					3,100	100.0%
	Required SF for Products and Services					3,100	100.0%
	Total Estimated Family Recreation Square Footage					**3,100**	

This model includes a renovation of the existing Aviator arcade area to create a state-of-the-art redemption arcade. To account for the 1,600 square foot Clip'n Climb build out, the wall between the lobby/welcome area and gymnastics center would be moved twenty feet into the gymnastics center. Cost for this renovation to retain the wall's integrity is included in the capital investment cost. Additionally, a change in revenue and expenses associated with gymnastics is reflected as a result of a reduction of usable space in the gymnastics center.

The following table shows the financial performance of the small-scale family recreation center:

FAMILY RECREATION CENTER (Small): Renovation of gymnastics wall/main street to incorporate more family recreation assets.

Capital Investment	$827,959	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Total Revenue (FRC)		$607,988	$626,227	$663,718	$683,630	$717,812	$739,346	$761,526	$784,372	$807,903
Reduction of Revenue (Gymnastics)		($119,355)	($120,548)	($121,754)	($122,971)	($124,201)	($125,443)	($126,698)	($127,965)	($129,244)
Total COGs (FRC)		$291,114	$289,795	$306,195	$315,380	$330,570	$340,099	$350,302	$360,811	$371,635
Reduction of COGs (Gymnastics)		($44,161)	($44,000)	($43,831)	($43,655)	($43,470)	($43,905)	($44,344)	($44,788)	($45,235)
Gross Margin		$241,680	$259,884	$279,601	$288,933	$306,511	$317,709	$328,871	$340,384	$352,259
Total Operating Expenses		$120,829	$119,809	$123,239	$126,135	$129,611	$133,499	$137,504	$141,629	$145,878
EBITDA		$120,850	$140,074	$156,363	$162,798	$176,900	$184,210	$191,367	$198,755	$206,381
Debt Service		*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*
Total Net Income		**$120,850**	**$140,074**	**$156,363**	**$162,798**	**$176,900**	**$184,210**	**$191,367**	**$198,755**	**$206,381**
Annual ROI		*15%*	*17%*	*19%*	*20%*	*21%*	*22%*	*23%*	*24%*	*25%*
Cumulative Net Income from Ops.		**$120,850**	**$260,925**	**$417,287**	**$580,085**	**$756,985**	**$941,195**	**$1,132,561**	**$1,331,316**	**$1,537,697**
Forecasted Capital Reinvestment		**$827,959**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Cumulative Net Earnings		**($707,109)**	**($567,034)**	**($410,672)**	**($247,873)**	**($70,974)**	**$113,236**	**$304,603**	**$503,357**	**$709,738**
Cumulative ROI		*-85%*	*-68%*	*-50%*	*-30%*	*-9%*	*14%*	*37%*	*61%*	*86%*

As shown above, a capital investment of approximately $825,000 would be required to relocate the aviation-themed wall between the lobby and gymnastics center, renovate the existing arcade, install a redemption arcade, and develop a Clip'n Climb center. SFA projects this investment would generate about $757,000 in total net income over the first five years of operation and cumulative net income from operations of $1.54 million over the first nine years of operation. Note that these figures are inclusive of a reduction of net operating income in the gymnastics center because of the reduction of programmable space in that area, but they do not include possible synergistic improvements in operating income for

Aviator's other operations. The detailed small-scale family recreation center financial performance can be found in the enclosed document titled "Appendix D."

SFA's Findings

- Industry data indicates that family recreation center elements located in a multi-use sports facilities can generate 3-4 times more gross revenue per square foot than traditional sports programming.
- SFA believes the Clip'n Climb model would be a revenue-enhancing asset within Aviator's operation.
- Based on the financial forecast above, which implies a six-year period to generate a return on investment, SFA believes the economic viability of the model would depend upon achievement of synergistic improvements in operating income for Aviator's other operations. If these synergies are not achieved, this model does not provide a level of return to create a compelling investment.

Family Recreation Center (Over Indoor Turf)

SFA analyzed a large-scale family recreation center that would include the following amenities and floor spaces:

Indoor Recreation Facility

Space	Indoor Programming Product/Service	Count	Dimensions L (')	Dimensions W (')	Approx. SF each	Total SF	% of Footprint
Family Recreation	Ballocity & Soft Play Area	1	60	40	2,400	2,400	17.9%
	Laser Tag (Two Story)	1	60	60	3,600	3,600	26.8%
	Vesting Area	1	30	30	900	900	6.7%
	Briefing Area	1	15	20	300	300	
	Arcade Area	1	30	30	900	900	6.7%
	Redemption Counter	1	20	20	400	400	3.0%
	Redemption Storage	1	20	10	200	200	1.5%
	Clip N' Climb	1	50	50	2,500	2,500	18.6%
	Party Area	4	25	20	500	2,000	14.9%
	Party Offices	1	15	15	225	225	1.7%
	Total Family Recreation Sq. Feet					13,425	100.0%
Total Estimated Family Recreation Square Footage						**13,425**	

The large-scale family recreation center model includes the renovation of the existing arcade area to create a state-of-the-art redemption arcade. All other amenities in the table above would be developed over the existing indoor turf space. Along with family recreation elements, four new party rooms would be developed to support birthday parties and small group events.

The following table shows the financial performance of the large-scale family recreation center:

FAMILY RECREATION CENTER (Over Indoor Turf): Removal of Indoor Turf space and replacement with a family recreation asset.

Capital Investment	$2,440,524	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Total Revenue (FRC)		$1,204,381	$1,232,953	$1,307,200	$1,351,960	$1,428,727	$1,471,589	$1,515,736	$1,561,208	$1,608,045
Reduction of Revenue (Turf)		($309,253)	($313,892)	($318,600)	($323,379)	($328,230)	($329,871)	($331,521)	($333,178)	($334,844)
Total COGs (FRC)		$582,221	$578,747	$611,441	$632,515	$667,269	$691,647	$712,396	$733,768	$755,781
Reduction of COGs (Turf)		($114,424)	($114,571)	($114,696)	($114,800)	($114,881)	($115,455)	($116,032)	($116,612)	($117,195)
Gross Margin		$427,331	$454,884	$491,855	$510,866	$548,108	$565,526	$587,852	$610,875	$634,615
Total Operating Expenses		$230,113	$193,077	$199,199	$204,220	$210,730	$217,051	$223,563	$230,270	$237,178
EBITDA		$197,217	$261,808	$292,656	$306,646	$337,378	$348,474	$364,289	$380,605	$397,437
Debt Service		*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*
Total Net Income		**$197,217**	**$261,808**	**$292,656**	**$306,646**	**$337,378**	**$348,474**	**$364,289**	**$380,605**	**$397,437**
Annual ROI		*8%*	*11%*	*12%*	*13%*	*14%*	*14%*	*15%*	*16%*	*16%*
Cumulative Net Income from Ops.		**$197,217**	**$459,025**	**$751,681**	**$1,058,327**	**$1,395,705**	**$1,744,180**	**$2,108,468**	**$2,489,073**	**$2,886,510**
Forecasted Capital Reinvestment		**$2,440,524**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Cumulative Net Earnings		**($2,243,306)**	**($1,981,498)**	**($1,688,842)**	**($1,382,196)**	**($1,044,818)**	**($696,344)**	**($332,055)**	**$48,549**	**$445,986**
Cumulative ROI		*-92%*	*-81%*	*-69%*	*-57%*	*-43%*	*-29%*	*-14%*	*2%*	*18%*

As shown above, a capital investment of $2.44 million would be required to renovate the existing arcade area and develop the additional family recreation elements. SFA projects this investment will generate $1.40 in total net income over the first five years of operation and cumulative net income from operations of $2.89 million over the first nine years of operation. Note that these figures are inclusive of a reduction of net operating income resulting from the elimination of the indoor turf space, but they do not include possible synergistic improvements in operating income for Aviator's other operations. The detailed large-scale family recreation center financial performance can be found in the enclosed document titled "Appendix E."

SFA's Findings

- As previously stated, industry data indicates that family recreation center elements located in a multi-use sports facilities can generate 3-4 times more gross revenue per square foot than traditional sports programming.
- Based on the financial forecast above, which implies an eight-year period to generate a return on investment, SFA believes the economic viability of the model would depend upon achievement of synergistic improvements in operating income for Aviator's other operations. If these synergies are not achieved, this model does not provide a level of return to create a compelling investment.
- If the capital investment required to complete the large-scale family recreation center could be financed, the cash-on-cash return would improve dramatically; however, SFA does not recommend this approach given the current length of the concession contract.

Outdoor Adventure Center
SFA analyzed the development of an outdoor adventure center that includes aerial adventure elements. The development will cover approximately six acres of outdoor space currently used for outdoor events and cricket matches.

The following table shows the financial performance of the outdoor adventure center:

OUTDOOR ADVENTURE CENTER: Addition of an aviation themed zipline/adventure canopy tour on Aviator land assignment.										
Capital Investment	**$470,585**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**
Total Revenue		$361,260	$469,638	$591,744	$650,918	$717,637	$739,167	$761,342	$784,182	$807,707
Total Expenses		$269,332	$316,717	$398,590	$438,301	$483,068	$495,242	$510,099	$525,402	$541,164
EBITDA		$91,928	$152,921	$193,154	$212,618	$234,569	$243,925	$251,243	$258,780	$266,543
Debt Service		$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Net Income		**$91,928**	**$152,921**	**$193,154**	**$212,618**	**$234,569**	**$243,925**	**$251,243**	**$258,780**	**$266,543**
Annual ROI		*20%*	*32%*	*41%*	*45%*	*50%*	*52%*	*53%*	*55%*	*57%*
Cumulative Net Income from Ops.		**$91,928**	**$244,848**	**$438,002**	**$650,619**	**$885,189**	**$1,129,114**	**$1,380,356**	**$1,639,136**	**$1,905,680**
Forecasted Capital Reinvestment		**$470,585**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Cumulative Net Earnings		**($378,657)**	**($225,737)**	**($32,583)**	**$180,035**	**$414,604**	**$658,529**	**$909,772**	**$1,168,552**	**$1,435,095**
Cumulative ROI		*-80%*	*-48%*	*-7%*	*38%*	*88%*	*140%*	*193%*	*248%*	*305%*

As shown above, a capital investment of $471,000 would be required to develop an outdoor adventure center. SFA projects this investment will generate $885,000 in total net income over the first five years of operation and cumulative net income from operations of $1.91 million over the first nine years of operation. The detailed outdoor adventure center financial performance can be found in the enclosed document titled "Appendix F."

SFA's Findings

- Industry data demonstrates that outdoor adventure centers that incorporate zip lines, canopy tours, and aerial adventure elements yield a 3-4 year return on investment because of low cost of development and high revenue generation.
- One of the common challenges to developing an outdoor adventure center is the land requirement; however, Aviator has a unique opportunity because of the large land assignment.
- SFA recommends Aviator consider this investment and facility implementation with the approval of the NPS.

Air-Supported Dome

SFA analyzed the financial performance of an air-supported dome that would enclose one of the existing outdoor turf fields. The following table shows the dimensions of the air-supported dome structure:

Dome Athletic Facility

Space	Indoor Programming Product/Service	Count	Dimensions L (')	Dimensions W (')	Approx. SF each	Total SF	% of Footprint
Dome	Turf Field	1	370	240	88,800	88,800	100.0%
	Total Dome Sq. Ft.					88,800	100.0%
	Required SF for Products and Services					88,800	100.0%
	Estimated Dome Footprint					**88,800**	
	Total Dome Acreage					**2.0**	

Installing an air-supported dome over one of the existing outdoor turf fields will allow Aviator to program a full-size turf field during inclement weather months and offer the only indoor full-size turf field in the market. In this model, the dome would be erected from the beginning of November to the beginning of April.

Dome Operating Model A: In-House Programming

The table below demonstrates the estimated financial performance of the air-supported dome, if programmed with a heavy focus on in-house or internal programs and backfilled with outside rentals to program unfilled time:

DOME OUTDOOR FIELD (Program): Enclose one outdoor field with dome structure. Aviator will own/run programming.

Capital Investment	$2,350,838	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Total Revenue		$630,565	$711,330	$828,653	$870,085	$959,269	$988,047	$1,017,689	$1,048,219	$1,079,666
Total COGs		$189,992	$173,284	$192,147	$201,755	$217,176	$217,370	$223,892	$230,608	$237,527
Gross Margin		$440,573	$538,046	$636,505	$668,331	$742,093	$770,677	$793,797	$817,611	$842,139
Total Operating Expenses		$319,134	$322,219	$337,064	$349,262	$364,108	$375,031	$386,282	$397,871	$409,807
EBITDA		$121,438	$215,827	$299,442	$319,069	$377,985	$395,645	$407,515	$419,740	$432,332
Debt Service		*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*
Total Net Income		**$121,438**	**$215,827**	**$299,442**	**$319,069**	**$377,985**	**$395,645**	**$407,515**	**$419,740**	**$432,332**
Annual ROI		*5%*	*9%*	*13%*	*14%*	*16%*	*17%*	*17%*	*18%*	*18%*
Cumulative Net Income from Ops.		**$121,438**	**$337,265**	**$636,707**	**$955,775**	**$1,333,761**	**$1,729,406**	**$2,136,921**	**$2,556,661**	**$2,988,994**
Forecasted Capital Reinvestment		**$2,350,838**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Cumulative Net Earnings		**($2,229,399)**	**($2,013,573)**	**($1,714,131)**	**($1,395,062)**	**($1,017,077)**	**($621,432)**	**($213,917)**	**$205,824**	**$638,156**
Cumulative ROI		*-95%*	*-86%*	*-73%*	*-59%*	*-43%*	*-26%*	*-9%*	*9%*	*27%*

As shown above, a capital investment of $2.35 million would be required to develop an air-supported structure. SFA projects this investment will generate $1.33 in total net income over the first five years of operation and cumulative net income from operations of $2.99 million over the first nine years of operation. The detailed financial performance of the in-house programming operating model for the dome can be found in the enclosed document titled "Appendix G."

SFA's Findings

- Based on the financial forecast above, which implies an eight-year period to generate a return on investment, SFA believes the economic viability of the model would depend upon achievement of synergistic improvements in operating income for Aviator's other operations. If these synergies are not achieved, this model does not provide a level of return to create a compelling investment.

Dome Operating Model B: Rental Programming

The table below demonstrates the financial performance of the air-supported dome, if programmed with a heavy focus on rental programming:

DOME OUTDOOR FIELD (Rental): Enclose one outdoor field with dome structure. Aviator will rent the space.										
Capital Investment	**$2,299,191**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**
Total Revenue		$448,183	$519,550	$603,751	$632,563	$695,958	$716,836	$738,341	$760,492	$783,306
Total COGs		$22,409	$25,978	$30,188	$31,628	$34,798	$35,842	$36,917	$38,025	$39,165
Gross Margin		$425,774	$493,573	$573,563	$600,935	$661,160	$680,994	$701,424	$722,467	$744,141
Total Operating Expenses		$289,680	$299,664	$313,083	$324,320	$337,879	$348,016	$358,456	$369,210	$380,286
EBITDA		$136,094	$193,909	$260,480	$276,616	$323,280	$332,979	$342,968	$353,257	$363,855
Debt Service		*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*
Total Net Income		**$136,094**	**$193,909**	**$260,480**	**$276,616**	**$323,280**	**$332,979**	**$342,968**	**$353,257**	**$363,855**
Annual ROI		*6%*	*8%*	*11%*	*12%*	*14%*	*14%*	*15%*	*15%*	*16%*
Cumulative Net Income from Ops.		**$136,094**	**$330,003**	**$590,484**	**$867,099**	**$1,190,380**	**$1,523,358**	**$1,866,326**	**$2,219,584**	**$2,583,439**
Forecasted Capital Reinvestment		**$2,299,191**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Cumulative Net Earnings		**($2,163,096)**	**($1,969,187)**	**($1,708,707)**	**($1,432,092)**	**($1,108,811)**	**($775,833)**	**($432,864)**	**($79,607)**	**$284,248**
Cumulative ROI		*-94%*	*-86%*	*-74%*	*-62%*	*-48%*	*-34%*	*-19%*	*-3%*	*12%*

As shown above, a capital investment of $2.30 million would be required to develop an air-supported structure. (Note: the difference in development costs for the domes in operating models A and B reflect the need for increased staffing, training, and marketing to develop in-house programming in model A versus rental programming in model B.) SFA projects this investment will generate $1.19 in total net income over the first five years of operation and cumulative net income from operations of $2.58 million over the first nine years of operation. The detailed financial performance of the rental programming operating model for the dome can be found in the enclosed document titled "Appendix H."

SFA's Findings

- Based on the financial forecast above, which implies a nine-year period to generate a return on investment, SFA believes the economic viability of the project would depend upon achievement of synergistic improvements in operating income for Aviator's other operations. If these synergies are not achieved, this model does not provide a level of return to create a compelling investment.

Conclusion
Aviator has experienced growth in revenue over the last five years and generated a positive net operating income in each of the last three years. SFA projects total revenues will continue to increase; however, net operating income will be negative in 2014 and 2015 as a result of increased expenses related to adherence with the NPS franchise contract and ongoing utilities costs.

SFA analyzed five models for potential investment to explore additional revenue generating opportunities. The cash-on-cash return on investment of the analyzed models would be enhanced with long term financing of the required capital; however, SFA does not recommend this approach given the current length of the concession contract. Furthermore, SFA does not recommend moving forward with the small-scale family recreation center, large-scale family recreation center, or an air-supported dome.

The outdoor adventure center in this analysis is projected to generate positive return on investment for Aviator within the first four years of implementation. The projected returns in the outdoor adventure center model are compelling enough that SFA recommends that Aviator consider financing the development of this amenity.

SFA strives to develop and maintain client relationships that are built on honesty, professionalism, integrity, collaboration, and assistance at every turn. This analysis represents SFA's most accurate forecast, and it bears repeating that our working relationship with Aviator and NPS has been nothing short of outstanding.

It has been a pleasure working with you on this project, and we look forward to the next steps.

Sincerely,

[redacted]

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Appendix A

Synergistic Programming Opportunities between Aviator and the General Management Plan

Natural creative play area

A natural creative play area utilizes environmental and natural materials instead of massed produced metal, plastic, and rubber elements to provide children with safe recreation amenities that inspire creativity. These play areas often reflect the history or culture of the surrounding communities and environments. The play area also creates a setting for educational programs that create a connection between youth and nature.

Natural recreation area

There are a variety of different natural recreation area elements that contribute to participation and engagement from local and regional communities. These elements are a source of revenue generation and catalyst for interaction with the preserved natural environment. For example, the creation of fishing areas would provide revenue, engage families, and serve the surrounding communities. Fishing is a family-oriented, multi-generational recreational activity that embodies family values. Fishing areas would not just be an additional amenity for fishing, but would also enhance trails, educational opportunities, and other facility features oriented to nature.

Natural Walking Trails

Walking for exercise purposes is one of the fastest growing forms of exercise in the United States. It is encouraged that pathways and trails are linked throughout the site and to off-site areas as well. Expansion and development of trails along marine areas is a possible option to incorporate the natural amenities if the Gateway National Recreation Area. Trails and pathways can also be incorporated to provide better views and accessibility to other sport and recreation activity areas.

Additional athletic fields

The addition of outdoor athletic fields would provide Aviator the opportunity to host tournaments and large-scale events. These events would drive visitors to the facility, utilization of Gateway National Recreation Area amenities, and generate economic impact. Specifically, there is an opportunity to develop baseball/softball fields due to the interest and participation in those sports, tourist draw of the location, and lack of similar facilities in the area.

Outdoor amphitheater/events center

An outdoor amphitheater or events center would allow Aviator or the Gateway National Recreation Area to host a variety of events such as concerts and plays. Attracting these types of events would expand the market reach of the facilities and draw unique visitors. An outdoor amphitheater or events center can be built relatively affordably while creating a revenue generating amenity and a draw to the area.

Family Events Center

The development of a large-scale family event center utilizing an existing hangar or new construction would create a regional draw and generate revenue for the facility. The new family events center would attract families from the region and serve as a secondary amenity for visitors to the facility for sporting activities to extend their stay and generate additional revenue. Indoor go-karts are a possibility for this type of development. They have the greatest market reach of any family recreation center amenity and would reach an audience greater than typical family recreation center activities such as arcades or laser tag arenas.

Identification of Capital Investment Opportunities within Aviator's Current Footprint

Ballocity

Ballocity is a family recreation center amenity based around soft play structures and traditional ball pit elements. The structure is a contained play environment that that features multi-level platforms, interactive blasters, vacuums, fountains, cannons, and buckets that propel and throw thousands of foam balls. Ballocity is typically a pay-to-play amenity that drives parties, school field trips, and other events geared towards young children. In a facility with a large audience, it creates an activity for younger children who visit the facility for their parent's or sibling's programs.

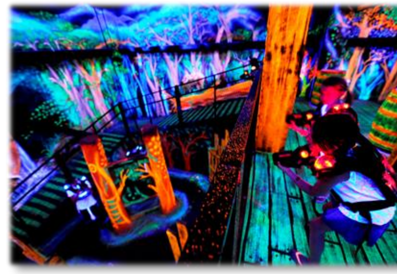
Clip'n Climb

Clip'n Climb is the newest category of action entertainment and is transforming the sporting activity of indoor climbing into an exciting and attractive mainstream recreational activity. The Clip'n Climb structure introduces people to the climbing experience in a fun and exciting setting with no experience required. Clip'n Climb uses a state-of-the-art auto belay system, developed exclusively for the structures, called TruBlue which allows for safe and easy climbing while increasing equipment longevity and reducing operating costs.

Clip'n Climb will draw visitors for birthday parties, school and youth organization field trips, holiday programs, fundraising programs, and teambuilding programs. It also serves as a secondary amenity for families of participants in sports and recreation programs.

Laser Tag

A state-of-the-art laser tag arena consists of themed environments that are usually multi-level and can be changed and reconfigured to provide a constantly changing offering. Along with the arena build out, facilities feature vesting and briefing areas that control traffic and prepare participants for game action. Typically, laser tag games consist of five to ten minutes of briefing and suiting up followed by fifteen to twenty minutes of game time. Laser tag arenas appeal to children of all ages, teenagers as well as adults and drive birthday parties, group events, along with drop-in play from facility guests.



Outdoor Adventure Center

Outdoor adventure centers consist of zip lines, canopy tours, aerial adventure elements, and other adventure-based activities. These facilities drive teambuilding, corporate events, field trips, and leadership training programs. Outdoor adventure centers generate revenue as standalone facilities as well as complimentary amenities to other sports and recreation activities.

Zip line/Canopy Tour

Zip lines consist of a pulley suspended on a cable mounted on an incline. Participants are strapped to a harness and use gravity to travel from the top of the inclined cable to the lower platform at the end. Zip lines are usually part of a larger canopy tour that consists of suspended bridges, climbing structures, elevated platforms and other adventure elements. Tours guides lead groups of participants through the course and structured adventure programming.

Aerial Adventure

Aerial adventure elements consist of ropes courses and many other adventure elements similar to zip lines/canopy tours. Aerial Adventure courses are often of smaller scale and are geared towards individual use rather than structured educational, teambuilding, or leadership programs. Participants traverse the course without a guide, allowing the facility to serve a large volume of visitors at the same time.