

Report for:

# Ports O' Call Redevelopment Financial Analysis

Port of Los Angeles

Prepared for: The Port of Los Angeles, Planning and Economic Development

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This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions, and considerations.

## Engagement

Pro Forma Advisors (PFA) has been engaged by the Port of Los Angeles (“the Client”) to analyze the financial feasibility of the redevelopment of the Port’s O Call (POC) destination on the Los Angeles waterfront in San Pedro, CA. PFA’s team includes Management Resources and Cumming Corp on the study team. Management Resources specializes in attraction operations and has provided input on attraction operating expenses. Cumming Corp is a leading cost estimation and project management firm and has provided Rough Order of Magnitude (ROM) cost estimate ranges for the preliminary concepts and illustrative programs.

The Port of Los Angeles has a developer proposal (the Project) from the Los Angeles Waterfront Alliance (the Developer consisting of the Ratkovich Company and Jerico Development, Inc.), in response to a Request for Developer Qualifications that included the San Pedro Waterfront Master Plan and an Environment Impact Report (EIR/EIS) which specified 375,000 Gross Square Feet (GSF) waterfront retail, restaurant, and convention center development). The proposed Project consists of a Retail, Dining & Entertainment (RD&E) anchored with a themed attraction tenant that provides educational, interactive, and entertainment venues assumed to be based on a well-known international brand.

Because POLA would be supporting the development, it is critical to have an independent assessment of the financial feasibility of the Project - specifically focused on the potential performance of the anchor attraction and the RD&E facilities. Note that market potential for the convention center or other uses (e.g. office, hotel, etc.) were not included in the requested study scope.

## Methodology

The Project is conceptual and does not have a finalized plan for the themed attraction and fully developed RD&E program. The study scope requested to initially analyze the financial feasibility of a program that was similar in scale and content of the Developer’s most recent proposed concept, which consists of a large scale internationally branded attraction as an anchor with a phased RDE development. The study scope further requested recommendations and analysis of a program that could optimize the financial feasibility within the Project’s constraints. As such, a methodology was developed to address the uncertain scale of the Project and content of the attraction, and provide an assessment of the potential based on site and market constraints and existing comparable facilities. The financial feasibility of the Project program was analyzed by studying four scenarios including a low (Base), expected (Target), high (Optimum) and Initial Concept project scale. The Base, Target and Optimum scenarios utilize PFA’s recommended Medium Themed Attraction to analyze the larger proposed Project. The Initial Concept Scenario utilizes the Large Themed Attraction to analyze the larger development most similar to the Developer’s initial Concept proposal. The methodology for the multi-step analysis is provided below:

### **Attraction Analysis Steps**

Site Analysis - The physical and other constraints of the site are reviewed to provide a preliminary framework for potential themed attraction characteristics.

Market Analysis - The markets available to the themed attraction are reviewed and quantified, as well as additional context including surrounding developments, competition.

Benchmark Attraction Review - Because the themed attraction is not finalized, PFA researched a broad range of themed attractions that met initial requirements or provided context on scale and business models. The broad range of benchmark facilities were categorized based on similar characteristics. Specific categories of benchmarks that illustrated the possible and likely theme attraction types were selected and reviewed in detail.

Themed Attraction Scenarios Development - Because the study does not have a finalized themed attraction concept, PFA along with the Client and Developer team created three generalized scenarios of themed attraction type/scale with associated specific benchmarks that illustrate performance characteristics of the grouping of themed attractions. The scenario characteristics primarily differed in scale and investment, and the scenarios were labeled Small, Medium and Large. The Large Themed Attraction scenario is most similar to the Developer's initial Concept proposal.

Attendance Analysis - PFA performed a penetration rate analysis to project specific attendance estimates for each of the three scenarios. The penetration rate analysis first summarized the market penetration of each benchmark facility within its available markets. PFA then adjusted and averaged the penetration rates (to normalize differences across the benchmark markets) to estimate penetration rates for each Themed Attraction scenario. The estimated penetration rates were then applied to the Project's available market to create specific attendance projections for each Themed Attraction scenario.

Refined Planning Parameters - Using the specific attendance projections, PFA refined the scenario planning parameters using benchmarks and industry standards. This step verifies that the specific scenario characteristics fall within the preliminary scenario ranges and are used in the financial feasibility analysis to estimate Rough Order of Magnitude (ROM) costs.

Pro Forma Financial Analysis - Using the attendance projection and refined planning parameters, PFA created a pro forma financial model for each of the Themed Attraction scenarios (from the Themed Attraction operator perspective). The modeling included assumptions on pricing based on local market conditions and benchmark pricing, revenue yields based on benchmark facilities, operating cost structures based on benchmark facilities, and ROM development costs. The modeling also included an assumption of rent levels the Themed Attraction would pay to the Developer as landlord. The assumption was based on the lower level of occupancy ratios (rent to gross receipts) that anchors and Themed Attractions typically pay, and aligns with the Developer strategy of positioning the Themed Attraction as an anchor.

Theme Attraction Findings/Recommendations - Based on the projected financial performance, as well as additional considerations, PFA has summarized findings and recommendations related to the financial feasibility of the Themed Attraction scenarios.

## **Project Analysis Steps**

The Project Analysis provides an assessment of the financial feasibility of the Project from the Developer's perspective using different RD&E and attraction scenarios. The Base, Target and Optimum Project scenarios utilize the recommended Medium Attraction and the Initial Concept scenario utilizes the Large Themed Attraction Scenario most similar to the Developer's initial Concept proposal. As an RD&E/Developer business model, the Project Analysis methodology for the RD&E uses a different methodology than the Themed Attraction and are described below:

Concept Characteristics - As an RD&E center, typical characteristics of scale and tenant mix are reviewed based on industry characteristics and standards, and used to differentiate from the significant number of alternative retail developments (e.g. regional malls, strip centers).

Market Analysis - An additional market analysis has been completed to provide characteristics of retail and RD&E relevant to the RD&E trade area definitions.

Benchmark Review Analysis - A set of comparable RD&E facilities have been identified and reviewed to provide additional characteristics of RD&E centers in the local market. In addition, relevant RD&E centers that have similar market and waterfront characteristics were included.

RD&E Performance Analysis - The performance of the RD&E elements of the Project are driven by achievable rent levels and supportable sales performance. The Themed Attraction is not included in the RD&E Performance Analysis as it has been analyzed as an independent destination. To analyze the RD&E element, three key characteristics were reviewed:

- ▶ Rent Potential - Local and benchmark rents were reviewed to project a range of rent levels that are expected to be supportable. The range was divided into:
  - ☑ Conservative Levels - A conservative average rent levels based on local rents with the premium seen for waterfront and RD&E centers.
  - ☑ Projected Levels - PFA's estimated rent levels based on regional RD&E benchmarks blended with the lower local rents.
  - ☑ Optimistic Levels - Rent levels that estimated to be the most optimistic based on regional RD&E benchmarks.

Using the projected rent levels, the commensurate sales performance for the RD&E are estimated using industry standard ratios for occupancy (rent payments relative to sales).

- ▶ Market Growth Potential - The Project will compete with RD&E centers as well as traditional retail/restaurant in the great Los Angeles area. However, waterfront and RD&E locations generally "import" spending. That is, the total sales in RD&E categories is higher than the estimates spending by the population within the same trade area, implying that more persons from outside the trade area spend in the trade area. While the RD&E centers are not the only facilities selling in the trade areas, they tend to be a major drive of the "importation".

Ratios of spending at restaurants and bars (the primary tenants in a RD&E center) was compared at regional benchmarks to identify the typical level of "importation". These ratios have been compared to the Project trade area to identify if the Project trade area had market growth potential.

- ▶ Market Viability Test - To test if the projected Rent Potential (and implied Project sales) were viable under market conditions, PFA developed three scenarios of different program size based on the Developer's concept, benchmark facilities sizes, site constraints, and other factors. The Themed Attraction was excluded from the Market Viability Test as it was analyzed independently as a destination. The three scenarios are:
  - ☑ Base RD&E Scenario - A conservative scale program based on the current Port O' Call size. The Conservative Level rent potential and implied sales performance were used to estimate total Base Scenario Project sales.
  - ☑ Target RD&E Scenario - PFA's recommended program size. The Project Level rent potential and implied sales performance were used to estimate total Target Scenario Project sales.

- ☑ Optimum RD&E Scenario - An aggressive scale program similar to larger benchmarks and near the site's entitlement constraints. The Optimistic Level rent potential and implied sales performance were used to estimate total Optimum Scenario Project sales.

The Project sales for each of the scenarios was compared to the Market Growth Potential to evaluate whether the expected sales represented a reasonable capture of the potential.

Project Feasibility Analysis - The final step in evaluating the financial feasibility of the Project (including both Themed Attraction and RD&E) was creating a pro forma Developer financial model to estimate the Internal Rate of Return for the Project. Note that the Themed Attraction is assumed to be operated as a rent-paying tenant to the developer. The Developer costs include shell and core but do not include the build-out costs for the Theme Attraction (other than a typical allocation for Tenant Improvements).

The RD&E scenarios were combined with the Themed Attraction to create Project scenarios. The Project scenarios use the recommended Themed Attraction but a fourth scenario is also evaluated based on the Target Scenario RD&E and the Large Themed Attraction, which is most similar to the Developer's initial Concept. The Project scenarios in the Project Feasibility Analysis are used to represent the range of expected financial performance of the Project.

Conclusions - Because the Project and program is not finalized, PFA provides an assessment of the financial feasibility of the Project based on Project scenario financial performance. The Target Scenario illustrates PFA's recommended Project scale and the most likely projections of performance, while the Base Scenario and Optimum Scenario illustrate the low and high range of estimated Project financial performance using the recommended Medium Themed Attraction. The Initial Concept Scenario represents a proposed project most similar to the Developer's initial proposed Concept and models the Target RD&E scale and Large Themed Attraction.

## **Reporting**

This report provides a summary of the research and analysis performed during the scope of service. Within the context of available markets, competition, and comparable economics of benchmark attractions, this report provides PFA's recommendations and assessment of the financial performance of the Project. The report also incorporates General Limiting Conditions which govern the usage and limiting conditions of any forecasts and projection within the report.

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## Background

The San Pedro Waterfront Project is a 400-acre waterfront infrastructure and revitalization initiative proposed by Los Angeles Harbor Department to create a vibrant, world-class waterfront for the community of San Pedro

As part of the master plan, the approved San Pedro Waterfront Environmental Impact Report included the redevelopment of the 30-acre Ports O'Call site - entitled to support up to 300,000 square feet of visitor serving commercial uses and up to 75,000 square feet for a conference center.

The existing parcel was developed as Ports O' Call Village in the 1960s and was a popular regional destination for several decades. The site currently has approximately 135,000 square feet of built area offering restaurant, retail, and office space (including vacant space) with existing tenant leases set to expire at the end of 2014. Many of the original leases were land leases and because of the waterfront environment, the tenants have additional outdoor space used for seating, circulation, parking, etc. and water parcel leases for maritime operations.

Estimated gross sales at the visitor serving facilities had averaged around \$26-\$28 million from 2008-2011. Despite the closure one of the large restaurants, overall sales have increased sharply in 2012 and 2013 to nearly \$34 million.

**Estimated Visitor Serving Sales at POC (in millions)**

	2008	2009	2010	2011	2012	2013
<b>Tenant Sales</b>	<b>\$28.7</b>	<b>\$27.4</b>	<b>\$26.5</b>	<b>\$27.2</b>	<b>\$29.8</b>	<b>\$33.8</b>

Because of the varied nature of the visitor serving space (restaurant and retail), performance comparisons on a square foot basis require normalization of the tenant sizes to adjust for the outdoor space. PFA has calculated sale performance of the visitor serving space using the "effective" Gross Leasable Areas (GLA) which excludes office, vacant, certain outdoor and other space. The successful seafood restaurants have moderate to strong sales performance between \$250 and \$400 in annual sales per square foot. Current rent payments to the Port are approximately 4% of gross receipts. This occupancy ratio is low by current standards for new built-out GLA, but also reflects that many of the older leases were land-only.

## Development Concept

The Project under study is generally a Themed Attraction-anchored Retail, Dining & Entertainment (RD&E) center, which generally falls under the International Council of Shopping Centers (ICSC) categorization of Themed/Festival Centers. The Themed Attraction is expected to provide a unique new attractor that is tightly connected to the Project and integrated into the design for pedestrian flow. The existing harbor tour and sport fishing operations will continue to serve as additional attractions on site. Given an optimal design for pedestrian linkages, the growing promenade connecting all of the attractions along the Los Angeles waterfront in San Pedro will create an easy pathway for visitors to follow to any of the area attractions, thus facilitating visits to multiple locations within the overall broader destination once people have parked for a single time. The waterfront Promenade itself can become an attractor offering public access to an interesting and constantly changing waterfront. The Project is positioned as the primary hub along the route serving all Waterfront visitors as well as being a dining and entertainment destination on its own.



One of the key features of the Developer concept is the use of a large scale Themed Attraction to anchor the visitor-serving RD&E development. The Developer's initial concept is a unique themed attraction that provides educational, interactive, and entertainment venues centered on a well-known international brand. While the developer has been having discussions with multiple operators and brands that would be meet the proposed criteria, at the time of this study, there is not a finalized Themed Attraction concept, scale, or brand that can or is under specific study. Therefore, the study has analyzed the general feasibility of a Themed Attraction using scenarios developed from existing benchmark facilities.

## Market Analysis

### Available Markets

A summarization of the key market findings are provided below:

#### *Resident Market*

- ▶ The local market is relatively limited by geography, with a significant difference in the local San Pedro demographic (up to 10-minutes) characteristics and Palos Verdes/South Bay (up to 30-minutes).
- ▶ By relative comparison the local resident market is one half to one sixth the scale of regional benchmarked facilities. However, by 30-minutes, a significant portion of the greater Los Angeles market is included in the Project and all competitive facilities.

#### *Tourist Market*

- ▶ The greater Los Angeles area has significant tourism with primary activities including business, theme parks, and beaches. The Project competes with a great number of waterfront, beach, and developed tourist attractions.
- ▶ The local market has a relatively small number of hotels and as a proxy, indicates relatively low market share of the greater Los Angeles market. While a unique attraction as part of the development strategy is expected to be more competitive, the limited scale is not expected to compete with major attractions such as Disneyland.
- ▶ The Waterfront includes the World Cruise Center. While is it uncertain if there will be major increases in passenger traffic, in discussions with current tenants there is believed to be small upside potential to attract cruise passengers before or after their cruise with a more integrated offering.

#### *Surrounding Developments*

- ▶ The San Pedro Waterfront has a number of compatible visitor serving attractions and developments. While there is not a major attraction, the smaller developments could support a larger collective destination if marketed and integrated into a pedestrian friendly environment.

## Report Conclusions

### **Project Financial Feasibility**

Based on the following analysis PFA has concluded that the Developer's Initial Concept is not financially feasible as a result of the projected Developer subsidy required to support a large scale Themed Attraction anchor. However, PFA further concludes that a medium scale Themed Attraction anchor combined with a Retail, Dining and Entertainment (RD&E) development can be a financially feasible development concept and recommends pursuing this concept with a total built square footage of approximately 215,000 square feet inclusive of all development components.

### **Developer's Initial Concept Financial Feasibility**

#### Developer Initial Concept Description

The Developer's Initial Concept includes a large scale branded Themed Attraction-anchored complex with additional RD&E tenant development. The large scale Themed Attraction is proposed to be a tenant of the Developer and would be operated by a third party as a standalone business. The Initial Concept's scale includes a large scale Themed Attraction anchor with approximately 100,000 square feet and an additional 200,000 square feet of RD&E development which would be constructed in phases based on market demand. The Themed Attraction component of the Initial Concept cannot be directly tested for financial feasibility because neither the identity, concept, nor program of the Themed Attraction has been finalized. To test the financial feasibility of the Large Themed Attraction as a standalone business, PFA used market benchmarks for a Large Themed Attraction in the 100,000 square feet or greater range that met characteristics proposed by the Developer. To test the financial feasibility of the entire Initial Concept, PFA incorporated the projected financial results from the Large Themed Attraction anchor into PFA's recommended RD&E scale referred to as the Target RD&E Scenario.

#### Large Themed Attraction Feasibility as a Visitor Draw to Support the RD&E Development

Based on PFA's benchmark penetration rate analysis for the Large Themed Attraction, total annual visitors are projected to be approximately 920,000 annually. Current annual visitors to the Project site are estimated between 1.65 to 2.2 million visitors. PFA's target scenario RD&E scale, exclusive of the Themed Attraction anchor, is expected to achieve 2.6 to 3.6 million visitors annually. Although the Themed Attraction as an anchor tenant (at any scale) is complimentary to the overall projected site visitor draw, it will not drive a significant percentage of overall visitors to solely support the RD&E development. The RD&E portion of the development should not require attraction visitor spending to be viable in the market.

#### Large Themed Attraction Financial Feasibility as a Standalone Business

Based on the benchmark analysis, PFA has concluded that the Large Themed Attraction is not expected to be financially feasible as a standalone for-profit business. As a standalone business, the Large Themed Attraction is projected to achieve a 7.5% IRR which is not financially feasible based on market benchmarks for a for-profit attraction. Existing Large Themed Attraction benchmarks are predominantly non-profits and rely on subsidies from philanthropic or institutional organizations. The Developer's Initial Concept proposes a for-profit Large Themed Attraction with no subsidy from a philanthropic or institutional organization which are not projected to generate commercially acceptable returns on capital. Without clear market precedents and a defined program that can be further tested, PFA has concluded that a Large Themed Attraction would require a 15% IRR considering the risk related to the scale and lack of successful market benchmarks. Based on the benchmark analysis, the Large Themed Attraction would likely require either an Operator or Developer subsidy to achieve a 15% IRR.

**Developer Initial Concept Financial Feasibility Conclusion**

With no proposed philanthropic or institutional subsidy for the Large Themed Attraction, a substantial Developer subsidy, estimated at \$28 million in the form of tenant improvement allowances, would be required to achieve a 15% IRR. A \$28 million Developer subsidy will likely make the Large Themed Attraction financially feasible and therefore commercially viable as an anchor tenant within the larger Initial Concept. However, the Developer investment of \$28 million in tenant improvements for the anchor Large Themed Attraction reduces the overall Project returns to a 5.2% IRR which is not commercially viable. Therefore, PFA has concluded that the Initial Concept, based on the benchmark analysis for the Large Themed Attraction, is not financially feasible.

**PFA's Recommended Project Concept and Scale**

PFA's recommended Project concept and scale includes a medium scale Themed Attraction anchor in the 50,000 to 60,000 square feet range incorporated into an approximate 160,000 square feet of RD&E development (total built). The Medium Themed Attraction component of the recommended Project concept cannot be directly tested for financial feasibility because neither the identity nor concept of the Themed Attraction has been identified. PFA used market benchmarks for a Medium Themed Attraction in the 30,000 to 100,000 square feet range that met characteristics proposed by the Developer to test the financial feasibility as a standalone business. To test the financial feasibility of the entire recommended Project concept, PFA incorporated the financial results from the Medium Themed Attraction anchor into PFA's recommended RD&E scale referred to in the report as the Target RD&E Scenario.

**Medium Themed Attraction Feasibility as a Visitor Draw to Support the RD&E Development**

Based on PFA's penetration rate analysis for the Medium Themed Attraction, total annual visitors are estimated to be approximately 550,000 annually. Current annual visitors to the Project site are estimated between 1.65 to 2.2 million visitors. PFA's target scenario RD&E scale, exclusive of the Themed Attraction anchor, is expected to achieve 2.6 to 3.6 million visitors annually. Although the Themed Attraction as an anchor tenant (at any scale) is complimentary to the overall projected site visitor draw, it will not drive a significant percentage of overall visitors to support the RD&E development. The RD&E portion of the development should not require attraction visitor spending to be viable in the market.

**Medium Themed Attraction Financial Feasibility as a Standalone Business**

In the following analysis, PFA concludes that identified development and performance characteristics of the Medium Themed Attraction, based on benchmark facilities, could produce moderate financial returns with no subsidy. As a standalone business the Medium Themed Attraction is projected to achieve a 13.6% IRR, concluding that a Medium Themed Attraction can be a financially feasible tenant to anchor the Project.

**PFA's Recommended Concept Financial Feasibility Conclusion**

PFA has concluded that an overall Medium Themed Attraction-anchored RD&E project would perform at higher sales and sales efficiency than the current tenant, based on available benchmark sales and rent levels at comparable waterfront locations. PFA recommends the Target Scenario preliminary development program incorporates findings from benchmark facilities and industry standards for modern developed RD&E centers, and projected rent levels for the Project based on local, regional, and benchmark rates. Based on a preliminary project budget for the Target scenario and using Projected Rent Levels and assumptions for moderate land rent paid to the Port, PFA has concluded that the recommended Project has a moderate Internal Rate of Return of 10.6% for the developer and is economically feasible.

The waterfront site may require significant infrastructure improvements that if included in the Project budget, would generally drop IRRs to levels that are not financially feasible. In the Target Scenario (recommended) the projected IRR drops from 10.6% to 3.6% when the recommended Project scale includes an additional \$61 million in potential infrastructure expenditures.

## Attraction Analysis Summary

Due to the preliminary nature of the planning process, the identity and concept of the attractions has not yet been finalized. In order to analyze the financial feasibility of an attraction in the Project, a general concept was developed that would possess the following general characteristics:

- ▶ A generally indoor orientation, with approximately 30,000 to up to 120,000 square feet of development.
- ▶ A internationally-known brand/intellectual property
- ▶ A concept which would be unique in the Los Angeles market
- ▶ A commercial business model,
- ▶ Within its commercial and entertainment orientation, a strong educational component

Within the framework of existing benchmark facilities, the study provides a range of reasonable performance of the scenario themed attraction within the Project market context.

### Benchmark Review and Scenario Developments

The Project team and PFA reviewed a broad set of national and international themed attractions and visitor facilities to create relevant categories and characteristics seen in these facilities. With the initial Developer Concept and the benchmark criteria, PFA, the Client and the Developer determined three different potential attraction scenarios, generally segmented by scale to represent the range of Themed Attraction projects under consideration. The three Themed Attraction scenarios, characteristics and illustrative benchmarks are:

Attribute	Small	Medium	Large
Physical Scale	10,000 to 30,000 SF	30,000 to 100,000 SF	Greater than 100,000 SF
Physical Type	Indoor	Indoor	Indoor
Median Investment Scale	\$10M	\$30M	Greater than \$50M
Business Model	Commercial, ticketed entry	Commercial, ticketed entry	Commercial, ticketed entry
Key Benchmarks	Crayola/Lego Discovery	Kidzania, Orbi	AOP, Children's Museum Indianapolis, DisneyQuest

The Large Themed Attraction scenario is most similar to the Developer's initial Concept for the themed attraction component of the Project.

With the refined Themed Attraction scenarios, a smaller selected set of themed attraction benchmarks were reviewed to provide specific performance characteristics to be used in the Attendance Analysis. Note that during the benchmark review, a limited number of commercial benchmarks were identified conforming to the Large category criteria. Additional non-commercial (e.g. museum, aquarium) facilities were reviewed to provide additional visitation and spending benchmarks data points.

### Attendance Analysis

PFA uses a penetration rate analysis in order to estimate potential attendance using comparable penetration rates and adjusting them with multipliers representing the difference in the comparable and the Project. The adjusted penetrations rates are then applied to the Project available markets to project expected attendance levels. The application of the

adjusted penetration rates, by scenario, to the Project's available markets yields attendance level of approximately 342,000 for the Small scenario, 546,000 for the Medium scenario, and 918,000 for the Large scenario.

## Refined Planning Parameters

Using benchmark references and industry standards, PFA developed an illustrative physical program for each of the scenarios. The illustrative programs were confirmed to fall within the Theme Attraction scenario criteria and are the basis for further analysis in the financial modeling. The illustrative programs were determined as:

	Small	Medium	Large
Attendance (Stabilize Year)	342,000	546,000	918,000
Visitor Area (sqft)	19,620	43,884	99,072
Back of House Allocation (sqft)	3,924	10,971	14,861
<b>Total Themed Attraction Area (sqft)</b>	<b>23,544</b>	<b>54,855</b>	<b>113,933</b>
<b>Visitor Parking Spaces Required</b>	<b>160</b>	<b>309</b>	<b>738</b>

## Pro Forma Financial Analysis

Using additional benchmark data for pricing, ticket yields, additional in-attraction spending, PFA has modeled revenues for each of the scenario attendance projections. Working the Management Resources, an operating cost structure was developed for each of the scenarios based on benchmark facilities. Although the scenarios do not have specific designs, PFA worked with Cumming Corp to identify benchmarks and typical cost ratios for developments of this type.

The pre-tax cash flows have been projected out ten years to estimate total cash on cash investment returns for the Operator business model. Internal Rate of Return (IRR) figures have been estimated by analyzing ten-year operating cash flow estimates with capitalized values for years eleven and beyond. IRRs are project economic returns and do not include assumptions for usage of debt or other leverage in the capital structure. (Full cash flows are available in the appendices.)

### Summary of Themed Attraction Investment Characteristics

Type	Small	Medium	Large
Total Built Area (sqft)	23,544	54,855	113,933
Attraction Development Cost (000s)	\$16,500	\$38,800	\$100,100
Rent Assumption to Developer (monthly per sqft) <sup>1</sup>	\$1.38	\$1.67	\$1.35
<b>IRR</b>	<b>12.3%</b>	<b>13.6%</b>	<b>7.5%</b>

1 - Rent for 2020, includes inflation.

## Themed Attraction Findings and Recommendations

Based on the projected financial performance, as well as additional considerations, PFA has summarized findings and recommendations related to the Financial Feasibility of the Themed Attraction Scenarios.

## Findings on Small Attraction

- ▶ The scenario is projected to have positive operating surplus.
- ▶ Approximately \$1.38 in rent paid to developer, which is approximately 5% occupancy ratio (rent paid to total revenue).
- ▶ Operator IRR of 12.3% illustrates a financial viable Small Attraction. However, uncertainty of concept may require higher rate of return to attract investors.
- ▶ The scenario has moderate development cost and scale, which limits total risk to the operator.
- ▶ With a moderate IRR, the proposed attraction would benefit from proven operational record.
- ▶ While potentially viable, the Small Attraction has limited attendance and may not provide as much destination drawing power or uniqueness as a larger attraction.

## Findings on Medium Attraction - RECOMMENDED

- ▶ The scenario is projected to have positive operating surplus.
- ▶ Approximately \$1.67 in rent paid to developer, which is approximately 5% occupancy ratio (rent paid to total revenue).
- ▶ Operator IRR of 13.6% illustrates a financial viable Medium Attraction. However, uncertainty of concept may require higher rate of return to attract investors.
- ▶ The scenario has a larger development cost and scale, which increases risks to the operator.
- ▶ With a moderate IRR, the proposed attraction would benefit from a proven operational record.
- ▶ The Medium Attraction has moderate attendance but with the proven range of many benchmarks. The scale of cost and size will limit the number of direct competitors. While attendance is relatively small compared to volumes for retail developments (and even current POC visitation), the assumed brand popularity and uniqueness of the attraction will benefit the Project by increasing awareness and positioning of the Project.

## Findings on Large Attraction

- ▶ The scenario is projected to have positive operating surplus.
- ▶ Approximately \$1.35 in rent paid to developer, which is approximately 5% occupancy ratio (rent paid to total revenue).
- ▶ Operator IRR of 7.5% illustrates questionable economics for a large indoor attraction.
  - ☑ There is lack of proven commercial benchmarks success at this scale, although there are a significant number of non-commercial benchmarks that illustrate strong attendance profiles.
  - ☑ Commercial benchmarks from Midscale along with non-commercial Large benchmarks provide conservative illustration of a Large commercial scenario.
  - ☑ The low IRR on illustrative model suggest a challenging environment to create a Large commercial attraction at the illustrated scale.
  - ☑ New concepts may outperform Large scenario, but would require specific plans and benefit from a strong track record of actual market performance indicators (e.g. penetration, ticket pricing).
- ▶ A Developer or Operator subsidy of approximately \$28 million would be required to increase the IRR to 15%, which is believed by PFA to represent a commercially viable level given the scale and uncertainty of the Large Themed Attraction scenario and limited commercial benchmarks.

## Project Analysis

The Project Analysis provides an assessment of the financial feasibility of the Project from the Developer's perspective, based on a Base, Target, Optimum and Initial Concept Scenario. The Base, Target and Optimum scenarios utilize PFA's recommended Medium Themed Attraction scenario within the overall RD&E program. The Initial Concept Scenario utilizes the Large Themed Attraction scenario within the overall RD&E program which is most similar to the Developer's initial Concept proposal. Because the Large Themed Attraction has questionable commercial viability as an independent operation, the scenario has been analyzed assuming a Developer subsidy to ensure commercial viability. While the themed attraction is expected to create market awareness and position, the RD&E components will need to drive visitation based upon their own drawing power also.

As an RD&E center, typical characteristics of scale and tenant mix are reviewed based on industry characteristics and standards, and used to differentiate from the significant number of alternative retail developments (e.g. regional malls, strip centers). A set of comparable RD&E facilities have been identified and reviewed to provide additional characteristics of RD&E centers in the local market. In review of the benchmarks:

- ▶ Retail is a minor component of true RD&E centers averaging less than 30% of the mix.
- ▶ Retail is a major component of Lifestyle and Regional malls, both in mix percentage and absolute GLA.
- ▶ Food & Beverage square footage ranges from 75k to 130k square feet, even at the larger developments.
- ▶ Large entertainment footprints are cinemas (80k to 140k square feet) or theaters, with limited smaller footprint entertainment tenants.

## Concept Recommendations

To develop the pro forma financial model for the Project, which is used to test alternative scenarios for economic viability, recommendations, refinements or clarifications to the Project concept have been developed to augment the preliminary Project proposed to date by the developer team. These key recommendations are based on the overview of current and future trending market conditions,

- ▶ **Scale** - At its current scale, the collective businesses along the Ports O' Call waterfront are underperforming relative to what the theoretical potential should be for that total aggregate amount of commercial RD&E space. The San Pedro waterfront does not have a particularly large local resident market due to its location on a peninsula surrounded by water. As a result of both the historical performance over recent decades, and the size of a likely repeat local market to tap into, the indication is that the scale of the total RD&E development should not be expanded greatly over what has been in place.
- ▶ **Tenant Mix** - Given the assumption that tidelands trust issues preclude the inclusion of cinema uses on the subject property, this RD&E center is likely to have more difficulty than most in generating late evening and nighttime foot traffic. The tenant mix in the future should continue to focus on the daytime/early evening/weekend time periods, but should strive to include a few night time serving businesses with the intent to expand hours of operation at least later into evenings on weekends.

Another goal should be to create a collection of the most unique businesses possible, to differentiate this RD&E destination from local developments which are dominated by ubiquitous national chain brands. With the intention



of creating the most entertaining mix possible, and something that stimulates repeat visitation, much greater emphasis should be placed on food and beverage operations over retail stores. The remaining commercial space could include a variety of small retail stores, but may include other entertainment-oriented tenants as well.

Overall, the mix of tenants should target a moderately broader income demographic than is currently being achieved along the Ports O' Call waterfront. However, the mix to attract additional up-market tenants should still remain within a comfortable range of the current patrons.

- ▶ **Phasing** - The initial phase should be large enough to create critical mass and send a signal to the marketplace, and draw from beyond the local market area. Given the size of the overall site, it should be possible to extend the development along the waterfront, and later back away from the waterfront, as the market response builds. If at all possible, successful existing businesses which are to be retained and moved into the new development should be allowed to operate until new space is available to move into, minimizing any downtime for the business operation.
- ▶ **Parking** - Convenient and easy to use parking will be critical for successful scaling up of the attraction and RD&E concentration. A thoughtful phasing plan for parking should be developed, which allows for great parking management and signage/wayfinding in early phases as the attraction and RD&E visitation is growing, thus limiting the required investment in structured parking until later phases.
- ▶ **Environment** - The waterfront is the most unique aspect of the subject site, and design of the development should maximize waterfront views and accessibility to the waterfront for visiting patrons. The new design should encourage people to get out of their car, patronize their destination restaurant or other entertainment/attraction business, but then to linger and sample other offerings within the complex before returning to the parking area.

The design of the visitor environment should also include ample spaces and connectivity with the idea of hosting events within the shared public realm to increase visitation to the RD&E center in the off-season, and expand visitation at otherwise lower volume times of the week or day.

As has been proven by the existing restaurant businesses, offering a combination of both indoor and outdoor dining spaces is critical in this waterfront environment.

## **Performance Analysis**

### ***Rent Projections***

Market rents are an indicator of actual market sales performance and most directly impact Project financial feasibility. The Project obtainable rents are projected using a number of local and benchmark references as well as expected premiums and discount ratios related to the type of project. Based on the information and analysis of the retail market, PFA projects that range of supportable rents are:

**Conservative Levels** - A conservative average rent levels based on local rents with the premium seen for waterfront and RD&E centers. Based on current local rents and expected premiums, the Conservative Rent levels would range from **\$2.50 to \$3.00**.

**Projected Levels** - PFA's projected rent levels are based on regional RD&E benchmarks blended with the lower local rents. In reviewing successful waterfront developments, the Projected Level rents would exceed **\$3.00 but not reach an average of \$3.50**, only seen in the proven and successful waterfront and RD&E locations.

**Optimistic Levels** - Rent levels that estimated to be the most optimistic based on regional RD&E benchmarks. Given the upside potential of a destination within the Los Angeles market, the Optimistic Level rents would range from **\$3.50 to \$4.00**. This represents a premium on current waterfront rent rates and illustrates the likely maximum rents that could be achieved.

### **Market Growth Potential**

Given the typical pattern of importation at waterfronts and RD&E centers, PFA estimates that the waterfront has potential for growth in sales that could match benchmark ratios. Based on benchmark ratios, the total San Pedro waterfront trade area (in which the Project lies) could achieve increased sales in RD&E category up to an optimum of \$74.5 million and still remain within the market ratio average.

### **Market Viability Test**

To test if the Projected Rent levels (and implied Project sales) were viable under market conditions, PFA developed three scenarios of different program size based on the Developer's concept, benchmark facilities sizes, site constraints, and other factors. The estimated sales for each of the scenarios was compared to the Market Growth Potential to evaluate whether the Project sales represented a reasonable capture of the potential.

### **Estimated Project Sales Performance**

	<b>Current POC</b>	<b>Base Scenario</b>	<b>Target Scenario</b>	<b>Optimum Scenario</b>
Program (sqft)	122,207	159,855	199,855	234,855
<b>Subtotal</b> (excluding Themed Attraction)	<b>\$33,800,000</b>	<b>\$41,589,286</b>	<b>\$61,928,571</b>	<b>\$88,559,524</b>
<b>Difference Between Scenario and Current POC</b>				
		<b>\$7,789,286</b>	<b>\$28,128,571</b>	<b>\$54,759,524</b>

**Base Scenario RD&E Findings** - The Project would generate approximately \$7.8 million more in annual sales over the current \$33.8 million or approximately 10% of the additional \$74.5 million identified in the Market Growth Potential. While illustrating the most conservative estimates, PFA believes this sales performance is supportable under current market conditions.

**Target Scenario RD&E Findings** - The Project would generate approximately \$28.1 million more in annual sales over the current \$33.8 million or approximately 38% of the additional \$74.5 million identified in the Market Growth Potential. PFA believes a moderate and supportable capture of the growth potential reflecting the improvements in the Project's quality relative to existing conditions.

**Optimum Scenario RD&E Findings** - The Project would generate approximately \$54.8 million more in annual sales over the current \$33.8 million or approximately 74% of the additional \$74.5 million identified in the Market Growth Potential. PFA believes likely market capture for the Project would be below the full potential of \$74.5 million. As the Market Growth Potential is calculated to represent the entire San Pedro Waterfront trade area, PFA does not expect the Project to account for the entire capture of market growth. The Optimum Scenario with a capture of 74% of the trade area growth potential, while technically supportable, reflects the high range of expected market performance.

## Project Feasibility Analysis

The final step in evaluating the financial feasibility of the Project (including both Themed Attraction and RD&E) was creating a pro forma Developer financial model to estimate the Internal Rate of Return for the Project. Internal Rate of Return (IRR) figures have been calculated by analyzing ten-year operating cash flow estimates for each of the projected scenarios. IRRs are economic returns and do not include assumptions for usage of debt in the capital structure. The scenarios for Project Feasibility are:

Project Base Scenario - Base RD&E Scenario scale and performance and recommended Medium Themed Attraction.

Project Target Scenario - Target RD&E Scenario scale and performance and recommended Medium Themed Attraction.

Project Optimum Scenario - Optimum RD&E Scenario and performance and recommended Medium Themed Attraction.

Project Initial Concept Scenario - Target RD&E Scenario scale and performance and Large Themed Attraction. This is most similar to the Developer's initial Concept proposal.

## Summary of Project Investment Characteristics

Type	Base Scenario	Target Scenario	Optimum Scenario	Initial Concept Scenario <sup>1</sup>
GLA (RD&E and Themed Attraction)	159,855	199,855	234,855	258,933
Total Built Area (sqft)	172,643	215,843	251,295	279,647
Developer Costs Cost (millions)	\$73.1	\$84.6	\$99.1	\$143.0
Infrastructure Costs (millions)	\$61.0	\$61.0	\$61.0	\$61.0
<b>Project IRR (excluding Infrastructure)</b>	<b>8.3%</b>	<b>10.6%</b>	<b>12.5%</b>	<b>5.2%</b>
<b>Project IRR (including recommended Infrastructure)</b>	<b>0.9%</b>	<b>3.6%</b>	<b>6.1%</b>	<b>1.0%</b>
Illustrative Annual Rent Paid to Port (2020, millions)	\$0.5	\$0.7	\$0.9	\$0.75

<sup>1</sup> - Concept Scenario includes a Large Themed Attraction assuming a Developer subsidy to create a commercially viable return, and the Recommended RD&E program with target rent performance.

### ***Project Findings on Base Scenario***

A pro forma financial model has been developed to illustrate the financial feasibility of the Project using projected performance for Base Scenario RD&E and Medium Themed Attraction and illustrative budget. This scenario provides the most conservative scale and rent estimates. Conclusions on the Base Scenario are:

- ▶ The Project generates positive operating surplus for the developer.
- ▶ As illustrated, the Project includes approximately \$0.5M in annual land rent paid to Port.
- ▶ The Developer IRR of 8.3% illustrates sustainable economics under the operating condition. Depending on financial leverage, the IRR could support relative low cost debt obligations, but limited returns to Developer equity.
- ▶ The scenario illustrates limited capacity to fund infrastructure costs - IRR drops to 0.9% if relevant infrastructure costs are included, representative of a financially infeasible project.
- ▶ Although development on the site has inherent cost premiums (e.g. seismic), the developer may be able to refine the plan and development costs and increase the expected IRR of the Project, allowing additional flexibility in supporting land rents and infrastructure costs.

### ***Project Findings on Target Scenario - RECOMMENDED***

A pro forma financial model has been developed to illustrate the financial feasibility of the Project using projected performance for Target Scenario RD&E and Medium Themed Attraction and illustrative budget. This scenario provides performance of the recommended scale and projected rents based on regional benchmarks. Conclusions on the Target Scenario are:

- ▶ The Project generates positive operating surplus for the developer.
- ▶ As illustrated, the Project includes approximately \$0.7M in annual land rent paid to Port.
- ▶ The Developer IRR of 10.6% illustrates moderate economics under the operating condition. Depending on financial leverage, the IRR could support relative low cost debt obligations, and provide moderate returns to Developer equity.
- ▶ The scenario illustrates limited capacity to fund infrastructure costs - IRR drops to 3.6% if relevant infrastructure costs are included, representative of a financially infeasible project.
- ▶ Although development on the site has inherent cost premiums (e.g. seismic), the developer may be able to refine the plan and development costs and increase the expected IRR of the target scenario, allowing additional flexibility in supporting land rents and infrastructure costs.

### ***Project Findings on Optimum Scenario***

A pro forma financial model has been developed to illustrate the financial feasibility of the Project using projected performance for Optimum Scenario RD&E and Medium Themed Attraction and illustrative budget. This scenario provides performance of the largest reasonable scale and Optimistic Level estimated rents based on the stronger regional benchmarks. Conclusions on the Optimum Scenario are:

- ▶ The Project generates positive operating surplus for the developer.
- ▶ As illustrated, the Project includes approximately \$0.9M in annual land rent paid to Port.

- ▶ The Developer IRR of 12.5% illustrates reasonable economics under the operating condition. Depending on financial leverage, the IRR could support relative low cost debt obligations, and provide moderate returns to Developer equity.
- ▶ The higher IRR may allow limited flexibility and upside to potential land rents to the Port.
- ▶ The scenario illustrates limited capacity to fund infrastructure costs - IRR drops to 6.1% if relevant infrastructure costs are included. While positive, the Optimum Scenario still does not provide adequate returns to support significant external infrastructure costs.
- ▶ Although development on the site has inherent cost premiums (e.g. seismic), the developer may be able to refine the plan and development costs and increase the expected IRR of the target scenario, allowing additional flexibility in supporting land rents and infrastructure costs.

### ***Project Findings on Initial Concept Scenario***

A pro forma financial model has been developed to illustrate the financial feasibility of the Project that is most similar to the Developer's initial proposed Concept. This includes the Large Themed Attraction assuming a developer subsidy (e.g. tenant allowance) that would increase the Operator IRR to a commercially viable 15% estimate. It also uses projected performance for Target Scenario RD&E and illustrative budgets for each element. This scenario provides performance of the Recommended scale and Target Level estimated rents based on the regional benchmarks. Conclusions on the Initial Concept Scenario are:

- ▶ The Project generates positive operating surplus for the developer.
- ▶ As illustrated, the Project includes approximately \$0.75M in annual land rent paid to Port.
- ▶ The Large Themed Attraction is assumed to receive a Developer subsidy of approximately \$28 million to illustrate a commercially viable return of 15%.
- ▶ The Project IRR of 5.2% illustrates this scenario is not commercially viable for the Developer.
- ▶ The scenario illustrates limited capacity to fund infrastructure costs - IRR drops to 1.0% if relevant infrastructure costs are included.

## Proposed Concept

### Background

The San Pedro Waterfront Project is a 400-acre waterfront infrastructure and revitalization initiative proposed by Los Angeles Harbor Department to create a vibrant, world-class waterfront for the community of San Pedro, the City of Los Angeles and the people of California. The proposed San Pedro Waterfront Project activates a waterfront vision that City leaders and local community members have talked about for more than a decade. Specifically, the proposed Project goals are to:

- ▶ Link downtown San Pedro and the waterfront, substantially increasing public access.
- ▶ Enhance community- and visitor-serving commercial opportunities along the waterfront.
- ▶ Relocate or remove cargo handling operations from the San Pedro Waterfront.
- ▶ Meet growing cruise industry demands.
- ▶ Improve transportation, parking and non-vehicular mobility in and around the San Pedro Waterfront.
- ▶ Grow the Port in a sustainable manner.

After significant efforts dating back to the early 2000s, the Port undertook an Environment Impact Report (EIR/EIS) that included 36 project elements related to the master planning of the San Pedro Waterfront.



Source: Port of Los Angeles SP Waterfront Summary 2009

As part of the master plan, the existing Ports O'Call development would be redeveloped. The approved San Pedro Waterfront Environmental Impact Statement/Report included the redevelopment of the 30-acre Ports O'Call site. The POC development site is entitled to support up to 300,000 square feet of visitor serving commercial uses and up to 75,000 square feet for a conference center. In addition, the redevelopment would include a 3-acre Fisherman's Park as well as ensuring a pedestrian waterfront promenade, trails, and bike path to allow public access to the water front. The existing parcel was developed as Ports O' Call Village in the 1960s and was a popular regional destination for several

decades. The site currently has approximately 135,000 square feet of built area offering restaurant, retail, and office space with existing tenant leases set to expire at the end of 2014. Many of the original leases were land leases and because of the waterfront environment, the tenants have additional outdoor space used for seating, circulation, parking, etc. and water parcel leases for maritime operations.

In 2012, the Port posted a Request for Qualifications for developers for the POC parcel and selected the Los Angeles Waterfront Alliance (the Developer consisting of the Ratkovich Company and Jerico Development, Inc.) from seven submittals. The Developer had an initial concept summarized as a regional destination consisting of restaurants, visitor-serving retail, a boutique hotel, market square, and a 13th Street gateway connecting the local community.

### Illustrative Developer Concept



Source: LA Waterfront Alliance - Note: Illustrative sample from developer public outreach meeting. Does not represent current or final proposed design or program.

### Themed Attraction Anchor Development Strategy

One of the key features of the Developer concept is the use of a major themed attraction component to anchor the visitor-serving RD&E development. The Developer's general concept includes a unique themed attraction that provides educational, interactive, and entertainment venues centered on a well-known international brand. While the developer has been having discussions with multiple operators and brands that would be meet the proposed criteria, at the time of this study, there is not a finalized Themed Attraction concept, scale, or brand that can or is under specific study. Therefore, the study has analyzed the general feasibility of a Themed Attraction using existing benchmark facilities. The analysis uses existing benchmark attractions and actual performance data, applied to the POC market conditions to provide a reasonable assessment of the likely performance range and financial feasibility of the Themed Attraction concept contemplated by the Developer. The projected performance of the recommend Themed Attraction scenario, as well as the Large Themed Attraction scenario as it is most similar to the original Concept proposal, is used to further identify and analyze impacts to the potential performance and financial viability of the RD&E element and overall Project.

## Current Ports O'Call Analysis

### Overview

Originally developed in 1963, Ports O' Call Village, located along the Port of Los Angeles' Main Channel in San Pedro, is a unique seaside plaza that features souvenir and gift shops, along with popular and one-of-a-kind restaurants, sweetshops, fish markets and quick-bite eateries. In front of the village's namesake Ports O' Call Restaurant stands a statue modeled after the "Gorton's Fisherman" in Gloucester, Mass. Ports O' Call is also the departure point for narrated harbor tours, dinner dance cruises and whale watching excursions.





The site currently has approximately 135,000 square feet of built area offering restaurant, retail, and office space (including vacant space) with existing tenant leases set to expire at the end of 2014. Many of the original leases were land leases and because of the waterfront environment, the tenants have additional outdoor space used for seating, circulation, parking, etc. and water parcel leases for maritime operations.

The larger project site includes approximately 1,850 surface parking spaces, and 7.5 acres of water area used for the San Pedro Marina and dockage for various commercial vessels for Spirit Cruises and LA Harbor Sportfishing. The following table provides information on the key tenants and facilities.

### POC Key Tenant Information

Tenant	Location	Leased Land Area	Built Area	Outdoor Area
Acapulco Restaurant	Berth 81-83	30,295	11,991	4,655
San Pedro Marina (Slips)	Berth 80	85 slips / 7.5 acres (water)		
Fisherman's Seafood (and San Pedro Marina Offices)	Berth 80	24,718	6,694	10,023
Marina Restaurant <sup>1</sup>	Berth 80	12,933	14,875	
Asian Village	Berth 80	27,175	19,080	3,053
Crusty Crab	Berth 80	12,348	5,313	4,520
LA Harbor Sportfishing	Berth 79	5,171	2,452	
Café International	Berth 79	10,547	4,005	6,616
San Pedro Fish Market	Berth 78	27,859	18,475	12,678
Port's O Call Village	Berth 76-77	100,000	29,454	
<i>Retail Tenants</i>			16,393	
<i>Restaurant Tenants</i>			2,249	
<i>Office/Other Tenants</i>			4,707	
<i>Vacant</i>			6,105	
Port's O Call Restaurant		30,000	23,132	
Vacated UNOCAL Site	Berth 78	30,000	-	
Jankovich & Son (Refueling)	Berths 73Z & 74			
<b>Total Visitor Serving<sup>2</sup></b>			<b>135,471</b>	

Note: Areas are combined estimates from various sources including lease documents, POLA data, site inspections and Google area takeoffs. 1 - Formerly Simons Restaurant closed 10/2011 - Marina Restaurant opened 9/2013. 2 - Total built area includes office and vacant POC but excludes Jankovich site.

### Current Key POC Tenants



Source: Pro Forma Advisors LLC. Note: Boundaries are approximate.

Most of the major tenant lease rents are based on a minimum monthly payment and percentage of gross receipts (at varying rates for food, beverage and other). Since taking over management of the POC Village, most tenants are on basic month to month leases (\$1 per square foot per month) and do not report gross receipts to the Port. Based on conversations with the Port, PFA has estimated sales per square foot at the POC Village visitor serving tenants at no more than \$200 or a total of \$3.3 million. In total, POC is estimated to have approximately \$33.8 million in annual sales in 2013. In general, sales have grown since the 2009-2010 recession, particularly at the specialty sea food outlets.

#### Estimated RD&E Sales at POC (in millions)

Tenant	2008	2009	2010	2011	2012	2013
Acapulco Restaurant	\$3.90	\$3.50	\$3.40	\$3.40	\$3.46	\$3.30
Fisherman's Seafood <sup>1</sup>	\$0.40	\$0.42	\$0.35	\$0.38	\$0.44	\$0.42
Marina Restaurant (9/2013) <sup>2</sup>	\$1.78	\$1.33	\$1.39	\$0.70	see note	see note
Asian Village	\$5.02	\$4.85	\$4.46	\$4.88	\$5.69	\$6.36
Crusty Crab	\$2.03	\$1.89	\$2.17	\$2.46	\$3.09	\$3.66
Café International	\$1.04	\$1.34	\$1.36	\$1.46	\$1.60	\$2.21
San Pedro Fish Market	\$7.18	\$7.34	\$6.90	\$7.44	\$8.95	\$11.08
Port's O Call Restaurant	\$4.08	\$3.39	\$3.15	\$3.22	\$3.23	\$3.50
<i>Port's O Call Village</i>	<b>\$3.30</b>	<b>\$3.30</b>	<b>\$3.30</b>	<b>\$3.30</b>	<b>\$3.30</b>	<b>\$3.30</b>
<b>Total</b>	<b>\$28.73</b>	<b>\$27.36</b>	<b>\$26.48</b>	<b>\$27.24</b>	<b>\$29.76</b>	<b>\$33.83</b>

Source: Port of LA and Pro Forma Advisors estimates. 1 - Shared with SP Marina Office, 2 - Formerly Simons closed 10/2011, reopened in 9/2013 at Marina Restaurant. Partial year operations have been excluded for comparison purposes.

PFA has calculated sale performance using the "effective" GLA (excluding office, vacant, outdoor and other space). The successful seafood restaurants have moderate to strong sales performance to between \$250 and \$400 in annual sales per square foot. Current rent payments to the Port are approximately 4% of gross receipts. This ratio is low by current standards for new built GLA, but also reflects that many of the older leases were land-only.

Tenant	Effective GLA <sup>1</sup>	2013 Sales (millions)	Sales/sqft	Rent (millions)	Occupancy Ratio
Acapulco Restaurant	13,455	\$3.30	\$245		
Fisherman's Seafood	6,641	\$0.42	\$63	\$0.53	3.9%
Asian Village	15,046	\$6.36	\$423		
Crusty Crab	9,833	\$3.66	\$372		
Café International	10,621	\$2.21	\$208	\$0.08	3.5%
San Pedro Fish Market	27,859	\$11.08	\$398	\$0.39	3.5%
Port's O Call Restaurant	23,132	\$3.50	\$151	\$0.17	4.7%
Port's O Call Village	23,349	\$3.30	\$141	\$0.21	6.4%
<b>Total (Active)</b>	<b>129,936</b>	<b>\$33.83</b>	<b>\$260.34</b>	<b>\$1.38</b>	<b>4.1%</b>
Marina Restaurant <sup>2</sup>	14,875	-	-	-	-
Total	144,811				

1 - "Effective GLA" is PFA's estimate of usable space that best compares to modern Gross Leasable Area (GLA) offered at organized retail developments. 2 - Marina Restaurant reopened 9/2013 and is not included in performance calculations

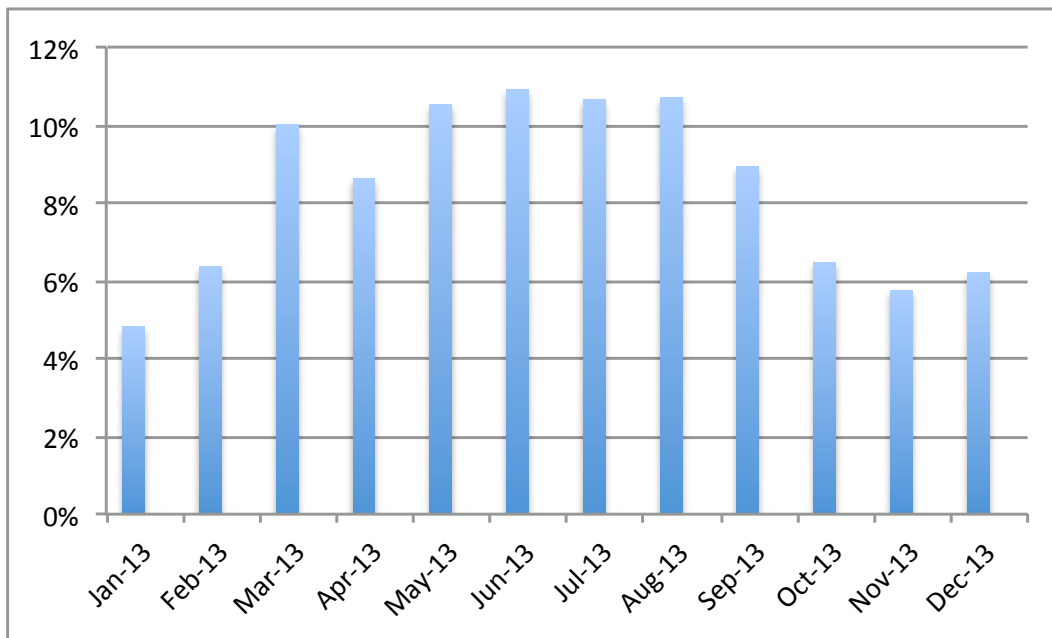
Visitation estimates are based on sales revenues divided by the estimated guest spending per capita. Based on discussions with key tenants, PFA estimates approximately \$15-\$20 in spending per guest or a total visitation of between 1.65 and 2.2 million. Note that this methodology does not include estimates for non-economic participants.

Sales	Spending Per Guest	Guests	Average Daily
\$33,000,000	\$15	2,200,000	6,027
	\$20	1,650,000	4,521

**Visitor Pattern**

A key element of POC visitation pattern is the seasonal and day-of-week variances. The seasonal pattern of visitation can be illustrated in the variance of monthly revenue. The pattern is skewed to summer months, but also is affected by key holidays such as Easter and Mother's Day, and major events hosted at POC (e.g. Tall Ships Festival, Lobster Festival).

**POC Monthly Sales Revenue (as Percent of Annual)**



Source: Port of LA and Pro Forma Advisors

While no specific data was available to analyze, key tenant interviews also indicate a high day-of-week peak on Sundays and inter-day visitation primarily daytime to early evening.

**Guest Origination**

Two major identified visitor markets included an early (brunch) guest skewing to a local or South Bay visitor and midday to afternoon guests originating from 15 minutes to 1 hour drive time from the site but inland from the coast.

## Guest Demographics

No statistical survey is available on the guest demographics. However, many of the interviewed tenants and attraction managers indicated a significant number of families (particularly on weekends). Additional guest demographics matched skews found in the origination market - younger, family, Latino.

## Events

The Port and POC host a significant number of visitor events that drive visitation averaging 10-14 major event days. "Cars & Stripes Forever" and the Lobster Festival are the largest annual recurring events with 25,000 and 13,000 daily visitors. The Tall Ships Festival is the largest drawing event with an estimated 55,000 daily visitors over 5 days.

	2008	2009	2010	2011	2012	2013	2014
World Trade Week Free Boat Tours	5,000	2,500	3,000	2,500	3,000	2,000	3,000
Days	2	1	1	1	1	1	1
Average Visitors per Day	2,500	2,500	3,000	2,500	3,000	2,000	3,000
Cars & Stripes Forever!		7,000	10,000	15,000	17,500	23,000	25,000
Days		1	1	1	1	1	1
Average Visitors per Day		7,000	10,000	15,000	17,500	23,000	25,000
Concerts				4,500	4,000	1,000	Not Held
Days				9	8	2	
Average Visitors per Day				500	500	500	
Movie Nights					2,000	1,500	3,300
Days					1	1	2
Average Visitors per Day					2,000	1,500	1,650
Lobster Festival	35,000	35,000	40,000	40,000	40,000	40,000	
Days	3	3	3	3	3	3	
Average Visitors per Day	11,667	11,667	13,333	13,333	13,333	13,333	
Happy Harbor Halloween	2,000	2,000	2,500	5,000	5,000	6,000	
Days	1	1	1	1	1	1	
Average Visitors per Day	2,000	2,000	2,500	5,000	5,000	6,000	
Holiday Fountain	300	350	500	450	500	450	
Days	1	1	1	1	1	1	
Average Visitors per Day	300	350	500	450	500	450	
Wilmington Winter Wonderland		2,000	2,500	2,000	2,500	Cancelled	
Days		1	1	1	1		
Average Visitors per Day		2,000	2,500	2,000	2,500		
Navy Days	2,000	2,000	3,000	100,000	3,000	Not Held	7,500
Days	2	2	2	6	2		2
Average Visitors per Day	1,000	1,000	1,500	16,667	1,500		3,750
Tall Ships Festival	100,000						277,000
Days	3						5
Average Visitors per Day	33,333						55,400
<b>Annual Totals</b>	<b>146,800</b>	<b>46,350</b>	<b>54,500</b>	<b>152,450</b>	<b>57,000</b>	<b>50,450</b>	<b>290,500</b>
Days	12	10	10	14	10	7	9

## Site Analysis

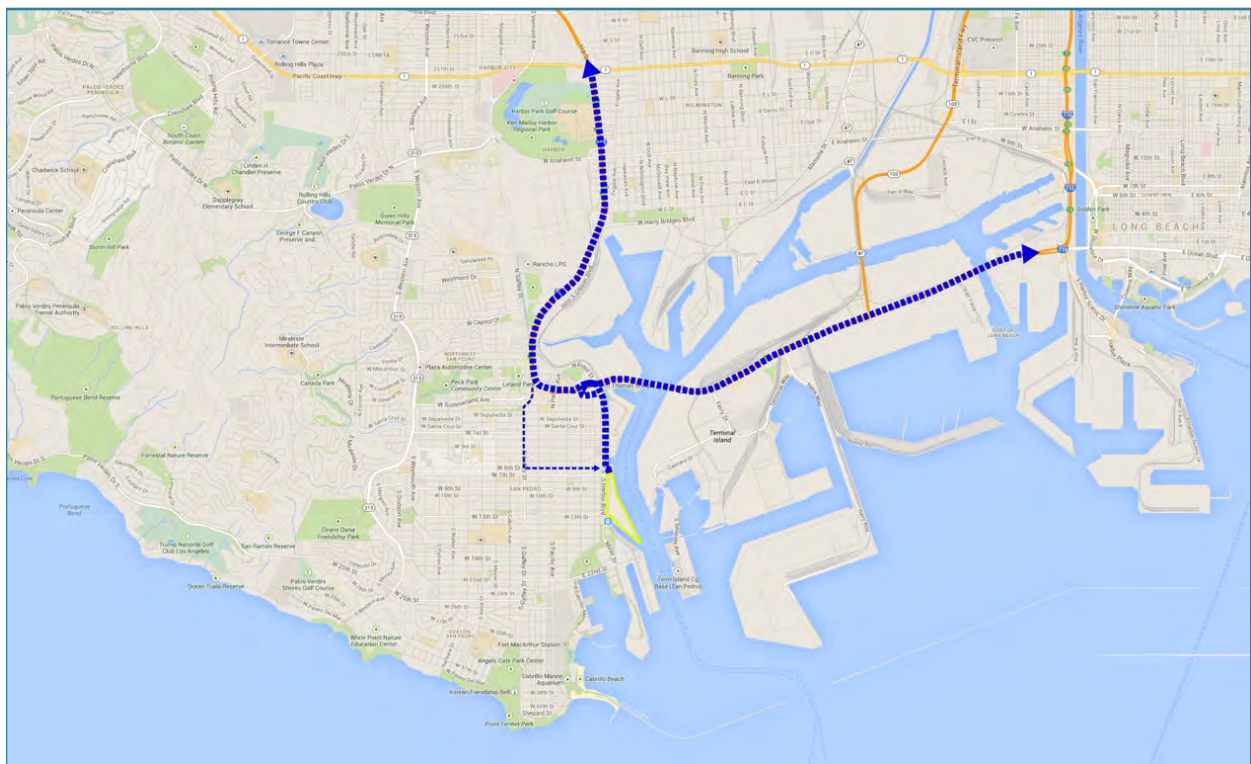
Projections for the Project are affected by the location and market context of the Project site. This section provides an overview of the conditions the Project will operate within.

## Location & Site Review

The Port is located at the southernmost portion of the City of Los Angeles. With approximately 7,500 acres of land and water, 300 commercial berths and 43 miles of waterfront, the Port is adjacent to the community of San Pedro to the west, the Wilmington community to the north, the Port of Long Beach to the east, and the Pacific Ocean to the south.

The Port is an area of mixed uses, supporting various maritime-themed activities. The Port operations are predominantly centered on shipping activities. In addition to the large shipping industry at the Port, there is also a cruise ship industry and a commercial fishing fleet. The Port also accommodates boat repair yards, and provides slips for over 4,000 recreational and commercial vessels. It also has additional attractions and community facilities described in this section.

### Location Map

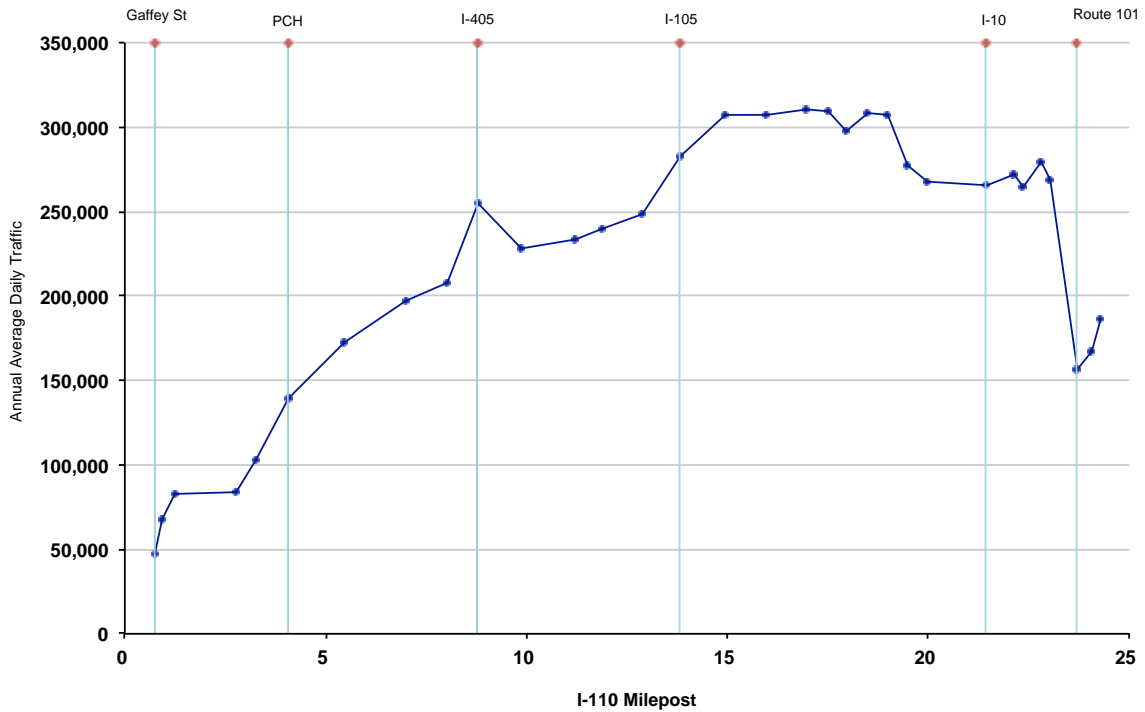


## Access

In general, access to the Project is via Interstate 110, with approximately 1 additional mile on Harbor Blvd. Secondary access via Gaffey Street and 6th is a slightly longer alternative route. In addition, access to Long Beach and Interstate 710 via the Vincent Thomas Bridge/Route 47 (5 miles). While offering good connectivity to the region's freeway system, the Harbor Blvd and site entrance presents a potential bottle neck, with few alternative "back" routes compared to other

attractions and RD&E centers. Truck traffic is approximately 3% of total traffic at the junction of I-110 and Route 47 (Vincent Thomas Bridge). It is approximately 5.7% of traffic at I-110 and PCH and 4.6% at I-405.

### Interstate 110 Traffic Counts - 2013



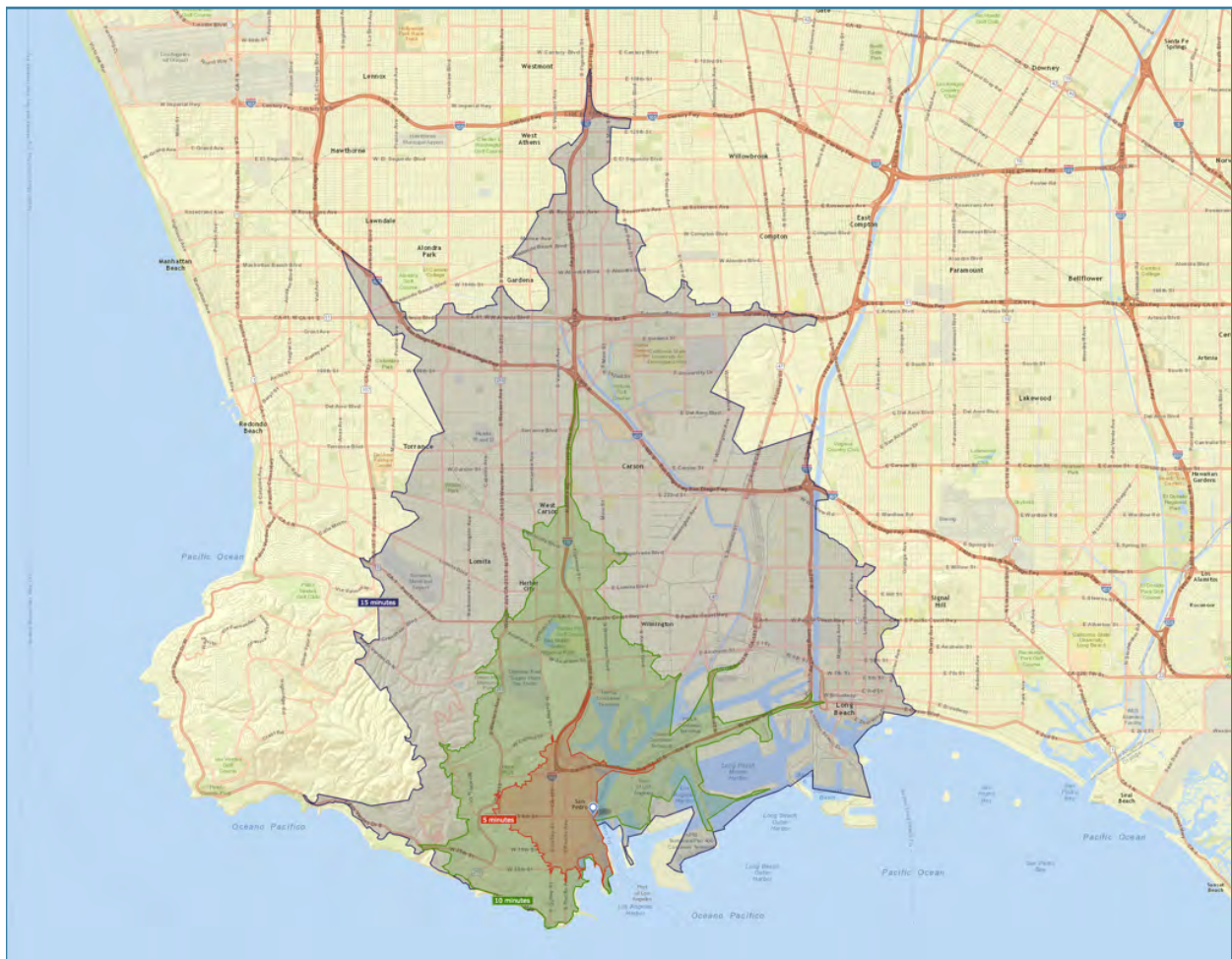
Source: CALTRANS

## Resident Market Overview

The Project location in Los Angeles County is located on the Main Channel of the Port of Los Angeles approximately 25 miles south of Downtown Los Angeles. It is located in the South Bay area of the greater Los Angeles market as well as Council District 15 in the City of Los Angeles. The site is located next to the community of San Pedro, which is part of the City of Los Angeles.

Markets for the Project have been defined by drive time. As such, market areas are impacted by the connectivity of regional freeways. Market information has been provided for the local (defined as up to 15-minute drive time) and regional (defined as 1 to 2-hour drive time). Retail tends to be correlated to local market scale whereas attractions are typically compared at a regional level.

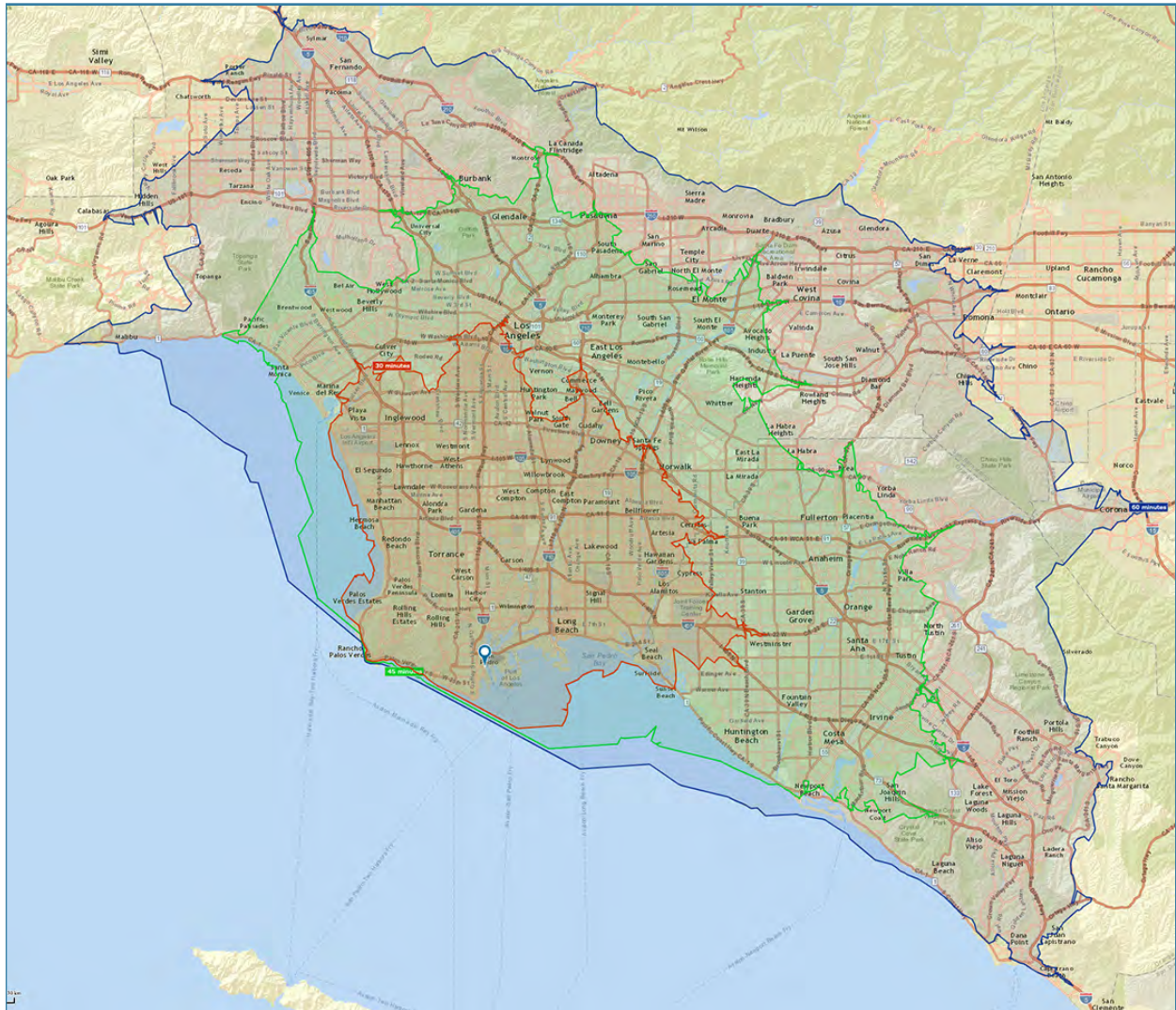
### 5, 10, 15-minute Drive Times



Source: ESRI Business Analyst



## 30, 45, 60-minute Drive Times



Source: ESRI Business Analyst

## Surrounding Developments

The Project is centered in the Port's larger master plan to focus the west bank of the Main Channel south of the Vincent Thomas Bridge to be community-friendly, visitor friendly non-industrial, and connected land uses. Key surrounding developments include:

### Marine

- ▶ Cruise Ship Terminal
- ▶ Catalina Sea and Air Terminal
- ▶ Spirit Harbor Cruises (POC)
- ▶ LA Harbor Sport Fishing (POC)
- ▶ Cabrillo Marina
- ▶ Commercial Fishing Dock
- ▶ San Pedro Downtown Harbor
- ▶ Planning ALTASEA marine institute

### Attractions

- ▶ Maritime Museum
- ▶ CRAFTED
- ▶ Pacific Battleship Center - USS Iowa
- ▶ USS Lane Victory
- ▶ Cabrillo Aquarium
- ▶ Cabrillo Beach
- ▶ Red Car Line

The waterfront area is immediately adjacent to the community of San Pedro, including the downtown commercial zone as well as residential.

Across the Main Channel, Terminal Island is a major working port, with large cargo vessels passing the site to reach berths north of the waterfront. With the port activity visible but separated from the waterfront, the Developer strategy has been to leverage port theater as an attraction and support the authenticity of the waterfront. This has been successfully incorporated in many high profile port city redevelopments such as Baltimore, Cape Town, Sydney, etc.



## Climatic Patterns

The Project experiences a coastal climate with mild winters and cooler summers with only approximately 36 days with precipitation and 13 inches of rainfall per year. The average high temperature is estimated at 75.2°F throughout the year. Temperatures peak during the summer months, and average 84°F in July and August. Winter is mild with average highs in the 60s. The coastal location generally has less fog than other coastal communities in the South Bay.

The climate is conducive to year-round operations and significant outdoor activity. While winters are cooler and can see rain, summer temperatures provide additional attraction value from the hotter inland temperatures in Los Angeles.

### Port Area Average Monthly Temperature and Rainfall

Month	Avg High Temp (F)	Avg Low Temp (F)	Precipitation (inches)
Jan	68.0°	46.0°	3.0
Feb	68.5°	48.1°	3.0
Mar	68.9°	50.4°	2.4
Apr	72.7°	53.2°	0.6
May	74.0°	57.8°	0.2
Jun	78.3°	61.3°	0.1
Jul	82.9°	64.6°	0.0
Aug	84.6°	65.6°	0.1
Sep	83.1°	63.7°	0.2
Oct	78.9°	58.3°	0.4
Nov	73.4°	50.1°	1.1
Dec	68.8°	45.3°	1.8
Average	75.2°	55.4°	12.9

Source: Weatherbase

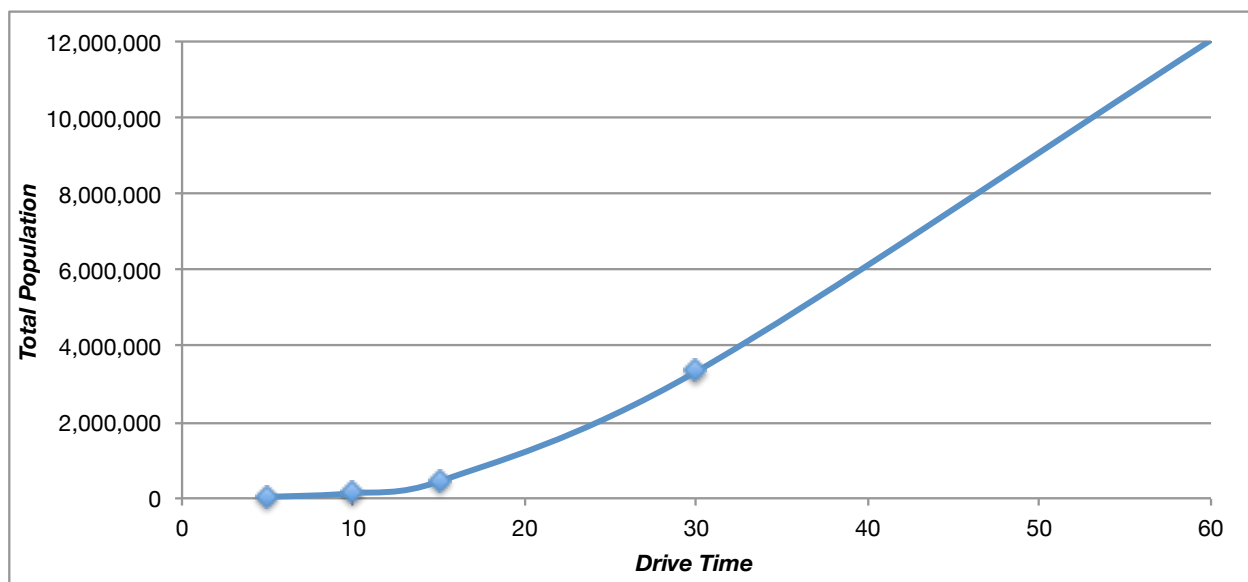
## Resident Market Overview

The following table provides a summary of key demographic and market profiles. In general, the local market is relatively modest, but grows significantly by the 30-minute drive time. Beyond 30 minutes, the market grows to include most of Los Angeles County and into Orange County.

### Market Demographic Summaries

Characteristics	5-min	10-min	15-min	30-min	60-min	LA County
Population 2014(e)	29,851	136,008	444,985	3,331,932	12,039,658	9,969,834
Population 2019(p)	31,073	140,166	457,206	3,413,332	12,392,317	10,224,998
CAGR <sup>1</sup> (2014-2019)	0.81%	0.6%	0.54%	0.48%	0.58%	0.51%
Household Size	2.79	2.87	2.95	3.16	2.98	2.98
Housing Units -Owned	18.2%	39.3%	41.9%	42.8%	44.4%	43.0%
Housing Units -Rented	73.4%	54.1%	51.6%	51.2%	49.8%	50.8%
Housing Units - Vacant	9.1%	6.5%	6.5%	6.0%	5.8%	6.1%
Median Home Value	\$314,474	\$368,444	\$367,820	\$368,122	\$423,762	\$390,437
Median HH Income	\$28,868	\$48,645	\$49,657	\$49,656	\$56,485	\$53,372
Median Age	32.2	34.9	35.6	33.4	35.5	35.1
Ethnicity-White	47.9%	54.5%	43.6%	42.4%	51.7%	50.3%
Ethnicity-Non-white	52.1%	45.5%	56.4%	57.6%	48.3%	49.7%
Hispanic Origin (Any Race)	67.9%	57.5%	48.8%	51.5%	45.4%	47.7%
Education-HS or Advanced	63.9%	73.7%	76.5%	72.8%	77.5%	76.4%

1 - Compound Annual Growth Rate Source: ESRI Business Analysis



## Age

The local market age distribution is fairly consistent with the regional market. However, the 30-min drive time market skews younger with more school age children and young adults.

### Primary Market Age Distribution (2014)

Cohort (thousands)	Travel Times (min)		
	<15	<30	<60
Total	445.0	3,331.9	10,039.7
Under 15	20.1%	21.3%	19.5%
15-24	14.6%	16.1%	14.9%
25-34	14.6%	14.9%	15.4%
35-44	13.3%	13.2%	13.7%
45-54	13.5%	13.1%	13.6%
55-64	11.4%	10.5%	11.2%
65+	12.5%	10.9%	11.7%
Median Age	35.6	33.4	35.5

Source: ESRI Business Analyst

## Demographic Characteristics

Currently, the local market and 30-minute market skews to more ethnic diversity. The regional market is still ethnically diverse with the White population just above 50 percent of the total population.

### Market Projected Population by Ethnicity (2014)

Cohort	Travel Times (min)					
	<15		<30		<60	
	Persons		Persons		Persons	
White	190,454	42.8%	1,392,748	41.8%	6,104,106	50.7%
Black	41,384	9.3%	499,790	15.0%	818,697	6.8%
Native American	4,005	0.9%	23,324	0.7%	84,278	0.7%
Asian American	75,203	16.9%	366,513	11.0%	2,022,662	16.8%
Pacific Islander	4,895	1.1%	19,992	0.6%	36,119	0.3%
Other (Single Race)	104,572	23.5%	869,634	26.1%	2,528,328	21.0%
Multi-racial	24,474	5.5%	159,933	4.8%	553,824	4.6%
<b>Total</b>	<b>444,986</b>		<b>3,331,932</b>		<b>12,039,656</b>	
Hispanic Origin (Any Race)	217,153	48.8%	1,749,264	52.5%	5,574,361	46.3%

Source: ESRI Business Analyst

## Income

The local and 30-minute market skews to a lower household income with higher density of households with less than \$15,000 in annual income and fewer with household with greater than \$150,000. The middle class incomes are generally similar.

### Market Projected Household Income (2014)

Cohort	Travel Times (min)					
	<15		<30		<60	
	Households		Households		Households	
< \$15k	21,630	14.6%	151,905	14.6%	492,350	12.4%
< \$25k	16,148	10.9%	108,207	10.4%	365,292	9.2%
< \$35k	16,148	10.9%	112,368	10.8%	385,145	9.7%
< \$50k	20,593	13.9%	149,825	14.4%	524,114	13.2%
< \$75k	24,741	16.7%	171,674	16.5%	647,202	16.3%
< \$100k	16,741	11.3%	110,287	10.6%	460,585	11.6%
< \$150k	19,852	13.4%	133,177	12.8%	579,702	14.6%
< \$200k	6,222	4.2%	49,942	4.8%	238,234	6.0%
> \$200k	6,222	4.2%	53,063	5.1%	277,939	7.0%
<b>Total</b>	<b>148,150</b>		<b>1,040,448</b>		<b>3,970,562</b>	
<b>Average HH Income</b>	<b>\$69,703</b>		<b>\$72,337</b>		<b>\$82,660</b>	

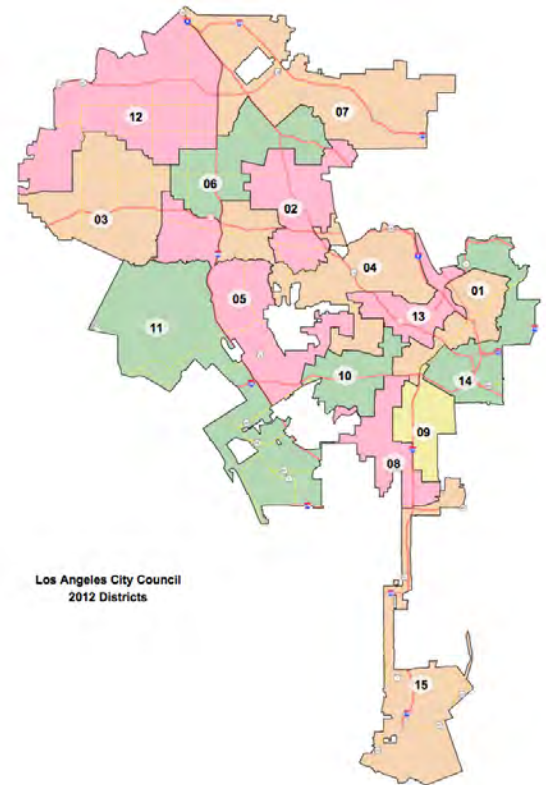
Source: ESRI Business Analyst

## Employment

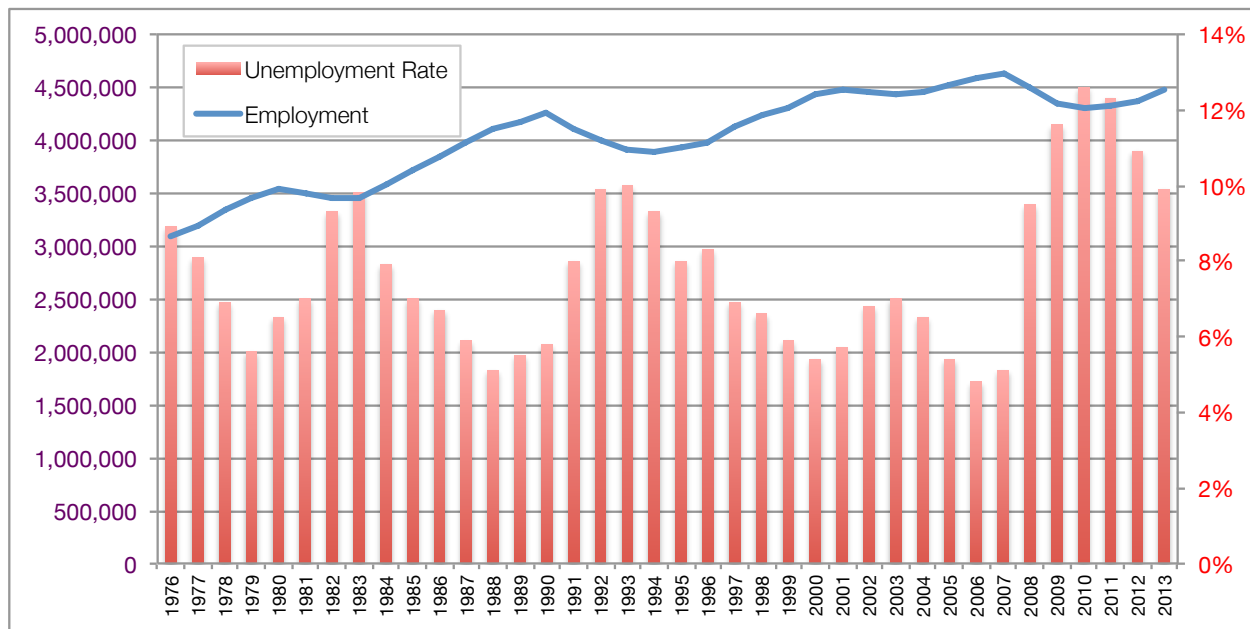
Los Angeles employment had been impacted by the financial crisis in 2008/09, and has yet to fully recover. Los Angeles Council District 15, which includes the Port and San Pedro community, has seen a slight downward trend in jobs after a major increase (11.6%) in 2010. Overall, unemployment is higher than long-term averages in Los Angeles County, but job growth has been positive for the past three years.

## Selected Employment Statistics (2013)

LA Coucil District	Employment	Unemployment Rate
LA District 1	90,011	
LA District 2	56,776	
LA District 3	97,767	
LA District 4	93,182	
LA District 5	187,328	
LA District 6	71,217	
LA District 7	47,345	
LA District 8	15,421	
LA District 9	66,276	
LA District 10	63,177	
LA District 11	153,097	
LA District 12	97,425	
LA District 13	86,436	
LA District 14	314,098	
LA District 15	56,577	
<b>Los Angeles City</b>	<b>1,496,133</b>	<b>10.9%</b>
<b>Long Beach City</b>	<b>240,300</b>	<b>10.9%</b>
<b>Los Angeles County</b>	<b>4,960,300</b>	<b>9.9%</b>



## Los Angeles County Employment Trend



Source: California Employment Development, LA Chamber of Commerce

## Local Market Comparison

PFA compared the Project's local market with competitive and benchmark locations in the greater Los Angeles area. Due to the limited residential market adjacent to the Port operations, the Project's local market (defined in the comparison as the 15-min drive time trade area) is considerably smaller in population to all the selected benchmarks. The differential is compounded when reviewed from a perspective of aggregate trade area income.

## Market Demographic Comparison

*2014, 15-minute Drivetime*

Characteristics	Project	Downtown Long Beach	Redondo Beach Waterfront	Santa Monica Waterfront	CityWalk	LA Live	Downtown Disney
Population	346,455	665,660	444,378	508,413	1,052,259	2,054,048	1,077,520
Average Household Income	\$71,158	\$65,899	\$105,297	\$99,872	\$70,127	\$53,173	\$72,518
Per Capita Income	\$24,046	\$22,355	\$39,998	\$46,735	\$32,825	\$17,804	\$20,538
Aggregate Income (millions)	\$8,330.9	\$14,880.8	\$17,774.2	\$23,760.7	\$34,540.4	\$36,570.3	\$22,130.1
Average Age	35.6	33.3	39.8	38.3	36.6	32.9	32.9

Source: ESRI Business Analysis



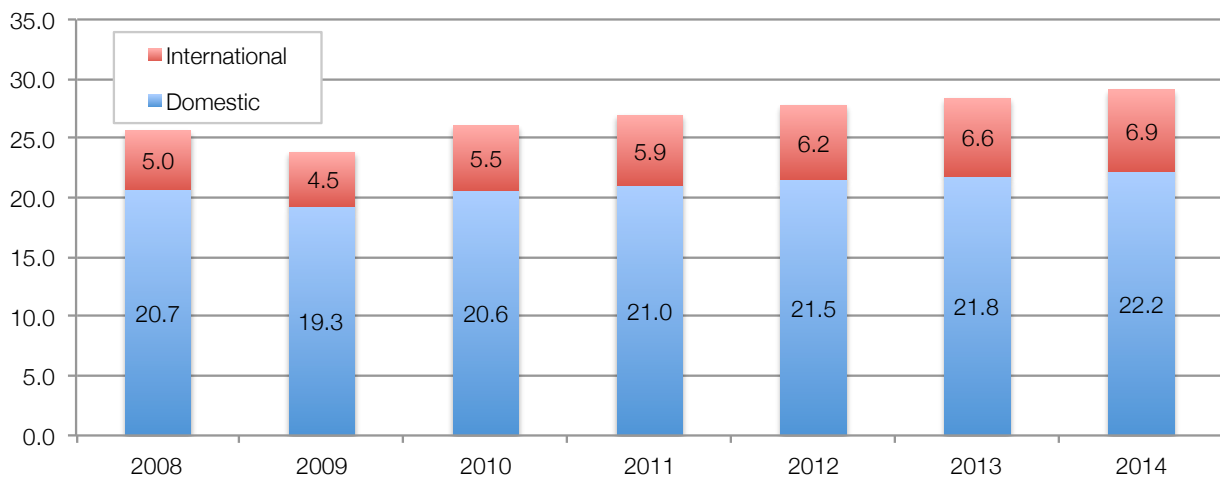
## Tourist Market Overview

The Project will operate within the context of a significant regional tourist market. This section provides an overview of the regional and local tourist market volume and characteristics.

### Los Angeles Tourism Overview

Los Angeles is one the most visited cities in the United States, drawing both domestic and international visitors for business and leisure. With its position as a world entertainment capital and home to major movie studios and major attractions such as Disneyland, Los Angeles attracts nearly 30 million overnight visitors.

**Los Angeles Overnight Visitor Trend**



Source: Los Angeles Convention & Visitor Bureau

In addition to overnight visitors, there are approximately 13 million daytrip visitors to Los Angeles, generally coming from the greater Southern California market. Because the majority of these guests are in the two-hour drive time, they are included in the resident market.

The domestic overnight visitor market has been growing at a rate of less than 1 percent annually, while the rate of international visitation growth has been nearly 5 percent.

CAGR (2008-2011)	
Domestic	0.4%
International	4.7%

## Visitor Characteristics

Approximately three quarters of the domestic overnight visitors to Los Angeles are leisure visitors with the remainder on business travel. Approximately one-fifth of business visitors are convention or conference visitors. Slightly over half of overnight visitors stay in paid accommodations (e.g. hotels) with the remainder staying with family and friends in the area. Two thirds of overnight visitors drive to Los Angeles, generally from California, Arizona and Nevada. The remainder arrive via flights to the major regional airports.

### Los Angeles Domestic Visitors Characteristics

	2008	2009	2010	2011
<b>Domestic Overnight (millions)</b>	<b>20.7</b>	<b>19.3</b>	<b>20.6</b>	<b>21.0</b>
Leisure	72%	77%	75%	76%
Business	28%	23%	25%	24%
<i>Convention</i>	7%	5%	5%	5%
<i>Transient Business</i>	21%	18%	20%	19%
Paid Accommodation	57%	56%	55%	56%
Private Accommodation	43%	44%	45%	44%
Drive	55%	61%	62%	66%
Fly	45%	39%	38%	34%

Forty percent of International visitation to Los Angeles is from the neighboring countries of Canada and Mexico. The remaining 60 percent are from overseas broadly distributed across many nations and continents. Approximately one fifth of international visitors are business travelers.

### Los Angeles International Visitor Origins

	2008	2009	2010	2011
<b>International Overnight (millions)</b>	<b>5.0</b>	<b>4.5</b>	<b>5.5</b>	<b>5.9</b>
Canada	10%	11%	11%	11%
Mexico	33%	34%	28%	27%
Total Overseas	56%	55%	61%	61%
China	3%	4%	5%	6%
Taiwan	2%	2%	2%	2%
Japan	6%	5%	5%	5%
South Korea	3%	4%	5%	4%
Australia	5%	5%	7%	7%
UK	7%	6%	6%	6%
Germany	4%	4%	4%	4%
France	4%	4%	5%	6%
Brazil	0%	1%	1%	2%
Other	22%	20%	22%	21%

The following table provides additional information on hotel performance in Los Angeles County. There are nearly 100,000 hotel rooms. Occupancy rates have recovered and have been above 75% since 2011. Average Daily Rates (ADRs) have recovered and were estimated at over \$162 in 2013.

### Los Angeles County Hotel Statistics

Year	Rooms	Room Nights	Occupancy	ADR
2008	97,288	26,499,887	74.4%	\$154.33
2009	96,380	23,827,480	67.7%	\$137.06
2010	95,354	24,894,983	71.5%	\$138.98
2011	99,220	27,176,853	75.0%	\$147.07
2012	98,136	27,408,285	76.3%	\$156.11
2013	98,468	27,907,428	77.6%	\$162.53

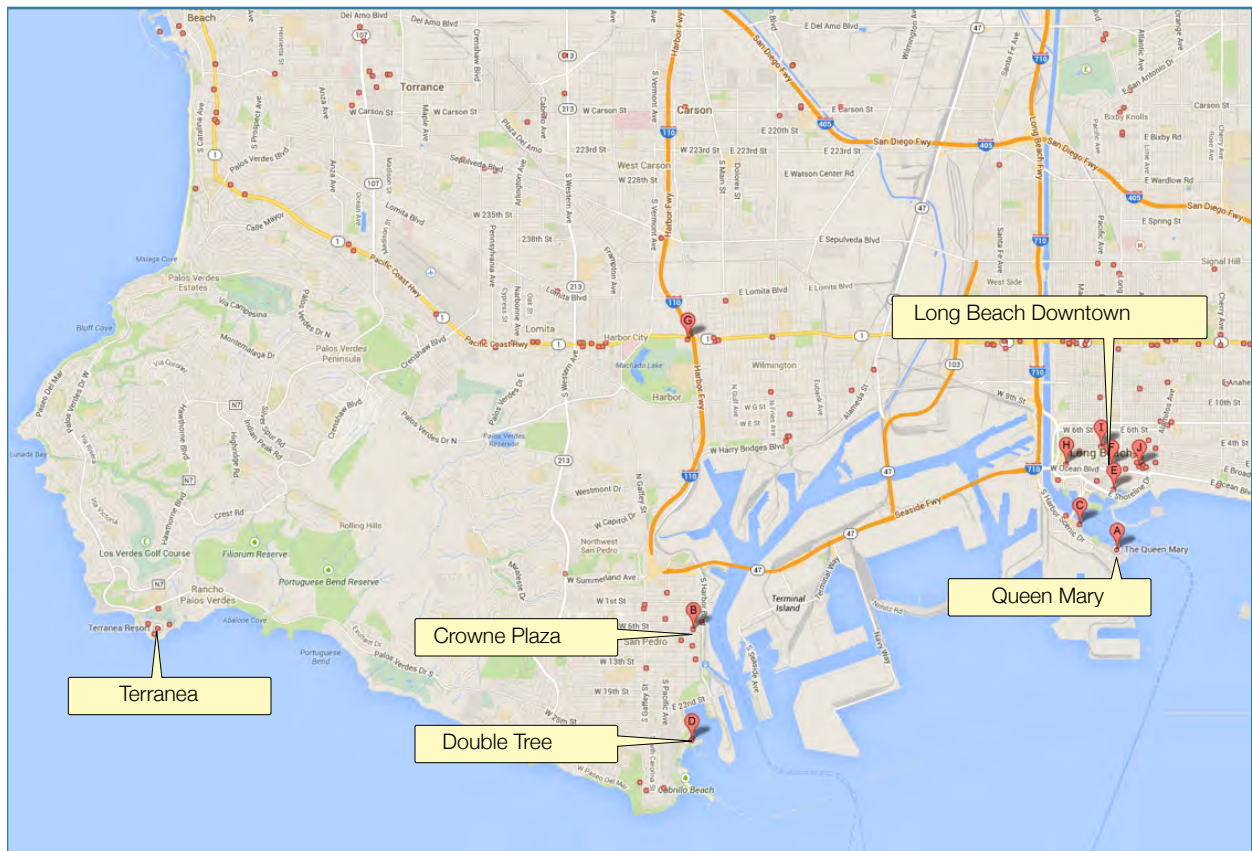
Source: PKF Consulting

## Local Market

In the context of the greater Los Angeles tourist market, San Pedro and the Los Angeles Waterfront competes with many waterfront destinations as well as Orange County. Similar waterfront destinations include: Malibu, Santa Monica, Venice, Marina Del Rey, Manhattan Beach, Hermosa Beach, Redondo Beach, Palos Verdes Peninsula, Long Beach, Seal Beach, and Huntington Beach. Many of the waterfront destination visitors are regional residents from inland locations, but also include regional and international visitors.

The local hotel market in San Pedro provides a proxy to the market draw of overnight visitors. The local market consists of two major hotels - the Crowne Plaza and Doubletree. The remainder are smaller independent and moderate quality chains.

### Local Hotel Locations



Source: Google and Pro Forma Advisors

There are approximately one thousand hotel rooms with four miles of the Project site. This represents 1.1% of the total hotel inventory in Los Angeles County. San Pedro, which is in the South Bay market, accounts for one-sixth of the total in the South Bay. Long Beach has approximately 4,000 hotel rooms. The largest hotel markets are adjacent to Los Angeles International Airport (LAX) and the Beverly Hills/West LA market.

## Los County Hotel Market Share

Market	Rooms	Market Share
San Pedro (part of South Bay)	1,073	1.1%
South Bay	6,065	6.2%
Downtown	5,553	5.6%
Long Beach	4,047	4.1%
Airport	10,808	11.0%
Santa Monica	2,834	2.9%
Marina Del Rey	1,318	1.3%
BH/WLA	8,148	8.3%
Hollywood	1,706	1.7%
W Hollywood	1,854	1.9%
Pasadena	1,657	1.7%
Arcadia/Monrovia	975	1.0%
San Fernando Valley	5,660	5.7%
Thousand Oaks - Agoura Hills	1,795	1.8%
San Gabriel Valley	1,648	1.7%
Santa Clarita	1,429	1.5%
Other LA County	42,972	43.6%
<b>Total</b>	<b>98,468</b>	<b>100.0%</b>

Source: PKF Consulting

## Local Hotel Inventory

Property	Distance	Rooms	STR Classification
All Star Inn	0.4	25	Independent
Vagabond Inn San Pedro	0.4	73	Midscale
Best Western Plus San Pedro Hotel & Suites	0.5	60	Upper Midscale
<b>Crowne Plaza Los Angeles Harbor Hotel</b>	<b>0.6</b>	<b>244</b>	<b>Upscale</b>
Sunrise Hotel	0.7	110	Independent
Americas Best Value Inn Rancho Palos Verdes	1.3	30	Economy
<b>Doubletree Hotel San Pedro</b>	<b>1.4</b>	<b>226</b>	<b>Upscale</b>
Pacific Inn	1.8	20	Independent
Hotel Del Mar	3.5	24	Independent
Pleasant Holiday Motel	3.7	30	Independent
Harbor Inn Hotel & Suites	3.7	36	Independent
Rose Inn	3.8	26	Independent
Best Western Los Angeles Worldport Hotel	3.8	72	Midscale
Rodeway Inn & Suites Pacific Coast Highway	3.8	33	Economy
Islander Motel	3.8	22	Independent
Crescent Inn	3.9	22	Independent
West Coast Inn Motel	3.9	20	Independent

Source: STR and Pro Forma Advisors

## Local Market Attractions Review

This section provides additional information about the local market attractions.

### World Cruise Center

The Port of Los Angeles hosts the World Cruise Center at the north end of the San Pedro Waterfront. The terminal features two terminal buildings, a 70,000-foot ClearSpan tent structure, three passenger processing areas, expedited U.S. Customs security clearance and baggage handling, secured overnight parking, passenger shuttles. Additional technical specifications include:

- ▶ Land area: 18 acres
- ▶ Total berth length: 2,850'
- ▶ Berths: 3
- ▶ Height: 15'
- ▶ Water depth: 37'

More than a dozen cruise lines call at the Port of Los Angeles throughout the year, and the following cruise lines have regular ship calls during the 2014-2015 cruise season:

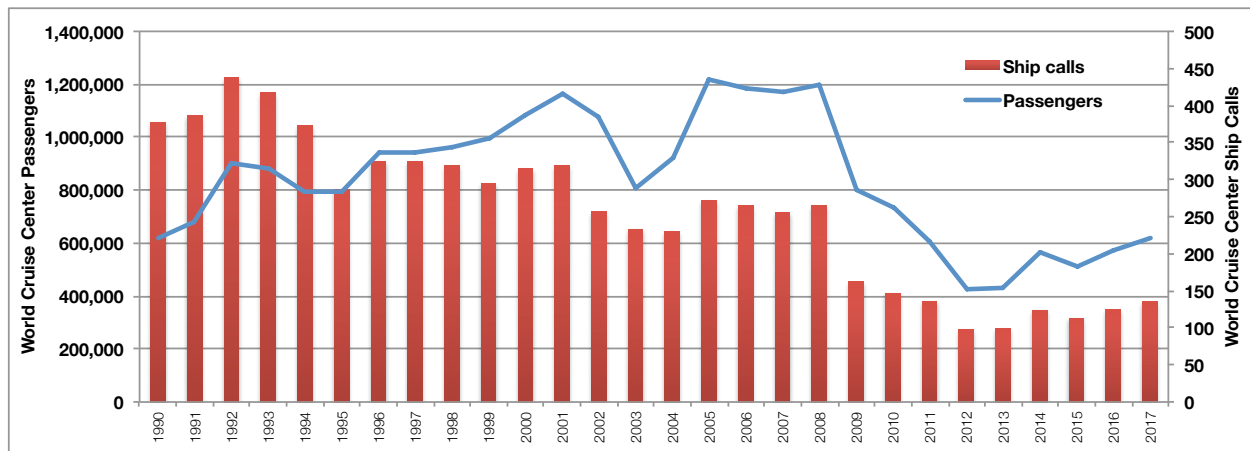
- ▶ Azamara Club Cruises: Azamara Quest
- ▶ Celebrity Cruises: Celebrity Century
- ▶ Crystal Cruises: Crystal Symphony
- ▶ Disney Cruise Line: Disney Wonder
- ▶ Norwegian Cruise Line: NCL Star, NCL Sun, NCL Pearl, NCL Jewel
- ▶ Princess Cruises: Sapphire Princess, Golden Princess, Island Princess, Star Princess, Coral Princess, Crown Princess

In 2013 the Port handled 99 ship calls totaling 430,189 passengers. The Ports' major homeport cruise customer is Princess Cruises Lines (Princess). In 2014 Princess will represent approximately 75% of the Ports' cruise business with an estimated 82 calls and 414,000 passengers.

Between 2005 and 2008 Port hosted approximately 1.1 million passengers annually. This dropped approximately 65% in by 2012 due to the economic downturn, perceived safety issues in Mexico and low profit margins. During this time, three cruise lines ended services to the Mexican Riviera (Norwegian Cruise Line, Royal Caribbean and Disney Cruise Line). In 2003, Carnival Cruise Line moved from the POLA when they opened their own terminal in Long Beach. In 2014, their estimated business is 210 ship calls and 975,000 passengers.

Long-term forecasts for the cruise industry project a slow growth in passenger volume over the next 10 to 20 years, coupled with a continuing trend in the construction and deployment of larger ships that require more berth space and more room to navigate while in port. The Port's proposed expansion of cruise operations through the construction of an Outer Harbor cruise terminal will offset the existing berth and landside facility constraints in the Inner Harbor and more easily accommodate the navigational needs of larger ships.

## POLA Cruises and Passenger Trend



Source: Port of Los Angeles

### Impact on Project

Cruise passengers are a good incremental market source for the Project. The major source of passengers for the current cruises is the Los Angeles, San Francisco Bay area, Phoenix and Las Vegas areas. The current cruise lines tend to target moderate to higher spending guests. While local passengers may arrive timed to departure, longer distance travels may have more time to potentially visit the Project. In particular, overnight visitors would be a good market source, but limited inventory in local hotel rooms may moderate the opportunity. Cruise operators have indicated willingness to promote additional attractions near the terminal if they match customers quality and safety expectations. However, the cruise line business model -- all inclusive -- tends to limit the mindset of customers to make additional out-of-pocket expenditures.

### Catalina Sea and Air Terminal

The Port of Los Angeles hosts the Catalina Sea and Air Terminal adjacent to the World Cruise Center, which is one of the ports serviced by Catalina Express ferry service. The terminal features passenger ferry terminal building with deli, lounge, sightseeing kiosks, brochure racks and ATM; passenger processing areas, baggage handling, secured overnight parking as well as the Island Express helipad. Additional technical specifications include:

- ▶ Land area: 1.6 acres
- ▶ Total berth length: 300'
- ▶ Berths: 5
- ▶ Height: 10'
- ▶ Water depth: 53'

Catalina Express services approximately one million passengers annually to Catalina through its Long Beach, San Pedro and Dana Point ports. Based on schedules, approximately one-third of passengers use San Pedro (22 weekly departures), while Long Beach is half (36 weekly departures).

## Impact on Project

The 300,000 plus passengers on Catalina tend to be drawn from the same regional market as the Project. Guests will tend to time arrival to the ferry schedule. Most guests are on overnight trips to Catalina and have luggage. Early arrivals may have limited time to spend before departure.

## Maritime Museum

The Los Angeles Maritime museum is located on the north boundary of the Project. The museum is housed in the former San Pedro Municipal Ferry Building, which ceased operation in 1963, coinciding with the construction of the Vincent Thomas Bridge. The museum is approximately 75,000 square feet and features more than 200 ship and boat models, a variety of navigational equipment and an operating amateur radio station. Historical references cover the fishing industry, tall ships, commercial shipping, U.S. Navy, Merchant Marine and recreational sailing. Hours of operation are from 10 a.m. to 5 p.m., Tuesday through Saturday, and from 12 to 5 p.m. on Sunday. Donations are suggested for admission: \$3 for adults, \$1 for seniors and children are free.

The museum visitation is approximately 80,000 annual visitors. While a redeveloped POC may benefit the Museum, the limited attendance volume and typical visitor profile (youth/school groups) moderates retail spend potential.

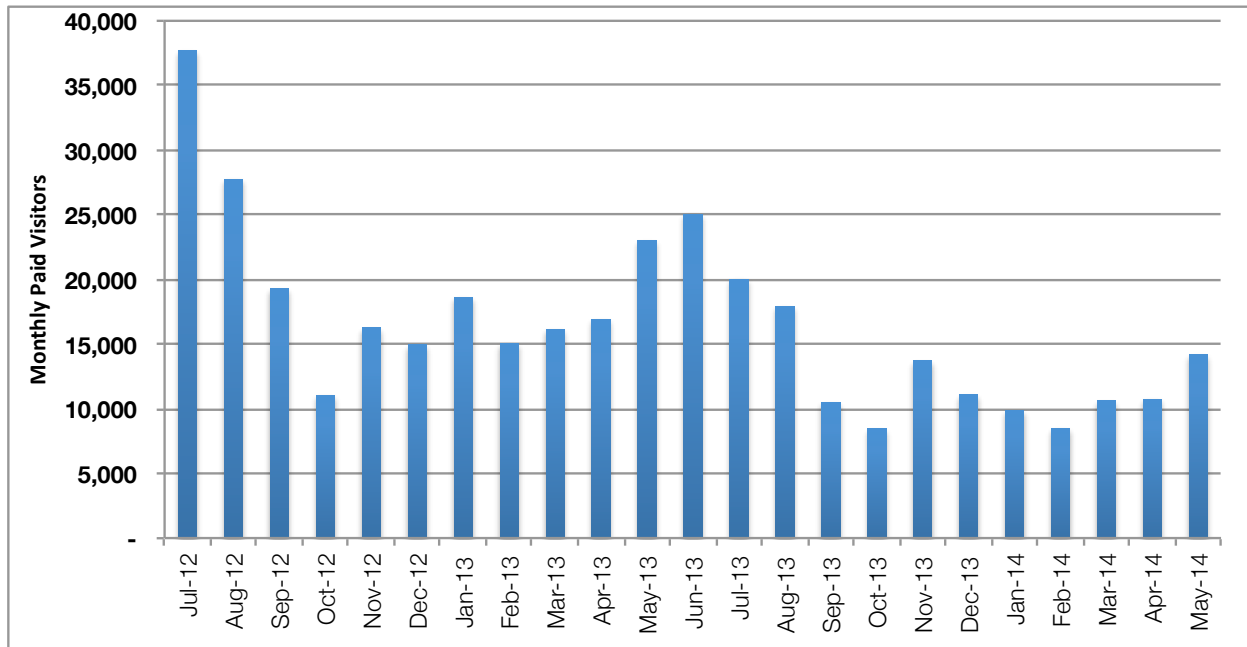




## Pacific Battleship Center - USS IOWA

Commissioned in 1943, the namesake of the Iowa class of battleships took part in every major military conflict from World War II until the post-Cold War period when it was decommissioned in 1990. This historic vessel is now a floating museum operated by the Pacific Battleship Center. The Center opened in 2012 with first year attendance of approximately 235,000 visitors. Since the opening year, visitation has trended down, with approximately 160,000 visitors in the previous 12 months.

**PBC USS Iowa Paid Visitor Trend**



Source: Port of Los Angeles

The current length of stay with their existing programs is about one hour and 45 minutes. They have discovered that a “forced self-guided pass” is the best model for keeping people moving, while still guiding them through the full ship experience. The Center plan calls for overnight stays beginning in November of this year, which are major attendance draws at similar ship museums.

### Origin of Visitors:

Initially, the majority of visitation came from Orange County, which was consistent with initial marketing efforts focused on attracting veterans. Currently, the Center is focusing more on families, and more people are coming from Los Angeles County.

A recent analysis of visitors by origin is approximately as follows, noting that approximately half appear to be locals within a 50-mile driving radius, and half are from tourists with origins further away. International visitation is limited.

## USS Visitor Origin Survey

Origin	Percentage
1-10 Miles	11%
11-20 Miles	11%
21-30 Miles	12%
31-40 Miles	8%
41-50 Miles	5%
In-State, Beyond 50 Miles	14%
National, Out-of-State	36%
International	3%

The Center hours of operations are 10-4 every day, with an adult ticket price of \$18. The current admission yield is approximately \$13 per visitor, with an additional spend of \$1.50 (11% of admission). The Center also receives approximately \$1M in donations and \$400,000 through events, rentals, filming, etc.

### Impact on Project

The USS Iowa has limited attendance but offers a high profile and unique attraction adjacent to the Project. The draw of the Project from beyond the local market is similar to POC. However, visitors currently have modest spending profiles and the separate paid parking may reduce potential crossover visitation.

## CRAFTED

CRAFTED AT THE PORT OF LOS ANGELES is a large-scale permanent handmade artisan marketplace. The classically restored 1940's-era Warehouse No 10 currently leases 10x10 spaces to approximately 127 individual artists, crafters and food makers. The 80,000 square foot facility can support 500 tenants. Currently, 25,000 square feet of space is used for events.

Hours of operation are Friday to Sunday from 11-6. Admission and parking are free, with an estimated length of stay of 45 minutes. Annual visitation is approximately 90,000 visitors. Current visitation is generally from the South Bay but due to target market and separation from the Project, there is not believed to be much overlap of visitors.

Brouwerij West is a new tenant that is renovating the adaptive reuse of Warehouse No 9 next to CRAFTED, as a 15,000-barrel regional brewery with tours and tastings. The east half of Warehouse 9 is planned as artisanal food maker's space, with a community kitchen, shared kitchen space, epicurean delights and small restaurant experiences, a floral studio and a farm-fresh produce stand, currently in the conceptual design stages.



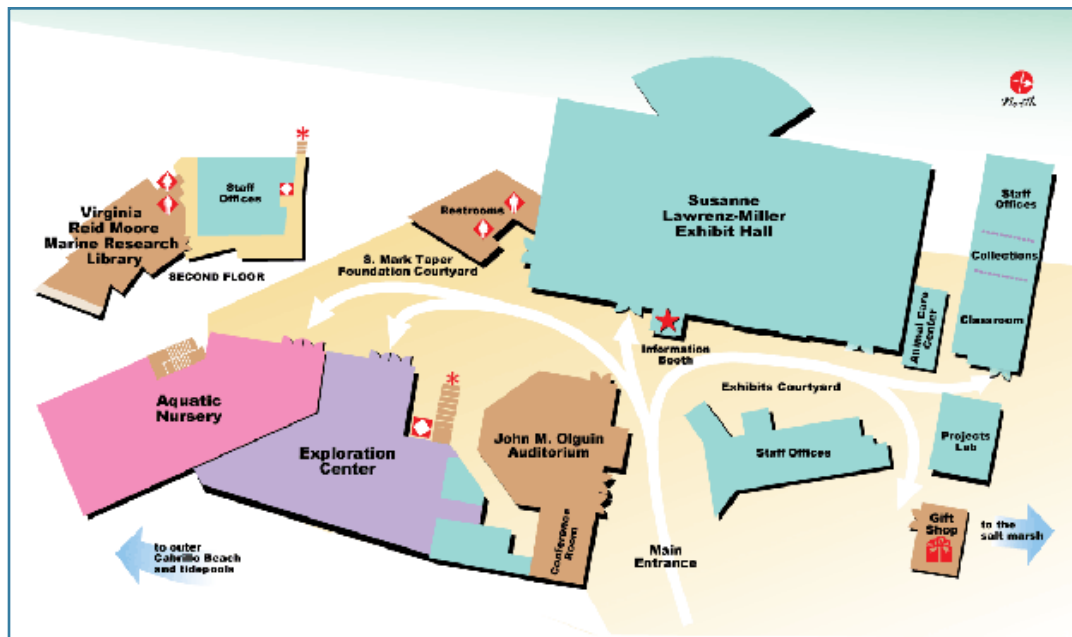
### Impact on Project

CRAFTED currently has limited visitation relative to the Project and is disconnected with a separate parking lot and no pedestrian connection. However, the larger size may allow significantly more visitation in the future. The South Bay target market should have more overlap with a redeveloped POC as new additional tenants draw relate to a broader market.

## Cabrillo Marine Aquarium

The Cabrillo Marine Aquarium is a 40,000 square foot educational, recreational, and research facility devoted to the marine life of Southern California. The Aquarium is a facility of the City of Los Angeles Department of Recreation and Parks. Admission to the Aquarium is free with a suggested admission donation of \$5 for adults and \$1 for children. Hours of operation are noon to 5 p.m., Tuesday through Friday, and from 10 a.m. to 5 p.m. on weekends.

Current visitation is approximately 300,000 annual visitors. Approximately 150,000 are general admission, with 100,000 school tour groups with free admission.



## Impact on Project

With the limited attendance, large distance from the Project, and the limited spending potential of the current guests, the Aquarium is not expected to be a major source market for the Project.

## Red Car Line

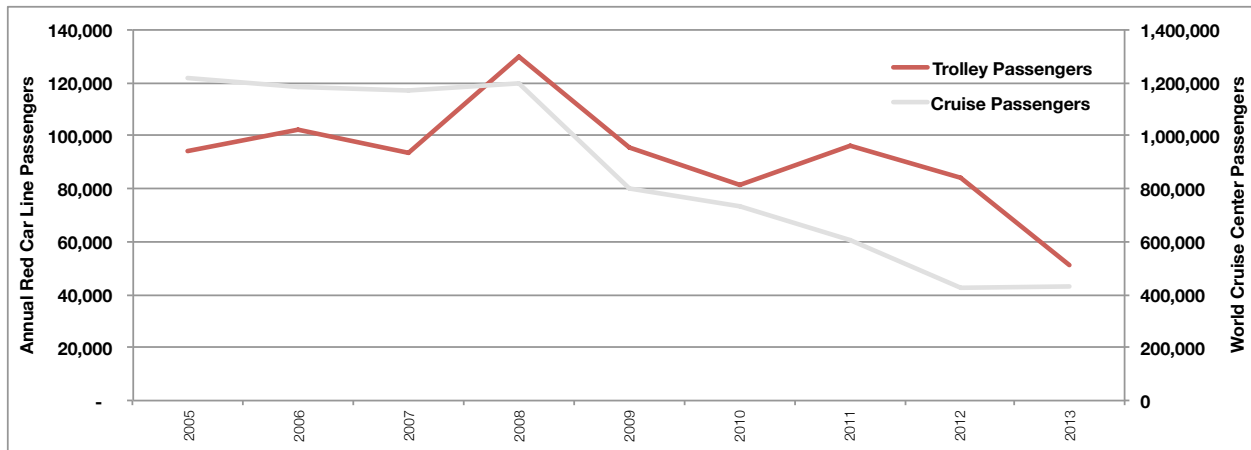
The Waterfront Red Car Line is a 1.5-mile vintage trolley line connecting the World Cruise Center with attractions along the San Pedro waterfront. Restored and replicated Pacific Electric Red Cars were designed to serve the area with both transportation and enjoyment purposes.

Inaugurated on July 19, 2003, the four Red Car boarding points are at the World Cruise Center, Downtown, Ports O' Call, and Marina stations. Red Car hours of operation are from noon to 9 p.m., Friday through Sunday. The \$1 fare includes unlimited rides for the day.

Ridership has trended down from over 100,000 to approximately 80,000, somewhat correlated to the decrease in cruise passengers. (Note 2013 had 2.5 months of non-operation from construction.)



**Red Car Line Annual Ridership**



Source: Red Car Line

## Impact on Project

Given the limited connectivity, the Red Car Line operates primarily as an attraction. While not a major source market for the Project, the Red Car Line is a unique and moderately priced attraction that is complementary to the Project.

## AltaSea (Planned)

AltaSea is a planned development of a 28-acre marine research and interpretive center on a site formerly utilized for port warehouses and wharf space. The site would be redeveloped into an educational marine research campus with an approximately 20,700 square foot public interpretive center, promenade and tidal gardens (Berth 56), a state of the art sea water circulation and filtering system to support water dependent research uses, and approximately 230,100 square feet (Berths 57-60) of lab and related office space for students, scientists, researchers, and business incubators. Future development plans anticipate build out of an additional 150,500 square feet (Berths 70-71), which would support additional marine research related office, lab, and meeting spaces.

The facility is planned to include:

- ▶ 4,100 linear feet of waterfront dock and wharf space with direct harbor and ocean access.
- ▶ Multiple deep draft berths to accommodate large research vessels.
- ▶ Circulating seawater and marine life support system throughout the facility.
- ▶ Flexible and expandable research, analysis and teaching laboratories located directly on the harbor to allow immediate water access for marine science programs.
- ▶ Over 400,000 square feet of clear span adaptable research and development space for scientists, researchers, business incubators and entrepreneurs.
- ▶ Common support facilities including analytical sea-water lab, machine shop, dive locker and vessel maintenance.
- ▶ Interpretive Center and Tidal Habitat Gardens for school field trips and community outreach.
- ▶ Auditorium and classrooms for education and community programming.
- ▶ Public harbor promenade, café, gift shop and dedicated open space.



AltaSea, in a Summary of Fiscal Benefits Analysis, projected a total to 425 Full Time Equivalent (FTE) jobs and student during ongoing operations. The Interpretive Center, at 20,000 square feet, is modest in scale. Visitation is projected at 300,000 with free admission. The target market for the Interpretive Center is school groups, with the potential to join with other attractions to provide longer programs.

### **Impact on Project**

As an ongoing business operation with a limited visitor component, the more direct opportunity for the Project is from potential employee spending.

## Attraction Analysis

The feasibility of the themed attraction component of the Project is analyzed in this section. The methodology for this analysis is:

- ▶ Benchmark Attraction Review - Because the themed attraction is not finalized, PFA researched a broad range of themed attractions that met initial requirements and specific categories of benchmarks that illustrated the possible and likely theme attraction types were selected and reviewed in detail.
- ▶ Themed Attraction Scenarios Development - Three generalized scenarios of themed attraction type/scale that illustrate performance characteristics of themed attractions. The scenario characteristics primarily differed in scale and investment.
- ▶ Attendance Analysis - PFA performed a penetration rate analysis to project specific attendance estimates for each of the three scenarios. The estimated penetration rates are applied to the Project's available market to create specific attendance projections for each Themed Attraction scenario.
- ▶ Refined Planning Parameters - Using the scenario attendance projections, PFA refined the Themed Attraction planning parameters using benchmarks and industry standards.
- ▶ Pro Forma Financial Analysis - Using the attendance projection and refined planning parameters, PFA created a pro forma financial model for each of the Themed Attraction scenarios.
- ▶ Theme Attraction Findings/Recommendations - Based on the projected financial performance, as well as additional considerations, PFA has summarized findings and recommendations related to the Financial Feasibility of the Themed Attraction Scenarios.

## Benchmark Attraction Review

Due to the preliminary nature of the planning process, the identity and concept of the attractions has not yet been finalized. PFA was shown illustrative location-based entertainment concepts from different 'brands' that illustrate the initial type and scale of attraction contemplated by the Developer. Because these were only concepts and not fully presented as designs or currently operating facilities, these concepts are not under direct study.

### Preliminary Concept Characteristics

In order to analyze the financial feasibility of the Themed Attraction in the Project, a general concept is required. Within the framework of existing themed attraction benchmark facilities, the initial step is to identify a range of reasonable benchmark categories and candidates. Based on discussions with the Developer, the Client, PFA proceeded with the analysis assuming the Themed Attraction would possess the following general characteristics:

- ▶ An indoor orientation, with likely scale range of 30,000 to up to 120,000 square feet of development.
- ▶ A theme based on an internationally-known brand/intellectual property
- ▶ A concept which would be unique in the Los Angeles market
- ▶ A commercial business model, with potential Developer support through anchor-tenant rents and/or Tenant Improvement allowance.
- ▶ The concept would have a strong educational aspect potentially allowing direct marketing to school groups.
- ▶ The concept would have attractions, exhibits and pavilions relying on interactive entertainment and technology, with a broad target age range but skewing younger (with substantial school attendance).



- ▶ Proposed in-park attractions including facilities such as dark rides, dome theaters, interactive video and technology kiosks, use of own devices, RFID.

### **General Concept Key Issues**

The success of the Themed Attraction will need to address key issues for an indoor, location-based attraction having the characteristics listed above. Without a specific Themed Attraction concept to review, the effects of these issues are not definitive and will require additional review when a specific concept is proposed.

- ▶ Demographic Target - a smaller age range tends to constrain attendance. It will be critical to understand if the demographic target is compatible with the greater Project.
- ▶ Educational Overlay - Including school groups as a significant component of attendance tends to impact commercial potential. Further, there is significant competition in the Los Angeles market with lower pricing and higher capital investment (due to philanthropy), in this space.
- ▶ Length of Stay (LOS) - A relatively short length of stay limits destination appeal, while longer lengths of stay reduce additional off-site spending.
- ▶ Pricing - Lower admission prices generally increase attendance potential but impacts a Project's commercial potential. Higher prices impact off site spending.
- ▶ Visitation pattern - It is critical to analyze when guests will show up (season, day of week, time of day) to understand benefit to greater Project.

### **Broad Review of Potential Benchmark Facilities**

Based on the key assumptions about the Project concept, PFA has identified a broad range of operating themed attractions and create generalized categories of comparable attractions. They are displayed on the following chart.

The major subgroup of themed attraction categories is indoor attractions, whether for-profit commercial ventures (the Indoor Entertainment and Smaller Indoor Theme Park categories) or non-profit ventures such as museums or corporate attractions. For museums, PFA focused on experiential museums with the types of exhibits that would deliver similar types of experiences as those envisioned in the initial Project concept.

PFA also examined Los Angeles-based benchmarks in the form of outdoor theme parks, museums, and other local attractions for context on overall pricing levels and attendance.

## Comparable Attraction Categories

Type	Examples	Relevance
Indoor Entertainment	Lego Discovery Center, Kidzania, Orbi	Indoor attractions with highly interactive and educational aspects. More focused than a theme park, and often smaller facilities targeting a 2 to 3 hour length of stay.
Corporate Attraction	Coke, Crayola Experience	Branded, interactive experiences utilizing technology to show visitors manufacturing techniques, other activities
Children's Museum	Discovery Science, etc.	Interactive museums catering to children. High degree of interactivity, beyond 'static' exhibits
Local Museums	Los Angeles	Offers performance benchmarks for museum-type attractions in Los Angeles
Experiential Museum	Music Experience, etc	Highly interactive museums that go beyond 'static' exhibits. Cater to all ages, usually with a central identifiable theme.
Large Indoor Theme Park	Mall of America's Nickelodeon Universe, Lotte World	Large indoor theme parks representing the upper end of performance benchmarks for indoor facility. Usually function as mall anchors.
Smaller Indoor Theme Park	Sanrio Puroland, Joypolis, DisneyQuest	Smaller indoor theme parks included in the set for purposes of comparability.
Local	Aquarium of the Pacific, USS Iowa	Local attractions that will be either complementary to the Project or direct competitors
Local Theme Park	Knott's, Universal	Local theme parks offering performance benchmarks for upper-end of performance characteristics in the region.

The reviewed set of potential benchmark facilities corresponding to the previous categories are displayed below, along with selected general characteristics such as attendance and ticket prices. All ticket prices for international attractions, by convention, are converted at Purchasing Price Parity (PPP), instead of nominal exchange rates, as to adjust for differences in the cost of living between countries.

## Broad Set of Potential Benchmark Facilities

Type	Location(s)	Size (SF)	Type	Attendance	Adult Ticket (USD)	Child Ticket (USD)
World of Coca Cola	Atlanta, GA	NA	Corporate Attraction	1,000,000	16	12
Corning Glass Center	Corning, NY	NA	Corporate Attraction	317,000	16	0
Kidzania	Santa Fe (Mexico), Monterrey (Mexico), Tokyo, Koshien (Japan), Jakarta (Indonesia), Lisbon (Portugal), Dubai (UAE), Seoul (Korea), Kuala Lumpur (Malaysia), Bangkok (Thailand), Manila (Philippines), Cairo (Egypt), Mumbai (India), Kuwait	70,000 to 150,000	Indoor Entertainment	500,000 to 950,000	13 to 30	19 to 45
Crayola Experience	Easton, Pennsylvania	60,000	Corporate Attraction	300,000+	16	16
DisneyQuest	Orlando, Florida	100,000	Indoor Theme Park	1,000,000	35	31
Lego Discovery Center	Atlanta, Boston, Chicago, Dallas, Kansas City, Westchester (UK), Toronto, Berlin, Oberhausen (Germany), Tokyo, Yokohama (Japan)	30,000 to 50,000	Indoor Entertainment	~400,000	11 to 23	11 to 18
BBC/Sega Orbi	Tokyo, Japan	51,000	Indoor Entertainment	1,000,000	25	13
Sesame Place	Langhorne, Pennsylvania	NA	Branded	900,000	53	53
USS Iowa	Local	NA	Local	160,000	18	8
Crafted	Local	80,000	Local	90,000	-	-
Universal Studios Hollywood	Hollywood	1,500,000	Local Theme Park	6,000,000	87	79
Disneyland	Anaheim	12,000,000	Local Theme Park	15,000,000	96	90
Knott's Berry Farm	Anaheim	6,500,000	Local Theme Park	4,000,000	40	35
Sanrio Puroland	Tokyo, Japan	211,000	Smaller Indoor Theme Park	1,133,000	32	24
Hello Kitty World	Malaysia	NA	Smaller Indoor Theme Park	500,000	39	39
Lotte World	Seoul, Korea	800,000	Large Indoor Theme Park	6,600,000	55	43
Nickelodeon Universe	Mall of America	300,000	Large Indoor Theme Park	3,000,000	31	31
Kidspace Museum	Pasadena	45,000	Children's Museum	200,000	11	11
Discovery Science Center	Santa Ana	59,000	Children's Museum	450,000	17	13
Pretend City Children's Museum	Irvine	28,000	Children's Museum	175,000	13	13

Type	Location(s)	Size (SF)	Type	Attendance	Adult Ticket (USD)	Child Ticket (USD)
Children's Museum at La Habra	La Habra	10,000	Children's Museum	95,000	8	8
Zimmer Children's Museum	Los Angeles	10,000	Children's Museum	50,000	7	7
Skirball Cultural Center - Noah's Ark	Los Angeles	148,000	Children's Museum	250,000	10	5
California Science Center	Los Angeles	400,000	Science Museum	1,600,000	0	0
Children's Museum Indianapolis	Indianapolis	472,000	Children's Museum	1,200,000	20	15
Port Discovery	Baltimore	80,000	Children's Museum	265,000	15	15
Boston Children's Museum	Boston	88,000	Children's Museum	576,000	14	14
Brooklyn Children's Museum	Brooklyn	102,000	Children's Museum	250,000	9	9
COSI: Center of Science & Industry	Columbus	320,000	Children's Museum	628,000	18	13
Children's Museum of Denver	Denver	14,000	Children's Museum	348,000	9	9
Discovery Center Museum	Rockford, IL	18,000	Children's Museum	109,000	8	8
Children's Museum of Houston	Houston	90,000	Children's Museum	800,000	9	9
Children's Museum of Maine	Portland	15,000	Children's Museum	100,000	9	9
Please Touch Museum	Philadelphia	156,000	Children's Museum	565,000	17	17
Minnesota Children's Museum	St. Paul	65,000	Children's Museum	432,000	10	10
The Strong	Rochester, NY	150,000	Children's Museum	565,000	14	14
Natural History Museum	Los Angeles	285,000	Natural History Museum	685,000	12	5
San Diego Natural History Museum	San Diego	150,000	Natural History Museum	400,000	17	11
National Geographic Museum	Washington D.C.	11,000	Science Museum	NA	11	7
Connecticut Science Center	Hartford, CT	40,000	Science Museum	307,000	19	14
Experience Music Project	Seattle, WA	140,000	Experiential Museum	425,000	23	17
Chihuly Gardens and Glass	Seattle, WA	44,000	Experiential Museum	60,000	21	14
Newseum	Washington D.C.	250,000	Experiential Museum	715,000	23	14
US Space and Rocket Center	Huntsville, AL	90,000	Experiential Museum	550,000	25	20

Type	Location(s)	Size (SF)	Type	Attendance	Adult Ticket (USD)	Child Ticket (USD)
Tech Museum of Innovation	San Jose, CA	130,000	Experiential Museum	500,000	20	15
Rock and Roll Hall of Fame	Cleveland, OH	55,000	Experiential Museum	460,000	22	13
Lincoln Presidential Library	Springfield, MO	43,000	Experiential Museum	350,000	15	6
National WWII Museum	New Orleans, LA	40,000	Experiential Museum	375,000	22	13
NASCAR Hall of Fame	Charlotte, NC	40,000	Experiential Museum	185,000	20	13
Moody Gardens	Galveston, TX	242 acres	Animal & Amusement Park	2,000,000	60	60
Grammy Museum	Los Angeles	30,000	Museum	85,000	13	11
The J. Paul Getty Museum	Los Angeles	48,000	Art museum	1,356,000	0	0
Los Angeles Zoo & Botanical Gardens	Los Angeles	4,922,280	Zoo	1,500,000	19	14
Aquarium of the Pacific	Local	171,000	Local	1,400,000	29	15
Queen Mary	Local	400,000	Local	1,300,000	25	14
Griffith Observatory	Los Angeles	66,000	Planetarium	1,000,000	0	0
Los Angeles County Museum of Art	Los Angeles	NA	Art museum	1,200,000	15	0
Japanese American National Museum	Los Angeles	24,000	History & culture	150,000	9	5
California African-American Museum	Los Angeles	44,000	History & culture	45,000	0	0
Cabrillo Marine Aquarium	Local	44,000	Aquarium	300,000	5	1
Santa Ana Zoo	Santa Ana	20 acres	Zoo	270,000	10	7
Bowers Museum	Santa Ana	158,000	Art museum	150,000	13	0
Orange County Museum of Art	Newport Beach	40,000	Art museum	37,000	12	0
Richard Nixon Pres. Library & Birthplace	Yorba Linda	52,000	History museum	70,000	12	5
Fullerton Museum Center	Fullerton	16,000	General museum	30,000	4	1

### Conclusions of Broad Benchmark Review

Based on the broad review of themed attraction benchmarks, the following generalized characteristics can be made:

- ▶ For-profit indoor entertainment attractions generate attendance figures of between approximately half a million to a million visitors, which tends to be the range for both corporate attractions and the children’s and experiential museums surveyed above.
- ▶ The local outdoor theme parks are somewhat of an outlier in terms of both pricing and attendance. This is reviewed in more depth on the following pages.
- ▶ Large indoor theme parks also seem to be outliers in that even the lower range of size is much larger than the largest concepts being considered for the site.
- ▶ A significant portion of attractions in the entire set are free experiences, which inflates attendance numbers.

A large set of attractions was considered in this section, and were chosen for their general relevance to the Project. It is evident, however, that some of the attractions surveyed are less applicable than others.

In the next section, PFA narrows the set of attractions based on more closely defined parameters.

### Summary of Benchmark Categories and Characteristics

Type	Examples	Attendance		Adult Ticket		Child Ticket		Size (sqft)	
		Low	High	Low	High	Low	High	Low	High
Indoor Entertainment	Lego, Kidzania, Orbi	400,000	1,000,000	\$11	\$33	\$15	\$45	30,000	149,800
Corporate Attraction	Coke, Crayola Experience	317,000	1,000,000	\$16	\$16	\$0	\$16	35,000	60,000
Children's Museum	Discovery Science, etc.	50,000	1,200,000	\$7	\$20	\$5	\$17	10,000	472,000
Local Museums	Los Angeles	45,000	1,600,000	\$0	\$19	\$0	\$14	30,000	4,922,280
Experiential Museum	Music Experience, etc	60,000	715,000	\$15	\$25	\$6	\$20	40,000	250,000
Large Indoor Theme Park	Nickelodeon Universe, Lotte World	3,000,000	6,600,000	\$31	\$55	\$31	\$43	300,000	800,000
Smaller Indoor Theme Park	Sanrio/Hello Kitty, DisneyQuest	500,000	1,133,000	\$32	\$39	\$24	\$39	15,000	211,000
Local	AOP, USS Iowa, CRAFTED, etc	90,000	1,400,000	\$0	\$29	\$0	\$15	100,000	400,000
Local Theme Park	Knott's, Universal Studios, Disney	4,000,000	15,000,000	\$40	\$96	\$35	\$90	1,500,000	12,000,000

## Themed Attraction Scenario Development

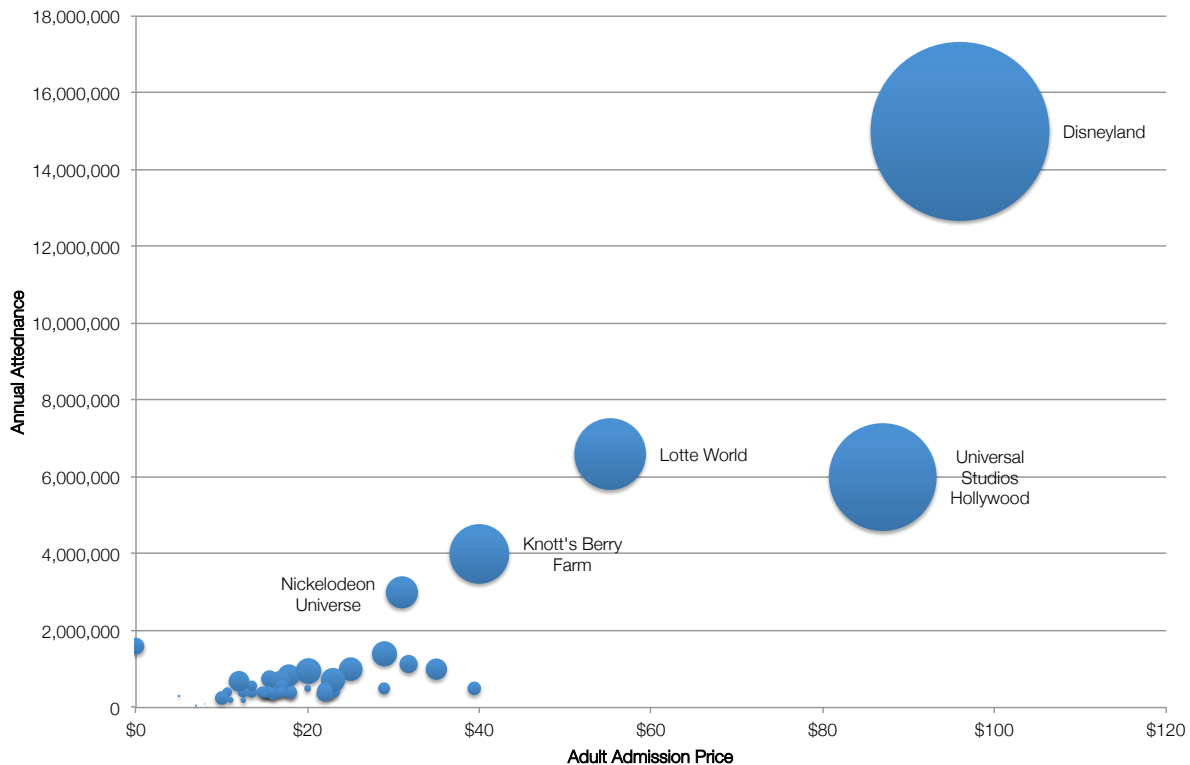
PFA refined the entire set of attraction benchmarks in order to achieve a more relevant set of benchmarks for purposes of developing a representative set of Themed Attraction scenarios to test for financial feasibility.

### Refinement of Selected Benchmark Facilities

The next step in the Themed Attraction analysis is to refine the set of benchmark facilities that will be used to characterize the Themed Attraction scenarios. The following section provides key analysis results in the refinement process.

Certain benchmarks were immediately excluded from the refined set. The exclusions include both the Large Indoor Theme Park and Local Theme Park categories that exceed physical constraints relative to the Project. Attractions in these categories clearly represent a different business model. Development costs and size requirements for these attractions are an order of magnitude higher than that of the Project.

### Attendance and Ticket Prices (USD), Entire Set

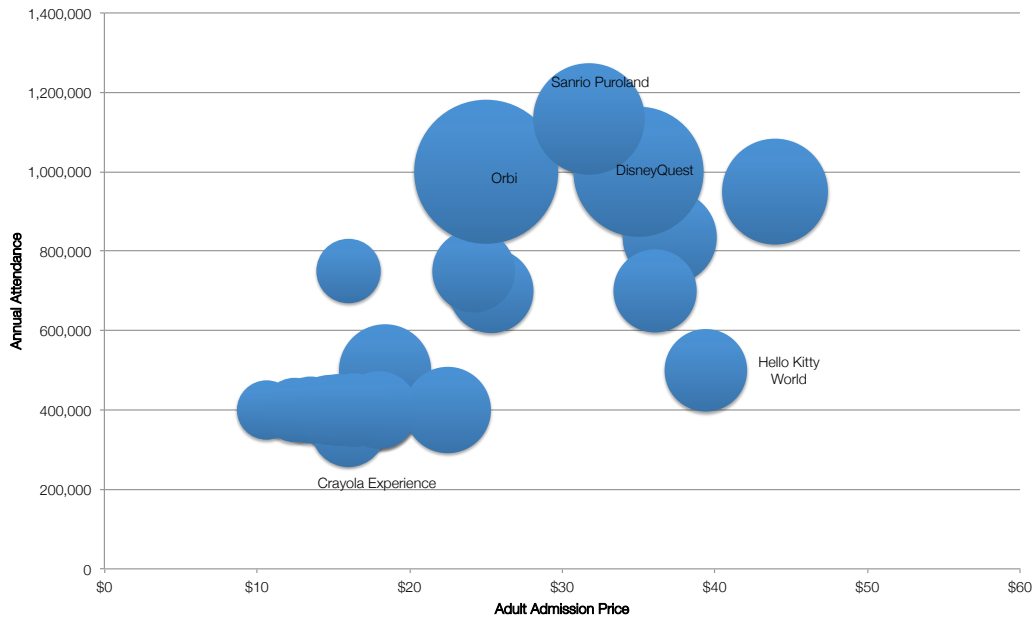


Note: Bubble size represents relative size of revenues

For more relevant benchmarks, PFA examined the for-profit and non-profit attractions independently.

- ▶ For-profit attractions consist primarily of indoor attractions, and demonstrate a tight range of performance in terms of attendance, pricing, and revenues. There is a cluster of 'smaller' attractions in the lower-left space consisting of the Crayola Experience and Lego Discovery Center. These are attractions that are both smaller in terms of revenues, size, and development cost, compared to the set as a whole.

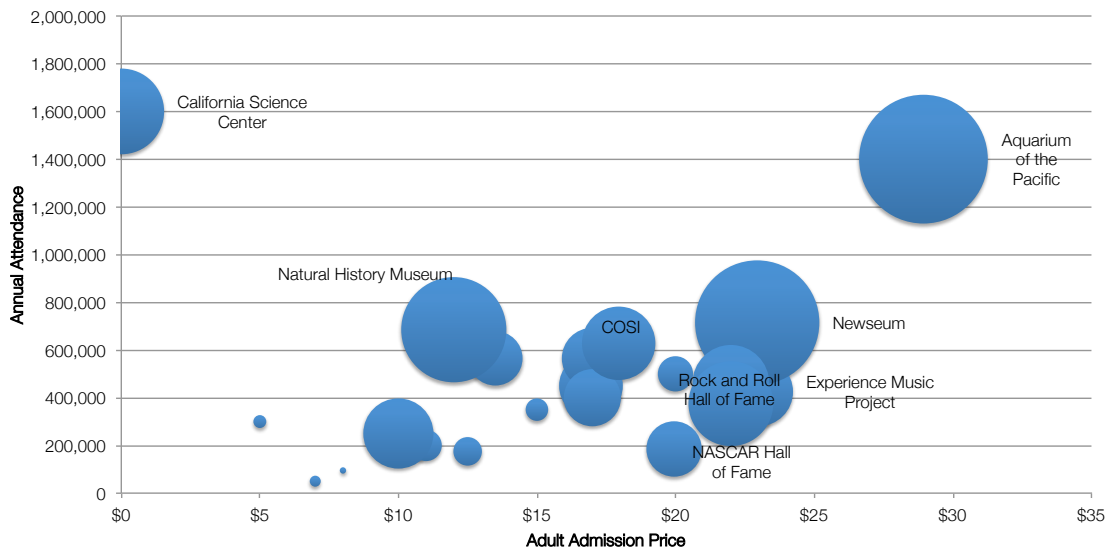
### Attendance and Ticket Prices (USD), For-Profit Attractions



Note: Bubble size represents relative size of revenues

- ▶ Non-profit attractions demonstrate a much wider range of performance in terms of revenues, pricing, and attendance, from the free-admittance California Science Center, to the high-performing Aquarium of the Pacific. Two groups of attractions were chosen from this set: those with the largest revenues, and those indoor museums with a high degree of relevancy to the concept envisioned for the Project (children’s and experiential museums).

### Attendance and Ticket Prices (USD), Non-Profit Attractions



Note: Bubble size represents relative size of revenues



## Selected Benchmarks for the Themed Attraction Scenario Development

Based on the analysis of the broad range of facilities, PFA refined the set to the following facilities that will be used to benchmark the Themed Attraction scenarios. The following table represents the selected benchmark facilities. Additional facility details have been provided in the report for the noted higher performing benchmark facilities.

### Refined Set of Themed Attraction Benchmarks

Name	Location	Attraction Category	Estimated Revenues <sup>1</sup>	Profile
Kidzania	14 International Locations	Indoor Entertainment	\$15-\$35M	✓
Crayola Experience	Easton, Pennsylvania	Corporate Attraction	Confidential	✓
DisneyQuest	Orlando, Florida	Indoor Theme Park	\$25M	✓
Lego Discovery Center	Atlanta	Indoor Entertainment	\$6-\$11M	✓
BBC/Sega Orbi	Japan	Indoor Entertainment	\$30M	✓
Sanrio Puroland	Japan	Smaller Indoor Theme Park	\$15-\$20M	✓
Tokyo Joypolis	Japan	Indoor Entertainment	Not available	✓
Namco Namjatown	Japan	Indoor Entertainment	Not available	✓
Hello Kitty World	Malaysia	Smaller Indoor Theme Park	\$5-\$10M	
Kidspace Museum	Pasadena	Children's Museum	\$2M	✓
Discovery Science Center	Santa Ana	Children's Museum	\$8M	✓
Pretend City Children's Museum	Irvine	Children's Museum	\$1.7M	✓
Children's Museum at La Habra	La Habra	Children's Museum	\$80,000	
Grammy Museum	Los Angeles	Experiential Museum	\$3.5M	✓
Zimmer Children's Museum	Los Angeles	Children's Museum	\$250,000	
Skirball Cultural Center - Noah's Ark	Los Angeles	Children's Museum	\$10M	
California Science Center	Los Angeles	Science Museum	\$15M	✓
Children's Museum of Indianapolis	Indianapolis, IN	Children's Museum	\$31M	✓
Please Touch Museum	Philadelphia	Children's Museum	\$7.7M	
The Strong	Rochester, NY	Children's Museum	\$6.1M	
Natural History Museum	Los Angeles	Natural History Museum	\$14M	✓
San Diego Natural History Museum	San Diego	Natural History Museum	\$6.7M	
Experience Music Project	Seattle, WA	Experiential Museum	\$9.8M	✓
Newseum	Washington D.C.	Experiential Museum	\$32M	✓
Tech Museum of Innovation	San Jose, CA	Experiential Museum	\$2.5M	
Rock and Roll Hall of Fame	Cleveland, OH	Experiential Museum	\$12.1M	✓
Lincoln Presidential Library	Springfield, MO	Experiential Museum	\$1M	
National WWII Museum	New Orleans, LA	Experiential Museum	\$14.8M	
Aquarium of the Pacific	Local	Local/Aquarium	\$34M	✓
Cabrillo Marine Aquarium	Local	Aquarium	\$340,000	
COSI: Center of Science and Industry	Columbus, OH	Experiential Museum	\$11M	✓
NASCAR Hall of Fame	Charlotte, NC	Experiential Museum	\$6.3M	✓

<sup>1</sup> - Excludes contributions/gifts for non-commercial attractions.

## Kidzania

Kidzania attractions are indoor edutainment experiences centered around a kids' city with a working currency, and 30-50 pavilions with experiential professions. Children have the opportunity to experience 10 to 15 professions and activities during each timed shift (twice a day). The experience is a capacity-constrained, and timed experience. Most Kidzania franchises accommodate between 1,000 and 1,500 people during each shift.



The attraction has a unique franchise-based, sponsorship model that relies on media partners to generate sponsorship revenues. In each country where Kidzania operates, a major corporation or company will sponsor the pavilion that most closely resembles its industry and core function. Approximately 30 to 40 percent of operating revenues are derived from sponsorship.

Characteristic	Description
Type	Indoor Entertainment
Locations	Santa Fe (Mexico), Monterrey (Mexico), Tokyo, Koshien (Japan), Jakarta (Indonesia), Lisbon (Portugal), Dubai (UAE), Seoul (Korea), Kuala Lumpur (Malaysia), Bangkok (Thailand), Manila (Philippines), Cairo (Egypt), Mumbai (India), Kuwait
Year Open	1999 +
Development Cost	\$10 to \$30 million, 30% to 50% subsidized by sponsors
Size / Capacity	70,000 to 150,000 sqft
Attendance	500,000 to 950,000
Adult Ticket Price (PPP, USD)	\$13 to \$33
Child Ticket Price (PPP, USD)	\$19 to \$45
Revenues	\$15 to \$35 million, approximately 30% from sponsors
Public Participation	N/A - private enterprises developed by franchisees
Parking	Typically located as an anchor within mall or large development; shares parking



## Crayola Experience

The Crayola Experience is a Crayola-themed interactive museum and playground with activities and exhibits for children between the ages of 5 and 9. It is operated as a corporate attraction, with a location next to the Crayola factory in Easton, Pennsylvania, and recently undertook an \$8 million renovation. Visitation has been over 300,000 after the renovation, and the attraction is representative of the performance levels achieved by a branded attraction located in a non-metropolitan area.

Characteristic	Description
Type	Interactive Corporate Attraction
Location	Easton, Pennsylvania
Country	USA
Year Open	2003/2013
Development Cost	N/A
Size / Capacity	60,000 sqft
Attendance	Over 300,000
Adult Ticket Price (PPP, USD)	15.99
Child Ticket Price (PPP, USD)	15.99
Length of Stay	3 to 4 hours
Public Participation	N/A
Parking	No dedicated parking, visitors must utilize downtown garages or street.



## DisneyQuest

DisneyQuest is a five-story, indoor park located in Downtown Disney, in Orlando. The park is composed of dark rides, interactive exhibits, and arcade games. Eight landmark attraction experiences anchor the development. The original design of the modular, with the content of the major attractions able to be converted and changed.

DisneyQuest is widely considered a failure due to its high development costs (\$100 million) relative to its performance. The indoor installations were originally designed to reach residents in urban locations far from Los Angeles and Orlando. The Chicago location closed in 2001, and plans for additional locations in Philadelphia, Toronto, and California were suspended and ultimately canceled.

Characteristic	Description
Type	Indoor Theme Park
Location	Orlando
Country	USA
Year Open	1998
Development Cost	\$100 million
Size / Capacity	100,000 sqft
Target Age Group	All Ages
Attendance	1,000,000
Adult Ticket Price (PPP, USD)	35
Child Ticket Price (PPP, USD)	31
Revenues (est.)	\$25 million
Public Participation	N/A - Developed by Disney
Parking	No dedicated parking, visitors must utilize shared parking with Downtown Disney.



## Lego Discovery Center

Lego Discovery Centers are indoor attractions developed by the Merlin Entertainments (UK) Group with Lego branded content. The centers feature interactive exhibits and rides, and are targeted to children who are between 3 and 11 years of age.

Characteristic	Description
Type	Indoor Entertainment
Location	Atlanta, Boston, Chicago, Dallas, Kansas City, Westchester (UK), Toronto, Berlin, Oberhausen (Germany), Tokyo, Yokohama (Japan)
Year Open	Various
Development Cost	\$10 to \$20 million
Size / Capacity	30,000 to 45,000 sqft
Target Age Group	2 to 12
Attendance	Approx. ~400,000
Adult Ticket Price (PPP, USD)	\$11 to \$23
Child Ticket Price (PPP, USD)	\$11 to \$18
Revenues	\$6 to \$11 million
Public Participation	N/A - developed by Merlin
Parking	Typically located as a mall anchor, shares mall parking.



## BBC/Sega Orbi

Orbi is an attraction in Yokohama developed jointly by Sega and BBC Earth, utilizing the latter's extensive content library. The experience delivers technologically advanced, nature-related experiences and scenes, including a 'feel' the wildebeest stampede, capsule that allows visitors to experience -89.2 Celsius temperatures, exhibits that explore the Marianas Trench, and a 4D theater with mist, scents, and LED lights. Extensive use has been made of RFID tags and other advanced tools. The attraction has only recently been opened (last year), and annualized attendance estimates are based initial monthly visitation.

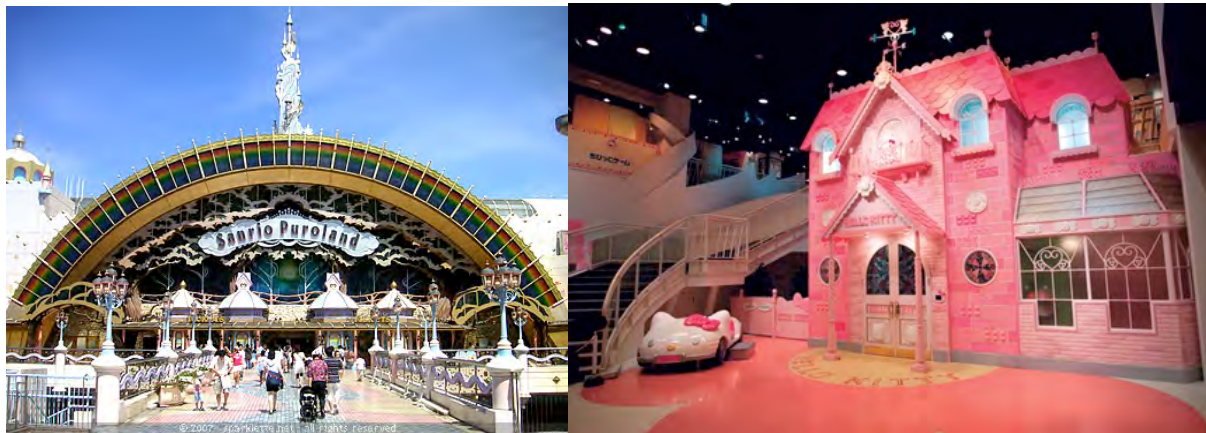
Characteristic	Description
Type	Indoor Entertainment
Location	Yokohama
Country	Japan
Year Open	2013
Development Cost	N/A
Size / Capacity	51,000 sqft
Target Age Group	All ages
Attendance	Approx. 1 million annual
Adult Ticket Price (PPP, USD)	25.02
Child Ticket Price (PPP, USD)	12.51
Public Participation	N/A - developed by Sega using licensed BBC Earth content.
Parking	No dedicated parking, visitors receive up to 2 hours free parking at neighboring lots with minimum spend.



## Sanrio Puroland

Sanrio Puroland is a Sanrio-themed corporate attraction with an emphasis on shows and exhibits, with a large retail and merchandising program. The attraction was developed a corporate expense by the chairman of Sanrio, as a gift back to the people of Japan.

Characteristic	Description
Type	Smaller Indoor Theme Park
Location	Tokyo
Country	Japan
Year Open	1990
Development Cost	\$2B
Size / Capacity	211,000 sqft
Attendance	1.1 million
Adult Ticket Price (PPP, USD)	31.75
Child Ticket Price (PPP, USD)	24.06
Public Participation	N/A
Parking	80 spaces; visitors encouraged to use subway or other public transit.



## Tokyo Joypolis

Joypolis is a three-story indoor park developed by Sega, composed of dark rides and interactive exhibits. There are several Joypolis centers in Japan, and the attraction profiled here is located in Yokohama, Japan. The attraction utilizes both a pay-per-ride and pay-one-price pricing scheme.

Characteristic	Description
Type	Indoor Entertainment
Location	Tokyo
Country	Japan
Year Open	1994
Development Cost	N/A
Size / Capacity	88,000 sqft
Attendance	760,000
Adult Ticket Price (yen)	3,900
Child Ticket Price (yen)	2,900
Adult Ticket Price (PPP, RMB)	154
Child Ticket Price (PPP RMB)	114





## Namco Namjatown

Namjatown is an indoor park composed of rides, interactive exhibits, dining, and other types of entertainment. The attraction serves as an anchor to the Sunshine City shopping complex in Tokyo. Developed by Namco, the park also utilizes both a pay-one-price (POP) and pay-per-ride pricing scheme.

Characteristic	Description
Type	Indoor Entertainment
Location	Tokyo
Country	Japan
Year Open	1996
Development Cost	N/A
Size / Capacity	130,000 sqft
Attendance	2,100,000
Adult Ticket Price (yen)	3,000
Child Ticket Price (yen)	2,400
Adult Ticket Price (PPP, RMB)	118
Child Ticket Price (PPP RMB)	95



## Kidspace Museum

The Kidspace Museum is an indoor and outdoor children’s museum in Pasadena. It features gardens and outdoor play areas in addition to indoor exhibits. Annual attendance is approximately 200,000.

As a non-profit enterprise, the museum operates on a land lease that enables it to lease land from the City of Pasadena for \$1 a year; this lease term is in effect for 50 years until the end of 2048.

Characteristic	Description
Type	Children’s Museum
Location	Pasadena
Country	USA
Year Open	2004 (current location)
Development Cost	N/A (\$15 Million renovation in 2005)
Size / Capacity	45,000 sqft
Attendance	200,000
Adult Ticket Price (USD)	11
Child Ticket Price (USD)	11
Revenues (2012) excl. Gifts/Contributions	\$2 million
Admissions per Capita	\$5.50
Total per Capita	\$9.60



## Discovery Science Center

Also known as the Discovery Cube, the Discovery Science Center is a children’s science museum in Orange County. Interactive exhibits include those from well-known intellectual property, including the Mythbusters television show. The museum includes over 100 hands-on science and nature exhibits, and is believed to be similar to the concept envisioned for the Project.

The attraction derives approximately 12 percent of its annual attendance from school groups; an additional 226,000 students participate in its outreach programs hosted off-site.

Characteristic	Description
Type	Children’s Museum
Location	Santa Ana
Country	USA
Year Open	1998
Development Cost	N/A (\$62 Million planned for expansion)
Size / Capacity	59,000 sqft
Attendance	450,000
Adult Ticket Price (USD)	16.95
Child Ticket Price (USD)	12.95
Revenues excl. Gifts/Contributions	\$8M
School Attendance	12%
Outreach Program Attendance	226,000 additional



## Pretend City Children's Museum

Pretend City is a children's edutainment attraction centered around the activities and role play taking place in a small city, with interactive exhibits designed to help children understand how the real world works. The attraction derives most of its revenues from ticket sales.

Characteristic	Description
Type	Children's Museum
Location	Irvine
Country	USA
Year Open	2009
Development Cost	N/A
Size / Capacity	28,000 sqft
Attendance	175,000
Adult Ticket Price (USD)	12.5
Child Ticket Price (USD)	12.5
Revenues excl. Gifts/Contributions	\$1.7M
School Attendance	7%
Admissions per Capita	\$7.20
Total per Capita	\$8.8

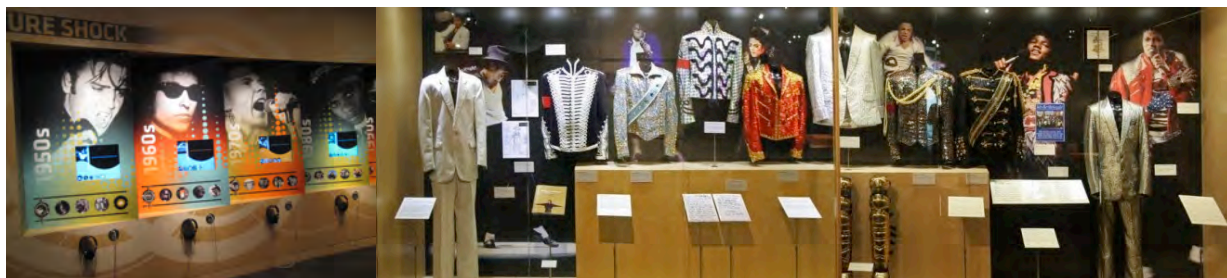


## Grammy Museum

The Grammy Museum is an interactive museum dedicated to the history and winners of the Grammy Awards. Located in the LA Live! center in downtown Los Angeles, its performance is indicative of that achievable by a branded indoor attraction in Los Angeles. The attraction generates high per capita expenditures relative to its ticket price, and a merchandise spending level that is more than double that of its admissions revenues.

The Museum was developed with \$10.5 million of its development cost funded by the Arena Cultural Trust Fund (of the City of Los Angeles).

Characteristic	Description
Type	Museum
Location	Los Angeles
Country	USA
Year Open	2008
Development Cost	\$36M
Size / Capacity	30,000 sqft
Attendance	85,000
Adult Ticket Price (USD)	12.95
Child Ticket Price (USD)	10.95
Revenues excl. Gifts/Contributions	\$3.5M
Admissions per Capita	\$9.10
Merchandise per Capita	\$19.90
Total per Capita	\$38.50
Parking	Shares parking with LA Live!



## California Science Center

The California Science Center is billed as the largest interactive science museum in the western United States. The museum combines exhibits with onsite schools and learning programs. The museum is approximately 400,000 square feet.

Typical attendance levels are approximately 1.6 million, 2013 attendance surged to 2.5 million due to the arrival of the Space Shuttle Endeavor, which opened as an exhibit in October 2012. The museum does not charge an admissions price; ticket price expenditures as displayed below are revenues from paid exhibits.

The museum shares the Exposition Park grounds with the Natural History Museum, among others.

Characteristic	Description
Type	Science Museum
Location	Los Angeles
Country	USA
Year Open	1998
Development Cost	N/A
Size / Capacity	400,000 sqft
Attendance	2,500,000*
Adult Ticket Price (USD)	Free
Child Ticket Price (USD)	Free
Revenues excl. Gifts/Contributions	\$15M
Admissions per Capita	\$2.20
Total per Capita	\$5.20



## Children's Museum Indianapolis

The Children's Museum Indianapolis is the largest children's museum (by size) in the world. It features historical, natural history-related, science, and technology exhibits, and with attendance levels of over 1 million visitors, it is the most visited non-sports attraction in Indiana.

Characteristic	Description
Type	Children's Museum
Location	Indianapolis
Country	USA
Year Open	1946
Development Cost	\$20 Million
Size / Capacity	472,000 sqft
Attendance	1,200,000
Adult Ticket Price (USD)	19.5
Child Ticket Price (USD)	14.5
Revenues excl. Gifts/Contributions	\$31M
Admissions per Capita	\$4.20
Total per Capita	\$8.80



## Natural History Museum

The Natural History Museum is located on the Exposition Park grounds in Los Angeles, and is the largest natural history museum in the western United States. It is co-located with other museums at Expo Park, including the California Science Center (below), and generates approximately 700,000 visitors a year in attendance.

The Exposition Park grounds were developed starting in 1909, with both the County and City of Los Angeles providing significant support in terms of construction and maintenance. The County continues to provide support.

Characteristic	Description
Type	Natural History Museum
Location	Los Angeles
Country	USA
Year Open	1913
Development Cost	\$135 Million
Size / Capacity	285,000 sqft
Attendance	685,000
Adult Ticket Price (USD)	12
Child Ticket Price (USD)	5
Revenues excl. Gifts/Contributions	\$14M
LA County Support	\$8.7M
Admissions per Capita	\$7.90



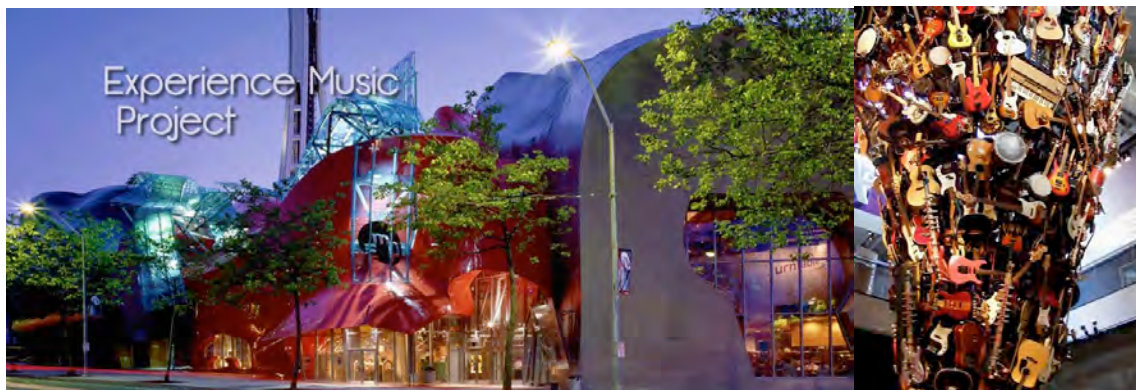


## Experience Music Project

The Experience Museum Project is dedicated to contemporary arts, music, and culture. Notable current exhibits include one dedicated to the band Nirvana, a Sound Lab, and others devoted to Science Fiction and Fantasy.

The museum is a private enterprise and attracts slightly less than half a million visitors a year, with the majority of its revenues from ticket sales.

Characteristic	Description
Type	Experience Museum
Location	Seattle
Country	USA
Year Open	2000
Development Cost	N/A
Size / Capacity	140,000 sqft
Attendance	425,000
Adult Ticket Price (USD)	23
Child Ticket Price (USD)	17
School Attendance	28%
Revenues excl. Gifts/Contributions	\$9.8M
Admissions per Capita	\$16.80
Total per Capita	\$17.80



## Newseum

The Newseum is an experiential museum dedicated to news and journalism, featuring galleries, theaters, exhibits, studios and a newsroom. The building complex that houses the Newseum was developed at a cost of \$450 million in 2008, and includes restaurants, 140,000 square feet of residential apartments, and offices.

The museum serves as an interesting comparable because of the high per capita expenditures it derives from uses other than attendance and merchandise. The building is architecturally and aesthetically significant, and generates twice the amount of revenues from facility rentals as it does from ticket sales.

Characteristic	Description
Type	Experience Museum
Location	Washington. D.C
Country	USA
Year Open	1997/2008 (current)
Development Cost	\$450 Million
Size / Capacity	250,000 sqft
Attendance	715,000
Adult Ticket Price (USD)	22.95
Child Ticket Price (USD)	13.95
Revenues excl. Gifts/ Contributions	\$32M
Admissions per Capita	\$10
Facility Rental per Capita	\$18
Total per Capita	\$31
Public Participation	N/A
Parking	No dedicated parking - only street or lot



## Rock and Roll Hall of Fame

The Rock and Roll Hall of Fame is a museum featuring exhibits of popular musicians and acts, pop culture memorabilia, and instruments. The venue also hosts concerts and events.

The museum was developed with significant funding - approximately \$65 million of its total \$93 million development cost - from the City for construction. 7 to 10 percent of its annual budget is currently derived from government sources.

Characteristic	Description
Type	Experience Museum
Location	Cleveland, OH
Country	USA
Year Open	1995
Development Cost	\$93M
Size / Capacity	55,000 sqft
Attendance	460,000
Adult Ticket Price (USD)	22
Child Ticket Price (USD)	13
Revenues excl. Gifts/Contributions	\$12.1M
Admissions per Capita	\$14.2
Total per Capita	\$17.4



## Aquarium of the Pacific

Aquarium of the Pacific is a public aquarium located in Long Beach, in close proximity to the Project. The aquarium hosts a collection of more than 11,000 animals and 500 species. The aquarium was a public project, financed through a municipal bond issue of \$118 million in 1995, and leases its land from the City of Long Beach. The City constructed, operates, and maintains the parking structure under a long-term agreement that stipulates capital expenditure terms, parking revenue sharing, and rent payments to the City of approximately \$2.2 million.

The aquarium is a highly relevant benchmark due to its proximity to the Project, and its performance is indicative of the attendance and revenue levels that may be achieved by a Project of similar scale.

Characteristic	Description
Type	Local/Aquarium
Location	Local
Country	USA
Year Open	1998
Development Cost	N/A
Size / Capacity	171,000 sqft
Capacity (People)	2,700
Attendance	1,400,000
Adult Ticket Price (USD)	28.95
Child Ticket Price (USD)	14.95
Revenues excl. Contributions	\$34M
Length of Stay	2:20
School Attendance	14%
Membership Attendance	21%
Admissions per Capita	\$12.23
Total per Capita	\$24.34



## **COSI: Center of Science and Industry**

COSI is a children's science museum, among the largest in the nation, featuring more than 300 interactive science and technology exhibits. Its hands-on, participatory nature is similar to the concept envisioned for the attraction. The museum is located in Columbus, Ohio.

The museum generates most of its revenues from non-admissions sources.

Characteristic	Description
Type	Children's Science Museum
Location	Columbus
Country	USA
Year Open	1999
Development Cost	N/A
Size / Capacity	320,000 sqft
Attendance	628,000
Adult Ticket Price (USD)	17.95
Child Ticket Price (USD)	12.95
Revenue excl. Gifts/Contributions	\$11M
Admissions per Capita	\$5
Total per Capita	\$16



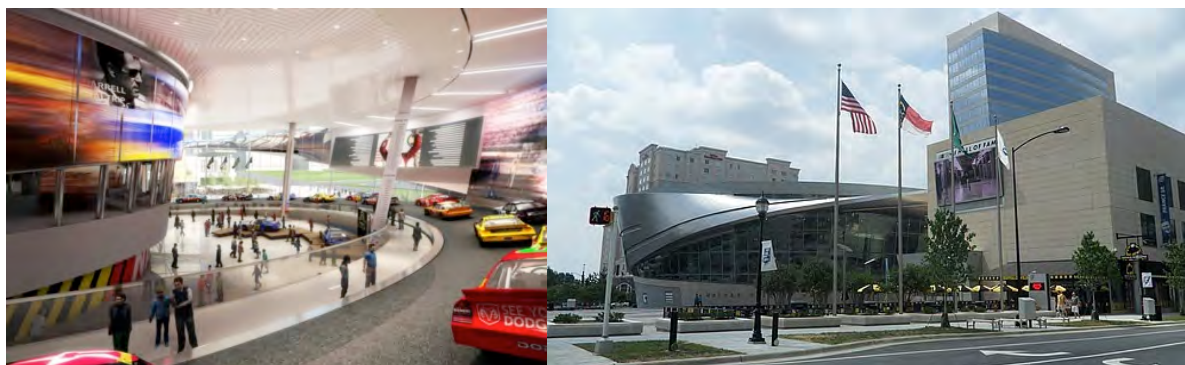
## NASCAR Hall of Fame

The NASCAR Hall of Fame is a museum dedicated to the greatest NASCAR drivers, crews, and owners, and is located in Charlotte, North Carolina.

Developed for a cost of \$200 million in 2010, the museum is performing poorly relative to expectations, and against the level of revenues required in order to achieve a notable return on its investment. The attraction operates at a net loss of between \$1 and \$1.5 million dollars a year.

The museum is publicly owned, and is operated by the Charlotte Regional Visitors Authority. The city of Charlotte provides funds for maintenance and repairs, a cost that ranges between \$500,000 and \$900,000.

Characteristic	Description
Type	Experience Museum
Location	Charlotte, NC
Country	USA
Year Open	2010
Development Cost	\$200M
Size / Capacity	40,000 sqft
Attendance	185,000
Adult Ticket Price (USD)	19.95
Child Ticket Price (USD)	12.95
Revenues	\$6.3 million
Operating Loss	\$900,000 to \$1.6 million
Forecast Attendance	800,000
Total per Capita	\$34



## Summary of Review of Selected Benchmark Facilities

An in-depth examination of the benchmarks reveals several important characteristics for the analysis of the attraction.

- ▶ Existing attractions, whether they are operated on a for-profit or non-profit basis, generate approximately 100,000 to 1.5 million in attendance, with an average headline price (adult or child) ranging between \$10 to \$40. These bounds seem to be indicative of the natural limitations to such attractions, including capacity constraints.
- ▶ Per capita revenues as a percentage of ticket price are expectedly, much higher at for-profit attractions. However, merchandise revenues are significant even at non-profit attractions. A strong merchandising program has the potential to be a significant source of revenues at the Project Themed Attraction.
- ▶ An indoor attraction may be capacity-constrained. This is a point worth re-emphasizing.
- ▶ School attendance can be significant, although school groups will likely not be paying full price for tickets. Reliance on school groups will have the effect of diminishing achievable per capita expenditures.
- ▶ Public participation is clearly precedented and many attractions require it to operate at a sustainable level without it.
- ▶ The variety of revenue programs at museums/non-profit institutions should be explored. These types of attractions generate significant revenues from items such as facility rentals, outreach programs, educational events, and other programs. The concepts at the Project are envisioned to contain a strong educational component, and this aspect should be explored.

## Themed Attraction Scenarios Development

Because the proposed Project does not have a finalized themed attraction concept, PFA along with the Client and Developer team created three generalized scenarios of themed attraction type/scale with associated specific benchmarks that illustrate performance characteristics of the grouping of themed attractions.

After the review of a broad set of national and international themed attractions, three different potential attraction scenarios, generally segmented by scale to represent the range of Themed Attraction projects, are under consideration. The three Themed Attraction scenarios, characteristics and illustrative benchmarks are:

- ▶ **Small Attraction Scenario** - An indoor, for-profit attraction approximately 30,000 square feet in size or smaller, similar in concept and scale to a Crayola Experience or Lego Discovery Center.
- ▶ **Medium Attraction Scenario** - An indoor, for-profit attraction between 30,000 and 75,000 square feet in size, similar in concept and scale to a Kidzania or Orbi attraction.
- ▶ **Large Attraction Scenario** - An indoor, for-profit attraction approximately 100,000 square feet in size or larger. While a for-profit comparable in this size segment does not exist, the concept will face competition from the neighboring Aquarium of the Pacific, and be of similar scale as a DisneyQuest attraction. These two attractions were used as indirect benchmarks.

Attribute	Small	Medium	Large
Physical Scale	10,000 to 30,000 SF	30,000 to 100,000 SF	Greater than 100,000 SF
Physical Type	Indoor	Indoor	Indoor
Median Investment Scale	\$10M	\$30M	Greater than \$50M
Business Model	Commercial, ticketed entry	Commercial, ticketed entry	Commercial, ticketed entry
Key Benchmarks	Crayola/Lego Discovery	Kidzania, Orbi	AOP, Children's Museum, DisneyQuest

## Attendance Analysis

PFA performed a penetration rate analysis to project specific attendance estimates for each of the three Themed Attraction scenarios. The penetration rate analysis first summarizes the market penetration of each benchmark facility within its available markets. PFA then adjusted and averaged the penetration rates (to normalize differences across the benchmark markets) to estimate penetration rates for each Themed Attraction scenario. The estimated penetration rates were then applied to the Project's available market to create specific attendance projections for each Themed Attraction scenario.

### Comparable Set

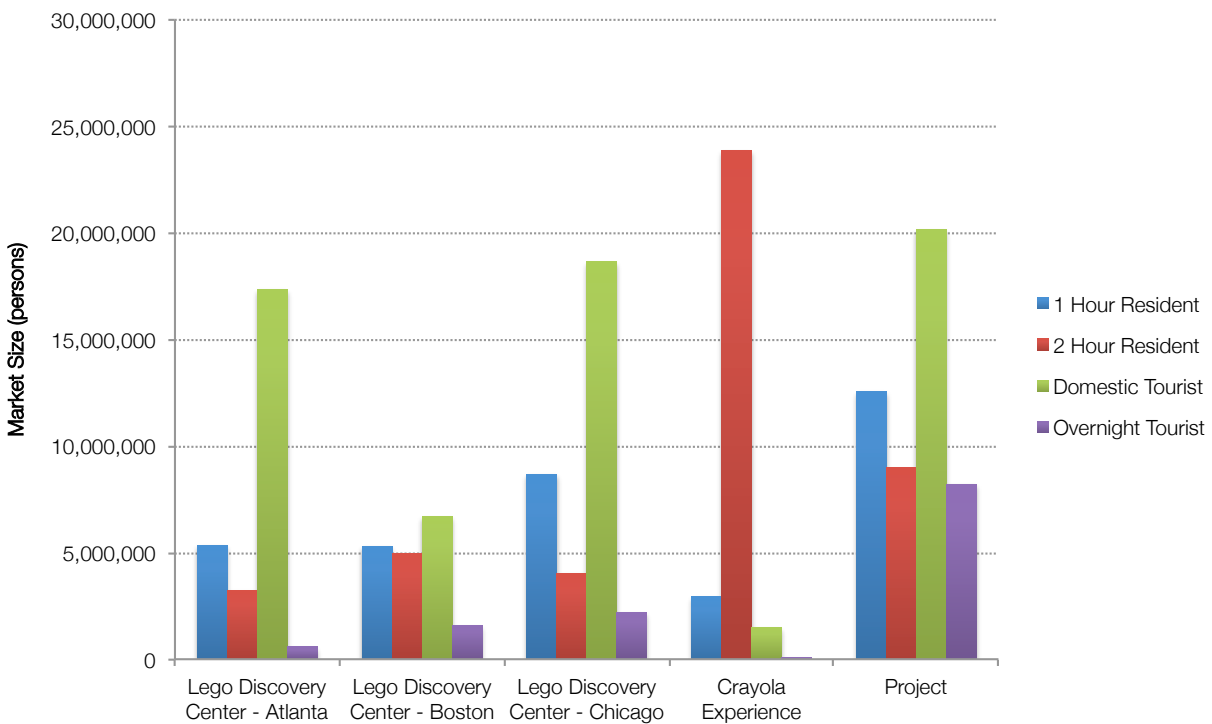
In order to forecast attendance, PFA uses comparable penetration rates and adjusts them with multipliers, which are factors representing the difference in the measure between the comparable and the Project. Selection of the relevant benchmarks is critical, as penetration rates at these benchmarks inform the ultimate attendance forecast.

### Small Scenario

For the Small Scenario, the key benchmarks being considered are as follows:

- ▶ Lego Discovery Center - attractions in Atlanta, Boston, and Chicago
- ▶ Crayola Experience

Both the Lego Discovery Center and the Crayola Experience are indoor attractions in the general size range of the Small Scenario. The market sizes of these attractions compared to those of the Project are shown on the chart below.



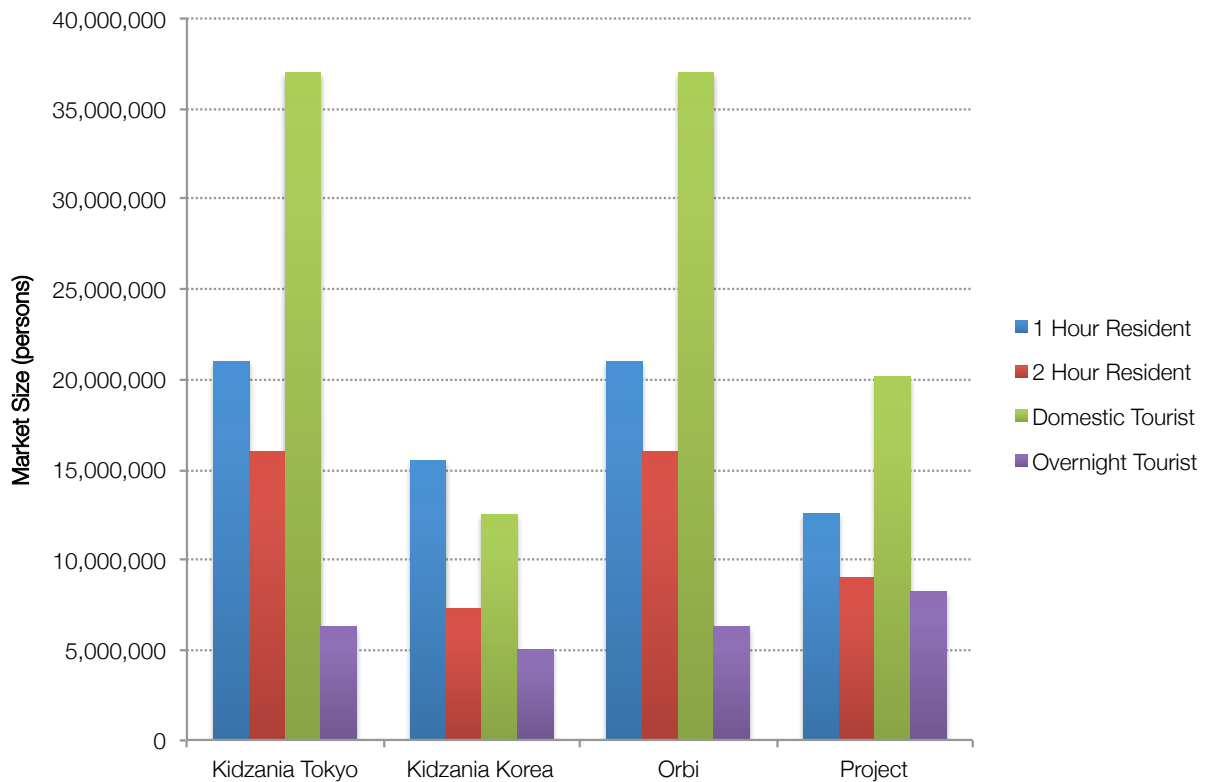


**Medium Scenario**

For the Medium Scenario, the key benchmarks incorporated into the penetration analysis are as follows:

- ▶ Kidzania - attractions in Tokyo and Korea
- ▶ BBC/Sega Orbi

These attractions are generally located in major metropolitan markets, including Tokyo and Seoul, and pose similarities to the Project in terms of market size and the competitive context. Both Kidzania and Orbi are in the general size and cost range as the concept being considered for the Medium Scenario.

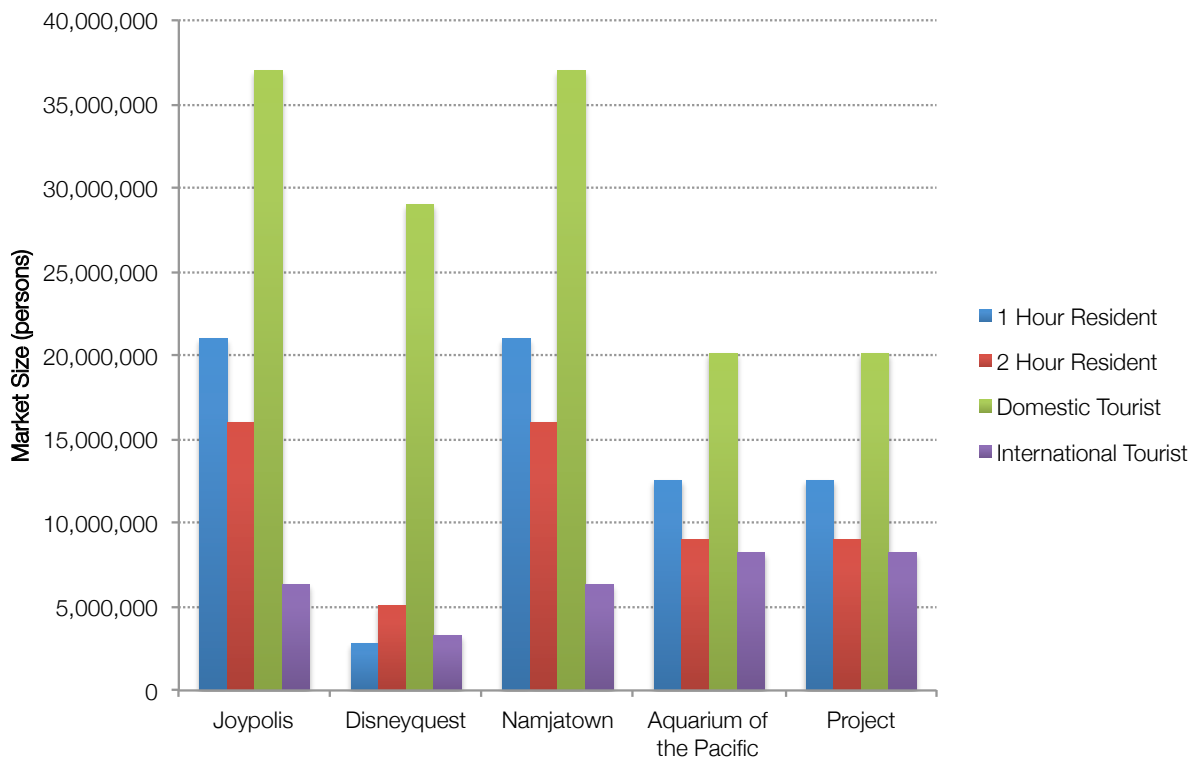


## Large Scenario

For the Large Scenario, the key benchmarks incorporated into the penetration analysis are as follows:

- ▶ Joypolis
- ▶ Disneyquest
- ▶ Namjatown
- ▶ Aquarium of the Pacific

Joypolis, Disneyquest, and Namjatown are for-profit indoor attractions of a larger scale, averaging 100,000 square feet. The Aquarium of the Pacific is not a for-profit attraction but represents a comparable in the immediate local market that would pose competition to the project, and performs at a high level of revenues for a non-profit facility. Its performance is highly relevant to the Project.



### **Penetration Rate Analysis**

PFA's derivation of the penetration rates to be applied in the attendance analysis is displayed below, by scenario category. The factors used in the adjustment of comparable penetration rates are as follows:

- ▶ **Market Density** - this factor adjusts for differences in resident population and overnight tourist density within a given market. Within a given market, the majority of potential visitors may be concentrated towards the edges of the market, rather than closer to the Project. Downtown, core markets cannot strictly be compared to markets that are less dense, without some method of adjustment.

A market density factor of less than 1 implies that the subject market (that of the Project) is less dense than that of the Comparable, and a factor of more than 1 implies the subject market is more dense than that of the Comparable.

- ▶ **Competitive Context** - this factor adjusts for differences in competition between markets. Markets with a high concentration of comparables and competitive projects will result in a relatively lower attendance for new Projects, compared to markets with a lower concentration of competitors.

A competitive context factor of less than 1 implies that the subject market (that of the Project) is more competitive than that of the Comparable, thus depressing the penetration rate. A factor of more than 1 implies that the market of the Project is less competitive than that of the Comparable.

- ▶ **Concept** - this factor adjusts for differences in the development scale and attraction appeal between developments. The factor accounts for the degree of planning ambition of the Project relative to competitors. A factor of more than 1 implies that the concept for the Project is superior to that of the Comparable, thus increasing the penetration rate, and a factor of less than 1 implies that the concept for the Project is inferior to that of the Comparable.

Comparable penetration rates are displayed in a masked form, for purposes of confidentiality.

**Small Scenario Penetration Adjustment Matrix**

	Benchmark Facility			
	A	B	C	D
<b>Benchmark Penetration Rates</b>				
1 Hour	3%	1%	2%	4%
2 Hour	3%	0%	3%	0%
Dom Tourist	0%	4%	0%	9%
Int Tourist	3%	2%	1%	18%
<b>1 Hour Market Penetration Adjustment</b>				
Market Density	0.8	0.8	0.8	0.8
Competitive Context	0.8	0.8	0.8	0.8
Concept	1.2	1.2	1.2	1.2
<b>2 Hour Market Penetration Adjustment</b>				
Market Density	0.7	0.7	0.7	0.7
Competitive Context	0.65	0.65	0.65	0.65
Concept	1.1	1.1	1.1	1.1
<b>Domestic Tourist Market Penetration Adjustment</b>				
Market Density	0.5	0.5	0.5	0.5
Competitive Context	0.2	0.2	0.2	0.2
Concept	0.8	0.8	0.8	0.8
<b>International Tourist Market Penetration Adjustment</b>				
Market Density	0.4	0.4	0.4	0.4
Competitive Context	0.2	0.2	0.2	0.2
Concept	0.5	0.5	0.5	0.5
<b>Market Adjusted Penetration Rate</b>				
1 Hour	2.3%	0.5%	1.4%	2.8%
2 Hour	1.6%	0.2%	1.3%	0.2%
Domestic Tourist	0.0%	0.3%	0.0%	0.7%
International Tourist	0.1%	0.1%	0.0%	0.7%

**Medium Scenario Penetration Adjustment Matrix**

	A	B	C	D	E
<b>Benchmark Penetration Rates</b>					
1 Hour	5%	5%	2%	2%	1%
2 Hour	5%	5%	2%	3%	1%
Dom Tourist	2%	2%	0%	3%	1%
Int Tourist	2%	2%	1%	1%	2%
<b>1 Hour Market Penetration Adjustment</b>					
Market Density	0.8	0.8	0.6	0.6	0.6
Competitive Context	0.8	0.8	0.8	0.8	0.8
Concept	1.2	1.2	1.2	1.2	1.2
<b>2 Hour Market Penetration Adjustment</b>					
Market Density	0.8	0.8	0.7	0.7	0.7
Competitive Context	0.6	0.6	0.4	0.4	0.5
Concept	1.2	1.2	1.2	1.2	1.2
<b>Domestic Tourist Market Penetration Adjustment</b>					
Market Density	0.7	0.7	0.7	0.7	0.7
Competitive Context	0.6	0.6	0.6	0.6	0.6
Concept	1	1	1	1	1
<b>International Tourist Market Penetration Adjustment</b>					
Market Density	0.7	0.7	0.7	0.7	0.7
Competitive Context	0.6	0.6	0.6	0.6	0.6
Concept	1	1	1	1	1
<b>Market Adjusted Penetration Rate</b>					
1 Hour	3.8%	3.8%	1.1%	1.1%	0.8%
2 Hour	2.9%	2.9%	0.6%	1.1%	0.5%
Domestic Tourist	0.6%	0.6%	0.2%	1.3%	0.5%
International Tourist	0.6%	0.6%	0.3%	0.4%	0.7%

### High Scenario Penetration Adjustment Matrix

	A	B	C	D
<b>Benchmark Penetration Rates</b>				
1 Hour	2%	4%	5%	4%
2 Hour	1%	1%	4%	4%
Dom Tourist	0%	3%	1%	2%
Int Tourist	1%	3%	2%	1%
<b>1 Hour Market Penetration Adjustment</b>				
Market Density	0.8	1	0.8	0.8
Competitive Context	1.2	1.3	1.2	1
Concept	1	1	1	1
<b>2 Hour Market Penetration Adjustment</b>				
Market Density	0.6	0.8	0.6	0.6
Competitive Context	1.1	1.2	1.1	1
Concept	1	1	1	1
<b>Domestic Tourist Market Penetration Adjustment</b>				
Market Density	0.5	0.7	0.5	0.9
Competitive Context	0.6	1	0.6	1
Concept	1	1.1	1	1.1
<b>International Tourist Market Penetration Adjustment</b>				
Market Density	0.5	0.7	0.5	0.9
Competitive Context	0.5	0.8	0.5	0.8
Concept	2	1.5	2	2
<b>Market Adjusted Penetration Rate</b>				
1 Hour	1.6%	4.6%	4.3%	3.2%
2 Hour	0.9%	0.9%	2.6%	2.6%
Domestic Tourist	0.1%	2.0%	0.3%	1.9%
International Tourist	0.3%	2.5%	0.8%	2.0%

### Summary of Penetration Rates

Based on the benchmark penetration averages, adjusted for the key market differences, PFA has estimated the penetration rates expected for each of the Themed Attraction scenarios.

	Small	Medium	Large
1 Hour	1.7%	2.1%	3.4%
2 Hour	0.8%	1.6%	1.8%
Domestic Tourist	0.3%	0.6%	1.1%
International Tourist	0.2%	0.5%	1.4%

### Attendance Estimate

The application of PFA's estimated penetration rates, by scenario, to the available markets yields projected attendance level of approximately 342,000 for the Small Scenario, 546,000 for the Medium Scenario, and 918,000 for the Large Scenario. These attendance estimates are potential, achievable levels based on the attendance performance of the benchmarks, for each category.

### Attendance Analysis (2020 Markets)

Type	Small	Medium	Large
1 Hour (in 000s)	12,540	12,540	12,540
2 Hour (in 000s)	8,982	8,982	8,982
Domestic Tourist (in 000s)	16,841	16,841	16,841
International Tourist (in 000s)	7,531	7,531	7,531
<b>Comparable Penetration Rates</b>			
1 Hour	Ranges between 0.66% and 3.6%	Ranges between 1.43% and 5%	Ranges between 1.63% and 4.5%
2 Hour	Ranges between 0.35% and 3.26%	Ranges between 1.25% and 5%	Ranges between 0.98% and 3.94%
Domestic Tourist	Ranges between 0.38% and 9.33%	Ranges between 0.49% and 3.04%	Ranges between 0.41% and 2.59%
International Tourist	Ranges between 0.8% and 17.5%	Ranges between 0.71% and 1.59%	Ranges between 0.6% and 3.03%
<b>Projection Penetration Rates</b>			
1 Hour	1.0%	2.1%	3.4%
2 Hour	0.6%	1.6%	1.8%
Domestic Tourist	0.3%	0.6%	1.1%
International Tourist	0.5%	0.5%	1.4%
<b>Projected Attendance</b>			
1 Hour	213,177	263,336	426,354
2 Hour	71,856	143,713	161,677
Domestic Tourist	42,102	101,045	202,090
International Tourist	15,063	37,657	128,034
<b>Total (rounded)</b>	<b>342,200</b>	<b>545,800</b>	<b>918,200</b>

## Refined Planning Parameters

In order to translate annual attendance figures into sizing estimates, measures of both daily and hourly peaking are applied in this section.

### Design Day

A design day ratio translates annual attendance figures into peak day estimates. A design day represents the average of the top attended 15 to 20 days of the operating season (in this case, the attraction is planned to be operated all year). Planning for the absolute highest attended day is usually inefficient and an over-investment, as this results in a park that is perceived by guests as being 'empty' during the normal days, a condition that deters guests from repeat visits. Absolute peak days at parks are usually between 0.75 to 0.9 percent of the annual attendance.

An illustrative peaking scenario has been prepared below. Monthly attendance peaks at attractions in the United States are usually between 11 and 14 percent. In this scenario, a peak of 12 percent has been used for the summer months of July and August, when the resident market experiences school summer breaks, and overnight tourism is high. The peak week ratio represents 7 days divided by the number of days in the month. Peak day ratios have uniformly been set at 29 percent, or 2 divided by 7. This assumes that the peak day within the peak week will have an attendance level that is twice as high as the average day in the week.

This analysis yields a peak day for each month, between 0.39 percent and 0.77 percent. The average of the top two to three weeks worth of peak days will likely not be as high as a summer peak day. For purposes of analysis, PFA uses design day ratios of between 0.64 and 0.77 percent for the three scenarios. Larger attractions with more tourist tend to experience higher peaking ratios during summer vacation season.

### Illustrative Peak Day Ratios

Month	Monthly Peaking	Peak Week	Peak Day	Peak Day Ratio
January	6%	23%	29%	0.39%
February	6%	25%	29%	0.43%
March	7%	23%	29%	0.45%
April	8%	23%	29%	0.56%
May	8%	23%	29%	0.52%
June	11%	23%	29%	0.73%
July	12%	23%	29%	0.77%
August	12%	23%	29%	0.77%
September	9%	23%	29%	0.60%
October	7%	23%	29%	0.45%
November	6%	23%	29%	0.40%
December	8%	23%	29%	0.52%

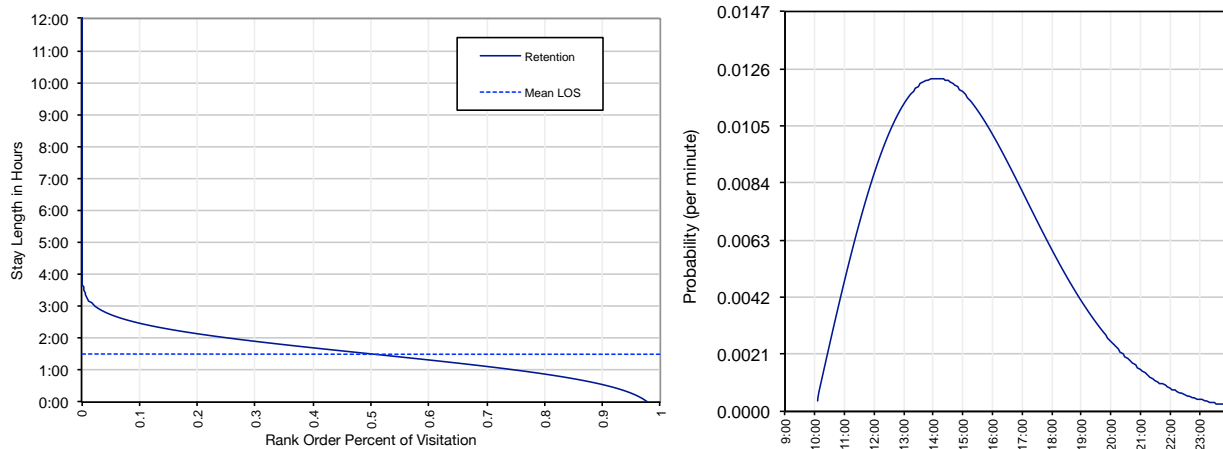


## On Site Design Day

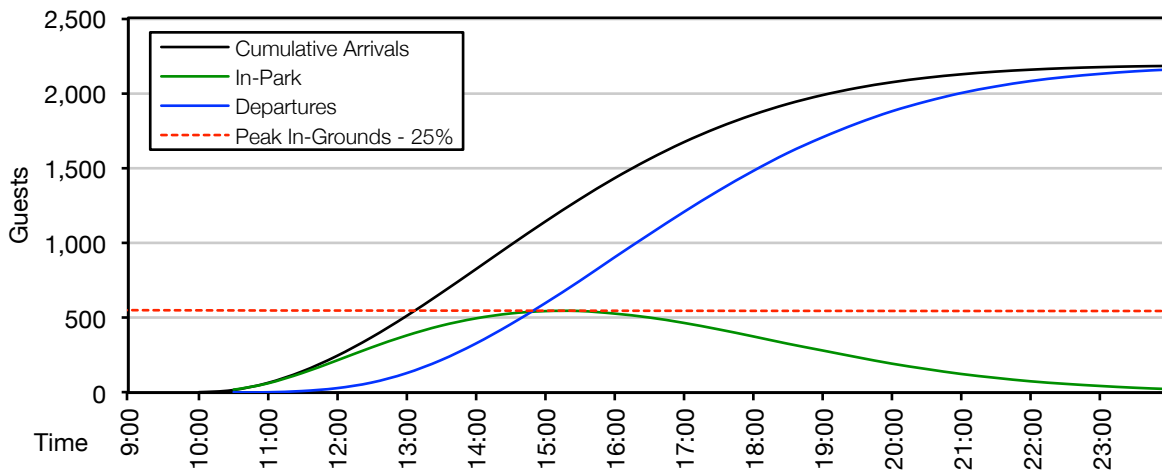
An onsite design day ratio, also known as a peak-in-park ratio, translate daily attendance into peak hourly attendance. PFA developed an illustrative hourly distribution for each scenario in the charts below. The distributions reflect a length of stay of 1.5 hours, 2 hours, and 3 hours for the low, medium, and high scenarios, respectively. This is in the line with the lengths of stay at benchmark for each category. Peak-in-park attendance usually coincides with the lunch and early afternoon hours.

### Length of Stay and Arrival Distribution Patterns

*Small Scenario*

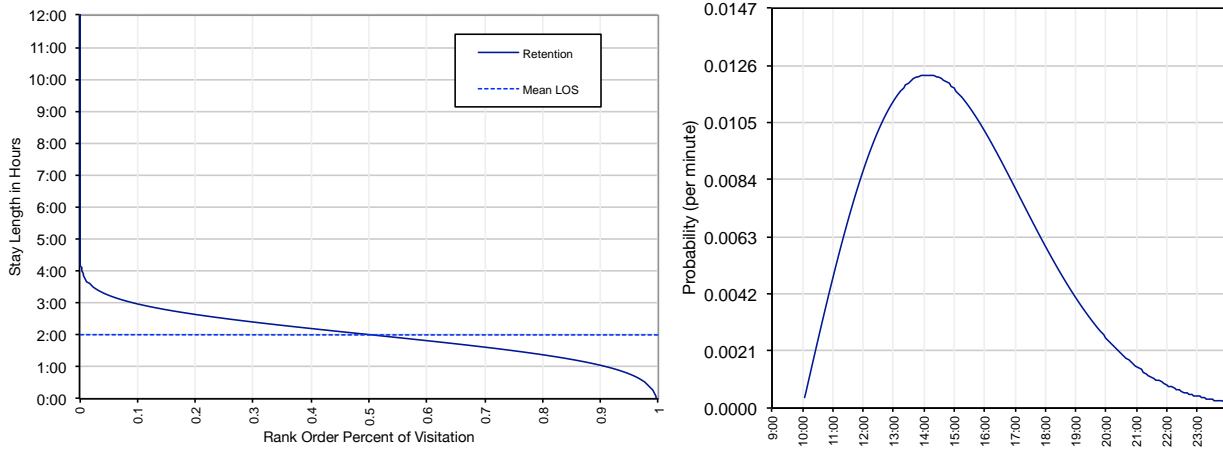


### Illustrative Arrivals and Departure Distribution - Small Scenario

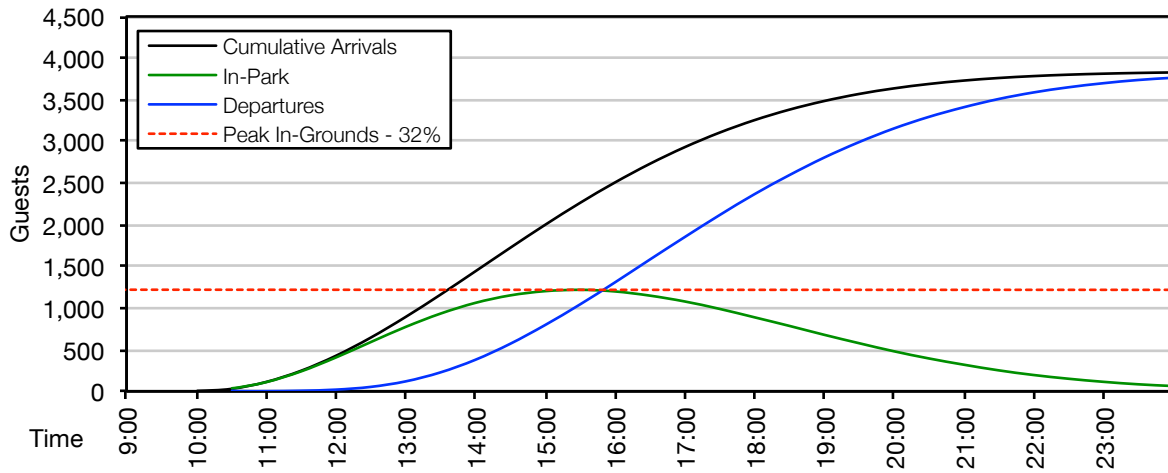


## Length of Stay and Arrival Distribution Patterns

Medium Scenario

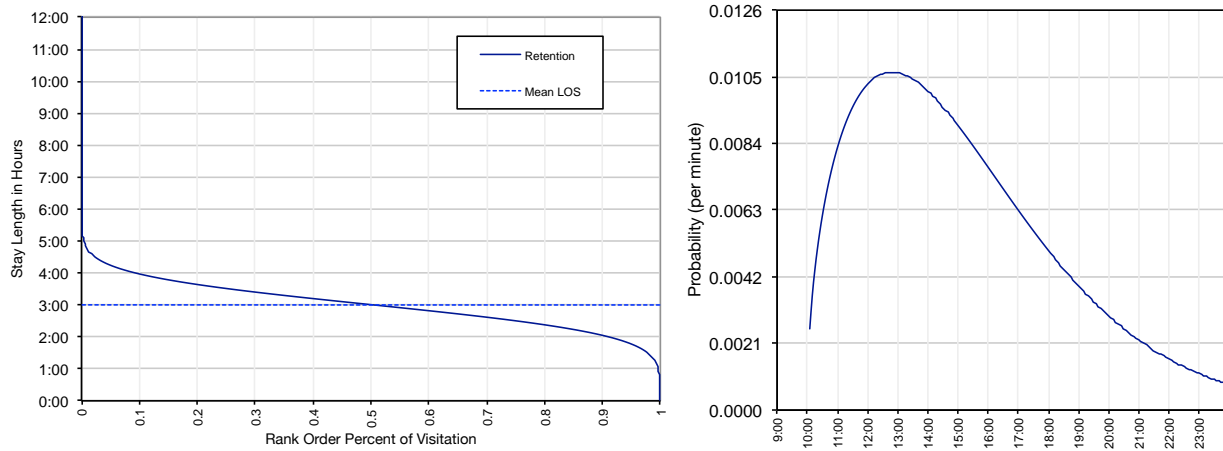


## Illustrative Arrivals and Departure Distribution - Medium Scenario

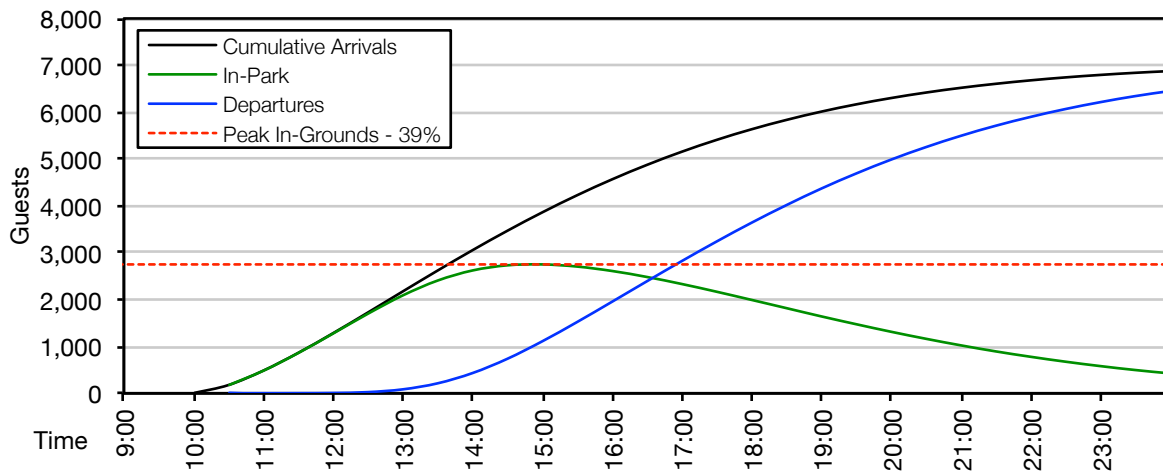


### Length of Stay and Arrival Distribution Patterns

#### Large Scenario



### Illustrative Arrivals and Departure Distribution - Large Scenario



### Sizing and Capacity Summary

The above analysis is summarized for each scenario in the chart below. In order to translate peak hourly attendance into sizing estimates, a target density ratio of 36 square feet per visitor is used across all three scenarios. This is a target density that is efficient, but yet provides for enough 'space' during peak hours so that the visitor experience is not inhibited. This yields a visitor area of approximately 19,600, 43,900, and 99,000 square feet for the three scenarios.

In order to estimate back of house requirements and other features, a ratio is applied to the visitor area. These ratios are in line with industry standards. Without further detail about the identity and concept of the attraction, these areas cannot currently be specified in greater detail.

Entertainment capacity is the measure of entertainment experiences available to the visitors within a park during any single hour. Capacity is measured in units per hour, and a unit can be composed of a ride, show, or other discrete activity. An entertainment throughput target informs designers what type of attraction to design to, and is the number of entertainment experiences that an average visitor can participate in during peak hours. This target ranges from less than 1 at the major branded theme parks, to over 2 at attractions such as water parks. Due to the short lengths of stay, and presumably, the short attention spans of the target visitors at this attraction, a ratio of 2 is used to yield 1,100, 2,500, and 5,800 required units of capacity for the three scenarios.

Back of house ratios are applied to derive a total required theme park size of 23,500, 54,900, and 114,000 square feet for the scenarios, respectively.

### Sizing and Capacity Summary

Sizing and Capacity			
Type	Low	Medium	High
<b>Design Day and Entertainment Capacity</b>			
Attendance	342,000	545,800	918,200
Design Day	0.64%	0.70%	0.77%
Peak Target Avg On-Site	25%	32%	39%
Entertainment Throughput Target	2.00	2.00	2.00
Entertainment Capacity Required	1,116	2,542	5,822
<b>Sizing (all figures in SF)</b>			
Design Day Attendance	2,188	3,840	7,047
On Site Design Day Attendance	545	1,219	2,752
Target Visitor Density (sf per visitor)	36	36	36
Back of House (%)	20%	25%	15%
Themed Area	19,620	43,884	99,072
BOH	3,924	10,971	14,861
<b>Total Area</b>	<b>23,544</b>	<b>54,855</b>	<b>113,933</b>

### Parking Requirements

Parking requirements are a function of peak attendance levels. The onsite design day, or peak-in-park attendance, is translated into automobile and coach volumes using standard ratios.

PFA estimates that the majority of resident market visitors will arrive at the park using private automobiles. A 5-20 percent allocation for coach bus visitors has been made for potential school group visitation depending on the scale. For both domestic and international overnight tourists, PFA estimates that a greater percent of visitors will be arriving on coach buses; i.e., tour groups. The rest of the visitors are a mix of drop-offs (taxi) and private automobiles.

### Arrivals by Mode, Small Scenario

Parking Analysis	Peak Day	Private Auto	Coach Bus	Rail	Drop Off
Resident	458	90.0%	5.0%	0.0%	5.0%
Domestic Visitor	63	80.0%	10.0%	0.0%	10.0%
International Visitor	24	70.0%	20.0%	0.0%	10.0%
Weighted Average	545	88.0%	6.2%	0.0%	5.8%
Arrivals by Mode		479	34	-	32
Persons Per Vehicle		3.0	40		15
Vehicles		160	1		2
Arrivals per minute (@ 3.0 hour period)		0.9	0.0		0.0
<b>Spaces required (@ 10.0 minute drop off stay)</b>		<b>160</b>	<b>1</b>		<b>1</b>

### Arrivals by Mode, Medium Scenario

Parking Analysis	Peak Day	Private Auto	Coach Bus	Rail	Drop Off
Resident	903	80.0%	10.0%	0.0%	10.0%
Domestic Visitor	233	70.0%	20.0%	0.0%	5.0%
International Visitor	83	50.0%	40.0%	0.0%	10.0%
Weighted Average	1,219	76.0%	14.0%	0.0%	9.0%
Arrivals by Mode		927	170	-	110
Persons Per Vehicle		3.0	40		15
Vehicles		309	4		7
Arrivals per minute (@ 3.0 hour period)		1.7	0.0		0.1
<b>Spaces required (@ 10.0 minute drop off stay)</b>		<b>309</b>	<b>4</b>		<b>1</b>

### Arrivals by Mode, Large Scenario

Parking Analysis	Peak Day	Private Auto	Coach Bus	Rail	Drop Off
Resident	1,781	90.0%	5.0%	0.0%	5.0%
Domestic Visitor	623	70.0%	20.0%	0.0%	10.0%
International Visitor	348	50.0%	40.0%	0.0%	10.0%
Weighted Average	2,752	80.4%	12.8%	0.0%	6.8%
Arrivals by Mode		2,213	353	-	186
Persons Per Vehicle		3.0	40		15
Vehicles		738	9		12
Arrivals per minute (@ 3.0 hour period)		4.1	0.0		0.1
<b>Spaces required (@ 10.0 minute drop off stay)</b>		<b>738</b>	<b>9</b>		<b>1</b>

The distribution yields arrival volumes, by mode. PFA estimates a person per vehicle count of approximately 3 for private automobiles and drop-offs, and 40 for coach bus arrivals. Both measures are at the higher end of the typical range; this is due to the concentration of families and school groups. This analysis yields parking requirements of 160, 309, and 738 spaces for private automobiles, and 1, 4, and 9 coach spaces. Simultaneous drop off space requirements are minimal.

### **Ancillary Elements Sizing**

Additional guidance for food and beverage, as well as retail, is given below. PFA estimates a ratio of 50 percent for food and beverage demand, for the peak hour of visitation. Note that this ratio is not the share of total daily visitors demanding food and beverage; this represents demand within the peak hour only.

This food and beverage demand is split into kiosk and cafeteria types. Kiosk is representative of faster service, stand-up food options, while cafeteria types are typically sit-down food outlets. For all three scenarios, slower types of food outlets such as restaurants are not believed to be warranted. This yields a seat requirement of between 100 and 500 seats for the three scenarios.

Merchandising requirements are based on the retail spend of visitors within the gate. A sales productivity ratio of between \$500 and \$800 a square foot is used to yield size requirements of between 1,300 to 5,000 square feet. However, these sizing estimates are highly preliminary, as merchandising requirements are highly variable based on the orientation desired by the operator and designer. Retail outlets may be placed at the exit of landmark attractions or shows, for example, leading to flow and volumetric issues as hundreds of visitors are discharged at any one time. These considerations must take place during the design and concrete planning phases.

### **Food and Beverage, Merchandising Requirements**

Type	Small	Medium	Large
<b>F&amp;B Sizing Requirement</b>			
Onsite Attendance	545	1,219	2,752
F&B Demand	50%	50%	50%
Kiosk	40%	40%	40%
Cafeteria	60%	60%	60%
<b>Turns per Hour</b>			
Kiosk	4.5	4.5	4.5
Cafeteria	2.5	2.5	2.5
<b>Seats Required</b>			
Kiosk	25	56	129
Cafeteria	65	146	330
<b>Retail Sizing Requirement</b>			
Retail Expenditures (2020)	\$543,000	\$1,804,000	\$3,108,000
Sales per Square Foot	\$500	\$700	\$800
Area Necessary (sqft)	1,086	2,578	3,885

## Pro Forma Financial Analysis

Using the attendance projection and refined planning parameters, PFA created a pro forma financial model for each of the Themed Attraction scenarios (from the Themed Attraction operator perspective). The modeling included assumptions on pricing based on local market conditions and benchmark pricing, revenue yields based on benchmark facilities, operating cost structures based on benchmark facilities, and ROM development costs. The modeling also included an assumption of rent levels the Themed Attraction would pay to the Developer as landlord. The assumption was based on the lower level of occupancy ratios (rent to gross receipts) that anchors and Themed Attractions typically pay, and aligns with the Developer strategy of positioning the Themed Attraction as an anchor.

This section details the assumptions used to arrive at a single-year operating cash flow figure, which represents an illustrative projection of the Project's performance. Ten-year operating cash flows are derived from these single-year estimates, and are detailed in the appendices.

### Pricing and Per Capita Expenditures

The determination of ticket pricing is the starting point for revenues. The starting point for pricing is the determination of the headline adult or child ticket price. Ticket prices for other segments are usually determined as a percentage of the headline price.

In this analysis, PFA uses a headline adult ticket price of \$20 for the low scenario, and \$35 for both the mid and high scenarios.

- ▶ The Small Scenario adult headline ticket price is in line with pricing at US-based Lego Discovery Centers
- ▶ The Medium Scenario ticket price is in line with pricing at Kidzania attractions around the world. This price represents the child headline ticket price in PPP-adjusted terms. Child ticket prices at Kidzania are higher than their adult counterparts.
- ▶ The Large Scenario ticket price is an assumption only, as true benchmarks do not exist for the attraction. At a headline ticket price of \$35, the ticket is priced higher than the neighboring Aquarium of the Pacific, but slightly lower than a ticket to Knott's Berry Farm, which is an outdoor theme park in the regional market. Adult headline tickets to the indoor DisneyQuest attraction sell for between \$35 and \$45.

Attendance by ticketing segment is prepared in order to arrive at an admissions per capita expenditure. Food and beverage, merchandise, and other spending is derived as a ratio to the admissions per capita.

#### *Small Scenario*

Child and adult headline ticket prices at certain attractions in the comparable set of the low scenario are equivalent. For purposes of this analysis, the ticket price for children and adults is the same. Promotional and student group pricing reflect heavy use of discounting in order to drive tour and school group visitation.

The resident market will experience a lower admissions (ticket) yield due to discounting for school groups, while overnight tourists will have a slightly higher share of regular price-paying visitors.

Ancillary spending on food and beverage, merchandise, and other items (a category that includes rentals, strollers, lockers) are set at levels that are in line with those at comparable attractions, for an ultimate revenue yield (average per capita expenditure) of \$19, or over 95 percent of the adult ticket price.

In absolute terms, this is in line with the \$20 experienced at Merlin Midway Attractions, a category that includes the Lego Discovery Center attractions.

### Pricing and Per Capita Analysis - Small Scenario

Ticket Mix Analysis	Prices	(of adult)	Resident	Domestic Visitor	Int'l Visitor	Total		
Attendance (2020)			285,000	42,100	15,100	342,200		
Visitor Origin			83.3%	12.3%	4.4%	100%		
Adult Passport	\$20	100%	25.0%	30.0%	36.0%	26.1%		
Child Passport	\$20	100%	25.0%	25.0%	30.0%	25.2%		
Promotions (Multi-day, etc)	\$13	65%	25.0%	26.0%	13.0%	24.6%		
Evening Tickets	\$0	0%	0.0%	0.0%	0.0%	0.0%		
Season Passes (avg per visit)	\$0	0%	0.0%	0.0%	0.0%	0.0%		
Corp. & Social Groups	\$13	65%	0.0%	0.0%	0.0%	0.0%		
Tour / Wholesale / Package	\$13	65%	0.0%	12.0%	20.0%	2.4%		
Local School Groups	\$6	30%	20.0%	5.0%	0.0%	17.3%		
Complementaries	\$0	0%	5.0%	2.0%	1.0%	4.5%		
<b>Total</b>			<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100%</b>		
<b>Average Admission Revenue</b>			<b>\$14</b>	<b>\$16</b>	<b>\$17</b>	<b>\$14.80</b>		
Admission Yield (% of Adult)			72.3%	81.2%	87.5%	74.0%		
<b>Per Capita Spending</b>								
			<b>Resident</b>	<b>Domestic Visitor</b>	<b>International Visitor</b>	<b>Total</b>		
Attendance (2020)			285,000	42,100	15,100	342,200		
Admissions	\$14.45	79.0%	\$16.24	80.0%	\$17.49	78.0%	\$14.80	79.1%
Food & Beverage	\$1.10	6.0%	\$1.62	8.0%	\$1.79	8.0%	\$1.19	6.4%
Merchandise	\$1.46	8.0%	\$2.03	10.0%	\$2.69	12.0%	\$1.59	8.5%
Events, Games, Photo and Other	\$1.28	7.0%	\$0.41	2.0%	\$0.45	2.0%	\$1.14	6.1%
<b>Total</b>	<b>\$18.29</b>	<b>100.0%</b>	<b>\$20.30</b>	<b>100.0%</b>	<b>\$22.42</b>	<b>100.0%</b>	<b>\$18.72</b>	<b>100.0%</b>



### Medium Scenario

For purposes of this analysis, the ticket price for the adult headline is approximately 25 percent higher than that of the child headline price. In certain attractions, like Kidzania, the relationship is reversed. Promotional and student group pricing reflect heavy use of discounting in order to drive tour and school group visitation. The resident market will experience a lower admissions (ticket) yield due to discounting for school groups, while overnight tourists will have a slightly higher share of regular price-paying visitors.

Ancillary spending on food and beverage, merchandise, and other items (a catch-all category that includes rentals, strollers, lockers, sponsorship, event rentals) are set at levels that are in line with those at comparable attractions, most notably Kidzania, for an ultimate revenue yield (average per capita expenditure) of \$33, or over 90 percent of the adult ticket price. This is the ratio to ticket price experienced at attractions like Kidzania.

It must be noted that the Other category of expenditures is highly variable in attractions of this nature, and can range from 1 percent to 30 percent of admissions per capita spending. Assumptions have been used because the concept of the attraction has not yet been finalized.

### Pricing and Per Capita Analysis - Medium Scenario

Ticket Mix Analysis	Prices	(of adult)	Resident	Domestic Visitor	Int'l Visitor	Total		
Attendance (2020)			407,000	101,000	37,700	545,800		
Visitor Origin			74.6%	18.5%	6.9%	100%		
Adult Passport	\$35	100%	30.0%	32.0%	36.0%	30.8%		
Child Passport	\$28	80%	25.0%	20.0%	28.0%	24.3%		
Promotions (Multi-day, etc)	\$21	60%	15.0%	20.0%	15.0%	15.9%		
Evening Tickets	\$0	0%	0.0%	0.0%	0.0%	0.0%		
Season Passes (avg per visit)	\$0	0%	0.0%	0.0%	0.0%	0.0%		
Corp. & Social Groups	\$21	60%	10.0%	10.0%	0.0%	9.3%		
Tour / Wholesale / Package	\$21	60%	0.0%	10.0%	20.0%	3.2%		
Local School Groups	\$11	31%	15.0%	5.0%	0.0%	12.1%		
Complementaries	\$0	0%	5.0%	3.0%	1.0%	4.4%		
Total			100.0%	100.0%	100.0%	100.0%		
<b>Average Admission Revenue</b>			<b>\$24</b>	<b>\$26</b>	<b>\$28</b>	<b>\$24.88</b>		
Admission Yield (% of Adult)			69.7%	73.6%	79.4%	71.1%		
<b>Per Capita Spending</b>								
			<b>Resident</b>	<b>Domestic Visitor</b>	<b>International Visitor</b>	<b>Total</b>		
Attendance (2020)			407,000	101,000	37,700	545,800		
Admissions	\$24.40	77.0%	\$25.75	70.0%	\$27.79	73.0%	\$24.88	75.2%
Food & Beverage	\$2.54	8.0%	\$3.68	10.0%	\$3.81	10.0%	\$2.83	8.6%
Merchandise	\$2.54	8.0%	\$5.52	15.0%	\$5.71	15.0%	\$3.31	10.0%
Events, Games, Photo and Other	\$2.22	7.0%	\$1.47	4.0%	\$0.76	2.0%	\$1.98	6.0%
<b>Total</b>	<b>\$31.69</b>	<b>100.0%</b>	<b>\$36.79</b>	<b>99.0%</b>	<b>\$38.07</b>	<b>100.0%</b>	<b>\$33.07</b>	<b>100.0%</b>

## Large Scenario

For purposes of this analysis, the ticket price for the adult headline is approximately 25 percent higher than that of the child headline price. As mentioned previously, the adult headline ticket price is set at a level equivalent to that of the mid scenario. Promotional and student group pricing reflect heavy use of discounting in order to drive tour and school group visitation. The resident market will experience a lower admissions (ticket) yield due to discounting for school groups, while overnight tourists will have a slightly higher share of regular price-paying visitors.

Ancillary spending on food and beverage, merchandise, and other items (a catch-all category that includes rentals, strollers, lockers, sponsorship, event rentals) are set at levels that reflect PFA's assumptions for an attraction of this nature. Food and beverage, and merchandising spending are set at between 10 and 15 percent of admissions per capita revenues, which are preliminary, and illustrative assumptions. Depending on the program, and the merchandising brand power of the ultimate concept, these ratios may be much higher.

Similarly to the Medium Scenario, the Other category of expenditures is highly variable in attractions of this nature, and can range from 1 percent to 30 percent of admissions per capita spending in attractions such as museums.

Assumptions have been used because the concept of the attraction has not yet been finalized. It is possible that this category of revenues can be significantly higher depending on the proposed Themed Attraction.

### Pricing and Per Capita Analysis - Large Scenario

Ticket Mix Analysis	Prices (of adult)		Resident	Visitor	Int'l Visitor	Total	
Attendance (2020)			588,000	202,100	128,000	918,200	
Visitor Origin			64.0%	22.0%	13.9%	100%	
Adult Passport	\$35	100%	30.0%	35.0%	36.0%	31.9%	
Child Passport	\$28	80%	25.0%	22.0%	28.0%	24.8%	
Promotions (Multi-day, etc)	\$21	60%	15.0%	20.0%	15.0%	16.1%	
Evening Tickets	\$0	0%	0.0%	0.0%	0.0%	0.0%	
Season Passes (avg per visit)	\$0	0%	0.0%	0.0%	0.0%	0.0%	
Corp. & Social Groups	\$21	60%	10.0%	5.0%	0.0%	7.5%	
Tour / Wholesale / Package	\$21	60%	0.0%	0.0%	20.0%	2.8%	
Local School Groups	\$11	31%	15.0%	15.0%	0.0%	12.9%	
Complementaries	\$0	0%	5.0%	3.0%	1.0%	4.0%	
<b>Total</b>			<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>Average Admission Revenue</b>			<b>\$24.40</b>	<b>\$25.31</b>	<b>\$27.79</b>	<b>\$25.07</b>	
Admission Yield (% of Adult)			69.7%	72.3%	79.4%	71.6%	
<b>Per Capita Spending</b>							
	<b>Resident</b>		<b>Domestic Visitor</b>		<b>International Visitor</b>		<b>Total</b>
Attendance (2020)	588,000		202,100		128,000		918,200
Admissions	\$24.40	77.0%	\$25.31	75.0%	\$27.79	73.0%	\$25.07 75.9%
Food & Beverage	\$2.54	8.0%	\$3.37	10.0%	\$3.81	10.0%	\$2.90 8.8%
Merchandise	\$2.54	8.0%	\$4.39	13.0%	\$5.71	15.0%	\$3.39 10.2%
Events, Games, Photo and Other	\$2.22	7.0%	\$0.67	2.0%	\$0.76	2.0%	\$1.68 5.1%
<b>Total</b>	<b>\$31.69</b>	<b>100.0%</b>	<b>\$33.75</b>	<b>100.0%</b>	<b>\$38.07</b>	<b>100.0%</b>	<b>\$33.03 100.0%</b>

## Revenue Summary

A summary of the per capita expenditures, by scenario and spending category, is available below. Revenues are derived by multiplying per capita expenditures by total attendance for each scenario category. Note that revenues are presented for stabilized year (2020) and includes inflation.

### Pricing and Per Capita Expenditures - Summary

Pricing and Revenues			
Type	Small	Medium	Large
Adult/Child Headline Price	\$20	\$35	\$35
Admissions	\$14.80	\$24.88	\$25.07
F&B	\$1.19	\$2.83	\$2.90
Merchandise	\$1.59	\$3.31	\$3.39
Other	\$1.14	\$1.98	\$1.68
Total	\$18.72	\$33.07	\$33.03
% to headline ticket	93.6%	94.5%	94.4%
<b>Revenues (2020, 000s, inflated)</b>			
Admissions	\$6,402	\$16,670	\$29,406
F&B	\$524	\$1,916	\$3,439
Merchandise	\$696	\$2,265	\$4,075
Other	\$470	\$1,310	\$1,877
Sponsorship	\$171	\$531	\$846
<b>Total</b>	<b>\$8,264</b>	<b>\$22,692</b>	<b>\$39,643</b>

## Operating Expenses

### Staffing

Staffing and labor costs are typically the single highest cost category of operating expenses in a Themed Attraction. An illustrative staffing plan has been prepared for the three scenarios by Management Resources.

The general categories of staffing requirements are shown in the chart below. Without a specific and defined Themed Attraction concept, the staffing plan is illustrative and based on similar structures in key benchmark facilities.

Base salaries and benefits have been set at levels believed by PFA to be compatible with the living wage requirements of the Port and City of Los Angeles.

## Staff Categories and Salaries

Type	Base, USD	Benefits Share	Benefits	Wages & Benefits/ Person	Role
General Manager	100,000	35%	49,000	189,000	Overall manager of the attraction; coordinates and manages other employees and roles.
Assistant Manager	60,000	25%	17,500	87,500	One for each department - maintenance, marketing, ticketing, attractions, retail, finance
Administration	50,000	25%	13,750	68,750	Assistants, analysts, accountants, marketing coordinators, clerks
Attendants	40,000	25%	10,000	50,000	Attraction ushers and operators. Could vary depending on the identity of the attraction.
Other Frontline	40,000	25%	10,000	50,000	Retail, F&B, security, ticketing
Technicians	60,000	25%	15,000	75,000	Responsible for maintenance of facilities and exhibitions

Staffing levels for each category of labor will vary considerably depending on the ultimate concept. Labor-intensive attractions such as Kidzania, which require multiple operators per kiosk to assist visitors with activities, will incur higher labor costs. Staffing levels will also fluctuate between low season weekdays and high season weekends, with higher or lower numbers of part-time staff employed to keep up with demand.

Illustrative staffing levels are provided below, for each scenario. Staffing costs are modeled in terms of full-time equivalent (FTE) salaries. Because the operating hours of the various attractions are typically longer than a normal weekday, especially during peak days, PFA uses an FTE ratio of 1.5 to translate the number of staff required into full-time equivalents. This ratio implies that each operating day will be equivalent to one and a half workdays.

These ratios are used to derive illustrative staffing levels for each attraction category, as below.

## Illustrative Staffing Levels, by Scenario

*FTE Levels are based on 1.5 shifts*

Type	Small				Medium				Large			
	Min	Max	Min FTE	Max FTE	Min	Max	Min FTE	Max FTE	Min	Max	Min FTE	Max FTE
General Manager	1	1	1.5	1.5	1	1	1.5	1.5	1	1	1.5	1.5
Assistant Manager	5	5	7.5	7.5	8	8	12	12	15	17	22.5	25.5
Administration	6	8	9	12	15	16	22.5	24	25	25	37.5	37.5
Attendants	8	10	12	15	30	35	45	52.5	40	45	60	67.5
Other Frontline	8	10	12	15	20	25	30	37.5	30	35	45	52.5
Technicians	2	3	3	4.5	5	5	7.5	7.5	8	10	12	15
Total	30	37	45	55.5	79	90	118.5	135	119	133	178.5	199.5
Total Cost (millions)			\$2.7	\$3.3			\$6.8	\$7.7			\$10.3	\$11.6

This range of figures is used bound a reasonableness test of the labor cost ratios used in the derivation of operating cash flows.

### ***Other Operating Expenses***

The operating expense assumptions used to derive the single-year operating cash flow are as follows:

- ▶ **Cost of Goods Sold** - a ratio of 30 percent for food and beverage, and 40 percent for merchandise is used, in line with industry standards. These ratios are applied against food and beverage, and merchandise revenues.
- ▶ **Labor** - a ratio of 33 percent to total revenues is applied for the low scenario, and 30 percent to total revenues is applied to the medium and high scenarios. This corresponds to figures of \$2.7 million, \$6.8 million, and \$11.9 million, respectively. It must be noted that staffing will depend entirely on the business model, and its respective degree of labor-intensiveness. These ratios are industry standard levels, and represent the lower end of the standard range.
- ▶ **General and Administrative** - this includes any other office-related, administrative costs that are not included in the managerial and assistant-managerial level staffing costs in the previous labor section.
- ▶ **Marketing** - marketing costs are typically between 6 and 8 percent at typical theme parks. The Aquarium of the Pacific spends approximately 12 percent of its total revenues on marketing; midpoints of 8 and 9 percent are used as a conservative assumption.
- ▶ **Maintenance and Repair** - a standard assumption of 6 percent is utilized. These costs will grow over time from near negligible levels during the earlier years.
- ▶ **Utilities** - this includes costs for water, electricity, and gas. A standard assumption of 2 percent is used, in line with other indoor theme parks.
- ▶ **Licensing** - this is an expense charged by the owner of the 'brand', and will depend entirely on the nature of the arrangement with the intellectual property owner. Licensing fees are usually charged against different categories of revenues, such as tickets versus merchandise sales. Standard levels of licensing costs are utilized for now, as placeholders.
- ▶ **Supplies/Spares** - this is an allocation for supplies and spares used in the maintenance and repair of exhibits, hardware, rides, and other facilities. A plug figure of 2 percent is used.
- ▶ **Insurance** - a standard level of 1 percent is used.
- ▶ **Occupancy Cost** - this is an allocation for base rent and CAM charges, including property taxes. This have been set to approximately 7 percent, total.

**Operating Expense Assumptions and Cash Flow**

Type	Operating Cost Factor		
	Small	Medium	Large
COGS - F&B	30%	30%	30%
COGS - Merchandise	40%	40%	40%
COGS - Other	20%	20%	20%
Labor - Salaries & Bonuses	33%	30%	30%
Administrative & General	5%	5%	5%
Marketing	8%	9%	9%
Maintenance / Repair	6%	6%	6%
Utilities	2%	2%	2%
Licensing/Royalties (admissions)	3%	4%	4%
Licensing/Royalties (retail)	7%	7%	7%
Supplies/Spares Allowance	2%	2%	2%
Insurance	1%	1%	1%
Property Tax	2%	2%	2%
Rent/Occupancy Cost	5%	5%	5%
Total Operating Expenses (2020, 000s, inflated)	\$5,530	\$14,971	\$26,178
Revenues (2020, 000s, inflated)	\$8,264	\$22,692	\$39,643
Operating Margin	26.7%	26.3%	26.3%
<b>EBITDA (2020, 000s, inflated)</b>	<b>\$2,204</b>	<b>\$5,978</b>	<b>\$10,428</b>
Capital Expenditures/Annual Reserve	4%	6%	6%

Capital expenditures and annual reserve allocations are below-the-line items that will fluctuate from year to year. Capital expenditures average between 8 to 13 percent of total revenues at outdoor theme parks, but are lower at indoor theme parks. As an indoor attraction, the Project Themed Attraction is expected to update the entertainment content primarily through media (generally included in the royalties paid to the intellectual property licensor). A ratio of 4 to 6 percent to total revenues for both capital expenditures and annual reserves are assumed in this analysis.

## Investment Analysis

A preliminary investment analysis has been prepared below for the three scenarios being considered. Core and shell construction costs are combined with fit-out costs to obtain attraction costs. An allocation for soft costs is added to these hard costs in order to derive a total development cost for the attraction. Total development costs are estimated at \$16.5 million, \$38.8 million, and \$100 million, respectively, for the three scenarios.

### Illustrative Development Budget (millions) - Small Scenario

	Uses	Units	Unit Cost	Budget
<b>Developer Cost</b>	Core & Shell	23,544	\$250 per sqft	\$5.9
<b>Other Construction</b>	F&B Unit Budget	65	\$15,000 per seat	\$1.0
	Retail Unit Budget	1,086	\$300 per sqft	\$0.3
	On-stage Area Development	18,468	\$600 per sqft	\$11.1
	BOH Area Development	3,924	\$100 per sqft	\$0.4
	Parking (Surface)	0.0	- per acre	\$0
	Contingency		5% of construction	\$0.9
	<b>Subtotal - Hard Costs (Attractions &amp; Construction)</b>			<b>\$13.7</b>
<b>Soft Costs</b>	FF&E		3.2% of construction	\$0.5
	Design, Permit, PM, CM, Other		8.9% of construction	\$1.2
	Pre-Opening		10% of Y1 Op Costs	\$0.4
	Inflation Escalation		5% of construction	\$0.7
	<b>Subtotal - Soft Costs</b>		<b>21%</b>	<b>\$2.8</b>
<b>Other Costs</b>	Land		Allocation	-
	Site Infrastructure		Allocation	-
	<b>Subtotal - Other Costs</b>			<b>-</b>
<b>Total</b>	<b>(Excluding Developer Costs)</b>			<b>\$16.5</b>

### Illustrative Development Budget (millions) - Medium Scenario

	Uses	Units	Unit Cost	Budget
<b>Developer Cost</b>	Core & Shell	54,855	\$250 per sqft	\$13.7
<b>Other Construction</b>	F&B Unit Budget	146	\$15,000 per seat	\$2.2
	Retail Unit Budget	2,578	\$300 per sqft	\$0.8
	On-stage Area Development	41,160	\$600 per sqft	\$24.7
	BOH Area Development	10,971	\$100 per sqft	\$1.1
	Parking (Surface)	0.0	- per acre	\$0
	Contingency		5% of construction	\$2.1
	<b>Subtotal - Hard Costs (Attractions &amp; Construction)</b>			<b>\$30.9</b>
<b>Soft Costs</b>	FF&E		3.2% of construction	\$1.1
	Design, Permit, PM, CM, Other		8.9% of construction	\$3.7
	Pre-Opening		10% of Y1 Op Costs	\$1.6
	Inflation Escalation		5% of construction	\$1.5
	<b>Subtotal - Soft Costs</b>		<b>26%</b>	<b>\$8.2</b>
<b>Other Costs</b>	Land		Allocation	-
	Site Infrastructure		Allocation	-
	<b>Subtotal - Other Costs</b>			<b>-</b>
<b>Total</b>	<b>(Excluding Developer Costs)</b>			<b>\$38.8</b>

## Illustrative Development Budget (millions) - Large Scenario

	Uses	Units	Unit Cost	Budget
<b>Developer Cost</b>	Core & Shell	113,933	250 per sqft	\$28.5
<b>Other Construction</b>	F&B Unit Budget	330	\$20,000 per seat	\$6.6
	Retail Unit Budget	3,885	\$300 per sqft	\$1.2
	On-stage Area Development	94,857	\$700 per sqft	\$66.4
	BOH Area Development	14,861	\$100 per sqft	\$1.5
	Parking (Surface)	0.0	- per acre	\$0.0
	Contingency		5% of construction	\$5.2
	<b>Subtotal - Hard Costs (Attractions &amp; Construction)</b>			<b>\$80.9</b>
<b>Soft Costs</b>	FF&E		3.8% of construction	\$1.1
	Design, Permit, PM, CM, Other		11.9% of construction	\$9.6
	Pre-Opening		15% of Y1 Op Costs	\$2.5
	Inflation Escalation		5% of construction	\$4.0
	<b>Subtotal - Soft Costs</b>		<b>24%</b>	<b>\$19.2</b>
<b>Other Costs</b>	Land		Allocation	-
	Site Infrastructure		Allocation	-
	<b>Subtotal - Other Costs</b>			-
<b>Total</b>	<b>(Excluding Developer Costs)</b>			<b>\$100.1</b>

Note that media production costs are assumed to be covered by the intellectual property owner and licensed to the Project through royalty payments. No media development costs have been included in the illustrative budgets.

### Summary of Financial Feasibility

The pre-tax cash flows have been projected out ten years to estimate total cash on cash investment returns for the Operator business model. Internal Rate of Return (IRR) figures have been estimated by analyzing ten-year operating cash flow estimates with capitalized values for years eleven and beyond. IRRs are project economic returns and do not include assumptions for usage of debt or other leverage in the capital structure. (Full cash flows are available in the appendices.)

### Large-Subsidized Attraction Scenario

As illustrated, the Large Themed Attraction (which is most similar to the Developer's initial proposal Concept attraction) is estimated to cost \$100 million, which generates a 7.5% IRR. PFA believes investors in an attraction of this scale in a category that has limited precedents for commercial development would require a higher projected IRR to be commercially viable. PFA has used a 15% investment hurdle to represent a rate of return that is more commensurate with the themed attraction development risk. A development cost of approximately \$72 million would correlate to an IRR of 15%. The \$28 million difference from the estimated cost of \$100 million could be met by philanthropic or government capital fundraising, which is typical in the benchmark facilities such as museums and aquariums, or a developer subsidy such as a large tenant allowance.



**Summary of Themed Attraction Investment Characteristics**

Type	Small	Medium	Large	Large-Subsidized
Total Built Area (sqft)	23,544	54,855	113,933	113,933
Attraction Development Cost (000s)	\$16,500	\$38,800	\$100,100	\$71,660,
Rent Assumption to Developer (monthly per sqft) <sup>1</sup>	\$1.38	\$1.67	\$1.35	\$1.35
<b>IRR</b>	<b>12.3%</b>	<b>13.6%</b>	<b>7.5%</b>	<b>15.0%</b>

<sup>1</sup> - Rent for 2020, includes inflation.

**Themed Attraction Findings and Recommendations**

Based on the projected financial performance, as well as additional considerations, PFA has summarized findings and recommendations related to the Financial Feasibility of the Themed Attraction Scenarios.

**Findings on Small Attraction**

- ▶ The scenario is projected to have positive operating surplus.
- ▶ Approximately \$1.38 in rent paid to developer, which is approximately 5% occupancy ratio (rent paid to total revenue).
- ▶ Operator IRR of 12.3% illustrates a financial viable Small Attraction. However, uncertainty of concept may require higher rate of return to attract investors.
- ▶ The scenario has moderate development cost and scale, which limits total risk to the operator.
- ▶ With a moderate IRR, the proposed attraction would benefit from proven operational record.
- ▶ While potentially viable, the Small Attraction has limited attendance and may not provide as much destination drawing power or uniqueness as a larger attraction.

**Findings on Medium Attraction**

- ▶ The scenario is projected to have positive operating surplus.
- ▶ Approximately \$1.67 in rent paid to developer, which is approximately 5% occupancy ratio (rent paid to total revenue).
- ▶ Operator IRR of 13.6% illustrates a financial viable Medium Attraction. However, uncertainty of concept may require higher rate of return to attract investors.
- ▶ The scenario has a larger development cost and scale, which increases risks to the operator.
- ▶ With a moderate IRR, the proposed attraction would benefit from a proven operational record.
- ▶ The Medium Attraction has moderate attendance but with the proven range of many benchmarks. The scale of cost and size will limit the number of direct competitors. While attendance is relatively small compared to volumes for retail developments (and even current POC visitation), the assumed brand popularity and uniqueness of the attraction will benefit the Project by increasing awareness and positioning of the Project.

**Findings on Large Attraction**

- ▶ The scenario is projected to have positive operating surplus.
- ▶ Approximately \$1.35 in rent paid to developer, which is approximately 5% occupancy ratio (rent paid to total revenue).
- ▶ Operator IRR of 7.5% illustrates questionable economics for a large indoor attraction.
  - ☑ There is lack of proven commercial benchmarks success at this scale, although there are a significant number of non-commercial benchmarks that illustrate strong attendance profiles.

- ☑ Commercial benchmarks from Midscale along with non-commercial Large benchmarks provide conservative illustration of a Large commercial scenario.
  - ☑ The low IRR on illustrative model suggest a challenging environment to create a Large commercial attraction at the illustrated scale.
  - ☑ New concepts may outperform Large scenario, but would require specific plans and benefit from a strong track record of actual market performance indicators (e.g. penetration, ticket pricing).
- ▶ A Developer or Operator subsidy of approximately \$28 million would be required to increase the IRR to 15%.

## Project Analysis

The Project is conceptualized as a Retail, Dining & Entertainment (RD&E) center anchored by a major attraction. While the attraction is expected to create market awareness and position, the RD&E components will need to drive visitation based upon their own drawing power also. This section provides the Market Context for the RD&E development, as well as regional benchmark destinations that provide characteristics which frame reasonable performance estimates for the Project.

The International Council of Shopping Centers (ICSC) has broadly defined this type of retail development within the context of the US retail market. The following table highlights typical characteristics of an RD&E project, included by ICSC in the "Theme/Festival" category, as compared to other classifications of shopping centers which create the overall competitive retail environment.

### ICSC Shopping Center Characteristics

Center Type	Concept	Count	Avg GLA (sqft)	Range	Anchors	Typical Anchor	Trade Area (miles)
<b>Specialized-Purpose Center</b>							
Theme/Festival	Leisure, tourist, retail and service-oriented offerings with entertainment as a unifying theme. Often located in urban areas, they may be adapted from older or historic buildings and can be part of a mixed-use project.	174	147,251	80-250k	NA	Restaurants, entertainment	25-75
Power	Category-dominant anchors, including discount department stores, off-price stores, wholesale clubs, with only a few small tenants.	2,143	420,160	250-600k	3+	Category killers	5-10
Lifestyle	Upscale national-chain specialty stores with dining and entertainment in an outdoor setting.	412	324,754	150-500k	0-2	Large format upscale specialty	8-12
Factory Outlet	Manufacturers' and retailers' outlet stores selling brand- name goods at a discount.	346	233,604	50-400k	NA	Manufacturers' and retailers' outlets	25-75
<b>General-Purpose Center</b>							
Super Regional Mall	Similar in concept to regional malls, but offering more variety and assortment.	679	1,222,756	800k+	3+	Full-line or junior department store, mass merchant, discount department store and/or fashion apparel store.	5-25
Regional Mall	General merchandise or fashion-oriented offerings. Typically, enclosed with inward-facing stores connected by a common walkway. Parking surrounds the outside perimeter.	681	585,791	400-800k	2+	Full-line or junior department store, mass merchant, discount department store and/or fashion apparel store.	5-15
Community	General merchandise or convenience-oriented offerings. Wider range of apparel and other soft goods offerings than neighborhood centers.	9,610	197,921	125-400k	2+	Discount store, supermarket, drug, large-specialty discount	3-6
Neighborhood	Convenience oriented.	32,402	71,898	30-125k	1+	Supermarket	3
Strip/Convenience	Attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front.	68,381	13,157	<30,000	None	Convenience store, such as a mini-mart.	<1

Source: ICSC August 2014

## Development Concept

The Project under study is generally a Themed Attraction-anchored RD&E center, which falls under the ICSC categorization of Themed/Festival Centers. The Themed Attraction, reviewed in the previous sections, is expected to provide a unique new attractor that is tightly connected to the Project and integrated into the design for pedestrian flow. The new attraction and the RD&E center will not exist as a standalone island, however. The existing harbor tour and sport fishing operations will continue to serve as additional attractions on site. Given an optimal design for pedestrian linkages, the growing promenade connecting all of the attractions along the Los Angeles waterfront in San Pedro will create an easy pathway for visitors to follow to any of the area attractions, thus facilitating visits to multiple locations within the overall broader destination once people have parked for a single time and gotten out of their cars. Other existing attractions within an easy walking distance include: Crafted, the Los Angeles Maritime Museum, the USS Iowa Battleship, the cruise ship terminal, and the Red Car Line trolley. The waterfront Promenade itself can become an attractor as people discover the low-cost pleasures of simply strolling along an interesting and constantly changing waterfront. As pedestrian and bicycle traffic increases, and people become accustomed to strolling further distances along the Los Angeles waterfront, additional existing attractions will come into play, such as the Catalina ferry terminal, and the Cabrillo Marine Aquarium. The redeveloped RD&E center in Ports O' Call can serve as the primary hub along the route for a quick bite to eat, a cup of coffee or a glass of wine, as well as serving as a dining and entertainment destination on its own.

PFA has reviewed the concept strategy with SWOT analysis to identify suitability and any recommendations.

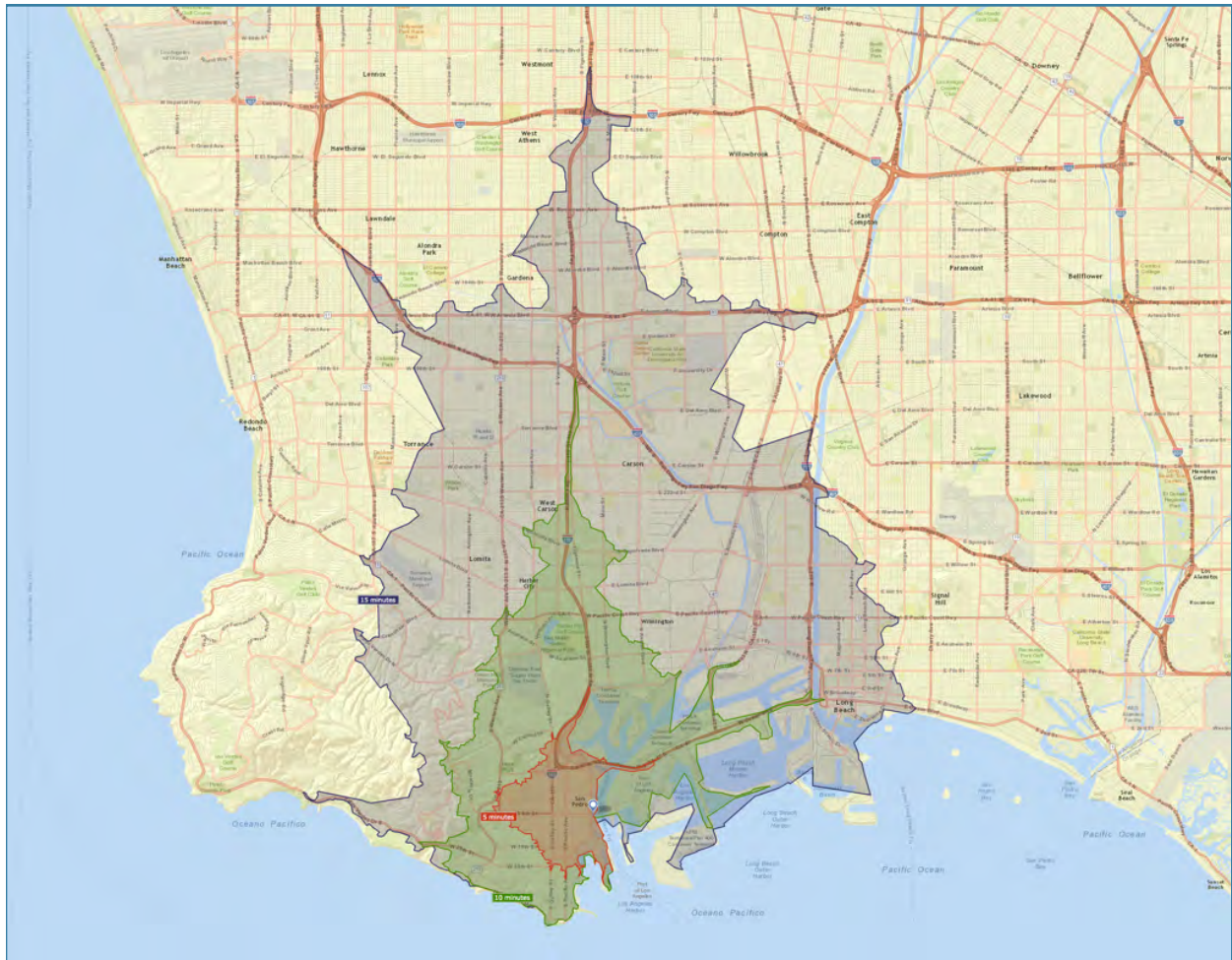
Strategic Review
<b>Strengths</b>
<ul style="list-style-type: none"> <li>▶ Existing operations are a strong draw from beyond the local trade area</li> <li>▶ Limited waterfront alternatives to greater Los Angeles market</li> <li>▶ Industrial port provides unique backdrop/theater while limited incursion into public locations</li> <li>▶ Collection of existing / proposed attractions can help create critical mass for destination visitation/longer length of stay, marina provides draw for commercial cruises, sportfishing, etc.</li> <li>▶ Land area and parking sufficient for scaled development</li> <li>▶ Access to destination market (&gt;15 minutes) is good with access to regional freeway</li> <li>▶ Unique and authentic restaurant options</li> </ul>
<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>▶ Small local market support with limited population and disposable income</li> <li>▶ Currently disconnected from San Pedro downtown and residential areas</li> <li>▶ While located on the waterfront, there is no beach or true water access</li> <li>▶ Currently lacking a true waterfront promenade</li> <li>▶ Current design encourages POC visitors to get back in their cars to seek other experiences in the nearby area</li> <li>▶ Industrial activity may conflict with positioning as visitor serving</li> <li>▶ Single point of ingress/egress</li> <li>▶ Limited draw at night</li> </ul>
<b>Opportunities</b>
<ul style="list-style-type: none"> <li>▶ RD&amp;E developments tend to draw from larger trade areas vs. traditional retail</li> <li>▶ Attractions tend to draw from larger trade areas vs. traditional retail and aligns with RD&amp;E trade area</li> <li>▶ Growing promenade along the waterfront can provide a free recreational amenity for strolling in conjunction with visits to POC, and extend length of stay</li> <li>▶ Promenade can provide pedestrian linkages to other attractions (USS Iowa, CRAFTED, etc.) creating a larger destination</li> <li>▶ Rebranding as “Los Angeles Waterfront” can raise visibility of entire destination, including POC</li> <li>▶ Significant and growing non-coastal market aligns with current visitor demographic</li> </ul>
<b>Threats</b>
<ul style="list-style-type: none"> <li>▶ Infrastructure and seismic construction may increase cost beyond commercially supportable levels</li> <li>▶ Seasonality of waterfront draw from a destination market may increase visitor variance</li> <li>▶ Expanding target market beyond current visitors may be difficult or risk losing existing visitors</li> <li>▶ Typical themed attraction volume and demographic is not large enough to support RD&amp;E alone</li> </ul>

## Market Review

The predominant market source for most retail is from a local market. While the proposed project, as unique waterfront RD&E (Theme/Festival), the project will draw from a larger trade area. However, this trade area overlaps with the areas for similar waterfront RD&E destinations. The local market provides a proxy to compare the relative market scale against competition.

Retail spending characteristics are provided to illustrate the context for the Project.

### 5, 10, 15-minute Drive Times



Source: ESRI Business Analyst

## Estimated Spending Demand for Project Trade Areas (2013)

Category	NAICS	5-minute	10-minute	15-minute
Total Retail, Food & Drink	44-45,722	\$178.4	\$1,175.9	\$3,767.0
Motor Vehicle & Parts Dealers	441	\$28.3	\$192.3	\$618.2
Furniture & Home Furnishing Stores	442	\$3.7	\$25.4	\$81.5
Electronics & Appliance Stores	443	\$4.2	\$27.9	\$90.0
Bldg Materials, Garden Equip & Supply	444	\$4.3	\$33.6	\$112.8
Food & Beverage Stores	445	\$31.6	\$199.7	\$634.9
Health & Personal Care Stores	446	\$13.1	\$88.9	\$285.3
Gasoline Stations	447	\$15.0	\$96.8	\$309.2
Clothing & Accessories Stores	448	\$11.5	\$75.2	\$240.3
Sports, Hobby, Book & Music Stores	451	\$4.2	\$27.9	\$89.8
General Merchandise Stores	452	\$25.4	\$163.7	\$522.7
Miscellaneous Stores	453	\$4.9	\$33.2	\$106.8
Non-store Retail	454	\$13.1	\$88.9	\$283.6
Food & Drinking Places	722	\$19.1	\$122.5	\$391.8
<i>Full Service Restaurants</i>	7221	\$9.2	\$59.3	\$189.7
<i>Limited Service Eating Places</i>	7222	\$8.5	\$54.1	\$173.0
<i>Special Food Services</i>	7223	\$0.9	\$5.9	\$18.5
<i>Drinking Places (Alcoholic)</i>	7224	\$0.5	\$3.3	\$10.6

Source: ESRI Business Analyst

## Benchmark Review

The Project competes in the greater Los Angeles market. Retail developments are distributed throughout the market with a total of 225 million square feet, with an average vacancy estimated at 5.6%. While average asking rents are approximately \$2.42 per square foot per month, the areas super regional malls have the highest rents at \$4.31.

## Los Angeles County Retail Market (Q2, 2014)

Type	Total Retail Inventory	Vacancy %	Under Construction	Asking Rent
Super/Regional Malls	25,986,900	4.8%	30,000	\$4.31
Power Centers	12,312,400	5.4%	194,300	\$3.20
Lifestyle/Theme-Festival	4,709,400	3.7%	299,900	\$3.24
Community/Neighborhood	78,613,100	7.3%		\$2.33
Strip Centers	30,908,100	7.8%	73,800	\$1.61
Single Tenant Bldg	72,428,800	3.5%	379,800	\$2.21
<b>Total</b>	<b>224,959,000</b>	<b>5.6%</b>	<b>977,900</b>	<b>\$2.42</b>

Source: Colliers International, LA Basin Market Report

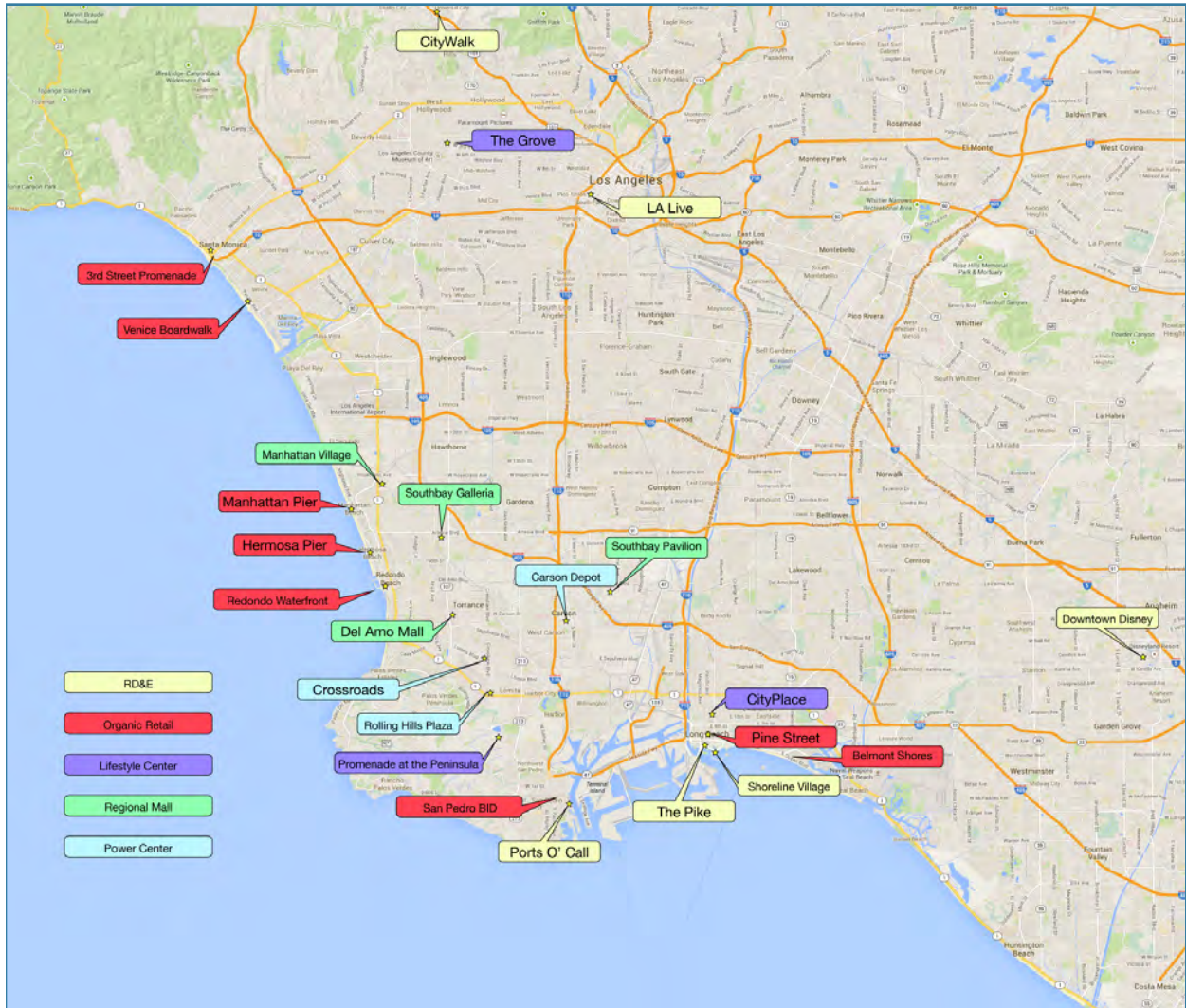
The Project will compete in the South Bay/Long Beach trade area for local market visitation, as well as with higher profile inland RD&E centers and waterfront RD&E developments. The following list illustrates a number of key competitive developments and regions.

### Key Competitive Retail Developments

Local	Type	Approximate Size/GLA
San Pedro BID	Organic	<i>Not Applicable</i>
Pine Street, Long Beach	Organic	<i>Not Applicable</i>
Redondo Waterfront	Waterfront Organic	<i>Not Applicable</i>
Hermosa Pier (Promenade)	Waterfront Organic	<i>Not Applicable</i>
Manhattan Beach Pier (Downtown)	Waterfront Organic	<i>Not Applicable</i>
Venice Boardwalk	Waterfront Organic	<i>Not Applicable</i>
Belmont Shores	Waterfront Organic	<i>Not Applicable</i>
POC (current)	RD&E	112,000
The Pike	RD&E	315,000
Shoreline Village	RD&E	100,000
Promenade at the Peninsula	Lifestyle	374,000
Del Amo Mall	Regional Mall	2,230,000
Southbay Galleria	Regional Mall	950,000
CityPlace	Urban Mall	450,000
Downtown Disney	RD&E	230,000
Torrance Crossroads	Power Center	478,000
Southbay Pavilion	Regional Mall	10,300,00
Carson Depot	Power Center	232,000
Rolling Hills Plaza	Power Center	493,000
Manhattan Village	Regional Mall	572,000
The Grove	Lifestyle	500,000
CityWalk	RD&E	316,000
LA Live	RD&E	305,000
3rd Street Promenade/Santa Monica Place	Organic/Regional Mall	500,000 & 475,000



## Location of Selected Competitive Retail Developments



Source: Pro Forma Advisors

### RD&E Benchmark Analysis

The following section provides additional analysis and characteristics about benchmark RD&E developments.

#### RD&E Anchors

Traditional malls have major department stores as anchors, which at their scale, command critical drawing power to the overall project. Additional in-line retail would represent approximately 50% of total GLA. Cinemas have more recently been used as a high volume anchor as new films would consistently generate repeat visitation. In the 1990s, and 2000s, Retail, Dining & Entertainment (RD&E) centers became popular, particularly as they were added to existing large attractions (e.g. Citywalk).

However, most successful RD&E developments tend to be a mix of smaller facilities with a collective critical mass. Many are located adjacent to major anchors and have cinemas, but lack a traditional retail anchor. The RD&E environments are typically unique and support social interaction. Based on tenant mix, many well-known RD&E centers skew heavily to Dining or Dining/Bar, with moderate retail.

There are few examples of small or moderate anchors being the primary driver of visitation to support a major RD&E center. Even the larger attraction-driven RD&E centers require significant support from traditional local resident markets or large inventories of local hotel rooms (e.g. 160,000 rooms in Orlando).

### Characteristics of RD&E Anchors

Center	Scale SQFT (excluding anchors)	Primary Anchors	Anchor Attendance	Secondary Anchor
LA Live	120,000	Staples Center, Nokia Theater	3.5M	Regal Cinema
CityWalk	240,000	Universal Studios (5M)	5M	Gibson Theater (Closed), AMC Theater
Downtown Disney	180,000	Disneyland, California Adventure	23M	AMC Theater
The Pike	170,000	Aquarium of Pacific	1.5M	Cinemark
Kemah Boardwalk	90,000	-		Boardwalk Amusement
3rd Street Promenade		-		
CityWalk Orlando	200,000	Universal Studios Florida, IOA	15M	Loews Theater, Hard Rock Live, Blueman Group Theater
Outlets at Orange	550,000	-		AMC, Dave&Busters, LuckyStrike, Vans
The Grove	300,000	-		Nordstroms, AMC Theater
Inner Harbor (Power Plant Live)		Oriole Park, Baltimore Convention Center, National Aquarium, USS Constellation, Maryland Science Center	5-10M	

Source: Pro Forma Advisors

### Selected RD&E Benchmark Review

PFA has further analyzed selected RD&E developments that illustrate key characteristics of RD&E developments and performance. The selected RD&E benchmarks include high profile and generally organized centers located in the greater Los Angeles area. However, PFA has included an additional benchmark - Kemah Boardwalk - that is uniquely similar to the Project market conditions.

## Additional Benchmark Developments

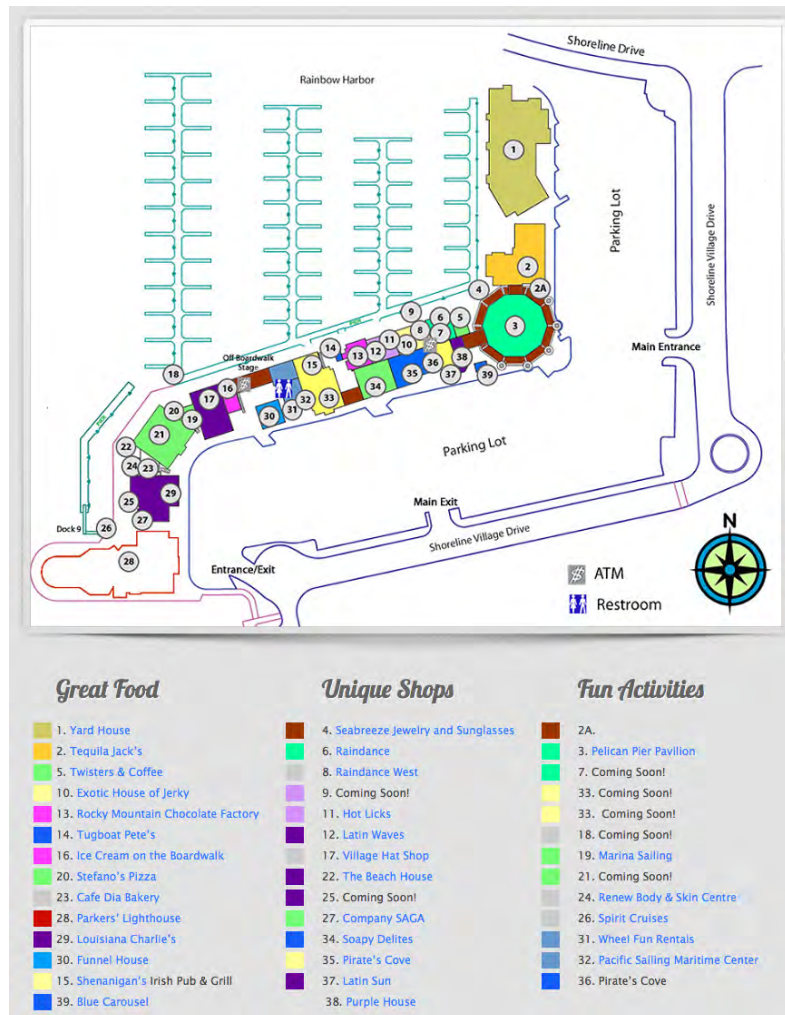
Local	Type	Approximate Size/GLA
Shoreline Village	RD&E	100,000
The Pike	RD&E	370,000
Promenade at the Peninsula	Lifestyle	367,000
3rd Street Promenade/Santa Monica Place	Organic/Regional Mall	500,000/475,000
CityWalk	RD&E	316,000
LA Live	RD&E	305,000
Downtown Disney	RD&E	230,000
The Grove	Lifestyle	500,000
Kemah Boardwalk	RD&E	100,000

## Shoreline Village

Shoreline Village is a waterfront shopping center south of Shoreline Drive. Developed along as a “historic” seaside destination, it has a tenant mix concentrated on destination- and tourist-serving restaurants and small visitor-serving shops. It has its own privately managed surface parking lot but is disconnected from Downtown.

### Key Characteristics

- ▶ Total size of approximately 100,000 square feet
- ▶ Approximately 50,000 square feet of F&B (anchors include Yardhouse, Tequila Jacks, Parkers Lighthouse)
- ▶ Built in 1983
- ▶ Approximately 500 parking spaces, paid
- ▶ Currently there are significant vacancies
- ▶ Current rent ask: \$2.25 for a 495 sqft unit
- ▶ Estimate sales annual sales performance: \$12 million or about \$200 per square foot



## The Pike

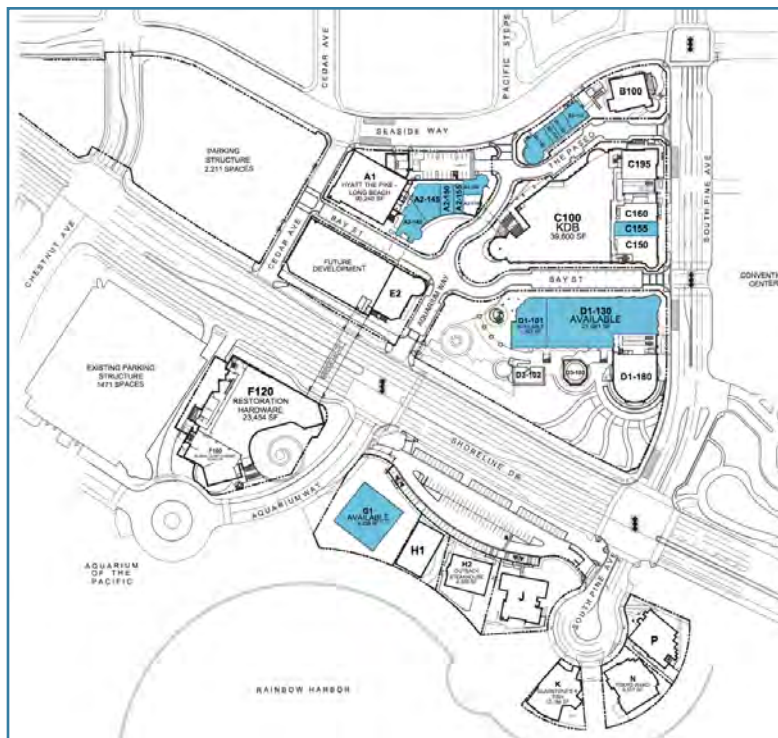
Built in 2004, The Pike is a development with a prototypical RD&E tenant mix. It is anchored by a CineMark Theaters. (Original tenants included Gameworks, and Borders which have since ended operations). The Pike is located south of Ocean Boulevard down from downtown Long Beach but bisected by Shoreline Drive. It is adjacent to the Long Beach Convention Center and the Aquarium of the Pacific, and many of the patrons are tourists and conventioners.

### Key Characteristics

- ▶ Total size of approximately 370,000 square feet
- ▶ Key anchors: Cinemark Theaters, Restoration Hardware, KBD (bowling, FEC)
- ▶ Current average rents: \$1.50
- ▶ Estimated sales: \$50M or \$200 per square foot
- ▶ Significant vacancies, but units south of Shoreline Drive do better
- ▶ Approximately 3,600 park spaces, paid

### The Pike Program

Type	GLA	
Available	76,035	24.1%
F&B	76,381	24.2%
Entertainment	139,655	44.3%
Retail	23,454	7.4%
<b>Total</b>	<b>315,525</b>	<b>100.0%</b>



## Promenade at the Peninsula

Promenade on the Peninsula is a lifestyle center anchored by an Equinox gym, Regal Cinemas, Ice Chalet & Pottery Barn. As a lifestyle center, the development has significantly more retail but no traditional, large department stores. It has a movie theater anchor, but also includes significant office and personal services tenants. The Promenade caters to the higher income residential communities of Palos Verdes and the South Bay.

### Key Characteristics

- ▶ Total size of approximately 367,000 square feet
- ▶ Key anchors: Regal Cinemas, Pottery Barn, Equinox, Williams-Sonoma, Banana Republic
- ▶ Current asking rents: \$2 to \$2.50 per square foot
- ▶ Significant available space of 70k square feet
- ▶ Approximately 1,900 park spaces, free

Type	GLA	
Available	69,178	18.8%
F&B	29,167	7.9%
Entertainment	69,741	19.0%
Retail	107,459	29.3%
Services	50,274	13.7%
Other	41,456	11.3%
<b>Total</b>	<b>367,275</b>	<b>100.0%</b>

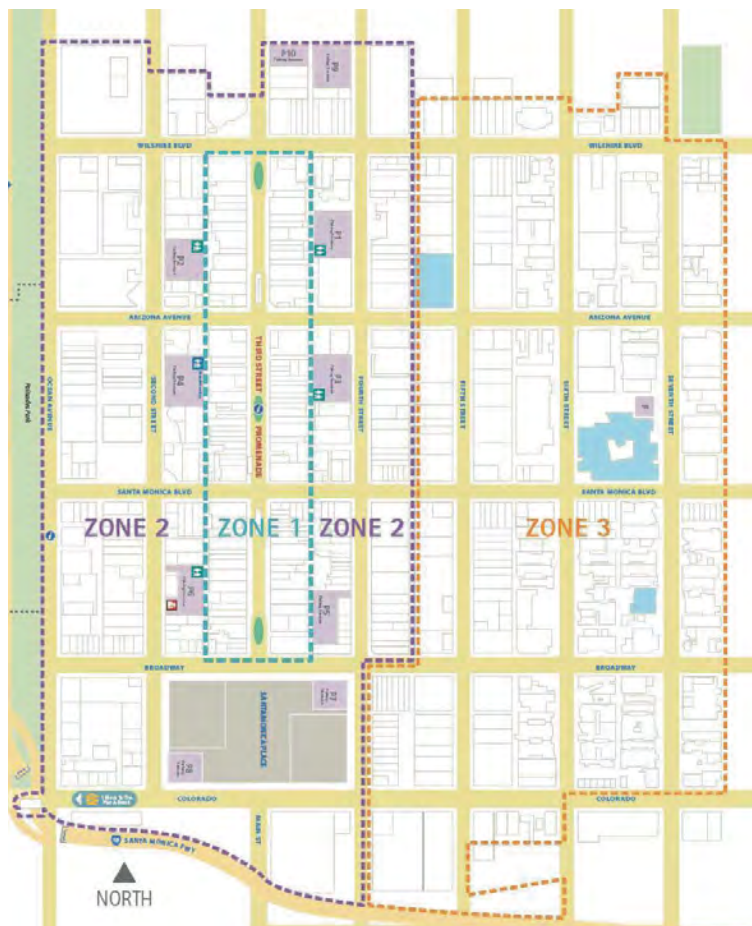


### ***3rd Street Promenade/Santa Monica Place***

Downtown Santa Monica is a shopping, dining and entertainment destination adjacent to the Pacific Ocean. Over 6.3 million people visit Downtown Santa Monica annually. Downtown Santa Monica is marketed and managed by a private 501c(3) non-profit organization that works with the City of Santa Monica to manage services and operations in Downtown Santa Monica. The DSM manages the Property-based Business Assessment District bounded by Ocean Avenue to the west, Wilshire Boulevard to the north, 7th Street to the east and the Santa Monica Freeway to the south.

#### Key Characteristics

- ▶ 3rd Street Promenade began as an organic development with organized retail anchor -Santa Monica Place.
- ▶ There is approximately 400,000 square feet GLA in the Promenade, 450,000 square feet at Santa Monica Place, and additional development on 2nd and 4th St.
- ▶ Current asking rents: \$5 per square foot at SMP, \$7 per square foot on Promenade
- ▶ There are 10 parking structures in and around the area which are mixed paid and free
- ▶ Sales performance:
  - ☑ Downtown Santa Monica - \$430 million
  - ☑ SMP \$215 million or \$477 per square foot



## Universal CityWalk

Universal CityWalk is the name given to the entertainment and retail districts located adjacent to the theme parks of Universal Parks & Resorts. Built in Phases, the original “block” attempted to cater to visitors to the Universal Studios theme park, but was not considered successful. Many retail tenants such as the the Panasonic store were positioned for demonstration rather than sales revenue. Theme park visitors also tended to spend in the park and did not shop or eat as they passed through CityWalk back to parking.

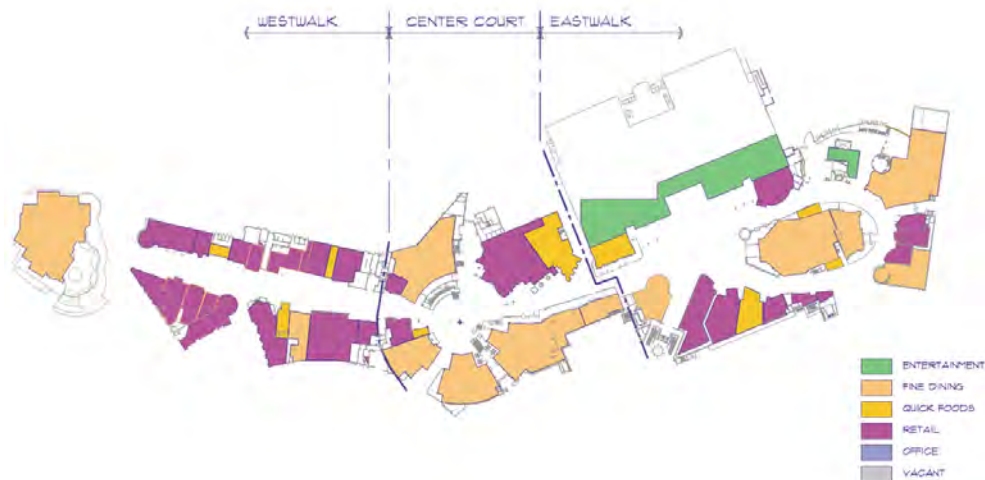
The expansion of CityWalk also refocused the tenant mix to a F&B, movie, bar and music orientation attracting residents instead of theme park guests. CityWalk also benefited from the 5,000-seat Gibson Amphitheater which staged 150 annual concerts. The theater has been removed as part of a major renovation to the theme park and replaced with "5 Towers", an interactive outdoor concert venue on Universal CityWalk, featuring a technologically advanced staging system.

### Key Characteristics

- ▶ Multi-phased development anchored by AMC Theater, Universal Studios Theme Park (closed Gibson amphitheater)
- ▶ Approximately 314,000 square feet
- ▶ Currently fully leased

### CityWalk Program

Type	GLA	
F&B	138,414	44.0%
Entertainment	112,005	35.6%
Retail	63,965	20.3%
<b>Total</b>	<b>314,384</b>	<b>100.0%</b>



**CITYWALK - GROUND LEVEL PLAN**



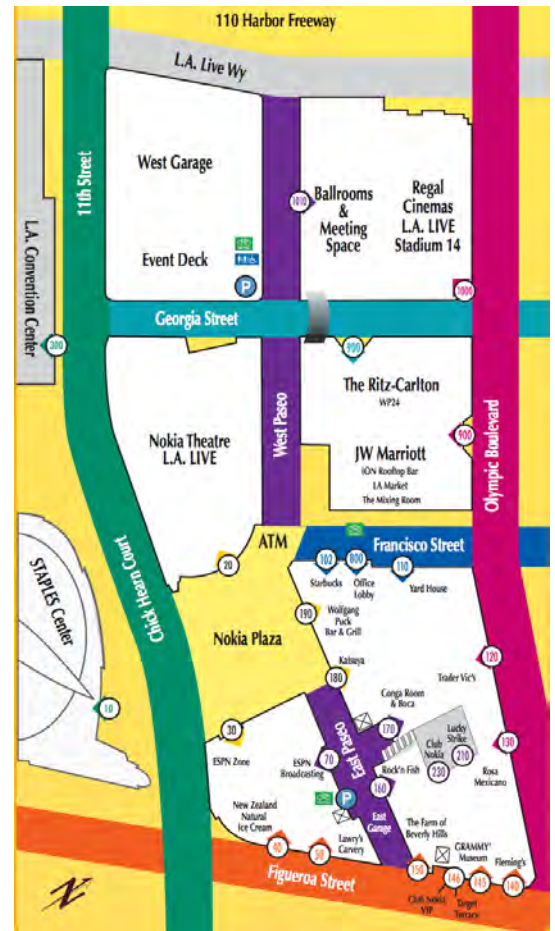


## LA Live

LA Live is a RD&E and office development in downtown Los Angeles. It was developed by AEG adjacent to their 20,000-seat Staples Center. Staples Center is home to the Los Angeles Lakers NBA team, Los Angeles Clippers NBA team, Los Angeles Kings NHL team, and hosts over 200 events annually. The center has benefited from the opening of the large Marriott hotel which has increased the onsite population and supported additional events at the LA Convention Center.

### Key Characteristics

- ▶ Anchored by Nokia Theater (7,100 seats) and Regal Cinema (140k square feet) and Staple Center
- ▶ Significant revenue from displays/signage associated with Staples Center
- ▶ Significant office component for AEG and ESPN studio
- ▶ There is no retail in the development
- ▶ The Nokia Theater hosts the Grammy Awards and LA Live includes a lightly attended Grammy Museum.
- ▶ Some F&B does well, typically experienced groups that manage the peaking around events (e.g. Yard House, Flemmings). Others do poorly (The Farm) and do not handle the challenges of slow lunch and highly uneven, event driven visitation.
- ▶ Many tenants paid no rent for years as the facility struggled with lack of a consistent market. ESPN Sports Zone could not maintain a consistent business and closed.



## LA Live Program

Type	GLA	
Available	-	-
F&B	84,495	15.7%
Entertainment	219,999	40.8%
Retail	-	-
Theater	235,000	43.6%
<b>Total</b>	<b>539,494</b>	<b>100.0%</b>

## ***Downtown Disney***

Downtown Disney is an outdoor shopping, dining, and entertainment area located at the Disneyland Resort in Anaheim, California, United States. It was constructed during the Disneyland Resort expansion which also included the construction of Disney California Adventure, and opened on January 12, 2001. Downtown Disney District was designed to attract local residents and to encourage extended stays in the resort district.

### Key Characteristics

- ▶ Approximately 230,000 square feet as part of Disneyland Resort (Disneyland, California Adventure, Grand Californian Resort, Disneyland Hotel)
- ▶ Many outlets are operated by Disney
- ▶ Key tenants include:
- ▶ AMC Theaters, Rainforest Cafe, House of Blues, World of Disney, ESPN Zone

### **Downtown Disney Program**

Type	GLA	
Available	-	-
F&B	104,800	45.7%
Entertainment	57,000	24.9%
Retail	67,573	-
<b>Total</b>	<b>229,373</b>	<b>100.0%</b>



## The Grove

The Grove is a lifestyle complex in Los Angeles, California, built, owned, and operated by Caruso Affiliated on parts of the historical Farmers Market. The 500,000-square-foot outdoor marketplace is located in Los Angeles' Fairfax District. The project has modeled its architectural designs on indigenous Los Angeles buildings featuring a series of Art Deco-style false fronts, with boxy interiors similar to those found in other contemporary retail stores. The Grove features a large center park with an animated fountain which plays every hour and a non-musical program in between shows.

The Grove is anchored by traditional retail anchors (e.g. Nordstrom, Apple and Crate & Barrel) with nearly 70 percent of GLA oriented to traditional retail. The Grove's restaurants include chains like Maggiano's Little Italy and The Cheesecake Factory but only accounts for 13.5 percent of GLA. The Original Farmers Market, located adjacent to The Grove features approximately 120,000 square feet of non-chain restaurants and food booths that have existed there, many with history running into decades. The main entertainment venue is a 14-screen movie theater complex owned by Pacific Theaters.

The Grove is considered one of the highest performing retail centers in the US, with average sales per square foot estimated at \$1,400 in 2013.

## The Grove Program

Type	GLA	
Available	6,600	1.3%
F&B	67,500	13.5%
Entertainment	80,000	16.0%
Retail	346,361	69.2%
<b>Total</b>	<b>500,461</b>	<b>100.0%</b>



## Kemah Boardwalk

PFA has included the Kemah Boardwalk in the benchmark review due to its unique waterfront location near a large metropolitan area, and its strategic positioning as an organized RD&E.

The Kemah Boardwalk is a 40-acre Texas Gulf Coast entertainment destination in Kemah, Texas, approximately 30 miles southeast of Downtown Houston, Texas. The Boardwalk is built entirely along the shores of Galveston Bay and Clear Lake. The complex is owned and operated by Landry's, Inc., and is home to ten of Landry's signature restaurants, a collection of fourteen amusement rides, midway games, marine attractions, a 52-room boutique hotel, a charter yacht, a 400-slip marina and multiple shops. There is no charge to walk around on the boardwalk, but tickets for rides can be purchased individually or all-day ride passes are available. Key attractions include a 96 foot wooden roller coaster, view tower,

The Kemah Boardwalk is relatively unique in that the developer is the operator of major and successful restaurant formats including Landry's Seafood, Saltgrass Steakhouse, Cadillac Bar, and Bubba Gump Shrimp. As such, there is no traditional tenant/landlord relationship. In addition, Landry's also operates the amusement rides located on the Boardwalk. and Zipline.

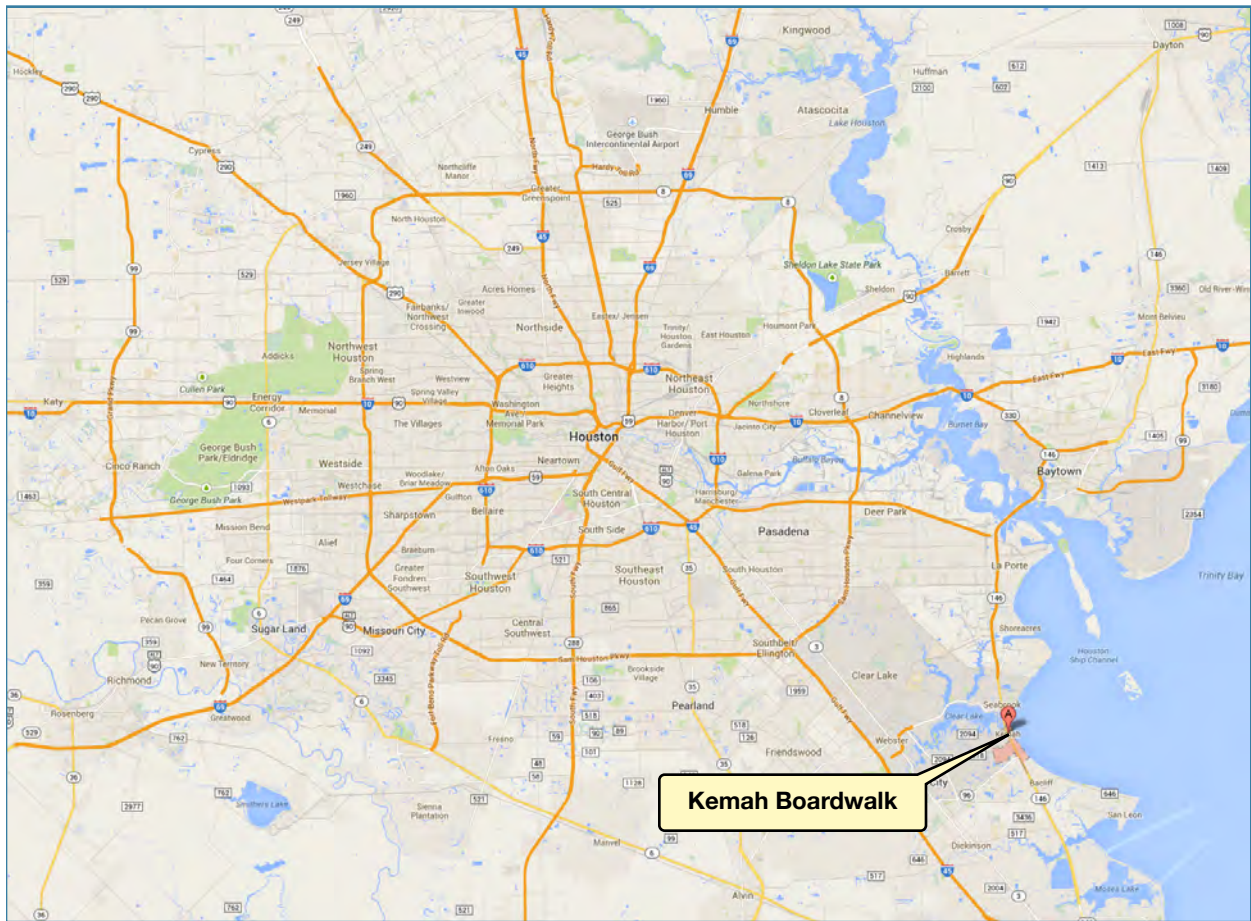
### Kemah Boardwalk Program

Type	GLA	
F&B	78,000	86.7%
Entertainment	3,000	3.3%
Retail	9,000	10.0%
<b>Total (built)</b>	<b>90,000</b>	<b>100.0%</b>
Entertainment (outdoor)	126,100	140.1%

### Kemah Boardwalk Site Map



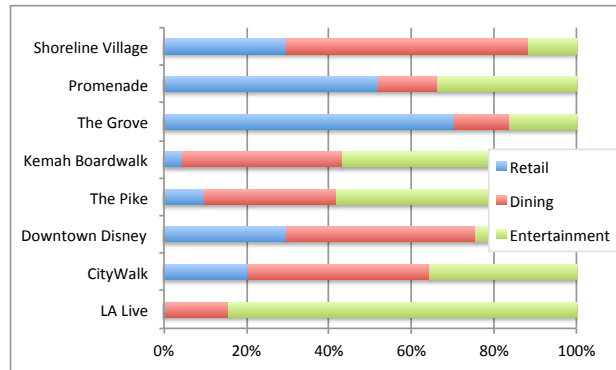
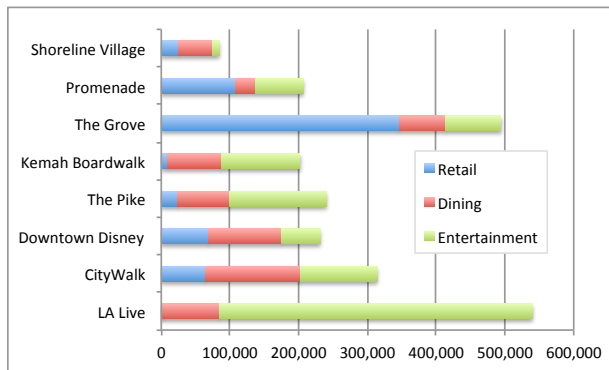
## Kemah Boardwalk Location



## Summary of Benchmark Review Findings

The RD&E Benchmark tenant mix highlights key attributes of these developments:

- ▶ Retail is a minor component of true RD&E centers averaging less than 30% of the mix.
- ▶ Retail is a major component of Lifestyle and Regional malls, both in mix percentage and absolute GLA
- ▶ Food & Beverage square footage ranges from 75k to 130k square feet, even at the larger developments
- ▶ Large entertainment footprints are cinemas (80k to 140k square feet) or theaters (e.g. Nokia Theater), with limited smaller footprint entertainment tenants



## Concept Recommendations

To develop the pro forma financial model for the Project, which is used to test alternative scenarios for economic viability, recommendations, refinements or clarifications to the Project concept have been developed to augment the preliminary plans proposed to date by the developer team. These key recommendations are based on the overview of current and future trending market conditions, including the demand side as indicated by analysis of demographic statistics for resident and visitor market segments, and on the supply side by the review of current performance indicators for competitive and benchmarked RD&E centers elsewhere in the greater Los Angeles market area. The financial viability analysis of scenarios to follow will assume that the Project will be developed incorporating these suggestions and recommendations.

### Scale

At its current scale, the collective businesses along the Ports O' Call waterfront are underperforming relative to what the theoretical potential should be for that total aggregate amount of commercial RD&E space. The performance currently is highly uneven, however, and notably some of the restaurants are performing relatively well and have become repeat destinations for specific market segments. As has also been noted in the market overview, the San Pedro waterfront does not have a particularly large local resident market due to its location on a peninsula surrounded by water. As a result of both the historical performance over recent decades, and the size of a likely repeat local market to tap into, the indication is that the scale of the total RD&E development should not be expanded greatly over what has been in place.

However, the larger the scale of development created, the greater the likelihood that a critical mass will be achieved that has the power to compete effectively as a destination within the highly competitive greater Los Angeles market area. In

balancing the desire to grow bigger against the limitations that constrain upward scale, the recommendation is to develop RD&E uses (i.e., excluding the attraction) at a scale of approximately 125,000 to 150,000 square feet along the Ports O' Call waterfront.

## **Tenant Mix**

From the market review it is clear that most RD&E centers include a cinema complex. Given our understanding that tidelands trust issues preclude the inclusion of cinema uses on the subject property, this RD&E center is likely to have more difficulty than most in generating late evening and nighttime foot traffic. The tenant mix in the future should continue to focus on the daytime/early evening/weekend time periods that have been proven to be successful by the existing Ports O' Call tenant mix, but should strive to include a few night time serving businesses with the intent to expand hours of operation at least later into evenings on weekends.

Another goal should be to create a collection of the most unique businesses possible, to differentiate this RD&E destination from local developments which are dominated by ubiquitous national chain brands. To the extent that local, one-off or limited chain businesses are available with proven track records in Southern California, they will constitute more desirable candidates for inclusion in the mix. For example, the restaurants that have been successful to date in the Ports O' Call waterfront should be incorporated into the new development if at all possible.

With the intention of creating the most entertaining mix possible, and something that stimulates repeat visitation, much greater emphasis should be placed on food and beverage operations over retail stores. Based on benchmark ratios of F&B to retail (excluding entertainment anchors), our recommendation is that two-thirds or more should be devoted to food and beverage, with the predominance being in larger format spaces, which could work out to be 5 to 8 significantly sized restaurant operations. Note that in some cases what appears to be a huge restaurant may also include an entertainment component that takes up a significant portion of that space.

The remaining commercial space could include a variety of small retail stores, but may include other entertainment-oriented tenants as well. Again, with the goal of drawing visitors from beyond the limited local market, the more entertaining and unique the offering mix, the more likely to attract people from the broader market. The location and visitor flow of tenants within the RD&E development will also be important, and entertainment-oriented tenants or small food and beverage tenants will be better than retail stores at activating the environment within the entire complex. The retail stores that are curated should be complementary to both the food and beverage component and to the larger unique attraction, and it should be recognized that the retail alone is unlikely to create a critical mass for a regional draw. That said, the tenanting program can remain somewhat opportunistic, and should a standalone retailer or two be identified that have a unique destination drawing power they could be worked into the tenant mix.

Overall, the mix of tenants should target a moderately broader income demographic than is currently being achieved along the Ports O' Call waterfront. However, the mix to attract additional up-market tenants should still remain within a comfortable range of the current patrons. By trending slightly more upscale there should be greater power to attract new visitation, or re-attract those market segments that patronized Ports O' Call in the past but have lately been absent.

## **Phasing**

The phasing plan will also become another balancing act for the project. The initial phase should be large enough to create critical mass and send a signal to the marketplace, and draw from beyond the local market area. Given the size of

the overall site, it should be possible to extend the development along the waterfront, and later back away from the waterfront, as the market response builds. If at all possible, successful existing businesses which are to be retained and moved into the new development should be allowed to operate until new space is available to move into, minimizing any downtime for the business operation.

### **Parking**

In the Southern California market, parking is synonymous with accessibility. Convenient and easy to use parking will be critical for successful scaling up of the attraction and RD&E concentration in the new Ports O' Call. A thoughtful phasing plan for parking should be developed, which allows for great parking management and signage/wayfinding in early phases as the attraction and RD&E visitation is growing, thus limiting the required investment in structured parking until later phases.

### **Environment**

The waterfront is the most unique aspect of the subject site, and design of the development should maximize waterfront views and accessibility to the waterfront for visiting patrons. Where the old project design emphasized small "windows to the waterfront" for each business, the new design should open up a continuous waterfront Promenade that is accessible to everyone, and allows connections to every other business and attraction, both within the Ports O' Call area, and to the other waterfront attractions beyond. In other words, the old design encouraged people to travel from their car parked in the surface lot behind the buildings, into a single restaurant or retail complex where the water was visible, and back to their cars. The new design should encourage people to get out of their car, patronize their destination restaurant or other entertainment/attraction business, but then to linger and sample other offerings within the complex before returning to the parking area.

For patrons once they are out of their cars and into the RD&E complex, the ambient entertainment and attractiveness of the public realm environment will become more important in extending length of stay, and expanding spending per visit. Appropriate management of ambient entertainment can help position the RD&E center in the marketplace for a limited cost.

The design of the visitor environment should also include ample spaces and connectivity with the idea of hosting events within the shared public realm, within and adjacent to the project. Programming of special events has the power to increase visitation to the RD&E center in the off-season, and expand visitation at otherwise lower volume times of the week or day.

As has been proven by the existing restaurant businesses, offering a combination of both indoor and outdoor dining spaces is critical in this waterfront environment. Design should include options for full sunshine, roof-only spaces, sunscreens and umbrellas, outdoor heaters, glass windscreens, and other such devices to create flexible spaces that at times are more open and at other times more enclosed.

Again, a continuous Promenade that creates a simple and convenient pedestrian connection to all of the attractions along the San Pedro waterfront can be of great benefit to the RD&E center by bringing people into the restaurant and retail commercial area who originally came for other purposes, by giving RD&E customers more reasons to come to the Los Angeles waterfront in the first place, and by providing a free entertainment experience of strolling a working waterfront that leads to casual spending in restaurants, cafés, and retail stores.



## Performance Analysis

Given the complexity of the Los Angeles retail market, the destination nature of the Project, and blending of retail sales, the viability of the Project and has been analyzed by comparing a rent based projection against the scale of market potential. Rents are a strong proxy of market performance as well as ultimately driving the financial feasibility of the Project.

### Methodology

The Project analysis has included the following:

- ▶ **Rent Potential** - Local and benchmark rents were reviewed to project a range of rent levels that are expected to be supportable. Using industry standards for occupancy ratios (i.e. the percentage of store sales that typically goes to paying rent), the required Project retail sales levels are projected.
- ▶ **Market Growth Potential** - Waterfront and RD&E locations generally “import” spending. That is, the total sales in RD&E categories is higher than the estimates spending by the population within the same trade area, implying that more persons from outside the trade area spend in the trade area. While the RD&E centers are not the only facilities selling in the trade areas, they tend to be a major drive of the “importation”. Ratios of spending at restaurants and bars (the primary tenants in a RD&E center) was compared at regional benchmarks to identify the typical level of “importation”. These ratios have been compared to the Project trade area to identify the Project trade area market growth potential.
- ▶ **Market Viability Test** - To test if the projected Rent Potential (and implied Project sales) were viable under market conditions, PFA developed three scenarios of different program size based on the Developer’s concept, benchmark facilities sizes, site constraints, and other factors. The Project sales for each of the scenarios was compared to the Market Growth Potential to evaluate whether the expected sales represented a reasonable capture of the potential Rent Projections

Market rents are an indicator of actual market sales performance and most directly impact Project financial feasibility. The Project obtainable rents are projected using a number of local and benchmark references as well as expected premiums and discount ratios related to the type of project. The following section provides an overview of key market rents.

### Local Rents

San Pedro Downtown is the closest retail market to the Project. However, the organic and local serving nature of the development limits the market potential, as the local trade area is significantly smaller than other benchmarks. Long Beach has a larger trade area market and also has a similar waterfront development and has been included in the local rent survey.

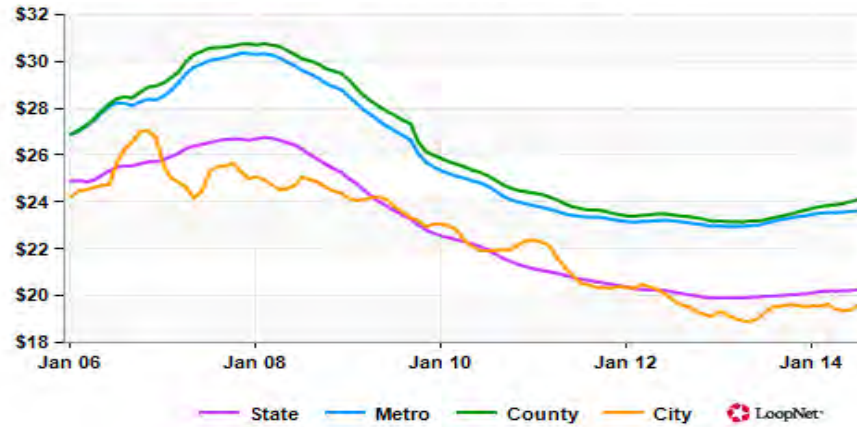
## Local Rent Survey Summary

Location	Asking Rent Range (per sqft/month)	Comments
San Pedro Downtown	\$1.00 - \$1.50	<ul style="list-style-type: none"> <li>▶ Most of the restaurants, and the more active shops, are all clustered along 6th Street.</li> <li>▶ 222 W. 6th Street, the only Class A multi-tenant building in town, located a couple of blocks up from the waterfront, is offering a ~1,600 sqft space in a great corner location for \$1.50/sqft.</li> <li>▶ There is another space a block further up W. 6th that is being offered as a potential restaurant of 2,400 sqft for \$0.83/sqft/mo.</li> </ul>
Long Beach Downtown (Pine Ave North)	\$1.50 - \$1.75	<ul style="list-style-type: none"> <li>▶ The \$1.50 - \$1.75 range is for spaces in the range of 1,000 to 5,000 sqft.</li> <li>▶ Small spaces under 1,000 sqft. can go for more. A Sprint store recently went in for closer to \$2.00.</li> <li>▶ Note that further north, i.e., north of about 7th Street, rents fall all further, and it has been impossible to attract national tenants. Rents in the far north end of the district can be \$1.00/sqft.</li> </ul>
Long Beach Downtown (Pine Ave South)	\$1.75 - \$2.25	<ul style="list-style-type: none"> <li>▶ South Pine gets more tourists, in addition to the locals, making it a stronger market. Business volumes tend to be 30% higher south of W 3rd Street, and lease rates reflect that.</li> </ul>
CityPlace, Long Beach	\$1.75 - \$2.25	<ul style="list-style-type: none"> <li>▶ Asking rents reflect a premium over and above what tends to be achieved in the North Pine area next door to CityPlace, but CityPlace also has a lot of vacancy.</li> <li>▶ The Walmart is a defining anchor tenant for CityPlace, which places it clearly in the lower income resident market and fails to attract much of the tourist market.</li> </ul>
East Village Arts District (Long Beach)	\$1.25 - \$1.75	<ul style="list-style-type: none"> <li>▶ Small shops go for up to \$2.00/sqft/mo.</li> </ul>
Shoreline Village (Long Beach)	\$2.00 - \$2.50	<ul style="list-style-type: none"> <li>▶ Some rents are as high as \$3.00/sqft/mo.</li> <li>▶ However, the net charges are extraordinarily high in Shoreline Village, at about \$1.50/sqft (as opposed to a more normal charge of say \$0.40/sqft).</li> </ul>
The Pike	(current average \$1.50)	<ul style="list-style-type: none"> <li>▶ DDR Corp. may currently be developing a new "outlet center" focus for The Pike. There is substantial vacancy at this time - 124,000 sqft in 24 spaces are listed.</li> </ul>

Source: Pro Forma Advisors interviews with local brokers

Long Beach retail rents have generally tracked with the County, decreasing after the 2009 recession. Citywide rents are lower than the metro and county averages.

## Long Beach City Asking Retail Rent



Source: LoopNet, Sept 2014

### Market Wide Rent Averages

An additional reference point for rents are the overall rent averages for the metro area. The Project is located in the South Bay Submarket<sup>1</sup>. The South Bay has one of the larger inventories but asking rents are 10% higher than the greater market average. West LA and Mid-Wilshire have the highest rents with 260% and 56% premium

### Market Wide Rent Characteristics (Q1-2014)

Submarket	GLA (sqft)	Avg Asking Rent (per sqft/month)
Antelope Valley	8,324,448	\$1.26
Downtown	2,387,000	\$2.25
Mid-Cities	11,968,335	\$1.70
Mid-Wilshire	3,866,362	\$3.19
San Fernando Valley	14,613,214	\$1.89
San Gabriel Valley	20,464,556	\$1.76
Santa Clarita Valley	6,072,883	\$1.86
South Bay	19,812,547	\$2.26
Southeast LA	7,145,068	\$1.97
Tri-Cities	9,202,363	\$2.72
Ventura	23,264,746	\$2.43
West LA	4,616,731	\$5.30
Greater LA Market	131,738,353	\$2.05

Source: CBRE Los Angeles Retail Market research report, Q1, 2014

<sup>1</sup> Per CBRE LA Retail Market Definitions

## RD&E Development Premiums

A key characteristic of RD&E developments is the rent premium typically seen when compared to overall averages. In the Los Angeles basin, the typical rent premium is approximately 40-50% of the overall market average. This is slightly above Power Centers, but below that at Super Regional and Regional Malls.

### Lifestyle/Theme-Festival Rent Premiums

Type	Los Angeles	Orange County	Inland Empire	Total LA Basin
Super/Regional Malls	178%	196%	159%	182%
Power Centers	132%	133%	131%	127%
<b>Lifestyle/Theme-Festival</b>	<b>134%</b>	<b>141%</b>	<b>138%</b>	<b>150%</b>
Community/Neighborhood	96%	92%	96%	94%
Strip Centers	67%	62%	79%	71%
Single Tenant Bldg	91%	88%	89%	91%
Total	100%	100%	100%	100%

Source: Colliers International, Q2 2014

## Benchmark Rent Survey

In addition to local and overall averages, additional lease rates were surveyed at benchmark locations. These benchmarks highlight recent deals in waterfront and RD&E locations that provide insight into the Project potential. Overall, rent rates started at \$3.00-\$4.00 range, with rents reaching \$5-\$7 in highly successful waterfront locations in Santa Monica.

### Key Rent Survey Results

Location	Size	Initial Rent/SQFT/Month	Other Terms	Tenant
3821 N Lakewood, Long Beach	2,566	\$3.50	\$30 TI	The Habit
Redondo Pier	4,362	\$3.25		Barneys
21000 PCH	29,710	\$3.34	\$125 TI/20yr lease	Equinox
Santa Monica Place	7,500	\$5.00		Redwood Grill
3rd Street Promenade	1,800	\$7.00		Burger Lounge
Hollywood & Highland	6,546	\$3.02	\$75 TI/10yr lease	Cabo Wabo Cantina

Source: CBRE Rent Survey September 2014

### **Summary of Rent Survey**

Summarizing the results of the local, regional and benchmark rent data, key characteristics include:

- ▶ Local market rents are relative moderate in the \$1.50 to \$2.50 range. However, there are limited comparable facilities of the type and scale contemplated for the Project.
- ▶ Organized and successful RD&E projects draw from the greater market and can command market premiums to local rents.
- ▶ Regional rents in the South Bay market tend to be higher than overall Los Angeles average of \$2.05.
- ▶ Regional rents for similar waterfront or RD&E projects are generally in the \$3-\$4 range with successful projects much higher.

### **Supportable Rent Projections**

Based on the information and analysis of the retail market, PFA projects that range of supportable rents are:

**Conservative Levels** - A conservative average rent levels based on local rents with the premium seen for waterfront and RD&E centers. Based on current local rents and expected premiums, the Conservative Rent levels would range from **\$2.50 to \$3.00**.

**Projected Levels** - PFA's projected rent levels are based on regional RD&E benchmarks blended with the lower local rents. In reviewing successful waterfront developments, the Projected Level rents would exceed **\$3.00 but not reach an average of \$3.50**, only seen in the proven and successful waterfront and RD&E locations.

**Optimistic Levels** - Rent levels that estimated to be the most optimistic based on regional RD&E benchmarks. Given the upside potential of a destination within the Los Angeles market, the Optimistic Level rents would range from **\$3.50 to \$4.00**. This represents a premium on current waterfront rent rates and illustrates the likely maximum rents that could be achieved.

### **Market Growth Potential**

Waterfront developments and RD&E projects are typically destinations, offering a unique attraction mix that is not found in the larger part of the resident market. As such, they tend to "import" spending from regional markets. That is, more guests from outside the market visit and spend. In these projects, sales are much higher than the "demand" from the same market. To illustrate the scale of the importation, PFA has reviewed the sales in key waterfront and RD&E benchmarks within a 10-minute drive time. (Note that visitors will come from beyond 10-minutes but larger trade areas become indistinguishable large.)

Demand is estimated using spending pattern estimates for the population within the trade area (10-minute drive time). Supply is estimated as sales at Food & Drinking Places (NAICS 722) at all locations within the 10-minute drive time. On average, the benchmark destinations import 60% more Food & Beverage sales than the demand within their similar trade area. However, the San Pedro waterfront trade area demand and supply is essential the same, illustrating almost no importation.

## Benchmark Food & Drinking Places Importation

10-minute Drive Time Trade Area

Destination	Demand (millions)	Sales (millions)	Ratio
<b>San Pedro Waterfront</b>	<b>\$122.5</b>	<b>\$122.7</b>	<b>1.00</b>
Long Beach Waterfront	\$206.0	\$311.1	1.51
Redondo Beach Waterfront	\$343.0	\$501.2	1.46
Santa Monica Waterfront	\$336.8	\$443.2	1.32
Downtown LA (LA Live)	\$462.1	\$807.8	1.75
Universal City (CityWalk)	\$411.0	\$593.2	1.44
Anaheim (Downtown Disney)	\$241.6	\$527.1	2.18
<b>Average</b>			<b>1.61</b>

Source: ESRI Business Analyst and Pro Forma Advisors

Given the typical pattern of importation at waterfronts and RD&E centers, PFA estimates that the waterfront has potential for growth in sales that would not exceed benchmark ratios. Assuming the benchmark average of 1.61, total Food & Beverage Sales potential in the trade area could reach nearly \$200 million and still remain within the market norms.

### Scale of San Pedro Waterfront Food & Beverage Sales Potential

Destination	Demand (millions)	Sales (millions)	Ratio
Current	\$122.5	\$122.7	1.00
Using Benchmark Average	\$122.5	\$197.2	1.61
<b>Scale of Market Potential</b>		<b>\$74.5</b>	

While additional developments in the trade area would be included in the potential, the Project as an organized RD&E development would be a main driver of any realization of the market potential.

### Market Viability Test

To test if the projected Rent Potential (and implied Project sales) were viable under market conditions, PFA developed three scenarios of different program size based on the Developer's concept, benchmark facilities sizes, site constraints, and other factors. The Themed Attraction was excluded from the Market Viability Test as it was analyzed independently as a destination. Key issues relative to the scale that have been reviewed include:

#### Minimum Scale

To be a destination, the RD&E must have a minimum critical mass to drive regional visitation. While there is no official minimum, the general range as defined by the ICSC for a Theme/Festival is 80,000 to 250,000 square feet. Based on

the benchmark facilities in the market, the smaller facilities generally are larger than 100,000 square feet and most are closer to 300,000 square feet, including entertainment anchors.

The F&B component of the RD&E is generally at least 75,000 square feet but only CityWalk is significantly larger at 140,000. Most RD&E centers have limited traditional retail and no retail anchors. The size ranges from no retail at LA Live to nearly 70,000 square feet at Downtown Disney, but are generally less than 30% of the merchandising mix. Lifestyle centers such as The Grove do have a significant retail component, but are not considered suitable for the sites overall scale and market. Entertainment also makes up a significant percentage of the GLA, but is dominated by movie cinemas at most benchmark properties. Cinemas range from 57,000 in Downtown Disney to over 140,000 at LA Live. The Kemah Boardwalk is one of the few RD&E centers reviewed that did not include a cinema anchor.

### **Current Scale**

The current scale of the Ports O' Call Village also provides a reference for minimum scale. The current facility's effective built area is approximately 135,000 square feet, including the recently re-opened Marina Restaurant. Excluding office, vacant, and large outdoor space, the more comparable scale of the F&B is 105,814 square feet and retail is 16,393 square feet. While certain tenants underperform, many tenants have strong performance despite the limitations in overall environment.

### **Maximum Scale**

With a focus on Food & Beverage, most RD&E centers have a maximum scale under 500,000 square feet. Excluding large entertainment anchors, the F&B and Retail components generally scale below 200,000 square feet.

### **Benchmark Sizing of RD&E Developments**

Property	F&B	Retail	Entertainment	Primary Entertainment
<b>Ports O' Call Village</b>	<b>105,814</b>	<b>16,393</b>	-	<b>Waterfront. Marina, Harbor Cruise</b>
LA Live	84,495	-	235,000	Regal Cinema, Club Nokia
CityWalk	138,414	63,965	112,005	AMC Cinema, Jillians
Downtown Disney	104,800	67,573	57,000	AMC Cinema
The Pike	76,381	23,454	139,655	Cinemark Theater, KDB (FEC)
Kemah Boardwalk	78,000	9,000	126,100	Amusements
The Grove	67,500	346,361	80,000	Pacific Theaters

Source: Pro Forma Advisors

### **Attraction Scale**

As reviewed in the previous report section, the Project attraction has been reviewed at three sizes based on benchmarks, resulting in attractions of approximately 23,544, 54,855 and 113,933 square feet, with the most viable facility at the 54,855 square foot scale. No cinema is proposed in the Project due to the assumed coastal zoning restrictions.

## ***EIS (Environmental Impact Study) Scale***

The EIS entitlement for the POC development site is up to 300,000 square feet of visitor serving commercial uses (with additional 75,000 square feet available for a conference center.)

## **Summary of RD&E Scenarios**

To test the financial feasibility of the Project, PFA has developed three scenarios based on scale and obtainable rent to frame the potential performance of the Project and compare sales to the Scale of Market Potential.

**Base RD&E Scenario** - The project scale is the smallest reasonable program that meets critical mass. For the Base Scenario, scale is smaller than the current POC's effective GLA and similar to the low range of the benchmarks. This reflects more efficient and modern use of space for restaurants and a similar retail footprint. The Base Scenario also uses the Conservative Level rent projections to illustrate the scenario's sales performance.

**Target RD&E Scenario** - The Target Scenario is the recommended program scale between the Base Scenario and Optimum Scenario. The Food & Beverage program is slightly smaller the current POC program but is expected to be more efficient and be a more diverse offering. The overall RD&E scale excluding the Themed Attraction is approximately 145,000 square feet. The Target Scenario also uses the Projected Level rent to illustrate the expected sales performance of the Project.

**Optimum RD&E Scenario** - The Optimum Scenario reflects a larger program closer the scale of the F&B and Retail programs at the large successful benchmark facilities. The overall RD&E program is approximately 180,000 square feet. The Optimum Scenario also uses the Optimistic Level rent estimates to illustrate the scenario's sales performance.

The RD&E scenarios are summarized in the following table.

Tenant Type	Base Scenario (sqft)	Target Scenario (sqft)	Optimum Scenario (sqft)
Food & Beverage	70,000	90,000	110,000
Retail	30,000	45,000	55,000
Entertainment	5,000	10,000	15,000
RD&E GLA	105,000	145,000	180,000

Using standard ratios for occupancy costs, the illustrative program scales and obtainable rents can be used to estimate the required sales performance to be viable. The following table estimates the project sales performance. The Base Scenario would have approximately \$60 million in total sales (\$41.5 million in F&B and Retail). The Target Scenario would have approximately \$80 million in total sales (\$61.9 million in F&B and Retail). The Optimum Scenario would have \$107 million in total sales (\$88.6 million in F&B and Retail).



## Estimated RD&E Scenario Sales Performance

	Current POC	Base Scenario	Target Scenario	Optimum Scenario
<b>Program (sqft)</b>				
Food & Beverage	105,814	70,000	90,000	110,000
Retail	16,393	30,000	45,000	55,000
Themed Attraction <sup>1</sup>		-	-	-
Entertainment		5,000	10,000	15,000
<b>Total</b>	<b>122,207</b>	<b>105,000</b>	<b>145,000</b>	<b>180,000</b>
<b>Estimated Occupancy Ratio</b>				
Food & Beverage		8%	8%	8%
Retail		9%	9%	9%
Themed Attraction <sup>1</sup>		5%	5%	5%
Entertainment		7%	7%	7%
<b>Obtainable Rents</b>				
Food & Beverage		\$2.75	\$3.00	\$3.50
Retail		\$2.75	\$3.00	\$3.50
Themed Attraction <sup>1</sup>		-	-	-
Entertainment		\$2.00	\$2.00	\$2.00
<b>Implies Sales Performance</b>				
Food & Beverage	\$30,500,000	\$28,875,000	\$40,500,000	\$57,750,000
Retail	\$3,300,000	\$11,000,000	\$18,000,000	\$25,666,667
Themed Attraction <sup>1</sup>		-	-	-
Entertainment		\$1,714,286	\$3,428,571	\$5,142,857
<b>Subtotal (excluding Themed Attraction)</b>	<b>\$33,800,000</b>	<b>\$41,589,286</b>	<b>\$61,928,571</b>	<b>\$88,559,524</b>
<b>Difference Between Scenario and Current POC</b>				
		<b>\$7,789,286</b>	<b>\$28,128,571</b>	<b>\$54,759,524</b>

1 - Themed Attraction Revenues are estimated separately and not included in the comparison to the Market Growth Potential for the RD&E.

## Viability Test Comparison

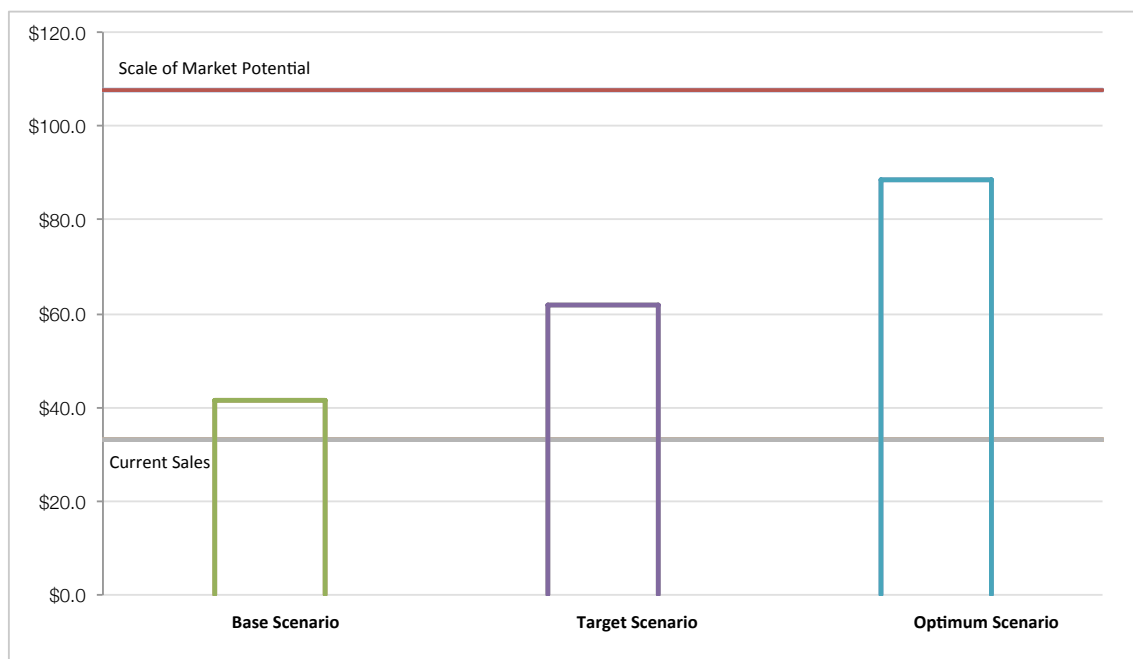
The estimated sales for each of the scenarios was compared to the Market Growth Potential to evaluate whether the Project sales represented a reasonable capture of the potential. Because the attraction is expected to be a destination draw and does not fall under the Food & Drinking Places categorization, the entertainment sales have been excluded from the viability comparison. The Project's Food & Beverage and Retail Sales compared to the Market Growth Potential of \$74.5 million estimated from NAICS Food & Beverage Places provides a conservative comparison.

**Base RD&E Scenario Findings** - The Project would generate approximately \$7.8 million more in annual sales over the current \$33.8 million or approximately 10% of the additional \$74.5 million identified in the Market Growth Potential. While illustrating the most conservative estimates, PFA believes this sales performance is supportable under current market conditions.

**Target RD&E Scenario Findings** - The Project would generate approximately \$28.1 million more in annual sales over the current \$33.8 million or approximately 38% of the additional \$74.5 million identified in the Market Growth Potential. PFA believes a moderate and supportable capture of the growth potential reflecting the improvements in the Project's quality relative to existing conditions.

**Optimum RD&E Scenario Findings**- The Project would generate approximately \$54.8 million more in annual sales over the current \$33.8 million or approximately 74% of the additional \$74.5 million identified in the Market Growth Potential. PFA believes likely market capture for the Project would be below the full potential of \$74.5 million. As the Market Growth Potential is calculated to represent the entire San Pedro Waterfront trade area, PFA does not expect the Project to account for the entire capture of market growth. The Optimum Scenario with a capture of 74% of the trade area growth potential, while technically supportable, reflects the high range of expected market performance.

### Comparison of Project Sales Scenarios with Scale of Market Potential



## Pro Forma Financial Analysis

The final step in evaluating the financial feasibility of the Project (including both Themed Attraction and RD&E) was creating a pro forma Developer financial model to estimate the Internal Rate of Return for the Project. Internal Rate of Return (IRR) figures have been calculated by analyzing ten-year operating cash flow estimates for each of the projected scenarios. IRRs are economic returns and do not include assumptions for usage of debt in the capital structure. The scenarios for Project Feasibility are:

Project Base Scenario - Base RD&E Scenario scale and performance and recommended Medium Themed Attraction.

Project Target Scenario - Target RD&E Scenario scale and performance and recommended Medium Themed Attraction.

Project Optimum Scenario - Optimum RD&E Scenario and performance and recommended Medium Themed Attraction.

Project Initial Concept Scenario - Target RD&E Scenario scale and performance and Large Themed Attraction. This is most similar to the Developer's initial Concept proposal.

Tenant Type	Base Scenario (sqft)	Target Scenario (sqft)	Optimum Scenario (sqft)	Initial Concept Scenario (sqft)
Food & Beverage	70,000	90,000	110,000	90,000
Retail	30,000	45,000	55,000	45,000
Entertainment	5,000	10,000	15,000	10,000
RD&E GLA	105,000	145,000	180,000	145,000
Themed Attraction	54,855	54,855	54,855	113,933
Total GLA	159,855	199,855	234,855	258,933
Total Built Area	172,643	215,843	251,295	279,647

## Revenue

The revenue for the project primarily consists of rents and other collections paid to the owner/developer. The key assumptions in the financial model are presented below.

### Key Assumptions

Inflation - The financial model assumes 3 percent general inflation.

Base Minimum Rent - Base minimum rents have been calculated from estimates of obtainable rents for the scenarios, as described in the previous section. The financial model rents include annual inflation escalations.

Occupancy - The project is assumed to have a high occupancy in line with similar RD&E projects.

Overage Percentage Rent - Overage rents reflect rent collections based on percentage of sales over minimums. Based on financial benchmarks from retail operators, this is estimated at a moderate 5% of minimum rent.

**Other Revenues** - The developer will collect other revenues, primarily from rents related to the docks and marina. While the plan does not include a public marina, the project is expected to rebuild the marina infrastructure and collect commercial rents from tenants such as a harbor cruise operator.

**Common Area Maintenance (CAM) / Expense Reimbursements** - These expenses are typically pass through expenses to tenants reflecting charges for property taxes, common area maintenance, collaborative marketing funds, common utilities, etc. These generally have offsetting expense charges in the operational expense category.

**Tenant Improvements (TI)** - TIs are accounted for in the development costs.

**Attraction** - The recommended Medium Scenario Attraction has been included in three of the financial model for the Project. The Large Themed Attraction is included in the Initial Concept Scenario, which is most similar to the Developer's initial Concept proposal.

**Ramp Up** - The revenue projections are ramped up to stabilized projections over two years. The first and second year are assumed at 90% and 95% of the stabilized assumption. This reflects potential lag times in lease signings, lease deals, and other start up factors that limit revenue potential on opening.

### **Revenue Summary**

A summary of the per capita expenditures, by scenario and spending category, is available below. Revenues are derived by multiplying per capita expenditures by total attendance for each scenario category. Note that revenues are presented for stabilized year (2020) and includes inflation.

## Revenue Summary - 2020, millions

Type	Base	Target	Optimum
Inflator (from 2014)	1.19	1.19	1.19
Average Minimum Rents (per sqft/month)	\$2.66	\$2.91	\$3.40
Annual Minimum Rent	\$4.95	\$6.46	\$9.18
Overage Percentage Rent (@5%)	\$0.25	\$0.32	\$0.46
Other Revenues (@10%)	\$0.49	\$0.66	\$0.92
CAM/Reimbursed	\$1.98	\$2.67	\$3.67
<b>Total</b>	<b>\$7.67</b>	<b>\$10.01</b>	<b>\$14.23</b>

## Operating Expenses

The operating expense assumptions used to derive the single-year operating cash flow are as follows:

- ▶ **Property Operations** - a ratio of 12 percent of leased rent is used, based on major retail operator financial benchmarks and includes labor costs, insurance, utilities, etc. Some of the costs are recovered in tenant reimbursements.
- ▶ **Real Estate Taxes** - real estate taxes have been estimated at approximately 12 percent of leased revenue.
- ▶ **Maintenance and Repair** - a standard assumption of 2 percent is utilized based on major retail operator financial benchmarks.
- ▶ **General and Administrative** - a standard assumption of 2 percent is utilized to include any other office-related, administrative costs.
- ▶ **Marketing & Promotions** - marketing costs are assumed at 5 percent of leased revenue. Some of the costs are recovered in tenant reimbursements.
- ▶ **Land Lease** - the working assumption for the financial model is 10 percent of leased revenue is allocated for land lease payments to the Port. The final lease level will be determined in negotiations between the developer and Port, but may include many additional deal points.
- ▶ **Commissions** - the financial model includes an assumption of 3 percent for brokerage commissions for securing leases for tenants in the Project.

## Operating Expense Assumptions

Type	Assumption	Basis
Property Operations	12%	of Leased Rent
Real Estate Taxes	12%	of Leased Rent
Repairs and Maintenance	2%	of Leased Rent
General & Administrative	2%	of Leased Rent
Marketing & Promotions	5%	of Leased Rent
Land Lease	10%	of Leased Rent
Brokerage Commissions / Other Fees	3%	of Leased Rent

Source: Pro Forma Advisors

## Base Scenario Operations Model

The following table summarizes the first five years of the operations model. For the Base Scenario, approximate 155,000 square feet of occupied GLA generates approximately \$5 million in EBITDA. Stabilized vacant space of 5,000 square feet is assumed, as well as a two year ramp up period to reach stabilized projections. Average minimum rents (including the Medium Themed Attraction) reaches \$2.66 in 2020. Based on the stated assumptions, a land lease payment of approximately \$0.5 million annually is paid to the Port. Additional financial model details can be found in the Appendix.

### Base Scenario Pro Forma Financial Illustration

			2017	2018	2019	2020	2021
<i>Total GLA (sqft)</i>			159,855	159,855	159,855	159,855	159,855
<i>Occupied GLA (sqft)</i>			149,855	154,855	154,855	154,855	154,855
<i>Leased Sales</i>			56,374	60,326	63,788	66,419	68,724
<i>Minimum Rent per sqft</i>			\$2.38	\$2.46	\$2.57	\$2.66	\$2.75
<b>Revenue</b>	Minimum Rents		4,281	4,570	4,770	4,948	5,112
	Overage Percentage Rents	5% of Minimum Rent	214	229	239	247	256
	Other Revenues	10% of Minimum Rent	428	457	477	495	511
	CAM/Expense Reimbursements	40% of rent	1,713	1,828	1,908	1,979	2,045
	<b>Subtotal</b>		<b>6,636</b>	<b>7,084</b>	<b>7,394</b>	<b>7,670</b>	<b>7,923</b>
	<b>Expenses</b>						
Property Operations	12% of Leased Rent	617	603	601	594	613	
Real Estate Taxes	12% of Leased Rent	617	603	601	594	613	
Repairs and Maintenance	2% of Leased Rent	103	101	100	99	102	
General & Administrative	2% of Leased Rent	103	101	100	99	102	
Marketing & Promotions	5% of Leased Rent	257	251	250	247	256	
Land Lease	10% of Leased Rent	514	503	501	495	511	
Subtotal	43%	2,209	2,162	2,154	2,128	2,198	
Commissions / Other Fees	3% of Leased Rent	128	137	143	149	153	
Total		2,338	2,299	2,297	2,276	2,351	
<b>EBITDA</b>	<b>EBITDA</b>		<b>4,299</b>	<b>4,785</b>	<b>5,097</b>	<b>5,394</b>	<b>5,572</b>
	Operating Margin		65%	68%	69%	70%	70%
<b>CAPEX</b>	Capital Expenditure Fund	4% of Operated Sales		142	296	307	317

## Target Scenario Operations Model

The following table summarizes the first five years of the operations model. For the Target Scenario, approximate 195,000 square feet of occupied GLA generates approximately \$7.5 million in EBITDA. Stabilized vacant space of 5,000 square feet is assumed, as well as a two year ramp up period to reach stabilized projections. Average minimum rents (including the Medium Themed Attraction) reaches \$2.91 in 2020. Based on the stated assumptions, a land lease payment of approximately \$0.7 million annually is paid to the Port. Additional financial model details can be found in the Appendix.

### Target Scenario Pro Forma Financial Illustration

			2017	2018	2019	2020	2021
<i>Total GLA (sqft)</i>			199,855	199,855	199,855	199,855	199,855
<i>Occupied GLA (sqft)</i>			164,855	189,855	194,855	194,855	194,855
<i>Leased Sales</i>			\$65,657	\$79,649	\$85,817	\$89,108	\$92,094
<i>Average Minimum Rent per sqft</i>			\$2.56	\$2.71	\$2.83	\$2.93	\$3.02
<b>Revenue</b>	Minimum Rents		5,072	6,178	6,617	6,851	7,071
	Overage Percentage Rents	5% of Minimum Rent	254	309	331	343	354
	Other Revenues	10% of Minimum Rent	507	618	662	685	707
	CAM/Expense Reimbursements	40% of rent	2,029	2,471	2,647	2,740	2,828
	<b>Subtotal</b>		<b>7,861</b>	<b>9,575</b>	<b>10,256</b>	<b>10,618</b>	<b>10,960</b>
	<b>Expenses</b>						
	Property Operations	12% of Leased Rent	730	815	834	822	849
	Real Estate Taxes	12% of Leased Rent	730	815	834	822	849
	Repairs and Maintenance	2% of Leased Rent	122	136	139	137	141
	General & Administrative	2% of Leased Rent	122	136	139	137	141
	Marketing & Promotions	5% of Leased Rent	304	340	347	343	354
	Land Lease	10% of Leased Rent	609	680	695	685	707
	Subtotal	43%	2,617	2,922	2,988	2,946	3,041
	Commissions / Other Fees	3% of Leased Rent	152	185	199	206	212
	Total		2,769	3,107	3,186	3,151	3,253
<b>EBITDA</b>	<b>EBITDA</b>		<b>5,092</b>	<b>6,468</b>	<b>7,070</b>	<b>7,467</b>	<b>7,707</b>
	Operating Margin		65%	68%	69%	70%	70%
<b>CAPEX</b>	Capital Expenditure Fund	4% of Operated Sales		192	410	425	438

## Optimum Scenario Operations Model

The following table summarizes the first five years of the operations model. For the Optimum Scenario, approximate 225,000 square feet of GLA generates approximately \$10 million in EBITDA. Stabilized vacant space of 10,000 square feet is assumed, as well as a two year ramp up period to reach stabilized projections. Average minimum rents (including the Medium Themed Attraction) reaches \$3.40 in 2020. Based on the stated assumptions, a land lease payment of approximately \$0.9 million annually is paid to the Port. Additional financial model details can be found in the Appendix.

### Optimum Scenario Pro Forma Financial Illustration (in 000s)

			2017	2018	2019	2020	2021
<i>Total GLA (sqft)</i>			234,855	234,855	234,855	234,855	234,855
<i>Occupied GLA (sqft)</i>			199,855	224,855	224,855	224,855	224,855
<i>Leased Sales (000s)</i>			\$91,684	\$107,114	\$111,980	\$116,056	\$119,850
<i>Average Minimum Rent per sqft</i>			\$3.06	\$3.17	\$3.29	\$3.40	\$3.51
<b>Revenue</b>	Minimum Rents		7,333	8,558	8,878	9,179	9,469
	Overage Percentage Rents	5% of Minimum Rent	367	428	444	459	474
	Other Revenues	10% of Minimum Rent	733	856	888	918	947
	CAM/Expense Reimbursements	40% of rent	2,933	3,423	3,551	3,672	3,788
	<b>Subtotal</b>		<b>11,367</b>	<b>13,265</b>	<b>13,760</b>	<b>14,227</b>	<b>14,677</b>
	Property Operations	12% of Leased Rent	1,056	1,130	1,119	1,102	1,136
	Real Estate Taxes	12% of Leased Rent	1,056	1,130	1,119	1,102	1,136
<b>Expenses</b>	Repairs and Maintenance	2% of Leased Rent	176	188	186	184	189
	General & Administrative	2% of Leased Rent	176	188	186	184	189
	Marketing & Promotions	5% of Leased Rent	440	471	466	459	474
	Land Lease	10% of Leased Rent	880	941	932	918	947
	Subtotal	43%	3,784	4,048	4,008	3,947	4,072
	Commissions / Other Fees	3% of Leased Rent	220	257	266	275	284
	Total		4,004	4,305	4,275	4,222	4,356
<b>EBITDA</b>	<b>EBITDA</b>		<b>7,363</b>	<b>8,960</b>	<b>9,486</b>	<b>10,005</b>	<b>10,321</b>
	Operating Margin		65%	68%	69%	70%	70%
<b>CAPEX</b>	Capital Expenditure Fund	4% of Operated Sales		265	550	569	587



## Initial Concept Scenario Operations Model

The following table summarizes the first five years of the operations model. For the Initial Concept Scenario, approximate 260,000 square feet of GLA generates approximately \$8 million in EBITDA. Stabilized vacant space of 5,000 square feet is assumed, as well as a two year ramp up period to reach stabilized projections. Average minimum rents (including the Large Themed Attraction) reaches \$2.49 in 2020. Based on the stated assumptions, a land lease payment of approximately \$0.75 million annually is paid to the Port. Additional financial model details can be found in the Appendix.

### Initial Concept Scenario Pro Forma Financial Illustration (in 000s)

			2017	2018	2019	2020	2021
<i>Total GLA (sqft)</i>			258,933	258,933	258,933	258,933	258,933
<i>Occupied GLA (sqft)</i>			223,933	248,933	253,933	253,933	253,933
<i>Leased Sales (000s)</i>			\$75,865	\$89,535	\$98,278	\$103,813	\$107,833
<i>Average Minimum Rent per sqft</i>			\$2.09	\$2.24	\$2.38	\$2.49	\$2.58
<b>Revenue</b>	Minimum Rents		5,624	6,698	7,255	7,601	7,873
	Overage Percentage Rents	5% of Minimum Rent	281	335	363	380	394
	Other Revenues	10% of Minimum Rent	562	670	726	760	787
	CAM/Expense Reimbursements	40% of rent	2,249	2,679	2,902	3,041	3,149
	<b>Subtotal</b>		<b>8,717</b>	<b>10,381</b>	<b>11,246</b>	<b>11,782</b>	<b>12,204</b>
	<b>Expenses</b>						
	Property Operations	12% of Leased Rent	810	884	914	912	945
	Real Estate Taxes	12% of Leased Rent	810	884	914	912	945
	Repairs and Maintenance	2% of Leased Rent	135	147	152	152	158
	General & Administrative	2% of Leased Rent	135	147	152	152	158
	Marketing & Promotions	5% of Leased Rent	337	368	381	380	394
	Land Lease	10% of Leased Rent	675	737	762	760	787
	Subtotal	43%	2,902	3,168	3,276	3,269	3,386
	Commissions / Other Fees	3% of Leased Rent	169	201	218	228	236
	Total		3,071	3,369	3,494	3,497	3,622
<b>EBITDA</b>	<b>EBITDA</b>		<b>5,646</b>	<b>7,012</b>	<b>7,752</b>	<b>8,285</b>	<b>8,582</b>
	Operating Margin		65%	68%	69%	70%	70%
<b>CAPEX</b>	Capital Expenditure Fund	4% of Operated Sales		208	450	471	488

## Investment Analysis

A preliminary investment analysis has been prepared below for the three scenarios being considered. Core and shell construction costs are combined with area development and infrastructure to illustrate total development costs. Total development costs are estimated at \$73 million, \$85 million, and \$99 million, respectively, for the three scenarios.

### Illustrative Development Budget (millions) - Base Scenario

	Uses	Units	Unit Cost	Budget	
	Land Preparation (Seismic, etc)		included		
<b>Hard Costs</b>	F&B GLA - Large	60,000	\$250 per sqft	\$15.0	
	F&B GLA - Small	10,000	\$250 per sqft	\$2.5	
	Retail GLA - Large	20,000	\$250 per sqft	\$5.0	
	Retail GLA - Small	10,000	\$250 per sqft	\$2.5	
	Attraction Anchor GLA	54,855	\$250 per sqft	\$13.7	
	Entertainment GLA	5,000	\$250 per sqft	\$1.3	
	Back of House	12,788	\$250 per sqft	\$3.2	
	<b>Subtotal - Built</b>	<b>172,643</b>			<b>\$43.2</b>
	Tenant Improvement Allocation (GLA only)	159,855	\$30 per sqft		\$4.8
	On-stage Area Development	5.0	\$900,000 per acre		\$4.5
	Water Area Development	7.5	\$250,000 per acre		\$1.9
	Parking (Surface)	12.0	\$100,000 per acre		\$1.2
	Contingency			10% of construction	\$5.6
<b>Total - Hard Costs</b>				<b>\$61.1</b>	
<b>Soft Costs</b>	FF&E		2% of construction	\$1.2	
	Design, Permit, PM, CM, Other		12% of construction	\$7.3	
	Pre-Opening		allocation	\$1.0	
	Inflation Escalation		4% of construction	\$2.4	
	<b>Subtotal - Soft Costs</b>		<b>20%</b>		<b>\$12.0</b>
<b>Other Costs</b>	Land			-	
	External Infrastructure Allocation			-	
	Surface Parking + Implement Paid Parking			\$5.2	
	Sampson Way & 7th St Intersection			\$12.8	
	Town Square Improvements (Between 6th and 7th Streets)			\$3.8	
	Demolition of select exiting POC Structures			\$2.4	
	Promenade-Total Length; Reduced Cost			\$28.8	
	Environmental Cleanup at POC			\$3.2	
	Salinas De San Pedro (Mud Flat Mitigation)			\$4.8	
<b>Subtotal - Other Costs</b>				<b>\$61.0</b>	
<b>Total</b>	<b>(Excluding Other Costs)</b>			<b>\$73.1</b>	
<b>Total</b>	<b>(Including Infrastructure)</b>			<b>\$134.1</b>	

## Illustrative Development Budget (millions) - Target Scenario

	Uses	Units	Unit Cost	Budget
	Land Preparation (Seismic, etc)		included	
<b>Hard Costs</b>	F&B GLA - Large	75,000	\$250 per sqft	\$18.8
	F&B GLA - Small	15,000	\$250 per sqft	\$3.8
	Retail GLA - Large	30,000	\$250 per sqft	\$7.5
	Retail GLA - Small	15,000	\$250 per sqft	\$3.8
	Attraction Anchor GLA	54,855	\$250 per sqft	\$13.7
	Entertainment GLA	10,000	\$250 per sqft	\$2.5
	Back of House	15,188	\$250 per sqft	\$4.0
	<b>Subtotal - Built</b>	<b>215,043</b>		<b>\$50.0</b>
	Tenant Improvement Allocation (GLA only)	199,855	\$30 per sqft	\$6.0
	On-stage Area Development	6.0	\$900,000 per acre	\$5.4
	Water Area Development	7.5	\$250,000 per acre	\$1.9
	Parking (Surface)	12.0	\$100,000 per acre	\$1.2
	Contingency		10% of construction	\$6.4
	<b>Total - Hard Costs</b>			<b>\$70.9</b>
<b>Soft Costs</b>	FF&E		2% of construction	\$1.4
	Design, Permit, PM, CM, Other		12% of construction	\$8.5
	Pre-Opening		allocation	\$1.0
	Inflation Escalation		4% of construction	\$2.8
	<b>Subtotal - Soft Costs</b>		<b>20%</b>	<b>\$13.8</b>
<b>Other Costs</b>	Land			-
	External Infrastructure Allocation			-
	Surface Parking + Implement Paid Parking			\$5.2
	Sampson Way & 7th St Intersection			\$12.8
	Town Square Improvements (Between 6th and 7th Streets)			\$3.8
	Demolition of select exiting POC Structures			\$2.4
	Promenade-Total Length; Reduced Cost			\$28.8
	Environmental Cleanup at POC			\$3.2
	Salinas De San Pedro (Mud Flat Mitigation)			\$4.8
	<b>Subtotal - Other Costs</b>			<b>\$61.0</b>
<b>Total (Excluding Other Costs)</b>			<b>\$84.6</b>	
<b>Total (Including Infrastructure)</b>			<b>\$145.6</b>	

## Illustrative Development Budget (millions) - Optimum Scenario

	Uses	Units	Unit Cost	Budget	
	Land Preparation (Seismic, etc)		included		
<b>Hard Costs</b>	F&B GLA - Large	90,000	\$250 per sqft	\$22.5	
	F&B GLA - Small	20,000	\$250 per sqft	\$5.0	
	Retail GLA - Large	40,000	\$250 per sqft	\$10.0	
	Retail GLA - Small	15,000	\$250 per sqft	\$3.8	
	Attraction Anchor GLA	54,855	\$250 per sqft	\$13.7	
	Entertainment GLA	15,000	\$250 per sqft	\$3.8	
	Back of House	16,440	\$250 per sqft	\$4.1	
	<b>Subtotal - Built</b>	<b>251,295</b>			<b>\$58.7</b>
	Tenant Improvement Allocation (GLA only)	234,855	\$30 per sqft	\$7.0	
	On-stage Area Development	7.5	\$900,000 per acre	\$6.8	
	Water Area Development	7.5	\$250,000 per acre	\$1.9	
	Parking (Surface)	12.0	\$100,000 per acre	\$1.2	
	Contingency		10% of construction	\$7.6	
<b>Total - Hard Costs</b>				<b>\$83.1</b>	
<b>Soft Costs</b>	FF&E		2% of construction	\$1.7	
	Design, Permit, PM, CM, Other		12% of construction	\$10.0	
	Pre-Opening		allocation	\$1.0	
	Inflation Escalation		4% of construction	\$3.3	
	<b>Subtotal - Soft Costs</b>		<b>20%</b>		<b>\$16.0</b>
<b>Other Costs</b>	Land			-	
	External Infrastructure Allocation			-	
	Surface Parking + Implement Paid Parking			\$5.2	
	Sampson Way & 7th St Intersection			\$12.8	
	Town Square Improvements (Between 6th and 7th Streets)			\$3.8	
	Demolition of select exiting POC Structures			\$2.4	
	Promenade-Total Length; Reduced Cost			\$28.8	
	Environmental Cleanup at POC			\$3.2	
	Salinas De San Pedro (Mud Flat Mitigation)			\$4.8	
	<b>Subtotal - Other Costs</b>				<b>\$61.0</b>
<b>Total</b>	<b>(Excluding Other Costs)</b>			<b>\$99.1</b>	
<b>Total</b>	<b>(Including Infrastructure)</b>			<b>\$160.1</b>	

## Illustrative Development Budget (millions) - Initial Concept Scenario

	Uses	Units	Unit Cost	Budget
	Land Preparation (Seismic, etc)		included	
<b>Hard Costs</b>	F&B GLA - Large	75,000	\$250 per sqft	\$18.8
	F&B GLA - Small	15,000	\$250 per sqft	\$3.8
	Retail GLA - Large	30,000	\$250 per sqft	\$7.5
	Retail GLA - Small	15,000	\$250 per sqft	\$3.8
	Attraction Anchor GLA	113,933	\$250 per sqft	\$28.5
	Entertainment GLA	10,000	\$250 per sqft	\$2.5
	Back of House	20,715	\$250 per sqft	\$5.2
	<b>Subtotal - Built</b>	<b>279,647</b>		<b>\$64.7</b>
	Tenant Improvement Allocation (GLA only)	258,933	\$30 per sqft	\$36.2
	On-stage Area Development	6.0	\$900,000 per acre	\$5.4
	Water Area Development	7.5	\$250,000 per acre	\$1.9
	Parking (Surface)	12.0	\$100,000 per acre	\$1.2
	Contingency		10% of construction	\$10.9
<b>Total - Hard Costs</b>			<b>\$120.4</b>	
<b>Soft Costs</b>	FF&E		2% of construction	\$2.4
	Design, Permit, PM, CM, Other		12% of construction	\$14.4
	Pre-Opening		allocation	\$1.0
	Inflation Escalation		4% of construction	\$4.8
	<b>Subtotal - Soft Costs</b>		<b>20%</b>	<b>\$22.7</b>
<b>Other Costs</b>	Land			-
	External Infrastructure Allocation			-
	Surface Parking + Implement Paid Parking			\$5.2
	Sampson Way & 7th St Intersection			\$12.8
	Town Square Improvements (Between 6th and 7th Streets)			\$3.8
	Demolition of select exiting POC Structures			\$2.4
	Promenade-Total Length; Reduced Cost			\$28.8
	Environmental Cleanup at POC			\$3.2
	Salinas De San Pedro (Mud Flat Mitigation)			\$4.8
<b>Subtotal - Other Costs</b>			<b>\$61.0</b>	
<b>Total</b>	<b>(Excluding Other Costs)</b>			<b>\$143.0</b>
<b>Total</b>	<b>(Including Infrastructure)</b>			<b>\$160.1</b>

### Project Infrastructure

The proposed Project will have traditional developer costs typical of development on prepared land. However, the Ports O' Call site has additional development requirements related to the unique location on the waterfront and within the Port of Los Angeles. The Port has prepared a preliminary list of potential infrastructure elements and cost estimates that

would be implemented to prepare the site for commercial development. Additional details on the proposed infrastructure are presented below:

Infrastructure Project Element	Budget (millions)	Notes
<b>Recommended for Phase 1</b>		
Surface Parking + Implement Paid Parking	\$5.2	Approximately 1,800 Spaces within existing POC parking lot--revenue potential and approximately 800+ additional parking spaces along the bluff with removal of rail.
Sampson Way & 7th St Intersection	\$12.8	Design and Construction of Preferred T-Intersection Alternative; no Red Car operations.
Town Square Improvements (Between 6th and 7th Streets)	\$3.8	Connectivity to Downtown Harbor; includes utilities, retaining walls and portions of Plaza Park.
Demolition of select exiting POC Structures	\$2.4	Obligation of payment for existing POC marina and building demolition may be recovered by POLA from 3rd Party.
Promenade-Total Length; Reduced Cost	\$28.8	Entire length Main Channel and SP Slip; Promenade is on land, along water's edge (approximately 30 feet wide; 5,300 linear feet. Costs reduced from initial cost estimates.
Environmental Cleanup at POC	\$3.2	Obligation of payment for UNOCAL Remediation may be recovered by POLA from 3rd Party.
Salinas De San Pedro (Mud Flat Mitigation)	\$4.8	Environmental Mitigation Requirement
<b>Potential Future Infrastructure Requirements</b>		
Parking Structure Along Bluff	\$66.1	Approximately 1650+ parking spaces, may be required based on future expansion and project performance.
Sampson Way South Roadway	\$28.8	Project may be required based on future expansions.

Note: Budget in 2014 dollars. Source: Port of Los Angeles

## Summary of Financial Feasibility

These are compared to the pre-tax cash flows to obtain a total cash on cash return. Internal Rate of Return (IRR) figures have been obtained by analyzing ten-year operating cash flow estimates. IRRs are economic returns and do not include assumptions for usage of debt in the capital structure. (Full cash flows are available in the appendices.)

### Summary of Project Investment Characteristics

Type	Base Scenario	Target Scenario	Optimum Scenario	Initial Concept Scenario <sup>1</sup>
Total Built Area (sqft)	172,643	215,843	251,295	279,647
Developer Costs Cost (millions)	\$73.1	\$84.6	\$99.1	\$143.0
Infrastructure Costs (millions)	\$61.0	\$61.0	\$61.0	\$61.0
<b>Project IRR (excluding Infrastructure)</b>	<b>8.3%</b>	<b>10.6%</b>	<b>12.5%</b>	<b>5.2%</b>
<b>Project IRR (including recommended Infrastructure)</b>	<b>0.9%</b>	<b>3.6%</b>	<b>6.1%</b>	<b>1.0%</b>
Illustrative Annual Rent Paid to Port (2020, millions)	\$0.5	\$0.7	\$0.9	\$0.75

<sup>1</sup> - Concept Scenario includes a Large Themed Attraction assuming a Developer subsidy to create a commercially viable return, and the Recommended RD&E program with target rent performance.

### Findings on Base Scenario

A pro forma financial model has been developed to illustrate the financial feasibility of the Project using projected performance for Base Scenario RD&E and Medium Themed Attraction and illustrative budget. This scenario provides the most conservative scale and rent estimates. Conclusions on the Base Scenario are:

- ▶ The Project generates positive operating surplus for the developer.
- ▶ As illustrated, the Project includes approximately \$0.5M in annual land rent paid to Port.
- ▶ The Developer IRR of 8.3% illustrates sustainable economics under the operating condition. Depending on financial leverage, the IRR could support relative low cost debt obligations, but limited returns to Developer equity.
- ▶ The scenario illustrates limited capacity to fund infrastructure costs - IRR drops to 0.9% if relevant infrastructure costs are included, representative a financial infeasible project.
- ▶ Although development on the site has inherent cost premiums (e.g. seismic), the developer may be able to refine the plan and development costs and increase the expected IRR of the Project, allowing additional flexibility in supporting land rents and infrastructure costs.

### Findings on Target Scenario

A pro forma financial model has been developed to illustrate the financial feasibility of the Project using projected performance for Target Scenario RD&E and Medium Themed Attraction and illustrative budget. This scenario provides performance of the recommended scale and projected rents based on regional benchmarks. Conclusions on the Target Scenario are:

- ▶ The Project generates positive operating surplus for the developer.
- ▶ As illustrated, the Project includes approximately \$0.7M in annual land rent paid to Port.
- ▶ The Developer IRR of 10.6% illustrates moderate economics under the operating condition. Depending on financial leverage, the IRR could support relative low cost debt obligations, and provide moderate returns to Developer equity.
- ▶ The scenario illustrates limited capacity to fund infrastructure costs - IRR drops to 3.6% if relevant infrastructure costs are included, representative a financial infeasible project.
- ▶ Although development on the site has inherent cost premiums (e.g. seismic), the developer may be able to refine the plan and development costs and increase the expected IRR of the target scenario, allowing additional flexibility in supporting land rents and infrastructure costs.

### **Findings on Optimum Scenario**

A pro forma financial model has been developed to illustrate the financial feasibility of the Project using projected performance for Optimum Scenario RD&E and Medium Themed Attraction and illustrative budget. This scenario provides performance of the largest reasonable scale and Optimistic Level estimated rents based on the stronger regional benchmarks. Conclusions on the Optimum Scenario are:

- ▶ The Project generates positive operating surplus for the developer.
- ▶ As illustrated, the Project includes approximately \$0.9M in annual land rent paid to Port.
- ▶ The Developer IRR of 12.5% illustrates reasonable economics under the operating condition. Depending on financial leverage, the IRR could support relative low cost debt obligations, and provide moderate returns to Developer equity.
- ▶ The higher IRR may allow limited flexibility and upside to potential land rents to the Port.
- ▶ The scenario illustrates limited capacity to fund infrastructure costs - IRR drops to 6.1% if relevant infrastructure costs are included. While positive, the Optimum Scenario still does not provide adequate returns to support significant external infrastructure costs.
- ▶ Although development on the site has inherent cost premiums (e.g. seismic), the developer may be able to refine the plan and development costs and increase the expected IRR of the target scenario, allowing additional flexibility in supporting land rents and infrastructure costs.

### **Findings on Initial Concept Scenario**

A pro forma financial model has been developed to illustrate the financial feasibility of the Project that most similar to the Developer's initial proposed Concept. This includes the Large Themed Attraction assuming a developer subsidy (e.g. tenant allowance) that would increase the Operator IRR to a commercially viable 15% estimate. It also uses projected performance for Target Scenario RD&E and illustrative budgets for each element. This scenario provides performance of the Recommended scale and Target Level estimated rents based on the regional benchmarks. Conclusions on the Initial Concept Scenario are:

- ▶ The Project generates positive operating surplus for the developer.
- ▶ As illustrated, the Project includes approximately \$0.75M in annual land rent paid to Port.
- ▶ The Large Themed Attraction is assumed to receive a Developer subsidy of approximately \$28 million to illustrate a commercially viable return of 15%.



- ▶ The Project IRR of 5.2% illustrates this scenario is not commercially viable for the Developer.
- ▶ The scenario illustrates limited capacity to fund infrastructure costs - IRR drops to 1.0% if relevant infrastructure costs are included.

## Additional Parking Review

As part of this study, PFA has provided additional characteristics for parking. The Port had engaged a parking study (Desman Associates - 2014) to understand the current supply and demand for parking for the San Pedro Waterfront and develop a Comprehensive Parking Strategy. In summary, the Study concluded:

- ▶ Current parking supply is adequate to meet current demand
- ▶ Based on Desman study, current available parking approximately 2,260 spaces (POC, bluff parking lot, Harbor Blvd)
- ▶ The Study reviewed potential development scenarios using the EIS entitlements
- ▶ The Study identified parking deficit under illustrative scenarios “3” & “4” primarily due to large estimates for Attraction Parking requirements

However because of overall lower attendance and lower “Peak-in-Park” estimates in PFA’s Themed Attraction parking requirements, the overall requirements for the Project drop to below the current supply for the Target Scenario and Medium Attraction.

The Optimum Scenario with the Large Attraction would slightly exceed the current supply when including employee parking requirements. However, many of the Themed Attraction visitors are also guests to the RD&E facility and may be double counted in both the attraction and RD&E parking requirements. Additional considerations include:

- ▶ Project designs may reduce current supply parking and may require additional replacement spaces developed to maintain supply
- ▶ Additional parking for 5 and 9 coach buses is also projected in the attraction analysis

### Illustrative Parking Requirement Review

Ports O’Call	Illustrative Case Program						Existing Supply	Peak Requirement (spaces)						
	1	2	3	4	Target, Medium	Optimum, Large		1	2	3	4	Target, Medium	Optimum Large	
Retail	10,000	25,000	50,000	75,000	40,000	55,000	2,259	29	82	134	144	134	144	
F&B	40,000	75,000	100,000	125,000	90,000	110,000		634	1,197	1,206	1,053	1,206	1,206 <sup>1</sup>	
Attraction	5,000	5,000	50,000	100,000	55,000	114,000		34	34	1,240	2,480	<b>309</b>	<b>738</b>	
Attraction Employee Parking													<b>100</b>	<b>150</b>
Convention Center	0	0	0	75,000	0	0		0	0	0	0	340	0	0
San Pedro Marina	85 slips	85 slips	85 slips	85 slips	0	0		74	74	72	80	0	0	0
SP/POC Marina	35 slips	35 slips	35 slips	35 slips	0	0		31	31	29	33	0	0	0
Maritime Museum	31,000	31,000	31,000	31,000	31,000	31,000		4	4	16	51	51	51	51
Red Car Terminal	17,600	17,600	17,600	17,600	17,600	17,600		66	66	66	66	66	66	66
<b>Total</b>							<b>2,259</b>	<b>872</b>	<b>1,488</b>	<b>2,763</b>	<b>4,247</b>	<b>1,866</b>	<b>2,355</b>	

1- Larger of two Desman estimates for F&B requirements. Source: Desman Associates 2014 San Pedro Waterfront Parking Study, Pro Forma Advisors

## Additional Attendance Review

In the analysis of the attraction and RD&E concepts, the attraction focused on attendance and the RD&E focused on sales. Typically, attractions are gated and have highly accurate visitation numbers that can be used to benchmark and analyze performance. Retail (and RD&E) tend to be more free form with highly varying visitation, length of stay, and economic participation. However, overall visitation to the Project is useful to understand. To estimate total visitors to the Project, sales (which is a fairly accurate proxy) can be compared with average per visit spending. Average visitor spending is less accurate but generally falls within a range. Based on estimates from current tenants of per guest spending at restaurants, PFA estimates the per visit spending between \$15 and \$20 (at all locations during one trip). Using an average total sales of approximately \$30 million over the past three years, the current estimated visitation is between 1.5 and 2 million to Ports O' Call.

The Medium Attraction is estimated to have a gated attendance of approximately 546,000 annual visitors. Given the high attraction spending estimate including in-attraction Food & Beverage and the assumed edutainment draw of school groups and group events, PFA has assume 50% of attraction visitors will be Attraction-Only and additive to the estimate for the RD&E center. Increases in attend for the Project scenarios (with the Medium Attraction) are:

**Base Scenario** - Approximately 50-5% increase in annual visitors

**Target Scenario** - Approximately 92-4% increase in annual visitors

**Optimum Scenario** - Between 124% and 142% increase in annual visitors

**Initial Concept Scenario** - Because this Scenario is not commercial viable, an attendance analysis has not been presented.

		Sales		Spending Per Guest		Estimated Visitors	
				Low	High	High	Low
Current POC <sup>1</sup>	RD&E	\$30,000,000		\$15	\$20	2,000,000	1,500,000
	Attraction					-	-
Base Scenario, Medium Attraction	RD&E	\$41,000,000		\$15	\$20	2,733,333	2,050,000
	Total Attraction Guests	\$22,000,000		\$33	\$33	546,000	546,000
	Net Attraction Only	(50%)				(273,000)	(273,000)
	<b>Total Visitors</b>					<b>3,006,333</b>	<b>2,323,000</b>
					50%	55%	
Target Scenario, Medium Attraction	RD&E	\$65,000,000		\$18	\$25	3,611,111	2,600,000
	Total Attraction Guests	\$22,000,000		\$33	\$33	546,000	546,000
	Net Attraction Only	(50%)				(273,000)	(273,000)
	<b>Total Visitors</b>					<b>3,884,111</b>	<b>2,873,000</b>
					94%	92%	
Optimum Scenario, Medium Attraction	RD&E	\$84,000,000		\$20	\$25	4,200,000	3,360,000
	Total Attraction Guests	\$22,000,000		\$33	\$33	546,000	546,000
	Net Attraction Only	(50%)				(273,000)	(273,000)
	<b>Total Visitors</b>					<b>4,473,000</b>	<b>3,633,000</b>
					124%	142%	

1 - Current POC average of past three years.

## Additional Economic Impact Information

The focus of study is the financial feasibility of the Project. For reference, PFA has provided a preliminary estimate of potential job impacts comparing the current estimated employment at Ports O Call and employment based on general ratios of employment density applied to the Target Scenario program.

Direct FTE Jobs <sup>1</sup>	Current POC FTE <sup>2</sup>	Target Scenario GLA	SQFT per Employee <sup>3</sup>	Target Scenario FTE	Change
Food & Beverage	356	90,000	134	672	+316
Retail	17	40,000	549	73	+56
Medium Themed Attraction	0	55,000	433	127	+127
Entertainment	0	10,000	433	23	+23
<b>Total</b>	<b>373</b>	<b>195,000</b>	<b>218</b>	<b>895</b>	<b>+522</b>

<sup>1</sup> - Full Time Equivalent Jobs <sup>2</sup> - Port of Los Angeles data on current employment <sup>3</sup> - Employment density ratios for F&B and Retail from Institute of Transportation Engineers, SANDAG. Themed Attraction estimates from Pro Forma Advisors staffing plan analysis, Entertainment estimated using calculated Themed Attraction ratio.

# Appendix

## **Pro Forma Financial Models**



**Pro Forma Financial Model**

Project **Ports O' Call Redevelopment**

PFAID: **10-612**

Version **02 (Small Attraction Scenario)**

Title General Assumptions

Project Ports O' Call Redevelopment

PFAID: 10-612

Version 02 (Small Attraction Scenario)

Dates		
Model Start Year	1/1/14	01.01.2014
Phase 1 Occupancy	1/1/17	01.01.2017
Phase 2 Occupancy	1/1/30	01.01.2030
Phase 3 Occupancy	1/1/30	01.01.2030
Phase 4 Occupancy	1/1/30	01.01.2030
Phase 5 Occupancy	1/1/30	01.01.2030
Inflation		
General Inflation	3.0%	
Financial	Basis	
LIBOR	0.50% (4/11/11 3 month)	
Exchange Rate	\$1 \$1.00	
Bridge Loan Interest	6.50% of Balance	
<b>Debt</b>	0% of investment	
Bond Debt Interest	5.40%	
Bond Debt Issuance Costs	0% of borrowed amount	
Bond Debt Payback Period	15 years	
Sinking Fund	FALSE	
Sinking Fund Interest	0.00% of balance	
Capital Lease Rates	8% annually of value	
Depreciation Expense	8% of capital investment	
Allocation for Taxes	0% of net income	
<u>Termination Value</u>	Implied Capitalization Rate	
Cashflow Multiple	10.0	10.0%
Retail Cap Rate	14.0	7.1%
Hotel Cap Rate	12.0	8.3%



## Market Analysis

Project **Ports O' Call Redevelopment**

PFAID: **10-612**

Version **02 (Small Attraction Scenario)**



Title Resident Market

Project Ports O' Call Redevelopment

PFAID: 10-612

Version 02 (Small Attraction Scenario)

	(min)	Total	Qualified	Qualified	Total	Qualified	Qualified	
Market	<b>Resident Market</b>							
	Primary							
	A	30	-	#DIV/0!	-	-	100.0%	-
	B	60	12,042,767	100.0%	12,042,767	12,395,754	100.0%	12,395,754
	Secondary							0.6%
	A	90	-	#DIV/0!	-	-		-
	B	120	7,390,263	100.0%	7,390,263	7,722,870		8,495,157
Tertiary	240	-		-	-		-	
<b>Total Resident</b>			19,433,030		19,433,030	20,118,624		20,890,911

	Distance (min)	2014 Total	2014 Qualified	2014 Qualified	2019 Total	2019 Qualified	2019 Qualified	Growth
Market	<b>Primary</b>							
	A	0:30	-	100.0%	-	-	100.0%	-
	B	1:00	12,042,767	100.0%	12,042,767	12,395,754	100.0%	12,395,754
	<b>Subtotal</b>		12,042,767		12,042,767	12,395,754		12,395,754
	<b>Secondary</b>							
	A	1:30	-	100.0%	-	0	100.0%	-
	B	2:00	7,390,263	100.0%	7,390,263	7,722,870	110.0%	8,495,157
<b>Subtotal</b>		7,390,263		7,390,263	7,722,870		8,495,157	

Title Resident Market

Project Ports O' Call Redevelop

PFAID: 10-612

Version 02 (Small Attraction Sce

Resident Market											
Market	Resident Market										
	Primary	12,324,338	12,395,754	12,467,583	12,539,829	12,612,493	12,685,579	12,759,087	12,833,022	12,907,385	12,982,180
	A										
	B										
	Secondary	8,261,694	8,495,157	8,735,217	8,982,061	9,235,881	9,496,873	9,765,240	10,041,191	10,324,940	10,616,707
	A										
B											
Tertiary	-	-	-	-	-	-	-	-	-	-	-
<b>Total Resident</b>	<b>20,586,032</b>	<b>20,890,911</b>	<b>21,202,801</b>	<b>21,521,890</b>	<b>21,848,374</b>	<b>22,182,451</b>	<b>22,524,328</b>	<b>22,874,213</b>	<b>23,232,325</b>	<b>23,598,887</b>	

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Market	Primary										
	A	-	-	-	-	-	-	-	-	-	-
	B	12,324,338	12,395,754	12,467,583	12,539,829	12,612,493	12,685,579	12,759,087	12,833,022	12,907,385	12,982,180
	<b>Subtotal</b>	<b>12,324,338</b>	<b>12,395,754</b>	<b>12,467,583</b>	<b>12,539,829</b>	<b>12,612,493</b>	<b>12,685,579</b>	<b>12,759,087</b>	<b>12,833,022</b>	<b>12,907,385</b>	<b>12,982,180</b>
	Secondary										
	A	-	-	-	-	-	-	-	-	-	-
B	8,261,694	8,495,157	8,735,217	8,982,061	9,235,881	9,496,873	9,765,240	10,041,191	10,324,940	10,616,707	
<b>Subtotal</b>	<b>8,261,694</b>	<b>8,495,157</b>	<b>8,735,217</b>	<b>8,982,061</b>	<b>9,235,881</b>	<b>9,496,873</b>	<b>9,765,240</b>	<b>10,041,191</b>	<b>10,324,940</b>	<b>10,616,707</b>	

**Title Visitor Market**

Project **Ports O' Call Redevelopment**

PFAID: 10-612

		2013	Growth	2017 Forecast
<b>Market</b>	<b>Visitor Market</b>			
	Domestic Visitors			
	Primary Zone	0	#DIV/0!	-
	Region	16,376,736	0.4%	16,640,340
	Subtotal	16,376,736		16,908,187
	International Visitors			
	Primary Zone	0	#DIV/0!	-
	Region	5,460,696	4.7%	7,193,300
	Subtotal	5,460,696		7,885,359
	<b>Total Visitor Market</b>	<b>21,837,432</b>		<b>24,793,546</b>

		2013	Growth	2019 Forecast
<b>Market</b>	<b>Visitor Market</b>			
	<b>Primary Zone</b>			
	Hotel Rooms	-	1.0%	-
	Occupancy	65%		65%
	Persons per Room	1.8	0.2%	1.8
	Length of Stay	2.5		2.5
	Guests in Hotels	-	#DIV/0!	-
	% in Hotels	55%	(0.1%)	55%
	Subtotal	-		-
	Less International Qualified	-		-
	For Distance	93%	0.0%	93%
	For Income	100%		100%
	For Leisure vs. Business	46%	0.1%	46%
	Primary Zone	0	#DIV/0!	0
	<b>Regional Zone</b>			
	Hotel Rooms	-	0.5%	-
	Occupancy	62%	0.1%	62%
	Persons per Room	1.8		1.8
	Length of Stay	2.72	(0.1%)	2.7
	Guests in Hotels	-	#DIV/0!	-
	% in Hotels	58%	(0.1%)	58%
	Subtotal	-		-
	Less International Qualified	-		-
	For Distance	46%	(0.2%)	46%
	For Income	100%		100%
	For Leisure vs. Business	47%		47%
	Regional Zone	0	#DIV/0!	0
	<b>International Visitors</b>			
	Primary Zone	0	5.0%	-
	Region	5,460,696	4.7%	7,193,300
International	5,460,696		7,193,300	

**Title Visitor Market**

Project **Ports O' Call Redevelopme**

PFAID: 10-612

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Market</b>	<b>Visitor Market</b>										
	Domestic Visitors										
	Primary Zone	-	-	-	-	-	-	-	-	-	-
	Region	16,640,340	16,706,901	16,773,729	16,840,824	16,908,187	16,975,820	17,043,723	17,111,898	17,180,346	17,249,067
	Subtotal	16,640,340	16,706,901	16,773,729	16,840,824	16,908,187	16,975,820	17,043,723	17,111,898	17,180,346	17,249,067
	International Visitors										
	Primary Zone	0	0	0	0	0	0	0	0	0	0
	Region	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987
	Subtotal	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987
	<b>Total Visitor Market</b>	<b>23,202,317</b>	<b>23,577,292</b>	<b>23,967,028</b>	<b>24,372,208</b>	<b>24,793,546</b>	<b>25,231,791</b>	<b>25,687,725</b>	<b>26,162,167</b>	<b>26,655,978</b>	<b>27,170,054</b>

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Market</b>	<b>Visitor Market</b>										
	<b>Primary Zone</b>										
	Hotel Rooms	-	-	-	-	-	-	-	-	-	-
	Occupancy	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
	Persons per Room	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
	Length of Stay	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
	Guests in Hotels	-	-	-	-	-	-	-	-	-	-
	% in Hotels	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%
	Subtotal	-	-	-	-	-	-	-	-	-	-
	Less International	-	-	-	-	-	-	-	-	-	-
	Qualified										
	For Distance	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%
	For Income	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	For Leisure vs. Business	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%
	Primary Zone	0	0	0	0	0	0	0	0	0	0
	<b>Regional Zone</b>										
	Hotel Rooms	-	-	-	-	-	-	-	-	-	-
	Occupancy	62%	62%	62%	62%	62%	62%	62%	62%	63%	63%
	Persons per Room	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
	Length of Stay	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
	Guests in Hotels	-	-	-	-	-	-	-	-	-	-
	% in Hotels	58%	58%	58%	58%	58%	58%	58%	58%	58%	58%
	Subtotal	-	-	-	-	-	-	-	-	-	-
	Less International	(6,561,977)	(6,870,390)	(7,193,299)	(7,531,384)	(7,885,359)	(8,255,971)	(8,644,001)	(9,050,269)	(9,475,632)	(9,920,987)
	Qualified										
	For Distance	46%	46%	46%	46%	46%	46%	46%	46%	46%	45%
	For Income	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	For Leisure vs. Business	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%
	Regional Zone	-1,423,421	-1,487,848	-1,555,191	-1,625,582	-1,699,160	-1,776,067	-1,856,456	-1,940,483	-2,028,313	-2,120,119
	<b>International Visitors</b>										
Primary Zone	-	-	-	-	-	-	-	-	-	-	
Region	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987	
International	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987	

**Title Attendance Projections**

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Small Attraction Scenario)

		2017	Growth	2026			
<b>Market</b>	<b>Resident Market</b>						
	Primary	12,467,583	0.5%	12,982,180			
	Secondary	8,735,217	2.2%	10,616,707			
	Tertiary	-	0.0%	-			
	<b>Total Resident</b>	<b>20,586,032</b>		<b>23,598,887</b>			
	<b>Visitor Market</b>						
	Domestic Visitors						
	Primary Zone	0	0.0%	-			
	Region	16,640,340	0.4%	17,249,067			
	Subtotal	16,640,340					
	International Visitors						
	Primary Zone	0	0.0%	-			
	Region	6,561,977	4.7%	9,920,987			
	Subtotal	6,561,977		9,920,987			
<b>Total Visitor Market</b>	<b>23,202,317</b>		<b>27,170,054</b>				
<b>Penetration Rates</b>	<b>Resident Market</b>		Y1	Y2	Stable	Stable Year	Increment
	Primary		1.8%	1.6%	1.7%	4	0.1%
	Secondary		0.7%	0.8%	0.8%	4	0.0%
	Tertiary		0.0%	0.0%	0.0%	8	0.0%
	<b>Visitor Market</b>						
	Domestic Visitors						
	Primary Zone		0.2%	0.2%	0.3%	4	0.1%
	Region		0.2%	0.2%	0.3%	6	0.0%
	Average						
	International Visitors						
	Primary Zone		0.2%	0.2%	0.2%	4	0.0%
	Region		0.2%	0.2%	0.2%	4	0.0%
	Subtotal International Visitors						
	<b>Attendance</b>	<b>Resident Market</b>					
Primary		221,838	-0.1%	220,697			
Secondary		57,832	4.4%	84,934			
Tertiary		-	0.0%	-			
<b>Total Resident</b>		<b>279,670</b>	<b>1.0%</b>	<b>305,631</b>			
<b>Visitor Market</b>							
Domestic Visitors							
Primary Zone		-	0.0%	-			
Region		33,281	5.0%	51,747			
Subtotal		33,281	5.0%	51,747			
International Visitors							
Primary Zone		-	0.0%	-			
Region		13,124	4.7%	19,842			
Subtotal		13,124	4.7%	19,842			
<b>Total Visitor Market</b>	<b>46,405</b>	<b>4.9%</b>	<b>71,589</b>				
<b>Total Attendance (rounded)</b>	<b>326,100</b>	<b>1.6%</b>	<b>377,200</b>				

Title Attendance Projections

Project Ports O' Call Redevelopment

PFAID: 10-612  
Version 02 (Small Attraction Scenario)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
<b>Market</b>	<b>Resident Market</b>										
	Primary	12,324,338	12,395,754	12,467,583	12,539,829	12,612,493	12,685,579	12,759,087	12,833,022	12,907,385	12,982,180
	Secondary	8,261,694	8,495,157	8,735,217	8,982,061	9,235,881	9,496,873	9,765,240	10,041,191	10,324,940	10,616,707
	Tertiary	-	-	-	-	-	-	-	-	-	-
	<b>Total Resident</b>	<b>20,586,032</b>	<b>20,890,911</b>	<b>21,202,801</b>	<b>21,521,890</b>	<b>21,848,374</b>	<b>22,182,451</b>	<b>22,524,328</b>	<b>22,874,213</b>	<b>23,232,325</b>	<b>23,598,887</b>
	<b>Visitor Market</b>										
	<b>Domestic Visitors</b>										
	Primary Zone	-	-	-	-	-	-	-	-	-	-
	Region	16,640,340	16,706,901	16,773,729	16,840,824	16,908,187	16,975,820	17,043,723	17,111,898	17,180,346	17,249,067
	Subtotal	16,640,340	16,706,901	16,773,729	16,840,824	16,908,187	16,975,820	17,043,723	17,111,898	17,180,346	17,249,067
	<b>International Visitors</b>										
	Primary Zone	0	0	0	0	0	0	0	0	0	0
	Region	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987
	Subtotal	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987
<b>Total Visitor Market</b>	<b>23,202,317</b>	<b>23,577,292</b>	<b>23,967,028</b>	<b>24,372,208</b>	<b>24,793,546</b>	<b>25,231,791</b>	<b>25,687,725</b>	<b>26,162,167</b>	<b>26,655,978</b>	<b>27,170,054</b>	
<b>Penetration Rates</b>	<b>Resident Market</b>										
	Primary	1.8%	1.6%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
	Secondary	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
	Tertiary	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Average	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
	<b>Visitor Market</b>										
	<b>Domestic Visitors</b>										
	Primary Zone	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
	Region	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
	Average	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
	<b>International Visitors</b>										
	Primary Zone	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
	Region	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
	Subtotal International Visitors	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
<b>Attendance</b>	<b>Resident Market</b>										
	Primary	221,838	198,332	205,715	213,177	214,412	215,655	216,904	218,161	219,426	220,697
	Secondary	57,832	67,961	69,882	71,856	73,887	75,975	78,122	80,330	82,600	84,934
	Tertiary	0	0	0	0	0	0	0	0	0	0
	<b>Total Resident</b>	<b>279,670</b>	<b>266,293</b>	<b>275,597</b>	<b>285,034</b>	<b>288,299</b>	<b>291,630</b>	<b>295,026</b>	<b>298,491</b>	<b>302,025</b>	<b>305,631</b>
	<b>Visitor Market</b>										
	<b>Domestic Visitors</b>										
	Primary Zone	0	0	0	0	0	0	0	0	0	0
	Region	33,281	33,414	37,741	42,102	46,498	50,927	51,131	51,336	51,541	51,747
	Subtotal	33,281	33,414	37,741	42,102	46,498	50,927	51,131	51,336	51,541	51,747
	<b>International Visitors</b>										
	Primary Zone	0	0	0	0	0	0	0	0	0	0
	Region	13,124	13,741	14,387	15,063	15,771	16,512	17,288	18,101	18,951	19,842
	Subtotal	13,124	13,741	14,387	15,063	15,771	16,512	17,288	18,101	18,951	19,842
<b>Total Visitor Market</b>	<b>46,405</b>	<b>47,155</b>	<b>52,127</b>	<b>57,165</b>	<b>62,268</b>	<b>67,439</b>	<b>68,419</b>	<b>69,436</b>	<b>70,492</b>	<b>71,589</b>	
<b>Total Attendance (rounded)</b>	<b>326,100</b>	<b>313,400</b>	<b>327,700</b>	<b>342,200</b>	<b>350,600</b>	<b>359,100</b>	<b>363,400</b>	<b>367,900</b>	<b>372,500</b>	<b>377,200</b>	



**Planning Analysis - Attraction**

Project **Frisco Destination**

PFAID: **10-583**

Version **01**

2019

**January**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

**February**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

**March**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

**April**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

**May**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

**June**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

**July**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

**August**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

**September**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

**October**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

**November**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

**December**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Code	Operations Type	Open	Close	Hours	Days	Hours
0	Closed				0	
1	Low, Short	11:00	18:00	7:00	88	616:00
2	Low, Weekend	11:00	19:00	8:00	60	480:00
3	Shoulder, Short	11:00	19:00	8:00	47	376:00
4	Shoulder, Weeken	10:00	19:00	9:00	32	288:00
5	High	10:00	20:00	10:00	58	580:00
6	High Extended	10:00	22:00	12:00	43	516:00
7	Holiday	10:00	22:00	12:00	6	72:00
8	Special Event	11:00	18:00	7:00	0	0:00
9	Halloween Event	16:00	23:59	7:59	7	55:59
10	Holiday Event	10:00	21:00	11:00	20	220:00
	Spring Event	10:00	22:00	12:00	4	48:00
<b>Total</b>					<b>365</b>	<b>2928</b>

Water Park	Days
0	0

Venue	Shows
0	0

0	40%
0	40%
0	50%
0	40%
0	70%
0	85%
0	90%
0	100%
0	75%
0	#DIV/0!



**Title** Planning Parameters

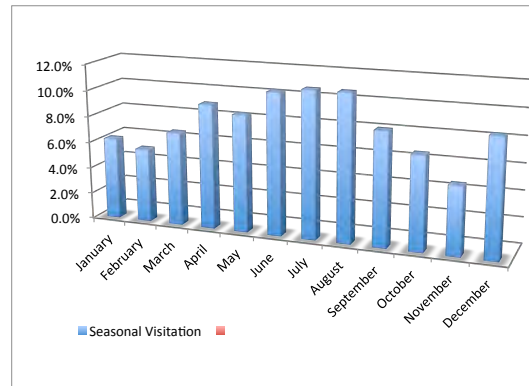
Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Small Attraction Scenario)

	Y1	Y4	Y8
<b>Total Attendance</b>	<b>326,100</b>	<b>342,200</b>	<b>367,900</b>
Golden Week % of total	0%	0%	0%
Subtotal	0	0	0
Holiday	18	18	18
Average Attendance	0	0	0
	0.0%	0.0%	0.0%
<b>Season Attendance</b>	<b>326,100</b>	<b>342,200</b>	<b>367,900</b>
Peak Month	11.0%	11.0%	11.0%
Peak Week	23.3%	23.3%	23.3%
Peak Day	25.0%	25.0%	25.0%
<b>Design Day</b>	<b>0.64%</b>	<b>0.64%</b>	<b>0.64%</b>
Average Day	0.27%	0.27%	0.27%
Ratio	2.33	2.33	2.33
<b>Design Day Attendance</b>	<b>2,086</b>	<b>2,188</b>	<b>2,353</b>
Average Day Attendance	893	938	1,008
<b>Peak On-Site</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>
<b>On Site Design Day Attendance</b>	<b>519</b>	<b>545</b>	<b>586</b>
<b>Entertainment Throughput Target</b>	<b>2.00</b>	<b>2.0</b>	<b>2.0</b>
<b>Entertainment Capacity Target</b>	<b>1,039</b>	<b>1,090</b>	<b>1,172</b>
Highest Day (@ 125% of Peak Avg)		2,736	2,941
Highest Day On Site		681	732

Month	Seasonal Visitation
January	6.2%
February	5.6%
March	7.1%
April	9.5%
May	8.9%
June	10.7%
July	11.1%
August	11.1%
September	8.6%
October	7.1%
November	5.2%
December	8.9%



**Title** Planning Parameters

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Small Attraction Scenario)

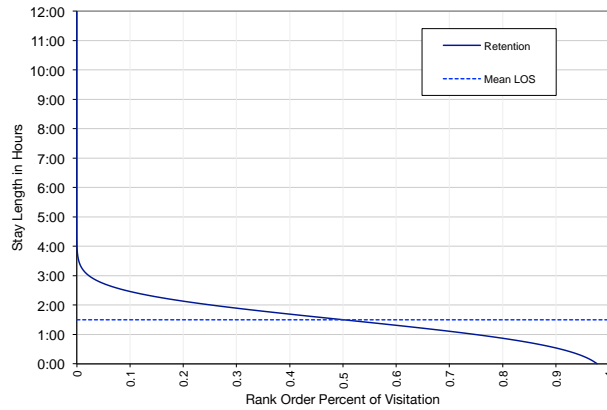
**Peak In Park Calculation**

**Length of Stay**

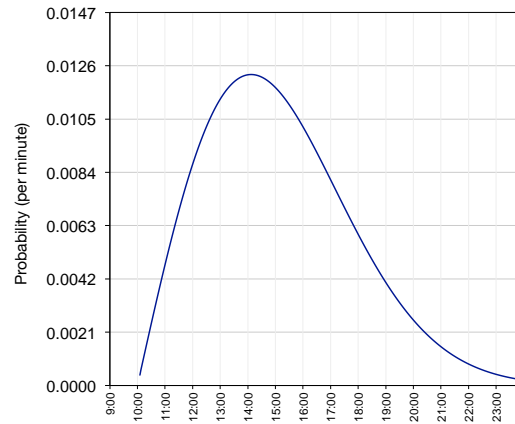
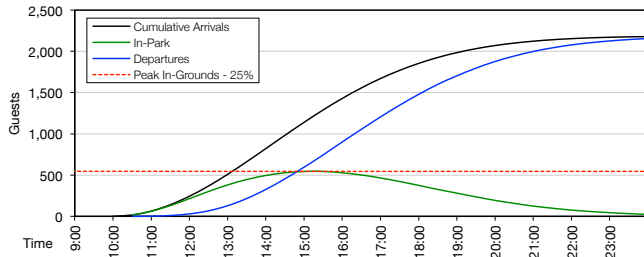
Mean LOS 1:30 hrs  
 LOS StdDev 0:45 hrs

**Arrivals Function**

Shape Parameter 2.0  
 Length Parameter 70.0



**Arrivals Function**



**Title** Planning Targets

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Small Attraction Scenario)

Target Sizing Recommendations	2020		2024	
	Square Feet	SQM	Square Feet	SQM
<b>Attraction</b>				
Attendance	342,200		367,900	
Design Day Attendance	2,188		2,353	
On Site Design Day Attendance	545		586	
Target Visitor Density (visitors per area unit)	36	3.3	33.5	3.1
Developed Visitor Area Target	19,620	1,823	19,620	1,823
Expansion Allotment	-	-	-	-
Back of House	3,924	365	3,924	365
<b>Total Attraction</b>	<b>23,544</b>	<b>2,187</b>	<b>23,544</b>	<b>2,187</b>
<b>Parking</b>				
Auto Spaces Required	160		172	
Coach Spaces Required	1		1	
Dropoff Spaces Required	1		1	

Parking Analysis	Peak Day	Private Auto	Coach Bus	Rail	Drop Off
Resident	458	90.0%	5.0%	0.0%	5.0%
Domestic Visitor	63	80.0%	10.0%	0.0%	10.0%
International Visitor	24	70.0%	20.0%	0.0%	10.0%
<b>Weighted Average</b>	<b>545</b>	<b>88.0%</b>	<b>6.2%</b>	<b>0.0%</b>	<b>5.8%</b>
<b>Arrivals by Mode</b>		<b>479</b>	<b>34</b>	<b>-</b>	<b>32</b>
Persons Per Vehicle		3.0	40		15
<b>Vehicles</b>		<b>160</b>	<b>1</b>		<b>2</b>
Arrivals per minute (@ 3.0 hour period)		0.9	0.0		0.0
Spaces required (@ 10.0 minute drop off stay)					1

**Title** Planning Targets

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Small Attraction Scenario)

Target Sizing Recommendations	2020	2024
Annual Attendance	342,200	367,900
Design Day Attendance	2,188	2,353
Entertainment Units Capacity	1,090	1,172
<b>Food &amp; Beverage Program</b>		
On Site Design Day Attendance	545	586
F&B Penetration	50%	50%
Meals Capacity (over 1.0 hour period)	273	293
F&B Distribution		
Restaurant (Table Service)	0%	0%
Buffeteria	60%	60%
Fast Food	0%	0%
Carts/Stands	40%	40%
Restaurant Seats (@ 1.5 turns per hour)	-	-
Buffeteria Seats (@ 2.5 turns per hour)	65	70
Fast Food Seats (@ 3.0 turns per hour)	-	-
<b>Total F&amp;B Seats</b>	<b>65</b>	<b>70</b>
<b>Retail Program</b>		
Retail Spending Estimate (000)	\$543	\$584
	\$543	\$584
Target Sales Performance (per sqft)	\$500	\$500
<b>Retail Program Target (sqft)</b>	<b>1,086</b>	<b>1,168</b>



## Financial Analysis - Attraction

Project **Ports O' Call Redevelopment**

PFAID: **10-612**

Version **02 (Small Attraction Scenario)**

**Title** Per Capita Estimates

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Small Attraction Scenario)

Ticket Mix Analysis	Prices (including VAT)			Resident	Domestic Visitor	International Visitor	Total
Attendance (2021)				285,000 83.3%	42,100 12.3%	15,100 4.4%	342,200 100%
Adult Passport	\$20	\$20	100%	25.0%	30.0%	36.0%	26.1%
Child Passport	\$20	\$20	100%	25.0%	25.0%	30.0%	25.2%
Promotions (Hotel, Multi-day, Multi-park)	\$13	\$13	65%	25.0%	26.0%	13.0%	24.6%
Evening Tickets	\$0	\$0	0%	0.0%	0.0%	0.0%	0.0%
Season Passes (avg per visit) <sup>1</sup>	\$0	\$0	0%	0.0%	0.0%	0.0%	0.0%
Corp. & Social Groups	\$13	\$13	65%	0.0%	0.0%	0.0%	0.0%
Tour / Wholesale / Package	\$13	\$13	65%	0.0%	12.0%	20.0%	2.4%
Local School Groups	\$6	\$6	30%	20.0%	5.0%	0.0%	17.3%
Complementaries	\$0	\$0	0%	5.0%	2.0%	1.0%	4.5%
Total				100.0%	100.0%	100.0%	100.0%
Average Admission Revenue				\$14	\$16	\$17	\$14.80
Total in Local Currency				\$14	\$16	\$17	\$15
Admission Yield (% of Adult)				72.3%	81.2%	87.5%	74.0%

Per Capita Spending	Resident		Domestic Visitor		International Visitor		Total	
Attendance (2021)	285,000 83.3%		42,100 12.3%		15,100 4.4%		342,200 100%	
Admissions	\$14.45	79.0%	\$16.24	80.0%	\$17.49	78.0%	\$14.80	79.1%
Food & Beverage	\$1.10	6.0%	\$1.62	8.0%	\$1.79	8.0%	\$1.19	6.4%
Merchandise	\$1.46	8.0%	\$2.03	10.0%	\$2.69	12.0%	\$1.59	8.5%
Events, Games, Photo and Other	\$1.28	7.0%	\$0.41	2.0%	\$0.45	2.0%	\$1.14	6.1%
Total	\$18.29	100.0%	\$20.30	100.0%	\$22.42	100.0%	\$18.72	100.0%
Total in USD	\$18		\$20		\$22		\$19	

**Title** Operations Statement

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Small Attraction Scenario)

<i>(in \$ (000) except per capita)</i>	Rate	Basis
Inflation		
Variable Revenue Factor		
Variable Cost Factor		
Attendance		
<b>Revenue</b>		
Admissions	\$14.80	per capita
Food & Beverage	\$1.19	per capita
Merchandise	\$1.59	per capita
Other In-park	\$1.14	per capita
Sponsorship/Other	\$0.50	per capita
VAT (effective)	0%	of Admissions, F&B, Merchandise, Other revenue (less VAT Credit)
<b>Net Revenue</b>		
<b>Cost of Goods Sold</b>		
Food & Beverage	30%	of department revenue
Merchandise	40%	of department revenue
Other	20%	of department revenue
<b>Subtotal</b>		
<b>Operating Expenses</b>		
Salaries & Wages	33.0%	of total net revenue
Lease	5.0%	of total net revenue
Advertising	8.0%	of total net revenue
Repair & Maintenance	6.0%	of total net revenue
Utilities	2.0%	of total net revenue
Supplies	2.0%	of total net revenue
Insurance	1.0%	of total net revenue
Property Tax	2.0%	of total net revenue
Other Expenses	0.0%	of total net revenue
<b>Subtotal</b>	59.0%	of total net revenue
<b>Other Expenses</b>		
Management Fee or G&A	5.0%	of total net revenue
<b>Licensing Fees</b>		
Admissions	3.0%	of admission revenue
F&B	0.0%	of department revenue
Merchandise	7.0%	of department revenue
Sponsorship/Other	0.0%	of department revenue
<b>Subtotal</b>		
<b>EBITDA</b>		
<b>Operating Margin</b>		
<b>Capital Expenditure Fund</b>		
Fund	4.0%	of initial hard costs inflated (5 year ramp)
<b>Cash Flow before Taxes</b>		

Title Operations Statement

Project Ports O' Call Redevelopment

PFAID: 10-612

Version 02 (Small Attraction Scenario)

(in Y (000) except per capita)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Inflation	1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34	1.38	1.43
Variable Revenue Factor	0.95	0.98	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Variable Cost Factor	1.05	1.02	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Attendance	<b>326,100</b>	<b>313,400</b>	<b>327,700</b>	<b>342,200</b>	<b>350,600</b>	<b>359,100</b>	<b>363,400</b>	<b>367,900</b>	<b>372,500</b>	<b>377,200</b>
<b>Revenue</b>										
Admissions	5,012	5,118	5,624	6,049	6,384	6,734	7,020	7,320	7,634	7,962
Food & Beverage	404	412	453	487	514	543	566	590	615	642
Merchandise	537	549	603	649	684	722	753	785	818	854
Other In-park	385	393	432	464	490	517	539	562	586	611
Sponsorship/Other	169	169	169	169	169	214	214	214	214	214
VAT (effective)	-	-	-	-	-	-	-	-	-	-
Net Revenue	6,507	6,641	7,281	7,819	8,241	8,730	9,091	9,470	9,867	10,282
	\$6,507	\$6,641	\$7,281	\$7,819	\$8,241	\$8,730	\$9,091	\$9,470	\$9,867	\$10,282
	\$20	\$21	\$22	\$23	\$24	\$24	\$25	\$26	\$26	\$27
<b>Cost of Goods Sold</b>										
Food & Beverage	127	126	136	146	154	163	170	177	185	192
Merchandise	226	224	241	259	274	289	301	314	327	341
Other	81	80	86	93	98	103	108	112	117	122
Subtotal	434	430	463	498	526	555	578	603	629	656
	\$434	\$430	\$463	\$498	\$526	\$555	\$578	\$603	\$629	\$656
<b>Operating Expenses</b>										
Salaries & Wages	2,255	2,235	2,403	2,580	2,720	2,881	3,000	3,125	3,256	3,393
Lease	342	339	364	391	412	437	455	474	493	514
Advertising	547	542	582	625	659	698	727	758	789	823
Repair & Maintenance	410	406	437	469	494	524	545	568	592	617
Utilities	137	135	146	156	165	175	182	189	197	206
Supplies	137	135	146	156	165	175	182	189	197	206
Insurance	68	68	73	78	82	87	91	95	99	103
Property Tax	137	135	146	156	165	175	182	189	197	206
Other Expenses	-	-	-	-	-	-	-	-	-	-
Subtotal	4,031	3,996	4,296	4,613	4,862	5,151	5,364	5,588	5,822	6,067
	\$4,031	\$3,996	\$4,296	\$4,613	\$4,862	\$5,151	\$5,364	\$5,588	\$5,822	\$6,067
<b>Other Expenses</b>										
Management Fee or G&A	325	332	364	391	412	437	455	474	493	514
Licensing Fees	188	192	211	227	239	253	263	275	286	299
Admissions	150	154	169	181	192	202	211	220	229	239
F&B	-	-	-	-	-	-	-	-	-	-
Merchandise	38	38	42	45	48	51	53	55	57	60
Sponsorship/Other	-	-	-	-	-	-	-	-	-	-
Subtotal	513	524	575	618	651	689	718	748	780	813
	\$513	\$524	\$575	\$618	\$651	\$689	\$718	\$748	\$780	\$813
<b>EBITDA</b>	<b>1,529</b>	<b>1,690</b>	<b>1,947</b>	<b>2,089</b>	<b>2,201</b>	<b>2,335</b>	<b>2,431</b>	<b>2,532</b>	<b>2,637</b>	<b>2,747</b>
	\$1,529	\$1,690	\$1,947	\$2,089	\$2,201	\$2,335	\$2,431	\$2,532	\$2,637	\$2,747
<b>Operating Margin</b>	<b>23.5%</b>	<b>25.5%</b>	<b>26.7%</b>	<b>26.7%</b>	<b>26.7%</b>	<b>26.8%</b>	<b>26.7%</b>	<b>26.7%</b>	<b>26.7%</b>	<b>26.7%</b>
<b>Capital Expenditure Fund</b>										
Fund	26	66	146	210	264	349	364	379	395	411
<b>Cash Flow before Taxes</b>	<b>1,503</b>	<b>1,624</b>	<b>1,801</b>	<b>1,880</b>	<b>1,938</b>	<b>1,986</b>	<b>2,067</b>	<b>2,153</b>	<b>2,242</b>	<b>2,336</b>
	\$1,503	\$1,624	\$1,801	\$1,880	\$1,938	\$1,986	\$2,067	\$2,153	\$2,242	\$2,336



**Title** Illustrative Development Budget

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Small Attraction Scenario)

Uses	Units	Unit Cost	Cost	Unit	Unit Cost	Cost
<b>Hard Costs</b>						
Core & Shell	23,544	\$250 per sqft	\$5.9			
F&B Costs	65	\$15,000 per seat	\$1.0	65	\$15,000	\$1.0
Retail Costs	1,086	\$300 per sqft	\$0.3	11,692	\$300	\$0.3
On-stage Area Development	18,468	\$600 per sqft	\$11.1	1,822.8	\$600	\$11.1
BOH Area Development	3,924	\$100 per sqft	\$0.4	364.6	\$100	\$0.4
Parking (Surface)	0.0	\$400,000 per acre	\$0.0	1.3	\$400,000	-
Contingency		5% of construction	\$0.9		5%	\$0.9
<b>Subtotal Hard Costs</b>			<b>\$13.7</b>			<b>\$13.7</b>
<b>Soft Costs</b>						
FF&E		3.7% of construction	\$0.5		3.7%	\$0.5
<i>BOH, Maintenance Equipment, Administration</i>		2% of BOH construction	\$0.3		2%	\$0.3
<i>F&amp;B FF&amp;E</i>		20% of F&B construction	\$0.2		20%	\$0.2
<i>Retail FF&amp;E</i>		10% of Retail construction	\$0.0		10%	\$0.0
Design, Permit, PM, CM, Other Soft Costs		8.9% of construction	\$1.2		8.9%	\$1.2
<i>Permitting</i>		0.4% of construction	\$0.1		0.4%	\$0.1
<i>Design Development</i>		2.0% of construction	\$0.3		2.0%	\$0.3
<i>Design Architecture</i>		3.0% of construction	\$0.4		3.0%	\$0.4
<i>PM, CM,</i>		2.0% of construction	\$0.3		2.0%	\$0.3
<i>Production Management</i>		0.0% of construction	-		0.0%	-
<i>Spares, etc</i>		1.0% of construction	\$0.1		1.0%	\$0.1
<i>IP Supervision</i>		0.5% of construction	\$0.1		0.5%	\$0.1
Pre-Opening		10% of Y1 Op Costs	\$0.4		10.0%	\$0.4
Inflation Escalation		5% of construction	\$0.7		10%	\$0.7
<b>Subtotal - Soft Costs</b>		<b>21%</b>	<b>\$2.8</b>		<b>21%</b>	<b>\$2.8</b>
<b>Area Costs</b>						
Land			-			-
External Infrastructure Allocation			-			-
<b>Subtotal - Area Costs</b>			<b>\$0.0</b>			<b>-</b>
<b>Financing Costs</b>						
Debt Issuance Costs			-			-
Capitalized Interest (during Constructio			-			-
<b>Subtotal - Financing Costs</b>			<b>\$0.0</b>			<b>-</b>
<b>Total</b>			<b>\$16.5</b>			<b>\$16.5</b>

Title Investment Analysis

Project Ports O' Call Redevelopment

PFAID: 10-612

Version 02 (Small Attraction Scenario)

	0	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Uses</b>													
Development		9,916	6,610										
Capital Expenditure Fund				26	66	146	210	264	349	364	379	395	411
Subtotal		9,916	6,610	26	66	146	210	264	349	364	379	395	411
		<i>(\$9,916)</i>	<i>(\$6,610)</i>	<i>\$26</i>	<i>\$66</i>	<i>\$146</i>	<i>\$210</i>	<i>\$264</i>	<i>\$349</i>	<i>\$364</i>	<i>\$379</i>	<i>\$395</i>	<i>\$411</i>
<b>Sources</b>													
EBITDA				1,529	1,690	1,947	2,089	2,201	2,335	2,431	2,532	2,637	2,747
Terminal Value													23,356
Subtotal		-	-	1,529	1,690	1,947	2,089	2,201	2,335	2,431	2,532	2,637	26,103
		<i>-</i>	<i>-</i>	<i>\$1,529</i>	<i>\$1,690</i>	<i>\$1,947</i>	<i>\$2,089</i>	<i>\$2,201</i>	<i>\$2,335</i>	<i>\$2,431</i>	<i>\$2,532</i>	<i>\$2,637</i>	<i>\$26,103</i>
<b>Project Cash Flow</b>		<b>(9,916)</b>	<b>(6,610)</b>	<b>1,503</b>	<b>1,624</b>	<b>1,801</b>	<b>1,880</b>	<b>1,938</b>	<b>1,986</b>	<b>2,067</b>	<b>2,153</b>	<b>2,242</b>	<b>25,692</b>
		<i>(\$9,916)</i>	<i>(\$6,610)</i>	<i>\$1,503</i>	<i>\$1,624</i>	<i>\$1,801</i>	<i>\$1,880</i>	<i>\$1,938</i>	<i>\$1,986</i>	<i>\$2,067</i>	<i>\$2,153</i>	<i>\$2,242</i>	<i>\$25,692</i>

Present Value of Cash Flow		
	0	
16%	\$15,786	\$15,786
12%	\$19,403	\$19,403
8%	\$24,230	\$24,230

<b>IRR of Cash Flow</b>	<b>12.3%</b>
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**Pro Forma Financial Model**

Project **Ports O' Call Redevelopment**

PFAID: **10-612**

Version **02 (Medium Attraction, RD&E Target Scenario)**

Title General Assumptions

Project Ports O' Call Redevelopment

PFAID: 10-612

Version 02 (Medium Attraction, RD&E Target Scenario)

Dates		
Model Start Year	1/1/14	01.01.2014
Phase 1 Occupancy	1/1/17	01.01.2017
Phase 2 Occupancy	1/1/30	01.01.2030
Phase 3 Occupancy	1/1/30	01.01.2030
Phase 4 Occupancy	1/1/30	01.01.2030
Phase 5 Occupancy	1/1/30	01.01.2030
Inflation		
General Inflation	3.0%	
Financial		Basis
LIBOR	0.50%	
Exchange Rate	\$1	\$1.00
Bridge Loan Interest	6.50%	of Balance
<b>Debt</b>		0% of investment
Bond Debt Interest	5.40%	
Bond Debt Issuance Costs		0% of borrowed amount
Bond Debt Payback Period		15 years
Sinking Fund		FALSE
Sinking Fund Interest	0.00%	of balance
Capital Lease Rates		8% annually of value
Depreciation Expense		8% of capital investment
Allocation for Taxes		0% of net income
<u>Termination Value</u>		Implied Capitalization Rate
Cashflow Multiple	10.0	10.0%
Retail Cap Rate	14.0	7.1%
Hotel Cap Rate	12.0	8.3%



## Market Analysis

Project **Ports O' Call Redevelopment**

PFAID: **10-612**

Version **02 (Medium Attraction, RD&E Target Scenario)**

Title Resident Market

Project Ports O' Call Redevelopment

PFAID: 10-612  
Version 02 (Medium Attraction, RD&E Target Scenario)

	(min)	Total	Qualified	Qualified	Total	Qualified	Qualified		
Market	<b>Resident Market</b>								
	Primary								
	A	30	-	#DIV/0!	-	-	100.0%	-	
	B	60	12,042,767	100.0%	12,042,767	12,395,754	100.0%	12,395,754	0.6%
	Secondary								
	A	90	-	#DIV/0!	-	-		-	
	B	120	7,390,263	100.0%	7,390,263	7,722,870		8,495,157	2.8%
	Tertiary	240	-		-	-		-	
<b>Total Resident</b>		19,433,030		19,433,030	20,118,624		20,890,911		

	Distance (min)	2014 Total	Qualified	2014 Qualified	2019 Total	Qualified	2019 Qualified	Growth	
Market	<b>Primary</b>								
	A	0:30	-	100.0%	-	-	100.0%	-	
	B	1:00	12,042,767	100.0%	12,042,767	12,395,754	100.0%	12,395,754	0.6%
	<b>Subtotal</b>		12,042,767		12,042,767	12,395,754		12,395,754	
	<b>Secondary</b>								
	A	1:30	-	100.0%	-	0	100.0%	-	
	B	2:00	7,390,263	100.0%	7,390,263	7,722,870	110.0%	8,495,157	2.8%
	<b>Subtotal</b>		7,390,263		7,390,263	7,722,870		8,495,157	

Title Resident Market

Project Ports O' Call Redevelop

PFAID: 10-612  
Version 02 (Medium Attraction, I

Market	<b>Resident Market</b>										
	Primary	12,324,338	12,395,754	12,467,583	12,539,829	12,612,493	12,685,579	12,759,087	12,833,022	12,907,385	12,982,180
	A										
	B										
	Secondary	8,261,694	8,495,157	8,735,217	8,982,061	9,235,881	9,496,873	9,765,240	10,041,191	10,324,940	10,616,707
	A										
B											
Tertiary	-	-	-	-	-	-	-	-	-	-	-
<b>Total Resident</b>	<b>20,586,032</b>	<b>20,890,911</b>	<b>21,202,801</b>	<b>21,521,890</b>	<b>21,848,374</b>	<b>22,182,451</b>	<b>22,524,328</b>	<b>22,874,213</b>	<b>23,232,325</b>	<b>23,598,887</b>	

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Market	<b>Primary</b>										
	A	-	-	-	-	-	-	-	-	-	-
	B	12,324,338	12,395,754	12,467,583	12,539,829	12,612,493	12,685,579	12,759,087	12,833,022	12,907,385	12,982,180
	<b>Subtotal</b>	12,324,338	12,395,754	12,467,583	12,539,829	12,612,493	12,685,579	12,759,087	12,833,022	12,907,385	12,982,180
	<b>Secondary</b>										
	A	-	-	-	-	-	-	-	-	-	-
B	8,261,694	8,495,157	8,735,217	8,982,061	9,235,881	9,496,873	9,765,240	10,041,191	10,324,940	10,616,707	
<b>Subtotal</b>	8,261,694	8,495,157	8,735,217	8,982,061	9,235,881	9,496,873	9,765,240	10,041,191	10,324,940	10,616,707	

**Title Visitor Market**

Project **Ports O' Call Redevelopment**

PFAID: 10-612

		2013	Growth	2017 Forecast
<b>Market</b>	<b>Visitor Market</b>			
	Domestic Visitors			
	Primary Zone	0	#DIV/0!	-
	Region	16,376,736	0.4%	16,640,340
	Subtotal	16,376,736		16,908,187
	International Visitors			
	Primary Zone	0	#DIV/0!	-
	Region	5,460,696	4.7%	7,193,300
	Subtotal	5,460,696		7,885,359
	<b>Total Visitor Market</b>	<b>21,837,432</b>		<b>24,793,546</b>

		2013	Growth	2019 Forecast
<b>Market</b>	<b>Visitor Market</b>			
	<b>Primary Zone</b>			
	Hotel Rooms	-	1.0%	-
	Occupancy	65%		65%
	Persons per Room	1.8	0.2%	1.8
	Length of Stay	2.5		2.5
	Guests in Hotels	-	#DIV/0!	-
	% in Hotels	55%	(0.1%)	55%
	Subtotal	-		-
	Less International Qualified	-		-
	For Distance	93%	0.0%	93%
	For Income	100%		100%
	For Leisure vs. Business	46%	0.1%	46%
	Primary Zone	0	#DIV/0!	0
	<b>Regional Zone</b>			
	Hotel Rooms	-	0.5%	-
	Occupancy	62%	0.1%	62%
	Persons per Room	1.8		1.8
	Length of Stay	2.72	(0.1%)	2.7
	Guests in Hotels	-	#DIV/0!	-
	% in Hotels	58%	(0.1%)	58%
	Subtotal	-		-
	Less International Qualified	-		-
	For Distance	46%	(0.2%)	46%
	For Income	100%		100%
	For Leisure vs. Business	47%		47%
	Regional Zone	0	#DIV/0!	0
	<b>International Visitors</b>			
	Primary Zone	0	5.0%	-
	Region	5,460,696	4.7%	7,193,300
International	5,460,696		7,193,300	



**Title Visitor Market**

Project **Ports O' Call Redevelopme**

PFAID: 10-612

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Market</b>	<b>Visitor Market</b>										
	Domestic Visitors										
	Primary Zone	-	-	-	-	-	-	-	-	-	-
	Region	16,640,340	16,706,901	16,773,729	16,840,824	16,908,187	16,975,820	17,043,723	17,111,898	17,180,346	17,249,067
	Subtotal	16,640,340	16,706,901	16,773,729	16,840,824	16,908,187	16,975,820	17,043,723	17,111,898	17,180,346	17,249,067
	International Visitors										
	Primary Zone	0	0	0	0	0	0	0	0	0	0
	Region	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987
	Subtotal	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987
	<b>Total Visitor Market</b>	<b>23,202,317</b>	<b>23,577,292</b>	<b>23,967,028</b>	<b>24,372,208</b>	<b>24,793,546</b>	<b>25,231,791</b>	<b>25,687,725</b>	<b>26,162,167</b>	<b>26,655,978</b>	<b>27,170,054</b>

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Market</b>	<b>Visitor Market</b>										
	<b>Primary Zone</b>										
	Hotel Rooms	-	-	-	-	-	-	-	-	-	-
	Occupancy	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
	Persons per Room	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
	Length of Stay	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
	Guests in Hotels	-	-	-	-	-	-	-	-	-	-
	% in Hotels	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%
	Subtotal	-	-	-	-	-	-	-	-	-	-
	Less International	-	-	-	-	-	-	-	-	-	-
	Qualified										
	For Distance	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%
	For Income	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	For Leisure vs. Business	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%
	Primary Zone	0	0	0	0	0	0	0	0	0	0
	<b>Regional Zone</b>										
	Hotel Rooms	-	-	-	-	-	-	-	-	-	-
	Occupancy	62%	62%	62%	62%	62%	62%	62%	62%	63%	63%
	Persons per Room	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
	Length of Stay	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
	Guests in Hotels	-	-	-	-	-	-	-	-	-	-
	% in Hotels	58%	58%	58%	58%	58%	58%	58%	58%	58%	58%
	Subtotal	-	-	-	-	-	-	-	-	-	-
	Less International	(6,561,977)	(6,870,390)	(7,193,299)	(7,531,384)	(7,885,359)	(8,255,971)	(8,644,001)	(9,050,269)	(9,475,632)	(9,920,987)
	Qualified										
	For Distance	46%	46%	46%	46%	46%	46%	46%	46%	46%	45%
	For Income	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	For Leisure vs. Business	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%
	Regional Zone	-1,423,421	-1,487,848	-1,555,191	-1,625,582	-1,699,160	-1,776,067	-1,856,456	-1,940,483	-2,028,313	-2,120,119
	<b>International Visitors</b>										
Primary Zone	-	-	-	-	-	-	-	-	-	-	
Region	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987	
International	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987	

**Title Attendance Projections**

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Medium Attraction, RD&E Target Scenario)

		2017	Growth	2026			
<b>Market</b>	<b>Resident Market</b>						
	Primary	12,467,583	0.5%	12,982,180			
	Secondary	8,735,217	2.2%	10,616,707			
	Tertiary	-	0.0%	-			
	<b>Total Resident</b>	20,586,032		23,598,887			
	<b>Visitor Market</b>						
	Domestic Visitors						
	Primary Zone	0	0.0%	-			
	Region	16,640,340	0.4%	17,249,067			
	Subtotal	16,640,340					
	International Visitors						
	Primary Zone	0	0.0%	-			
	Region	6,561,977	4.7%	9,920,987			
	Subtotal	6,561,977		9,920,987			
<b>Total Visitor Market</b>	23,202,317		27,170,054				
<b>Penetration Rates</b>	<b>Resident Market</b>		Y1	Y2	Stable	Stable Year	Increment
	Primary		2.5%	2.0%	2.1%	4	0.1%
	Secondary		1.4%	1.5%	1.6%	4	0.1%
	Tertiary		0.0%	0.0%	0.0%	8	0.0%
	<b>Visitor Market</b>						
	Domestic Visitors						
	Primary Zone		0.5%	0.6%	0.6%	4	0.0%
	Region		0.5%	0.6%	0.6%	6	0.0%
	Average						
	International Visitors						
	Primary Zone		0.3%	0.5%	0.5%	4	0.0%
	Region		0.3%	0.5%	0.5%	4	0.0%
	Subtotal International Visitors						
	<b>Attendance</b>	<b>Resident Market</b>					
Primary		308,108	-1.4%	272,626			
Secondary		115,664	4.4%	169,867			
Tertiary		-	0.0%	-			
<b>Total Resident</b>		423,772	0.5%	442,493			
<b>Visitor Market</b>							
Domestic Visitors							
Primary Zone		-	0.0%	-			
Region		83,202	2.5%	103,494			
Subtotal		83,202	2.5%	103,494			
International Visitors							
Primary Zone		-	0.0%	-			
Region		19,686	10.8%	49,605			
Subtotal		19,686	10.8%	49,605			
<b>Total Visitor Market</b>	102,888	4.5%	153,099				
<b>Total Attendance (rounded)</b>	526,700	1.4%	595,600				

Title Attendance Projections

Project Ports O' Call Redevelopment

PFAID: 10-612

Version 02 (Medium Attraction, RD&E Targ

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Market	<b>Resident Market</b>										
	Primary	12,324,338	12,395,754	12,467,583	12,539,829	12,612,493	12,685,579	12,759,087	12,833,022	12,907,385	12,982,180
	Secondary	8,261,694	8,495,157	8,735,217	8,982,061	9,235,881	9,496,873	9,765,240	10,041,191	10,324,940	10,616,707
	Tertiary	-	-	-	-	-	-	-	-	-	-
	<b>Total Resident</b>	<b>20,586,032</b>	<b>20,890,911</b>	<b>21,202,801</b>	<b>21,521,890</b>	<b>21,848,374</b>	<b>22,182,451</b>	<b>22,524,328</b>	<b>22,874,213</b>	<b>23,232,325</b>	<b>23,598,887</b>
	<b>Visitor Market</b>										
	Domestic Visitors										
	Primary Zone	-	-	-	-	-	-	-	-	-	-
	Region	16,640,340	16,706,901	16,773,729	16,840,824	16,908,187	16,975,820	17,043,723	17,111,898	17,180,346	17,249,067
	Subtotal	16,640,340	16,706,901	16,773,729	16,840,824	16,908,187	16,975,820	17,043,723	17,111,898	17,180,346	17,249,067
	International Visitors										
	Primary Zone	0	0	0	0	0	0	0	0	0	0
	Region	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987
	Subtotal	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987
<b>Total Visitor Market</b>	<b>23,202,317</b>	<b>23,577,292</b>	<b>23,967,028</b>	<b>24,372,208</b>	<b>24,793,546</b>	<b>25,231,791</b>	<b>25,687,725</b>	<b>26,162,167</b>	<b>26,655,978</b>	<b>27,170,054</b>	
Penetration Rates	<b>Resident Market</b>										
	Primary	2.5%	2.0%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
	Secondary	1.4%	1.5%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
	Tertiary	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Visitor Market</b>										
	Domestic Visitors										
	Primary Zone	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
	Region	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
	Average	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
	International Visitors										
	Primary Zone	0.3%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
	Region	0.3%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
	Subtotal International Visitors	0.3%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
	Attendance	<b>Resident Market</b>									
Primary		308,108	247,915	255,585	263,336	264,862	266,397	267,941	269,493	271,055	272,626
Secondary		115,664	127,427	135,396	143,713	147,774	151,950	156,244	160,659	165,199	169,867
Tertiary		0	0	0	0	0	0	0	0	0	0
<b>Total Resident</b>		<b>423,772</b>	<b>375,342</b>	<b>390,981</b>	<b>407,049</b>	<b>412,636</b>	<b>418,347</b>	<b>424,185</b>	<b>430,153</b>	<b>436,254</b>	<b>442,493</b>
<b>Visitor Market</b>											
Domestic Visitors											
Primary Zone		0	0	0	0	0	0	0	0	0	0
Region		83,202	100,241	100,642	101,045	101,449	101,855	102,262	102,671	103,082	103,494
Subtotal		83,202	100,241	100,642	101,045	101,449	101,855	102,262	102,671	103,082	103,494
International Visitors											
Primary Zone		0	0	0	0	0	0	0	0	0	0
Region		19,686	34,352	35,966	37,657	39,427	41,280	43,220	45,251	47,378	49,605
Subtotal		19,686	34,352	35,966	37,657	39,427	41,280	43,220	45,251	47,378	49,605
<b>Total Visitor Market</b>	<b>102,888</b>	<b>134,593</b>	<b>136,609</b>	<b>138,702</b>	<b>140,876</b>	<b>143,135</b>	<b>145,482</b>	<b>147,923</b>	<b>150,460</b>	<b>153,099</b>	
<b>Total Attendance (rounded)</b>	<b>526,700</b>	<b>509,900</b>	<b>527,600</b>	<b>545,800</b>	<b>553,500</b>	<b>561,500</b>	<b>569,700</b>	<b>578,100</b>	<b>586,700</b>	<b>595,600</b>	



**Planning Analysis - Attraction**

Project **Frisco Destination**

PFAID: **10-583**

Version **01**

2019

**January**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

**February**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

**March**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

**April**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

**May**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

**June**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

**July**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

**August**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

**September**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

**October**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

**November**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

**December**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Code	Operations Type	Open	Close	Hours	Days	Hours
0	Closed				0	
1	Low, Short	11:00	18:00	7:00	88	616:00
2	Low, Weekend	11:00	19:00	8:00	60	480:00
3	Shoulder, Short	11:00	19:00	8:00	47	376:00
4	Shoulder, Weeken	10:00	19:00	9:00	32	288:00
5	High	10:00	20:00	10:00	58	580:00
6	High Extended	10:00	22:00	12:00	43	516:00
7	Holiday	10:00	22:00	12:00	6	72:00
8	Special Event	11:00	18:00	7:00	0	0:00
9	Halloween Event	16:00	23:59	7:59	7	55:59
10	Holiday Event	10:00	21:00	11:00	20	220:00
	Spring Event	10:00	22:00	12:00	4	48:00
<b>Total</b>					<b>365</b>	<b>2928</b>

Water Park	Days	Venue	Shows
	0		0 40%
	0		0 40%
	0		0 50%
	0		0 40%
	0		0 70%
	0		0 85%
	0		0 90%
	0		0 100%
	0		0 75%
	0		0 #DIV/0!

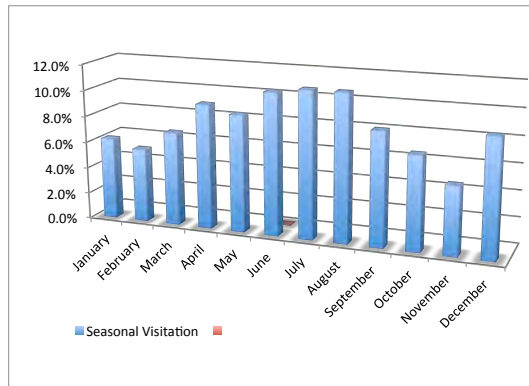
**Title** Planning Parameters

Project **Ports O' Call Redevelopment**

PFAID: 10-612  
Version 02 (Medium Attraction, RD&E Target Scenario)

	Y1	Y4	Y8
<b>Total Attendance</b>	<b>526,700</b>	<b>545,800</b>	<b>578,100</b>
Golden Week % of total	0%	0%	0%
Subtotal	0	0	0
Holiday	18	18	18
Average Attendance	0	0	0
	0.0%	0.0%	0.0%
<b>Season Attendance</b>	<b>526,700</b>	<b>545,800</b>	<b>578,100</b>
Peak Month	11.0%	11.0%	11.0%
Peak Week	25.6%	25.6%	25.6%
Peak Day	25.0%	25.0%	25.0%
<b>Design Day</b>	<b>0.70%</b>	<b>0.70%</b>	<b>0.70%</b>
Average Day	0.27%	0.27%	0.27%
Ratio	2.57	2.57	2.57
<b>Design Day Attendance</b>	<b>3,705</b>	<b>3,840</b>	<b>4,067</b>
Average Day Attendance	1,443	1,495	1,584
<b>Peak On-Site</b>	<b>32%</b>	<b>32%</b>	<b>32%</b>
<b>On Site Design Day Attendance</b>	<b>1,176</b>	<b>1,219</b>	<b>1,291</b>
<b>Entertainment Throughput Target</b>	<b>2.00</b>	<b>2.0</b>	<b>2.0</b>
<b>Entertainment Capacity Target</b>	<b>2,353</b>	<b>2,438</b>	<b>2,582</b>
Highest Day (@ 125% of Peak Avg)		4,800	5,084
Highest Day On Site		1,524	1,614

Month	Seasonal Visitation
January	6.2%
February	5.6%
March	7.1%
April	9.5%
May	8.9%
June	10.7%
July	11.1%
August	11.1%
September	8.6%
October	7.1%
November	5.2%
December	8.9%



**Title** Planning Parameters

Project **Ports O' Call Redevelopment**

PFAID: 10-612  
Version 02 (Medium Attraction, RD&E Target Scenario)

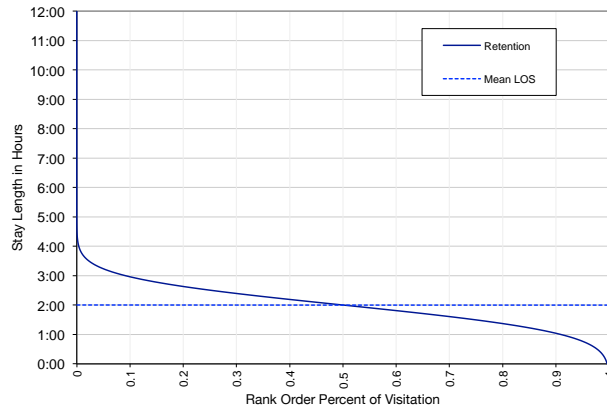
Peak In Park Calculation

**Length of Stay**

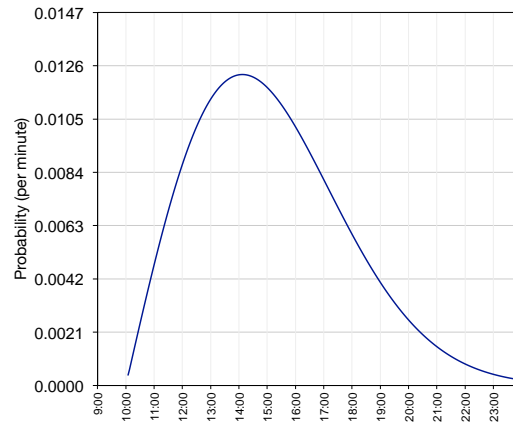
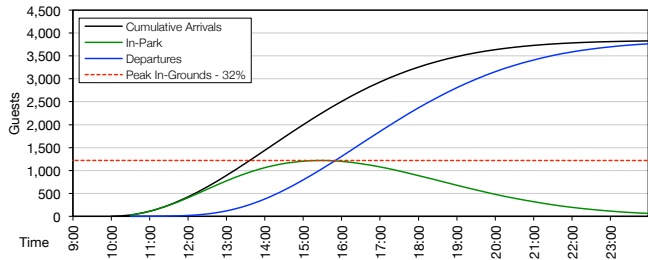
Mean LOS 2:00 hrs  
LOS StdDev 0:45 hrs

**Arrivals Function**

Shape Parameter 2.0  
Length Parameter 70.0



Arrivals Function



**Title** Planning Targets

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Medium Attraction, RD&E Target Scenario)

Target Sizing Recommendations	2020		2024	
	Square Feet	SQM	Square Feet	SQM
<b>Attraction</b>				
Attendance	545,800		578,100	
Design Day Attendance	3,840		4,067	
On Site Design Day Attendance	1,219		1,291	
Target Visitor Density (visitors per area unit)	36	3.3	34.0	3.2
Developed Visitor Area Target	43,884	4,077	43,884	4,077
Expansion Allotment	-	-	-	-
Back of House	10,971	1,019	10,971	1,019
<b>Total Attraction</b>	<b>54,855</b>	<b>5,096</b>	<b>54,855</b>	<b>5,096</b>
<b>Parking</b>				
Auto Spaces Required	309		327	
Coach Spaces Required	4		5	
Dropoff Spaces Required	1		1	

Parking Analysis	Peak Day	Private Auto	Coach Bus	Rail	Drop Off
Resident	903	80.0%	10.0%	0.0%	10.0%
Domestic Visitor	233	70.0%	20.0%	0.0%	5.0%
International Visitor	83	50.0%	40.0%	0.0%	10.0%
<b>Weighted Average</b>	<b>1,219</b>	<b>76.0%</b>	<b>14.0%</b>	<b>0.0%</b>	<b>9.0%</b>
<b>Arrivals by Mode</b>		<b>927</b>	<b>170</b>	<b>-</b>	<b>110</b>
Persons Per Vehicle		3.0	40		15
<b>Vehicles</b>		<b>309</b>	<b>4</b>		<b>7</b>
Arrivals per minute (@ 3.0 hour period)		1.7	0.0		0.0
Spaces required (@ 10.0 minute drop off stay)					1



**Title** Planning Targets

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Medium Attraction, RD&E Target Scenario)

Target Sizing Recommendations	2020	2024
Annual Attendance	545,800	578,100
Design Day Attendance	3,840	4,067
Entertainment Units Capacity	2,438	2,582
<b>Food &amp; Beverage Program</b>		
On Site Design Day Attendance	1,219	1,291
F&B Penetration	50%	50%
Meals Capacity (over 1.0 hour period)	610	646
F&B Distribution		
Restaurant (Table Service)	0%	0%
Buffeteria	60%	60%
Fast Food	0%	0%
Carts/Stands	40%	40%
Restaurant Seats (@ 1.5 turns per hour)	-	-
Buffeteria Seats (@ 2.5 turns per hour)	146	155
Fast Food Seats (@ 3.0 turns per hour)	-	-
<b>Total F&amp;B Seats</b>	<b>146</b>	<b>155</b>
<b>Retail Program</b>		
Retail Spending Estimate (000)	\$1,804	\$1,911
	\$1,804	\$1,911
Target Sales Performance (per sqft)	\$700	\$700
	\$700	\$700
<b>Retail Program Target (sqft)</b>	<b>2,578</b>	<b>2,730</b>



**Financial Analysis - Attraction**

Project **Ports O' Call Redevelopment**

PFAID: **10-612**

Version **02 (Medium Attraction, RD&E Target Scenario)**

**Title** Per Capita Estimates

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Medium Attraction, RD&E Target Scenario)

Ticket Mix Analysis	Prices (including VAT)			Resident	Domestic Visitor	International Visitor	Total
Attendance (2021)				407,000 74.6%	101,000 18.5%	37,700 6.9%	545,800 100%
Adult Passport	\$35	\$35	100%	30.0%	32.0%	36.0%	30.8%
Child Passport	\$28	\$28	80%	25.0%	20.0%	28.0%	24.3%
Promotions (Hotel, Multi-day, Multi-park)	\$21	\$21	60%	15.0%	20.0%	15.0%	15.9%
Evening Tickets	\$0	\$0	0%	0.0%	0.0%	0.0%	0.0%
Season Passes (avg per visit) <sup>1</sup>	\$0	\$0	0%	0.0%	0.0%	0.0%	0.0%
Corp. & Social Groups	\$21	\$21	60%	10.0%	10.0%	0.0%	9.3%
Tour / Wholesale / Package	\$21	\$21	60%	0.0%	10.0%	20.0%	3.2%
Local School Groups	\$11	\$11	31%	15.0%	5.0%	0.0%	12.1%
Complementaries	\$0	\$0	0%	5.0%	3.0%	1.0%	4.4%
Total				100.0%	100.0%	100.0%	100.0%
Average Admission Revenue				\$24	\$26	\$28	\$24.88
Total in Local Currency				\$24	\$26	\$28	\$25
Admission Yield (% of Adult)				69.7%	73.6%	79.4%	71.1%

Per Capita Spending	Resident		Domestic Visitor		International Visitor		Total	
Attendance (2021)	407,000 74.6%		101,000 18.5%		37,700 6.9%		545,800 100%	
Admissions	\$24.40	77.0%	\$25.75	70.0%	\$27.79	73.0%	\$24.88	75.2%
Food & Beverage	\$2.54	8.0%	\$3.68	10.0%	\$3.81	10.0%	\$2.83	8.6%
Merchandise	\$2.54	8.0%	\$5.52	15.0%	\$5.71	15.0%	\$3.31	10.0%
Events, Games, Photo and Other	\$2.22	7.0%	\$1.47	4.0%	\$0.76	2.0%	\$1.98	6.0%
Total	\$31.69	100.0%	\$36.79	99.0%	\$38.07	100.0%	\$33.07	100.0%
Total in USD	\$32		\$37		\$38		\$33	

**Title** Operations Statement

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Medium Attraction, RD&E Target Scenario)

<i>(in \$ (000) except per capita)</i>	Rate	Basis
Inflation		
Variable Revenue Factor		
Variable Cost Factor		
Attendance		
<b>Revenue</b>		
Admissions	\$24.88	per capita
Food & Beverage	\$2.83	per capita
Merchandise	\$3.31	per capita
Other In-park	\$1.98	per capita
Sponsorship/Other	\$1.00	per capita
VAT (effective)	0%	of Admissions, F&B, Merchandise, Other revenue (less VAT Credit)
<b>Net Revenue</b>		
<b>Cost of Goods Sold</b>		
Food & Beverage	30%	of department revenue
Merchandise	40%	of department revenue
Other	20%	of department revenue
<b>Subtotal</b>		
<b>Operating Expenses</b>		
Salaries & Wages	30.0%	of total net revenue
Lease	5.0%	of total net revenue
Advertising	9.0%	of total net revenue
Repair & Maintenance	6.0%	of total net revenue
Utilities	2.0%	of total net revenue
Supplies	2.0%	of total net revenue
Insurance	1.0%	of total net revenue
Property Tax	2.0%	of total net revenue
Other Expenses	0.0%	of total net revenue
<b>Subtotal</b>	57.0%	of total net revenue
<b>Other Expenses</b>		
Management Fee or G&A	5.0%	of total net revenue
<b>Licensing Fees</b>		
Admissions	4.0%	of admission revenue
F&B	4.0%	of department revenue
Merchandise	7.0%	of department revenue
Sponsorship/Other	0.0%	of department revenue
<b>Subtotal</b>		
<b>EBITDA</b>		
<b>Operating Margin</b>		
<b>Capital Expenditure Fund</b>		
Fund	6.0%	of initial hard costs inflated (5 year ramp)
<b>Cash Flow before Taxes</b>		

Title Operations Statement

Project Ports O' Call Redevelopment

PFAID: 10-612

Version 02 (Medium Attraction, RD&E Target Scenario)

(in ¥ (000) except per capita)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Inflation	1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34	1.38	1.43
Variable Revenue Factor	0.90	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Variable Cost Factor	1.05	1.02	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Attendance	<b>526,700</b>	<b>509,900</b>	<b>527,600</b>	<b>545,800</b>	<b>553,500</b>	<b>561,500</b>	<b>569,700</b>	<b>578,100</b>	<b>586,700</b>	<b>595,600</b>
<b>Revenue</b>										
Admissions	12,887	13,564	15,217	16,214	16,936	17,697	18,494	19,329	20,205	21,127
Food & Beverage	1,468	1,545	1,733	1,847	1,929	2,016	2,107	2,202	2,302	2,407
Merchandise	1,712	1,802	2,022	2,154	2,250	2,351	2,457	2,568	2,685	2,807
Other In-park	1,025	1,079	1,210	1,290	1,347	1,408	1,471	1,537	1,607	1,681
Sponsorship/Other	518	518	518	518	518	656	656	656	656	656
VAT (effective)	-	-	-	-	-	-	-	-	-	-
Net Revenue	17,611	18,509	20,701	22,023	22,981	24,128	25,185	26,293	27,455	28,678
	\$17,611	\$18,509	\$20,701	\$22,023	\$22,981	\$24,128	\$25,185	\$26,293	\$27,455	\$28,678
	\$33	\$36	\$39	\$40	\$42	\$43	\$44	\$45	\$47	\$48
<b>Cost of Goods Sold</b>										
Food & Beverage	462	473	520	554	579	605	632	661	690	722
Merchandise	719	735	809	862	900	941	983	1,027	1,074	1,123
Other	215	220	242	258	269	282	294	307	321	336
Subtotal	1,397	1,428	1,571	1,674	1,748	1,827	1,909	1,995	2,086	2,181
	\$1,397	\$1,428	\$1,571	\$1,674	\$1,748	\$1,827	\$1,909	\$1,995	\$2,086	\$2,181
<b>Operating Expenses</b>										
Salaries & Wages	5,547	5,664	6,210	6,607	6,894	7,238	7,555	7,888	8,237	8,603
Lease	925	944	1,035	1,101	1,149	1,206	1,259	1,315	1,373	1,434
Advertising	1,664	1,699	1,863	1,982	2,068	2,171	2,267	2,366	2,471	2,581
Repair & Maintenance	1,109	1,133	1,242	1,321	1,379	1,448	1,511	1,578	1,647	1,721
Utilities	370	378	414	440	460	483	504	526	549	574
Supplies	370	378	414	440	460	483	504	526	549	574
Insurance	185	189	207	220	230	241	252	263	275	287
Property Tax	370	378	414	440	460	483	504	526	549	574
Other Expenses	-	-	-	-	-	-	-	-	-	-
Subtotal	10,540	10,761	11,800	12,553	13,099	13,753	14,355	14,987	15,649	16,346
	\$10,540	\$10,761	\$11,800	\$12,553	\$13,099	\$13,753	\$14,355	\$14,987	\$15,649	\$16,346
<b>Other Expenses</b>										
Management Fee or G&A	881	925	1,035	1,101	1,149	1,206	1,259	1,315	1,373	1,434
Licensing Fees	694	731	820	873	912	953	996	1,041	1,088	1,138
Admissions	515	543	609	649	677	708	740	773	808	845
F&B	59	62	69	74	77	81	84	88	92	96
Merchandise	120	126	142	151	158	165	172	180	188	197
Sponsorship/Other	-	-	-	-	-	-	-	-	-	-
Subtotal	1,575	1,656	1,855	1,974	2,061	2,159	2,255	2,356	2,461	2,572
	\$1,575	\$1,656	\$1,855	\$1,974	\$2,061	\$2,159	\$2,255	\$2,356	\$2,461	\$2,572
<b>EBITDA</b>	<b>4,099</b>	<b>4,664</b>	<b>5,476</b>	<b>5,822</b>	<b>6,072</b>	<b>6,389</b>	<b>6,665</b>	<b>6,955</b>	<b>7,259</b>	<b>7,579</b>
	\$4,099	\$4,664	\$5,476	\$5,822	\$6,072	\$6,389	\$6,665	\$6,955	\$7,259	\$7,579
<b>Operating Margin</b>	<b>23.3%</b>	<b>25.2%</b>	<b>26.5%</b>	<b>26.4%</b>	<b>26.4%</b>	<b>26.5%</b>	<b>26.5%</b>	<b>26.5%</b>	<b>26.4%</b>	<b>26.4%</b>
<b>Capital Expenditure Fund</b>										
Fund	106	278	621	885	1,103	1,448	1,511	1,578	1,647	1,721
<b>Cash Flow before Taxes</b>	<b>3,994</b>	<b>4,386</b>	<b>4,855</b>	<b>4,936</b>	<b>4,969</b>	<b>4,941</b>	<b>5,154</b>	<b>5,377</b>	<b>5,612</b>	<b>5,858</b>
	\$3,994	\$4,386	\$4,855	\$4,936	\$4,969	\$4,941	\$5,154	\$5,377	\$5,612	\$5,858

**Title** Illustrative Development Budget

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version **02 (Medium Attraction, RD&E Target Scenario)**

Uses	Units	Unit Cost	Cost	Unit	Unit Cost	Cost
<b>Hard Costs</b>						
Core & Shell	54,855	\$250 per sqft	\$13.7			
F&B Costs	146	\$15,000 per seat	\$2.2	146	\$15,000	\$2.2
Retail Costs	2,578	\$300 per sqft	\$0.8	27,746	\$300	\$0.8
On-stage Area Development	41,160	\$600 per sqft	\$24.7	4,077.0	\$600	\$24.7
BOH Area Development	10,971	\$100 per sqft	\$1.1	1,019.2	\$100	\$1.1
Parking (Surface)	0.0	\$400,000 per acre	\$0.0	2.5	\$400,000	-
Contingency		5% of construction	\$2.1		5%	\$2.1
<b>Subtotal Hard Costs</b>			<b>\$30.9</b>			<b>\$30.9</b>
<b>Soft Costs</b>						
FF&E		3.7% of construction	\$1.1		3.7%	\$1.1
<i>BOH, Maintenance Equipment, Administration</i>		2% of BOH construction	\$0.6		2%	\$0.6
<i>F&amp;B FF&amp;E</i>		20% of F&B construction	\$0.4		20%	\$0.4
<i>Retail FF&amp;E</i>		10% of Retail construction	\$0.1		10%	\$0.1
Design, Permit, PM, CM, Other Soft Costs		11.9% of construction	\$3.7		11.9%	\$3.7
<i>Permitting</i>		0.4% of construction	\$0.1		0.4%	\$0.1
<i>Design Development</i>		4.0% of construction	\$1.2		4.0%	\$1.2
<i>Design Architecture</i>		3.0% of construction	\$0.9		3.0%	\$0.9
<i>PM, CM,</i>		2.0% of construction	\$0.6		2.0%	\$0.6
<i>Production Management</i>		1.0% of construction	\$0.3		1.0%	\$0.3
<i>Spares, etc</i>		1.0% of construction	\$0.3		1.0%	\$0.3
<i>IP Supervision</i>		0.5% of construction	\$0.2		0.5%	\$0.2
Pre-Opening		15% of Y1 Op Costs	\$1.6		15.0%	\$1.6
Inflation Escalation		5% of construction	\$1.5		10%	\$1.5
<b>Subtotal - Soft Costs</b>		<b>26%</b>	<b>\$7.9</b>		<b>26%</b>	<b>\$7.9</b>
<b>Area Costs</b>						
Land			-			-
External Infrastructure Allocation			-			-
<b>Subtotal - Area Costs</b>			<b>\$0.0</b>			<b>-</b>
<b>Financing Costs</b>						
Debt Issuance Costs			-			-
Capitalized Interest (during Construction)			-			-
<b>Subtotal - Financing Costs</b>			<b>\$0.0</b>			<b>-</b>
<b>Total</b>			<b>\$38.8</b>			<b>\$38.8</b>

Title Investment Analysis

Project Ports O' Call Redevelopment

PFAID: 10-612

Version 02 (Medium Attraction, RD&E Target Scenario)

	0	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Uses</b>													
Development		23,291	15,527										
Capital Expenditure Fund				106	278	621	885	1,103	1,448	1,511	1,578	1,647	1,721
Subtotal		23,291	15,527	106	278	621	885	1,103	1,448	1,511	1,578	1,647	1,721
		\$23,291	\$15,527	\$106	\$278	\$621	\$885	\$1,103	\$1,448	\$1,511	\$1,578	\$1,647	\$1,721
<b>Sources</b>													
EBITDA				4,099	4,664	5,476	5,822	6,072	6,389	6,665	6,955	7,259	7,579
Terminal Value													58,580
Subtotal		-	-	4,099	4,664	5,476	5,822	6,072	6,389	6,665	6,955	7,259	66,159
		-	-	\$4,099	\$4,664	\$5,476	\$5,822	\$6,072	\$6,389	\$6,665	\$6,955	\$7,259	\$66,159
<b>Project Cash Flow</b>		<b>(23,291)</b>	<b>(15,527)</b>	<b>3,994</b>	<b>4,386</b>	<b>4,855</b>	<b>4,936</b>	<b>4,969</b>	<b>4,941</b>	<b>5,154</b>	<b>5,377</b>	<b>5,612</b>	<b>64,438</b>
		(\$23,291)	(\$15,527)	\$3,994	\$4,386	\$4,855	\$4,936	\$4,969	\$4,941	\$5,154	\$5,377	\$5,612	\$64,438

Present Value of Cash Flow		
	0	
16%	\$40,068	\$40,068
12%	\$49,160	\$49,160
8%	\$61,289	\$61,289

<b>IRR of Cash Flow</b>	<b>13.6%</b>
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**Pro Forma Financial Model**

Project **Ports O' Call Redevelopment**

PFAID: **10-612**

Version **02 (Large Attraction)**



Title General Assumptions

Project Ports O' Call Redevelopment

PFAID: 10-612

Version 02 (Large Attraction)

Dates		
Model Start Year	1/1/14	01.01.2014
Phase 1 Occupancy	1/1/17	01.01.2017
Phase 2 Occupancy	1/1/30	01.01.2030
Phase 3 Occupancy	1/1/30	01.01.2030
Phase 4 Occupancy	1/1/30	01.01.2030
Phase 5 Occupancy	1/1/30	01.01.2030
Inflation		
General Inflation	3.0%	
Financial	Basis	
LIBOR	0.50% (4/11/11 3 month)	
Exchange Rate	\$1 \$1.00	
Bridge Loan Interest	6.50% of Balance	
<b>Debt</b>	0% of investment	
Bond Debt Interest	5.40%	
Bond Debt Issuance Costs	0% of borrowed amount	
Bond Debt Payback Period	15 years	
Sinking Fund	FALSE	
Sinking Fund Interest	0.00% of balance	
Capital Lease Rates	8% annually of value	
Depreciation Expense	8% of capital investment	
Allocation for Taxes	0% of net income	
<u>Termination Value</u>	Implied Capitalization Rate	
Cashflow Multiple	10.0	10.0%
Retail Cap Rate	14.0	7.1%
Hotel Cap Rate	12.0	8.3%



## Market Analysis

Project **Ports O' Call Redevelopment**

PFAID: **10-612**

Version **02 (Large Attraction)**

Title Resident Market

Project Ports O' Call Redevelopment

PFAID: 10-612  
Version 02 (Large Attraction)

	(min)	Total	Qualified	Qualified	Total	Qualified	Qualified	
Market	<b>Resident Market</b>							
	Primary							
	A	30	-	#DIV/0!	-	-	100.0%	-
	B	60	12,042,767	100.0%	12,042,767	12,395,754	100.0%	12,395,754
	Secondary							0.6%
	A	90	-	#DIV/0!	-	-		-
	B	120	7,390,263	100.0%	7,390,263	7,722,870		8,495,157
Tertiary	240	-		-	-		-	
<b>Total Resident</b>								
		19,433,030		19,433,030	20,118,624		20,890,911	

	Distance (min)	2014 Total	2014 Qualified	2014 Qualified	2019 Total	2019 Qualified	2019 Qualified	Growth
Market	<b>Primary</b>							
	A	0:30	-	100.0%	-	-	100.0%	-
	B	1:00	12,042,767	100.0%	12,042,767	12,395,754	100.0%	12,395,754
	<b>Subtotal</b>		12,042,767		12,042,767	12,395,754		12,395,754
	<b>Secondary</b>							
	A	1:30	-	100.0%	-	0	100.0%	-
	B	2:00	7,390,263	100.0%	7,390,263	7,722,870	110.0%	8,495,157
<b>Subtotal</b>		7,390,263		7,390,263	7,722,870		8,495,157	

Title Resident Market

Project Ports O' Call Redevelop

PFAID: 10-612  
Version 02 (Large Attraction)

Market	<b>Resident Market</b>										
	Primary	12,324,338	12,395,754	12,467,583	12,539,829	12,612,493	12,685,579	12,759,087	12,833,022	12,907,385	12,982,180
	A										
	B										
	Secondary	8,261,694	8,495,157	8,735,217	8,982,061	9,235,881	9,496,873	9,765,240	10,041,191	10,324,940	10,616,707
	A										
B											
Tertiary	-	-	-	-	-	-	-	-	-	-	-
<b>Total Resident</b>	<b>20,586,032</b>	<b>20,890,911</b>	<b>21,202,801</b>	<b>21,521,890</b>	<b>21,848,374</b>	<b>22,182,451</b>	<b>22,524,328</b>	<b>22,874,213</b>	<b>23,232,325</b>	<b>23,598,887</b>	

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Market	<b>Primary</b>										
	A	-	-	-	-	-	-	-	-	-	-
	B	12,324,338	12,395,754	12,467,583	12,539,829	12,612,493	12,685,579	12,759,087	12,833,022	12,907,385	12,982,180
	<b>Subtotal</b>	12,324,338	12,395,754	12,467,583	12,539,829	12,612,493	12,685,579	12,759,087	12,833,022	12,907,385	12,982,180
	<b>Secondary</b>										
	A	-	-	-	-	-	-	-	-	-	-
B	8,261,694	8,495,157	8,735,217	8,982,061	9,235,881	9,496,873	9,765,240	10,041,191	10,324,940	10,616,707	
<b>Subtotal</b>	8,261,694	8,495,157	8,735,217	8,982,061	9,235,881	9,496,873	9,765,240	10,041,191	10,324,940	10,616,707	

**Title Visitor Market**

Project **Ports O' Call Redevelopment**

PFAID: 10-612

		2013	Growth	2017 Forecast
<b>Market</b>	<b>Visitor Market</b>			
	Domestic Visitors			
	Primary Zone	0	#DIV/0!	-
	Region	16,376,736	0.4%	16,640,340
	Subtotal	16,376,736		16,908,187
	International Visitors			
	Primary Zone	0	#DIV/0!	-
	Region	5,460,696	4.7%	7,193,300
	Subtotal	5,460,696		7,885,359
	<b>Total Visitor Market</b>	<b>21,837,432</b>		<b>24,793,546</b>

		2013	Growth	2019 Forecast
<b>Market</b>	<b>Visitor Market</b>			
	<b>Primary Zone</b>			
	Hotel Rooms	-	1.0%	-
	Occupancy	65%		65%
	Persons per Room	1.8	0.2%	1.8
	Length of Stay	2.5		2.5
	Guests in Hotels	-	#DIV/0!	-
	% in Hotels	55%	(0.1%)	55%
	Subtotal	-		-
	Less International Qualified	-		-
	For Distance	93%	0.0%	93%
	For Income	100%		100%
	For Leisure vs. Business	46%	0.1%	46%
	Primary Zone	0	#DIV/0!	0
	<b>Regional Zone</b>			
	Hotel Rooms	-	0.5%	-
	Occupancy	62%	0.1%	62%
	Persons per Room	1.8		1.8
	Length of Stay	2.72	(0.1%)	2.7
	Guests in Hotels	-	#DIV/0!	-
	% in Hotels	58%	(0.1%)	58%
	Subtotal	-		-
	Less International Qualified	-		-
	For Distance	46%	(0.2%)	46%
	For Income	100%		100%
	For Leisure vs. Business	47%		47%
	Regional Zone	0	#DIV/0!	0
	<b>International Visitors</b>			
	Primary Zone	0	5.0%	-
	Region	5,460,696	4.7%	7,193,300
International	5,460,696		7,193,300	

**Title Visitor Market**

Project **Ports O' Call Redevelopme**

PFAID: 10-612

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Market</b>	<b>Visitor Market</b>										
	Domestic Visitors	-	-	-	-	-	-	-	-	-	-
	Primary Zone	-	-	-	-	-	-	-	-	-	-
	Region	16,640,340	16,706,901	16,773,729	16,840,824	16,908,187	16,975,820	17,043,723	17,111,898	17,180,346	17,249,067
	Subtotal	16,640,340	16,706,901	16,773,729	16,840,824	16,908,187	16,975,820	17,043,723	17,111,898	17,180,346	17,249,067
	International Visitors										
	Primary Zone	0	0	0	0	0	0	0	0	0	0
	Region	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987
	Subtotal	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987
	<b>Total Visitor Market</b>	<b>23,202,317</b>	<b>23,577,292</b>	<b>23,967,028</b>	<b>24,372,208</b>	<b>24,793,546</b>	<b>25,231,791</b>	<b>25,687,725</b>	<b>26,162,167</b>	<b>26,655,978</b>	<b>27,170,054</b>

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Market</b>	<b>Visitor Market</b>										
	<b>Primary Zone</b>										
	Hotel Rooms	-	-	-	-	-	-	-	-	-	-
	Occupancy	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
	Persons per Room	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
	Length of Stay	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
	Guests in Hotels	-	-	-	-	-	-	-	-	-	-
	% in Hotels	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%
	Subtotal	-	-	-	-	-	-	-	-	-	-
	Less International	-	-	-	-	-	-	-	-	-	-
	Qualified										
	For Distance	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%
	For Income	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	For Leisure vs. Business	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%
	Primary Zone	0	0	0	0	0	0	0	0	0	0
	<b>Regional Zone</b>										
	Hotel Rooms	-	-	-	-	-	-	-	-	-	-
	Occupancy	62%	62%	62%	62%	62%	62%	62%	62%	63%	63%
	Persons per Room	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
	Length of Stay	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
	Guests in Hotels	-	-	-	-	-	-	-	-	-	-
	% in Hotels	58%	58%	58%	58%	58%	58%	58%	58%	58%	58%
	Subtotal	-	-	-	-	-	-	-	-	-	-
	Less International	(6,561,977)	(6,870,390)	(7,193,299)	(7,531,384)	(7,885,359)	(8,255,971)	(8,644,001)	(9,050,269)	(9,475,632)	(9,920,987)
	Qualified										
	For Distance	46%	46%	46%	46%	46%	46%	46%	46%	46%	45%
	For Income	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	For Leisure vs. Business	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%
	Regional Zone	-1,423,421	-1,487,848	-1,555,191	-1,625,582	-1,699,160	-1,776,067	-1,856,456	-1,940,483	-2,028,313	-2,120,119
	<b>International Visitors</b>										
Primary Zone	-	-	-	-	-	-	-	-	-	-	
Region	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987	
International	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987	

**Title Attendance Projections**

Project **Ports O' Call Redevelopment**

PFAID: 10-612  
Version 02 (Large Attraction)

		2017	Growth	2026			
<b>Market</b>	<b>Resident Market</b>						
	Primary	12,467,583	0.5%	12,982,180			
	Secondary	8,735,217	2.2%	10,616,707			
	Tertiary	-	0.0%	-			
	<b>Total Resident</b>	<b>20,586,032</b>		<b>23,598,887</b>			
	<b>Visitor Market</b>						
	Domestic Visitors						
	Primary Zone	0	0.0%	-			
	Region	16,640,340	0.4%	17,249,067			
	Subtotal	16,640,340					
	International Visitors						
	Primary Zone	0	0.0%	-			
	Region	6,561,977	4.7%	9,920,987			
	Subtotal	6,561,977		9,920,987			
<b>Total Visitor Market</b>	<b>23,202,317</b>		<b>27,170,054</b>				
<b>Penetration Rates</b>	<b>Resident Market</b>	Y1	Y2	Stable	Stable Year	Increment	
	Primary	4.0%	3.0%	3.4%	4	0.2%	
	Secondary	1.6%	1.7%	1.8%	4	0.0%	
	Tertiary	0.0%	0.0%	0.0%	8	0.0%	
	<b>Visitor Market</b>						
	Domestic Visitors						
	Primary Zone	0.9%	1.1%	1.3%	4	0.1%	
	Region	0.9%	1.1%	1.3%	6	0.1%	
	Average						
	International Visitors						
	Primary Zone	1.0%	1.3%	1.7%	4	0.2%	
	Region	1.0%	1.3%	1.7%	4	0.2%	
	Subtotal International Visitors						
	<b>Attendance</b>	<b>Resident Market</b>					
Primary		492,974	-1.2%	441,394			
Secondary		132,187	4.2%	191,101			
Tertiary		-	0.0%	-			
<b>Total Resident</b>		<b>625,161</b>	<b>0.1%</b>	<b>632,495</b>			
<b>Visitor Market</b>							
Domestic Visitors							
Primary Zone		-	0.0%	-			
Region		149,763	4.6%	224,238			
Subtotal		149,763	4.6%	224,238			
International Visitors							
Primary Zone		-	0.0%	-			
Region		65,620	11.1%	168,657			
Subtotal		65,620	11.1%	168,657			
<b>Total Visitor Market</b>	<b>215,383</b>	<b>6.9%</b>	<b>392,895</b>				
<b>Total Attendance (rounded)</b>	<b>840,500</b>	<b>2.2%</b>	<b>1,025,400</b>				

Title Attendance Projections

Project Ports O' Call Redevelopment

PFAID: 10-612  
Version 02 (Large Attraction)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
<b>Market</b>	<b>Resident Market</b>										
	Primary	12,324,338	12,395,754	12,467,583	12,539,829	12,612,493	12,685,579	12,759,087	12,833,022	12,907,385	12,982,180
	Secondary	8,261,694	8,495,157	8,735,217	8,982,061	9,235,881	9,496,873	9,765,240	10,041,191	10,324,940	10,616,707
	Tertiary	-	-	-	-	-	-	-	-	-	-
	<b>Total Resident</b>	<b>20,586,032</b>	<b>20,890,911</b>	<b>21,202,801</b>	<b>21,521,890</b>	<b>21,848,374</b>	<b>22,182,451</b>	<b>22,524,328</b>	<b>22,874,213</b>	<b>23,232,325</b>	<b>23,598,887</b>
	<b>Visitor Market</b>										
	Domestic Visitors										
	Primary Zone	-	-	-	-	-	-	-	-	-	-
	Region	16,640,340	16,706,901	16,773,729	16,840,824	16,908,187	16,975,820	17,043,723	17,111,898	17,180,346	17,249,067
	Subtotal	16,640,340	16,706,901	16,773,729	16,840,824	16,908,187	16,975,820	17,043,723	17,111,898	17,180,346	17,249,067
	International Visitors										
	Primary Zone	0	0	0	0	0	0	0	0	0	0
	Region	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987
	Subtotal	6,561,977	6,870,390	7,193,299	7,531,384	7,885,359	8,255,971	8,644,001	9,050,269	9,475,632	9,920,987
<b>Total Visitor Market</b>	<b>23,202,317</b>	<b>23,577,292</b>	<b>23,967,028</b>	<b>24,372,208</b>	<b>24,793,546</b>	<b>25,231,791</b>	<b>25,687,725</b>	<b>26,162,167</b>	<b>26,655,978</b>	<b>27,170,054</b>	
<b>Penetration Rates</b>	<b>Resident Market</b>										
	Primary	4.0%	3.0%	3.2%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	
	Secondary	1.6%	1.7%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	
	Tertiary	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	<b>Visitor Market</b>										
	Domestic Visitors										
	Primary Zone	0.9%	1.1%	1.2%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	
	Region	0.9%	1.1%	1.2%	1.2%	1.3%	1.3%	1.3%	1.3%	1.3%	
	Average	0.9%	1.1%	1.2%	1.2%	1.3%	1.3%	1.3%	1.3%	1.3%	
	International Visitors										
	Primary Zone	1.0%	1.3%	1.5%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	
	Region	1.0%	1.3%	1.5%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	
	Subtotal International Visitors	1.0%	1.3%	1.5%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	
	<b>Attendance</b>	<b>Resident Market</b>									
Primary		492,974	371,873	398,963	426,354	428,825	431,310	433,809	436,323	438,851	441,394
Secondary		132,187	144,418	152,866	161,677	166,246	170,944	175,774	180,741	185,849	191,101
Tertiary		0	0	0	0	0	0	0	0	0	0
<b>Total Resident</b>		<b>625,161</b>	<b>516,290</b>	<b>551,829</b>	<b>588,031</b>	<b>595,071</b>	<b>602,253</b>	<b>609,583</b>	<b>617,064</b>	<b>624,700</b>	<b>632,495</b>
<b>Visitor Market</b>											
Domestic Visitors											
Primary Zone		0	0	0	0	0	0	0	0	0	0
Region		149,763	183,776	192,898	202,090	211,352	220,686	221,568	222,455	223,344	224,238
Subtotal		149,763	183,776	192,898	202,090	211,352	220,686	221,568	222,455	223,344	224,238
International Visitors											
Primary Zone		0	0	0	0	0	0	0	0	0	0
Region		65,620	89,315	107,899	128,034	134,051	140,351	146,948	153,855	161,086	168,657
Subtotal		65,620	89,315	107,899	128,034	134,051	140,351	146,948	153,855	161,086	168,657
<b>Total Visitor Market</b>	<b>215,383</b>	<b>273,091</b>	<b>300,797</b>	<b>330,123</b>	<b>345,403</b>	<b>361,037</b>	<b>368,516</b>	<b>376,309</b>	<b>384,430</b>	<b>392,895</b>	
<b>Total Attendance (rounded)</b>	<b>840,500</b>	<b>789,400</b>	<b>852,600</b>	<b>918,200</b>	<b>940,500</b>	<b>963,300</b>	<b>978,100</b>	<b>993,400</b>	<b>1,009,100</b>	<b>1,025,400</b>	





**Planning Analysis - Attraction**

Project **Frisco Destination**

PFAID: **10-583**

Version **01**

2019

**January**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

**February**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

**March**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

**April**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

**May**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

**June**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

**July**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

**August**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

**September**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

**October**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

**November**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

**December**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Code	Operations Type	Open	Close	Hours	Days	Hours
0	Closed				0	
1	Low, Short	11:00	18:00	7:00	88	616:00
2	Low, Weekend	11:00	19:00	8:00	60	480:00
3	Shoulder, Short	11:00	19:00	8:00	47	376:00
4	Shoulder, Weeken	10:00	19:00	9:00	32	288:00
5	High	10:00	20:00	10:00	58	580:00
6	High Extended	10:00	22:00	12:00	43	516:00
7	Holiday	10:00	22:00	12:00	6	72:00
8	Special Event	11:00	18:00	7:00	0	0:00
9	Halloween Event	16:00	23:59	7:59	7	55:59
10	Holiday Event	10:00	21:00	11:00	20	220:00
	Spring Event	10:00	22:00	12:00	4	48:00
<b>Total</b>					<b>365</b>	<b>2928</b>

Water Park	Days
0	0

Venue	Shows
0	0

0 #DIV/0!

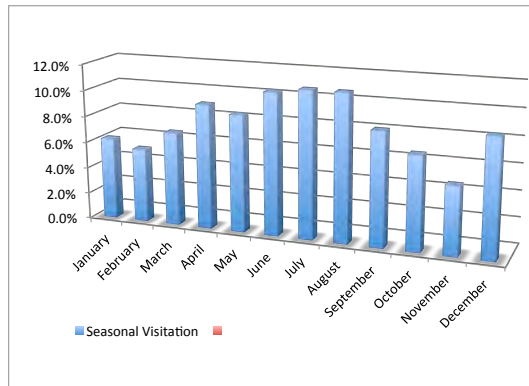
**Title** Planning Parameters

Project **Ports O' Call Redevelopment**

PFAID: 10-612  
Version 02 (Large Attraction)

	Y1	Y4	Y8
<b>Total Attendance</b>	<b>840,500</b>	<b>918,200</b>	<b>993,400</b>
Golden Week % of total	0%	0%	0%
Subtotal	0	0	0
Holiday	18	18	18
Average Attendance	0	0	0
	0.0%	0.0%	0.0%
<b>Season Attendance</b>	<b>840,500</b>	<b>918,200</b>	<b>993,400</b>
Peak Month	12.0%	12.0%	12.0%
Peak Week	25.6%	25.6%	25.6%
Peak Day	25.0%	25.0%	25.0%
<b>Design Day</b>	<b>0.77%</b>	<b>0.77%</b>	<b>0.77%</b>
Average Day	0.27%	0.27%	0.27%
Ratio	2.80	2.80	2.80
<b>Design Day Attendance</b>	<b>6,450</b>	<b>7,047</b>	<b>7,624</b>
Average Day Attendance	2,303	2,516	2,722
<b>Peak On-Site</b>	<b>39%</b>	<b>39%</b>	<b>39%</b>
<b>On Site Design Day Attendance</b>	<b>2,519</b>	<b>2,752</b>	<b>2,977</b>
<b>Entertainment Throughput Target</b>	<b>2.00</b>	<b>2.0</b>	<b>2.0</b>
<b>Entertainment Capacity Target</b>	<b>5,038</b>	<b>5,504</b>	<b>5,955</b>
Highest Day (@ 125% of Peak Avg)		8,808	9,530
Highest Day On Site		3,440	3,722

Month	Seasonal Visitation
January	6.2%
February	5.6%
March	7.1%
April	9.5%
May	8.9%
June	10.7%
July	11.1%
August	11.1%
September	8.6%
October	7.1%
November	5.2%
December	8.9%



**Title** Planning Parameters

Project **Ports O' Call Redevelopment**

PFAID: 10-612  
Version 02 (Large Attraction)

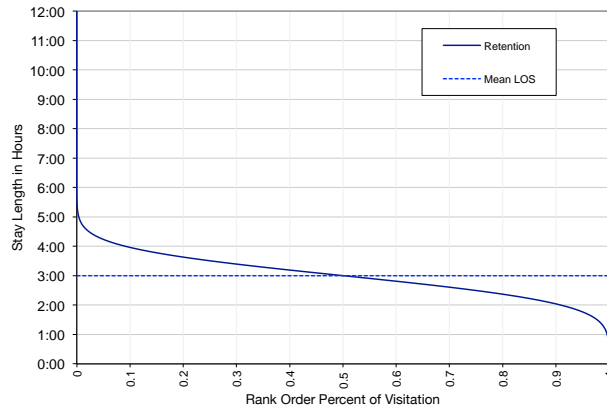
**Peak In Park Calculation**

**Length of Stay**

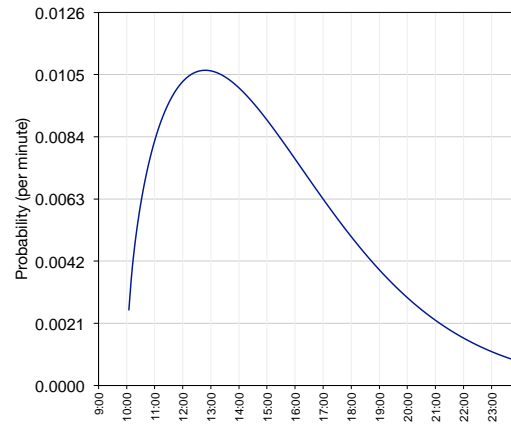
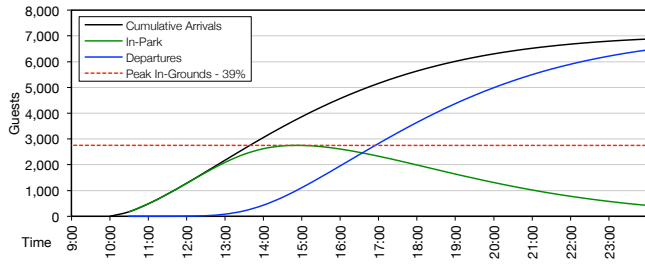
Mean LOS 3:00 hrs  
LOS StdDev 0:45 hrs

**Arrivals Function**

Shape Parameter 1.5  
Length Parameter 70.0



**Arrivals Function**



**Title** Planning Targets

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Large Attraction)

Target Sizing Recommendations	2020		2024	
	Square Feet	SQM	Square Feet	SQM
<b>Attraction</b>				
Attendance	918,200		993,400	
Design Day Attendance	7,047		7,624	
On Site Design Day Attendance	2,752		2,977	
Target Visitor Density (visitors per area unit)	36	3.3	33	3.1
Developed Visitor Area Target	99,072	9,204	99,072	9,204
Expansion Allotment	-	-	-	-
Back of House	14,861	1,381	14,861	1,381
<b>Total Attraction</b>	<b>113,933</b>	<b>10,585</b>	<b>113,933</b>	<b>10,585</b>
<b>Parking</b>				
Auto Spaces Required	738		798	
Coach Spaces Required	9		10	
Dropoff Spaces Required	1		1	

Parking Analysis	Peak Day	Private Auto	Coach Bus	Rail	Drop Off
Resident	1,781	90.0%	5.0%	0.0%	5.0%
Domestic Visitor	623	70.0%	20.0%	0.0%	10.0%
International Visitor	348	50.0%	40.0%	0.0%	10.0%
<b>Weighted Average</b>	<b>2,752</b>	<b>80.4%</b>	<b>12.8%</b>	<b>0.0%</b>	<b>6.8%</b>
<b>Arrivals by Mode</b>		<b>2,213</b>	<b>353</b>	<b>-</b>	<b>186</b>
Persons Per Vehicle		3.0	40		15
<b>Vehicles</b>		<b>738</b>	<b>9</b>		<b>12</b>
Arrivals per minute (@ 3.0 hour period)		4.1	0.0		0.1
Spaces required (@ 10.0 minute drop off stay)					1

**Title** Planning Targets

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Large Attraction)

Target Sizing Recommendations	2020	2024
Annual Attendance	918,200	993,400
Design Day Attendance	7,047	7,624
Entertainment Units Capacity	5,504	5,955
<b>Food &amp; Beverage Program</b>		
On Site Design Day Attendance	2,752	2,977
F&B Penetration	50%	50%
Meals Capacity (over 1.0 hour period)	1,376	1,489
F&B Distribution		
Restaurant (Table Service)	0%	0%
Buffeteria	60%	60%
Fast Food	0%	0%
Carts/Stands	40%	40%
Restaurant Seats (@ 1.5 turns per hour)	-	-
Buffeteria Seats (@ 2.5 turns per hour)	330	357
Fast Food Seats (@ 3.0 turns per hour)	-	-
<b>Total F&amp;B Seats</b>	<b>330</b>	<b>357</b>
<b>Retail Program</b>		
Retail Spending Estimate (000)	\$3,108	\$3,711
	<del>\$3,108</del>	<del>\$3,711</del>
Target Sales Performance (per sqft)	\$800	\$800
<b>Retail Program Target (sqft)</b>	<b>3,885</b>	<b>4,639</b>



**Financial Analysis - Attraction**

Project **Ports O' Call Redevelopment**

PFAID: **10-612**

Version **02 (Large Attraction)**

**Title** Per Capita Estimates

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Large Attraction)

Ticket Mix Analysis	Prices (including VAT)			Resident	Domestic Visitor	International Visitor	Total
Attendance (2021)				588,000 64.0%	202,100 22.0%	128,000 13.9%	918,200 100%
Adult Passport	\$35	\$35	100%	30.0%	35.0%	36.0%	31.9%
Child Passport	\$28	\$28	80%	25.0%	22.0%	28.0%	24.8%
Promotions (Hotel, Multi-day, Multi-park)	\$21	\$21	60%	15.0%	20.0%	15.0%	16.1%
Evening Tickets	\$0	\$0	0%	0.0%	0.0%	0.0%	0.0%
Season Passes (avg per visit) <sup>1</sup>	\$0	\$0	0%	0.0%	0.0%	0.0%	0.0%
Corp. & Social Groups	\$21	\$21	60%	10.0%	5.0%	0.0%	7.5%
Tour / Wholesale / Package	\$21	\$21	60%	0.0%	0.0%	20.0%	2.8%
Local School Groups	\$11	\$11	31%	15.0%	15.0%	0.0%	12.9%
Complementaries	\$0	\$0	0%	5.0%	3.0%	1.0%	4.0%
Total				100.0%	100.0%	100.0%	100.0%
Average Admission Revenue				\$24.40	\$25.31	\$27.79	\$25.07
Total in Local Currency				\$24	\$25	\$28	\$25
Admission Yield (% of Adult)				69.7%	72.3%	79.4%	71.6%

Per Capita Spending	Resident		Domestic Visitor		International Visitor		Total	
Attendance (2021)	588,000 64.0%		202,100 22.0%		128,000 13.9%		918,200 100%	
Admissions	\$24.40	77.0%	\$25.31	75.0%	\$27.79	73.0%	\$25.07	75.9%
Food & Beverage	\$2.54	8.0%	\$3.37	10.0%	\$3.81	10.0%	\$2.90	8.8%
Merchandise	\$2.54	8.0%	\$4.39	13.0%	\$5.71	15.0%	\$3.39	10.2%
Events, Games, Photo and Other	\$2.22	7.0%	\$0.67	2.0%	\$0.76	2.0%	\$1.68	5.1%
Total	\$31.69	100.0%	\$33.75	100.0%	\$38.07	100.0%	\$33.03	100.0%
Total in USD	\$32		\$34		\$38		\$33	



**Title** Operations Statement

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Large Attraction)

<i>(in \$ (000) except per capita)</i>	Rate	Basis
Inflation		
Variable Revenue Factor		
Variable Cost Factor		
Attendance		
<b>Revenue</b>		
Admissions	\$25.07	per capita
Food & Beverage	\$2.90	per capita
Merchandise	\$3.39	per capita
Other In-park	\$1.68	per capita
Sponsorship/Other	\$1.00	per capita
VAT (effective)	0%	of Admissions, F&B, Merchandise, Other revenue (less VAT Credit)
<b>Net Revenue</b>		
<b>Cost of Goods Sold</b>		
Food & Beverage	30%	of department revenue
Merchandise	40%	of department revenue
Other	20%	of department revenue
<b>Subtotal</b>		
<b>Operating Expenses</b>		
Salaries & Wages	30.0%	of total net revenue
Lease	5.0%	of total net revenue
Advertising	9.0%	of total net revenue
Repair & Maintenance	6.0%	of total net revenue
Utilities	2.0%	of total net revenue
Supplies	2.0%	of total net revenue
Insurance	1.0%	of total net revenue
Property Tax	2.0%	of total net revenue
Other Expenses	0.0%	of total net revenue
<b>Subtotal</b>	57.0%	of total net revenue
<b>Other Expenses</b>		
Management Fee or G&A	5.0%	of total net revenue
<b>Licensing Fees</b>		
Admissions	4.0%	of admission revenue
F&B	4.0%	of department revenue
Merchandise	7.0%	of department revenue
Sponsorship/Other	0.0%	of department revenue
<b>Subtotal</b>		
<b>EBITDA</b>		
<b>Operating Margin</b>		
<b>Capital Expenditure Fund</b>		
Fund	6.0%	of initial hard costs inflated (5 year ramp)
<b>Cash Flow before Taxes</b>		

Title Operations Statement

Project Ports O' Call Redevelopment

PFAID: 10-612

Version 02 (Large Attraction)

(in ¥ (000) except per capita)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Inflation	1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34	1.38	1.43
Variable Revenue Factor	0.90	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Variable Cost Factor	1.05	1.02	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Attendance	<b>840,500</b>	<b>789,400</b>	<b>852,600</b>	<b>918,200</b>	<b>940,500</b>	<b>963,300</b>	<b>978,100</b>	<b>993,400</b>	<b>1,009,100</b>	<b>1,025,400</b>
<b>Revenue</b>										
Admissions	20,723	21,161	24,779	27,486	28,999	30,593	31,995	33,470	35,019	36,652
Food & Beverage	2,395	2,445	2,863	3,176	3,351	3,535	3,697	3,867	4,046	4,235
Merchandise	2,798	2,857	3,346	3,711	3,915	4,131	4,320	4,519	4,728	4,949
Other In-park	1,385	1,414	1,656	1,837	1,938	2,044	2,138	2,236	2,340	2,449
Sponsorship/Other	827	827	827	827	827	1,047	1,047	1,047	1,047	1,047
VAT (effective)	-	-	-	-	-	-	-	-	-	-
Net Revenue	28,127	28,703	33,471	37,037	39,029	41,350	43,197	45,140	47,181	49,332
	\$28,127	\$28,703	\$33,471	\$37,037	\$39,029	\$41,350	\$43,197	\$45,140	\$47,181	\$49,332
	\$33	\$36	\$39	\$40	\$41	\$43	\$44	\$45	\$47	\$48
<b>Cost of Goods Sold</b>										
Food & Beverage	754	748	859	953	1,005	1,061	1,109	1,160	1,214	1,271
Merchandise	1,175	1,166	1,338	1,485	1,566	1,652	1,728	1,808	1,891	1,980
Other	291	288	331	367	388	409	428	447	468	490
Subtotal	2,220	2,202	2,528	2,805	2,959	3,122	3,265	3,415	3,573	3,740
	\$2,220	\$2,202	\$2,528	\$2,805	\$2,959	\$3,122	\$3,265	\$3,415	\$3,573	\$3,740
<b>Operating Expenses</b>										
Salaries & Wages	8,860	8,783	10,041	11,111	11,709	12,405	12,959	13,542	14,154	14,800
Lease	1,477	1,464	1,674	1,852	1,951	2,067	2,160	2,257	2,359	2,467
Advertising	2,658	2,635	3,012	3,333	3,513	3,721	3,888	4,063	4,246	4,440
Repair & Maintenance	1,772	1,757	2,008	2,222	2,342	2,481	2,592	2,708	2,831	2,960
Utilities	591	586	669	741	781	827	864	903	944	987
Supplies	591	586	669	741	781	827	864	903	944	987
Insurance	295	293	335	370	390	413	432	451	472	493
Property Tax	591	586	669	741	781	827	864	903	944	987
Other Expenses	-	-	-	-	-	-	-	-	-	-
Subtotal	16,834	16,688	19,078	21,111	22,247	23,569	24,622	25,730	26,893	28,119
	\$16,834	\$16,688	\$19,078	\$21,111	\$22,247	\$23,569	\$24,622	\$25,730	\$26,893	\$28,119
<b>Other Expenses</b>										
Management Fee or G&A	1,406	1,435	1,674	1,852	1,951	2,067	2,160	2,257	2,359	2,467
Licensing Fees	1,121	1,144	1,340	1,486	1,568	1,654	1,730	1,810	1,894	1,982
Admissions	829	846	991	1,099	1,160	1,224	1,280	1,339	1,401	1,466
F&B	96	98	115	127	134	141	148	155	162	169
Merchandise	196	200	234	260	274	289	302	316	331	346
Sponsorship/Other	-	-	-	-	-	-	-	-	-	-
Subtotal	2,527	2,579	3,013	3,338	3,520	3,722	3,890	4,067	4,253	4,449
	\$2,527	\$2,579	\$3,013	\$3,338	\$3,520	\$3,722	\$3,890	\$4,067	\$4,253	\$4,449
<b>EBITDA</b>	<b>6,546</b>	<b>7,233</b>	<b>8,851</b>	<b>9,783</b>	<b>10,304</b>	<b>10,937</b>	<b>11,420</b>	<b>11,928</b>	<b>12,462</b>	<b>13,024</b>
	\$6,546	\$7,233	\$8,851	\$9,783	\$10,304	\$10,937	\$11,420	\$11,928	\$12,462	\$13,024
<b>Operating Margin</b>	<b>23.3%</b>	<b>25.2%</b>	<b>26.4%</b>	<b>26.4%</b>	<b>26.4%</b>	<b>26.5%</b>	<b>26.4%</b>	<b>26.4%</b>	<b>26.4%</b>	<b>26.4%</b>
<b>Capital Expenditure Fund</b>										
Fund	169	431	1,004	1,489	1,873	2,481	2,592	2,708	2,831	2,960
<b>Cash Flow before Taxes</b>	<b>6,377</b>	<b>6,803</b>	<b>7,846</b>	<b>8,294</b>	<b>8,431</b>	<b>8,456</b>	<b>8,828</b>	<b>9,220</b>	<b>9,631</b>	<b>10,064</b>
	\$6,377	\$6,803	\$7,846	\$8,294	\$8,431	\$8,456	\$8,828	\$9,220	\$9,631	\$10,064

**Title** Illustrative Development Budget

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Large Attraction)

Uses	Units	Unit Cost	Cost	Unit	Unit Cost	Cost
<b>Hard Costs</b>						
Core & Shell	113,933	\$250 per sqft	\$28.5			
F&B Costs	330	\$20,000 per seat	\$6.6	330	\$20,000	\$6.6
Retail Costs	3,885	\$300 per sqft	\$1.2	41,820	\$300	\$1.2
On-stage Area Development	94,857	\$700 per sqft	\$66.4	9,204.1	\$700	\$66.4
BOH Area Development	14,861	\$100 per sqft	\$1.5	1,380.6	\$100	\$1.5
Parking (Surface)	0.0	\$400,000 per acre	\$0.0	6.0	\$400,000	-
Contingency		5% of construction	\$5.2		5%	\$5.2
<b>Subtotal Hard Costs</b>			<b>\$80.9</b>			<b>\$80.9</b>
<b>Soft Costs</b>						
FF&E		3.8% of construction	\$3.1	3.8%		\$3.1
<i>BOH, Maintenance Equipment, Administration</i>		2% of BOH construction	\$1.6	2%		\$1.6
<i>F&amp;B FF&amp;E</i>		20% of F&B construction	\$1.3	20%		\$1.3
<i>Retail FF&amp;E</i>		10% of Retail construction	\$0.1	10%		\$0.1
Design, Permit, PM, CM, Other Soft Costs		11.9% of construction	\$9.6	11.9%		\$9.6
<i>Permitting</i>		0.4% of construction	\$0.3	0.4%		\$0.3
<i>Design Development</i>		4.0% of construction	\$3.2	4.0%		\$3.2
<i>Design Architecture</i>		3.0% of construction	\$2.4	3.0%		\$2.4
<i>PM, CM,</i>		2.0% of construction	\$1.6	2.0%		\$1.6
<i>Production Management</i>		1.0% of construction	\$0.8	1.0%		\$0.8
<i>Spares, etc</i>		1.0% of construction	\$0.8	1.0%		\$0.8
<i>IP Supervision</i>		0.5% of construction	\$0.4	0.5%		\$0.4
Pre-Opening		15% of Y1 Op Costs	\$2.5	15.0%		\$2.5
Inflation Escalation		5% of construction	\$4.0	10%		\$4.0
<b>Subtotal - Soft Costs</b>		<b>24%</b>	<b>\$19.2</b>	<b>24%</b>		<b>\$19.2</b>
<b>Area Costs</b>						
Land			-			-
External Infrastructure Allocation			-			-
<b>Subtotal - Area Costs</b>			<b>\$0.0</b>			<b>-</b>
<b>Financing Costs</b>						
Debt Issuance Costs			-			-
Capitalized Interest (during Constructio			-			-
<b>Subtotal - Financing Costs</b>			<b>\$0.0</b>			<b>-</b>
<b>Total</b>			<b>\$100.1</b>			<b>\$100.1</b>

Title Investment Analysis

Project Ports O' Call Redevelopment

PFAID: 10-612

Version 02 (Large Attraction)

	0	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Uses</b>													
Development		60,065	40,043										
Capital Expenditure Fund				169	431	1,004	1,489	1,873	2,481	2,592	2,708	2,831	2,960
Subtotal		60,065	40,043	169	431	1,004	1,489	1,873	2,481	2,592	2,708	2,831	2,960
		\$60,065	\$40,043	\$169	\$431	\$1,004	\$1,489	\$1,873	\$2,481	\$2,592	\$2,708	\$2,831	\$2,960
<b>Sources</b>													
EBITDA				6,546	7,233	8,851	9,783	10,304	10,937	11,420	11,928	12,462	13,024
Terminal Value													100,645
Subtotal		-	-	6,546	7,233	8,851	9,783	10,304	10,937	11,420	11,928	12,462	113,669
		-	-	\$6,546	\$7,233	\$8,851	\$9,783	\$10,304	\$10,937	\$11,420	\$11,928	\$12,462	\$113,669
<b>Project Cash Flow</b>		<b>(60,065)</b>	<b>(40,043)</b>	<b>6,377</b>	<b>6,803</b>	<b>7,846</b>	<b>8,294</b>	<b>8,431</b>	<b>8,456</b>	<b>8,828</b>	<b>9,220</b>	<b>9,631</b>	<b>110,709</b>
		(\$60,065)	(\$40,043)	\$6,377	\$6,803	\$7,846	\$8,294	\$8,431	\$8,456	\$8,828	\$9,220	\$9,631	\$110,709

Present Value of Cash Flow		
	0	
16%	\$68,164	\$68,164
12%	\$83,743	\$83,743
8%	\$104,535	\$104,535

<b>IRR of Cash Flow</b>	<b>7.5%</b>
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## Master Planning Economics

Project **Ports O' Call Redevelopment**

PFAID: **10-612**

Version **02 (Medium Attraction, RD&E Base Scenario)**

**Title** Illustrative RD&E Budget

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version **02 (Medium Attraction, RD&E Base Scenario)**

Uses	Units	Unit Cost	Cost
<b>Hard Costs</b>			
Land Preparation (Seismic, etc)		(included)	
<i>F&amp;B - Large</i>	60,000	\$250 per sqft	\$15.0
<i>F&amp;B - Small</i>	10,000	\$250 per sqft	\$2.5
<i>Retail - Large</i>	20,000	\$250 per sqft	\$5.0
<i>Retail - Small</i>	10,000	\$250 per sqft	\$2.5
<i>Attraction Anchor</i>	54,855	\$250 per sqft	\$13.7
<i>Entertainment</i>	5,000	\$250 per sqft	\$1.3
<i>Back of House</i>	12,788	\$250 per sqft	\$3.2
<b>Subtotal</b>	<b>172,643</b>		<b>\$43.2</b>
Tenant Improvement Allocation	159,855	\$30 per sqft	\$4.8
On-stage Area Development	5.0	\$900,000 per acre	\$4.5
Water Area Development	7.5	\$250,000 per acre	\$1.9
Parking (Surface)	12.0	\$100,000 per acre	\$1.2
Contingency		10% of construction	\$5.6
<b>Subtotal Hard Costs</b>			<b>\$61.1</b>
<b>Soft Costs</b>			
FF&E		2.0% of construction	\$1.2
Design, PM, CM, Other Soft		12.0% of construction	\$7.3
Pre-Opening		allocation	\$1.0
Inflation Escalation		4% of construction	\$2.4
<b>Subtotal - Soft Costs</b>		<b>20%</b>	<b>\$12.0</b>
<b>Area Costs</b>			
Land			-
External Infrastructure Allocation			
Surface Parking + Implement Paid Parking			\$5.2
Sampson Way & 7th St Intersection			\$12.8
Town Square Improvements (Between 6th and 7th Streets)			\$3.8
Demolition of select exiting POC Structures <sup>1</sup>			\$2.4
Promenade-Total Length; Reduced Cost <sup>2</sup>			\$28.8
Environmental Cleanup at POC <sup>1</sup>			\$3.2
Salinas De San Pedro (Mud Flat Mitigation)			\$4.8
<b>Subtotal - Area Costs</b>			<b>\$61.0</b>
<b>Financing Costs</b>			
Debt Issuance Costs			-
Capitalized Interest (during Construction)			-
<b>Subtotal - Financing Costs</b>			<b>\$0.0</b>
<b>Total (Excluding Infrastructure)</b>			<b>\$73.1</b>
<b>Total</b>			<b>\$134.1</b>

<i>(in 000s except per capita)</i>		Rate	Basis	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Inflation				1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34	1.38	1.43
Variable Revenue Factor				0.90	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Variable Cost Factor				1.20	1.10	1.05	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Operational Factors</b>													
<b>Leased - Available</b>													
F&B - Large				60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
F&B - Small				10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Retail - Large				20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Retail - Small				10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Attraction Anchor				54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855
Entertainment				5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Occupancy	97%			94%	97%	97%	97%	97%	97%	97%	97%	97%	97%
<b>Leased</b>													
F&B - Large				60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
F&B - Small				5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Retail - Large				15,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Retail - Small				10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Attraction Anchor				54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855
Entertainment				5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>Sales per Sqft (Annual)</b>	<b>Average</b>			<b>\$376</b>	<b>\$390</b>	<b>\$412</b>	<b>\$429</b>	<b>\$444</b>	<b>\$459</b>	<b>\$475</b>	<b>\$492</b>	<b>\$509</b>	<b>\$527</b>
F&B - Large				\$426	\$439	\$452	\$466	\$480	\$494	\$509	\$524	\$540	\$556
F&B - Small				\$510	\$525	\$541	\$557	\$574	\$591	\$609	\$627	\$646	\$665
Retail - Large				\$364	\$375	\$386	\$398	\$410	\$422	\$435	\$448	\$461	\$475
Retail - Small				\$382	\$394	\$406	\$418	\$430	\$443	\$457	\$470	\$484	\$499
Attraction Anchor				\$312	\$328	\$368	\$392	\$410	\$428	\$447	\$467	\$489	\$511
Entertainment				\$375	\$386	\$397	\$409	\$422	\$434	\$447	\$461	\$475	\$489
<b>Sales (Total)</b>				<b>\$56,373.6</b>	<b>\$60,326.0</b>	<b>\$63,788.2</b>	<b>\$66,418.9</b>	<b>\$68,724.0</b>	<b>\$71,120.1</b>	<b>\$73,606.8</b>	<b>\$76,187.5</b>	<b>\$78,866.0</b>	<b>\$81,650.7</b>
F&B - Large				\$25,569.8	\$26,336.9	\$27,127.0	\$27,940.8	\$28,779.0	\$29,642.4	\$30,531.7	\$31,447.6	\$32,391.1	\$33,362.8
F&B - Small				\$2,549.7	\$2,626.2	\$2,705.0	\$2,786.1	\$2,869.7	\$2,955.8	\$3,044.5	\$3,135.8	\$3,229.9	\$3,326.8
Retail - Large				\$5,463.6	\$7,503.4	\$7,728.5	\$7,960.3	\$8,199.2	\$8,445.1	\$8,698.5	\$8,959.4	\$9,228.2	\$9,505.1
Retail - Small				\$3,824.5	\$3,939.3	\$4,057.5	\$4,179.2	\$4,304.6	\$4,433.7	\$4,566.7	\$4,703.7	\$4,844.8	\$4,990.2
Attraction Anchor				\$17,092.7	\$17,990.8	\$20,182.9	\$21,505.5	\$22,463.2	\$23,471.5	\$24,528.7	\$25,637.1	\$26,799.0	\$28,021.7
Entertainment				\$1,873.2	\$1,929.4	\$1,987.3	\$2,046.9	\$2,108.4	\$2,171.6	\$2,236.8	\$2,303.9	\$2,373.0	\$2,444.2
<b>Rent per Sqft</b>	<b>Average</b>	<b>Current</b>		<b>\$2.38</b>	<b>\$2.46</b>	<b>\$2.57</b>	<b>\$2.66</b>	<b>\$2.75</b>	<b>\$2.85</b>	<b>\$2.94</b>	<b>\$3.04</b>	<b>\$3.14</b>	<b>\$3.24</b>
F&B - Large				\$2.60	\$2.84	\$2.93	\$3.01	\$3.10	\$3.20	\$3.29	\$3.39	\$3.49	\$3.60
F&B - Small				\$3.50	\$3.82	\$3.94	\$4.06	\$4.18	\$4.30	\$4.43	\$4.57	\$4.70	\$4.84
Retail - Large				\$2.50	\$2.73	\$2.81	\$2.90	\$2.99	\$3.07	\$3.17	\$3.26	\$3.36	\$3.46
Retail - Small				\$3.50	\$3.82	\$3.94	\$4.06	\$4.18	\$4.30	\$4.43	\$4.57	\$4.70	\$4.84
Attraction Anchor				\$1.40	\$1.40	\$1.43	\$1.57	\$1.67	\$1.75	\$1.83	\$1.91	\$2.00	\$2.09
Entertainment				\$2.00	\$2.19	\$2.25	\$2.32	\$2.39	\$2.46	\$2.53	\$2.61	\$2.69	\$2.77
<b>Rent (Annual)</b>				<b>\$4,281.4</b>	<b>\$4,570.3</b>	<b>\$4,770.2</b>	<b>\$4,948.4</b>	<b>\$5,111.7</b>	<b>\$5,287.9</b>	<b>\$5,463.2</b>	<b>\$5,644.8</b>	<b>\$5,832.8</b>	<b>\$6,027.7</b>
F&B - Large				\$2,045.6	\$2,107.0	\$2,170.2	\$2,235.3	\$2,302.3	\$2,371.4	\$2,442.5	\$2,515.8	\$2,591.3	\$2,669.0
F&B - Small				\$229.5	\$236.4	\$243.4	\$250.8	\$258.3	\$266.0	\$274.0	\$282.2	\$290.7	\$299.4
Retail - Large				\$491.7	\$675.3	\$695.6	\$716.4	\$737.9	\$760.1	\$782.9	\$806.3	\$830.5	\$855.5
Retail - Small				\$458.9	\$472.7	\$486.9	\$501.5	\$516.5	\$532.0	\$548.0	\$564.4	\$581.4	\$598.8
Attraction Anchor				\$924.6	\$943.9	\$1,035.0	\$1,101.2	\$1,149.1	\$1,206.4	\$1,259.2	\$1,314.7	\$1,372.8	\$1,433.9
Entertainment				\$131.1	\$135.1	\$139.1	\$143.3	\$147.6	\$152.0	\$156.6	\$161.3	\$166.1	\$171.1
<b>Occupancy Ratio</b>													
F&B - Large				8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
F&B - Small				9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Retail - Large				9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Retail - Small				12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Attraction Anchor					5.4%	5.2%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Entertainment				7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
<b>Revenue</b>													
Leased Sales				56,373.6	60,326.0	63,788.2	66,418.9	68,724.0	71,120.1	73,606.8	76,187.5	78,866.0	81,650.7
Minimum Rents				4,281.4	4,570.3	4,770.2	4,948.4	5,111.7	5,287.9	5,463.2	5,644.8	5,832.8	6,027.7
Overage Percentage Rents	5% of Minimum Rent			214.1	228.5	238.5	247.4	255.6	264.4	273.2	282.2	291.6	301.4
Other Revenues	10% of Minimum Rent			428.1	457.0	477.0	494.8	511.2	528.8	546.3	564.5	583.3	602.8
CAM/Expense Reimbursements	40% of rent			1,712.6	1,828.1	1,908.1	1,979.4	2,044.7	2,115.2	2,185.3	2,257.9	2,333.1	2,411.1
Subtotal				6,636.2	7,084.0	7,393.9	7,670.0	7,923.2	8,196.3	8,468.0	8,749.4	9,040.8	9,342.9

<b>Operating Expenses</b>											
Property Operations	12% of Leased Rent	616.5	603.3	601.0	593.8	613.4	634.5	655.6	677.4	699.9	723.3
Real Estate Taxes	12% of Leased Rent	616.5	603.3	601.0	593.8	613.4	634.5	655.6	677.4	699.9	723.3
Repairs and Maintenance	2% of Leased Rent	102.8	100.5	100.2	99.0	102.2	105.8	109.3	112.9	116.7	120.6
General & Administrative	2% of Leased Rent	102.8	100.5	100.2	99.0	102.2	105.8	109.3	112.9	116.7	120.6
Marketing & Promotions	5% of Leased Rent	256.9	251.4	250.4	247.4	255.6	264.4	273.2	282.2	291.6	301.4
Land Lease	10% of Leased Rent	513.8	502.7	500.9	494.8	511.2	528.8	546.3	564.5	583.3	602.8
Subtotal	43%	2,209.2	2,161.8	2,153.8	2,127.8	2,198.0	2,273.8	2,349.2	2,427.2	2,508.1	2,591.9
<b>Other Expenses</b>											
Brokerage Commissions / Other	3% of Leased Rent	128.4	137.1	143.1	148.5	153.4	158.6	163.9	169.3	175.0	180.8
Subtotal		128.4	137.1	143.1	148.5	153.4	158.6	163.9	169.3	175.0	180.8
<b>EBITDA</b>		<b>\$4,298.5</b>	<b>\$4,785.1</b>	<b>\$5,097.0</b>	<b>\$5,393.8</b>	<b>\$5,571.8</b>	<b>\$5,763.8</b>	<b>\$5,954.9</b>	<b>\$6,152.8</b>	<b>\$6,357.7</b>	<b>\$6,570.2</b>
<b>Operating Margin</b>		<b>65%</b>	<b>68%</b>	<b>69%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>
<b>Capital Expenditure Fund</b>											
Fund	4% of Operated Sales		\$141.7	\$295.8	\$306.8	\$316.9	\$327.9	\$338.7	\$350.0	\$361.6	\$373.7
<b>Cash Flow before Taxes</b>		<b>\$4,298.5</b>	<b>\$4,643.5</b>	<b>\$4,801.2</b>	<b>\$5,087.0</b>	<b>\$5,254.8</b>	<b>\$5,436.0</b>	<b>\$5,616.2</b>	<b>\$5,802.8</b>	<b>\$5,996.1</b>	<b>\$6,196.5</b>



**Title** RD&E Cash Flow

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Medium Attraction, RD&E Base Scenario)

	0	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Uses</b>													
Development		29,232	43,848										
Capital Expenditure Fund				0	142	296	307	317	328	339	350	362	374
Subtotal		29,232	43,848	0	142	296	307	317	328	339	350	362	374
<b>Sources</b>													
EBITDA				4,299	4,785	5,097	5,394	5,572	5,764	5,955	6,153	6,358	6,570
Terminal Value													91,983
Subtotal		-	-	4,299	4,785	5,097	5,394	5,572	5,764	5,955	6,153	6,358	98,553
<b>Project Cash Flow</b>		<b>(29,232)</b>	<b>(43,848)</b>	<b>4,299</b>	<b>4,643</b>	<b>4,801</b>	<b>5,087</b>	<b>5,255</b>	<b>5,436</b>	<b>5,616</b>	<b>5,803</b>	<b>5,996</b>	<b>98,179</b>

Present Value of Cash Flow		
	0	
12%	\$64,029	\$64,029
10%	\$71,871	\$71,871
8%	\$80,995	\$80,995

<b>IRR of Cash Flow</b>	<b>8.3%</b>
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## Master Planning Economics

Project **Ports O' Call Redevelopment**

PFAID: **10-612**

Version **02 (Medium Attraction, RD&E Target Scenario)**

**Title** Illustrative RD&E Budget

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Medium Attraction, RD&E Target Scenario)

Uses	Units	Unit Cost	Cost
<b>Hard Costs</b>			
Land Preparation (Seismic, etc)		Included	
<i>F&amp;B - Large</i>	75,000	\$250 per sqft	\$18.8
<i>F&amp;B - Small</i>	15,000	\$250 per sqft	\$3.8
<i>Retail - Large</i>	30,000	\$250 per sqft	\$7.5
<i>Retail - Small</i>	15,000	\$250 per sqft	\$3.8
<i>Attraction Anchor</i>	54,855	\$250 per sqft	\$13.7
<i>Entertainment</i>	10,000	\$250 per sqft	\$2.5
<i>Back of House</i>	15,988	\$250 per sqft	\$4.0
<b>Subtotal</b>	<b>215,843</b>		<b>\$50.0</b>
Tenant Improvement Allocation	199,855	\$30 per sqft	\$6.0
On-stage Area Development	6.0	\$900,000 per acre	\$5.4
Water Area Development	7.5	\$250,000 per acre	\$1.9
Parking (Surface)	12.0	\$100,000 per acre	\$1.2
Contingency		10% of construction	\$6.4
<b>Subtotal Hard Costs</b>			<b>\$70.9</b>
<b>Soft Costs</b>			
FF&E		2.0% of construction	\$1.4
Design, PM, CM, Other Soft		12.0% of construction	\$8.5
Pre-Opening		allocation	\$1.0
Inflation Escalation		4% of construction	\$2.8
<b>Subtotal - Soft Costs</b>		<b>19%</b>	<b>\$13.8</b>
<b>Area Costs</b>			
Land			-
External Infrastructure Allocation			
Surface Parking + Implement Paid Parking			\$5.2
Sampson Way & 7th St Intersection			\$12.8
Town Square Improvements (Between 6th and 7th Streets)			\$3.8
Demolition of select exiting POC Structures <sup>1</sup>			\$2.4
Promenade-Total Length; Reduced Cost <sup>2</sup>			\$28.8
Environmental Cleanup at POC <sup>1</sup>			\$3.2
Salinas De San Pedro (Mud Flat Mitigation)			\$4.8
<b>Subtotal - Area Costs</b>			<b>\$61.0</b>
<b>Financing Costs</b>			
Debt Issuance Costs			
Capitalized Interest (during Construction)			-
<b>Subtotal - Financing Costs</b>			<b>\$0.0</b>
<b>Total (Excluding Infrastructure)</b>			<b>\$84.6</b>
<b>Total</b>			<b>\$145.6</b>

(in 000s except per capita)		Rate	Basis	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Inflation				1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34	1.38	1.43
Variable Revenue Factor				0.90	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Variable Cost Factor				1.20	1.10	1.05	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Operational Factors</b>													
<b>Leased - Available</b>		30,000		199,855	199,855	199,855	199,855	199,855	199,855	199,855	199,855	199,855	199,855
F&B - Large				75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
F&B - Small				15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Retail - Large				30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Retail - Small				15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Attraction Anchor				54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855
Entertainment				10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Occupancy		97%		82%	95%	97%	97%	97%	97%	97%	97%	97%	97%
<b>Leased</b>				164,855	189,855	194,855	194,855	194,855	194,855	194,855	194,855	194,855	194,855
F&B - Large				65,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
F&B - Small				10,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Retail - Large				20,000	25,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Retail - Small				10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Attraction Anchor				54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855
Entertainment				5,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Sales per Sqft (Annual)</b>	<b>Average</b>			<b>\$398</b>	<b>\$420</b>	<b>\$440</b>	<b>\$457</b>	<b>\$473</b>	<b>\$489</b>	<b>\$505</b>	<b>\$522</b>	<b>\$540</b>	<b>\$558</b>
F&B - Large				\$451	\$464	\$478	\$493	\$507	\$523	\$538	\$554	\$571	\$588
F&B - Small				\$583	\$600	\$618	\$637	\$656	\$676	\$696	\$717	\$738	\$760
Retail - Large				\$401	\$413	\$425	\$438	\$451	\$464	\$478	\$493	\$508	\$523
Retail - Small				\$355	\$366	\$377	\$388	\$400	\$412	\$424	\$437	\$450	\$463
Attraction Anchor				\$312	\$328	\$368	\$392	\$410	\$428	\$447	\$467	\$489	\$511
Entertainment				\$375	\$386	\$397	\$409	\$422	\$434	\$447	\$461	\$475	\$489
<b>Sales (Total)</b>				<b>\$65,657.3</b>	<b>\$79,649.3</b>	<b>\$85,816.5</b>	<b>\$89,108.1</b>	<b>\$92,093.8</b>	<b>\$95,191.0</b>	<b>\$98,399.8</b>	<b>\$101,724.3</b>	<b>\$105,168.9</b>	<b>\$108,742.7</b>
F&B - Large				\$29,298.7	\$34,820.4	\$35,865.0	\$36,941.0	\$38,049.2	\$39,190.7	\$40,366.4	\$41,577.4	\$42,824.7	\$44,109.5
F&B - Small				\$5,827.9	\$9,004.1	\$9,274.2	\$9,552.4	\$9,839.0	\$10,134.2	\$10,438.2	\$10,751.3	\$11,073.9	\$11,406.1
Retail - Large				\$8,013.3	\$10,317.2	\$12,752.0	\$13,134.6	\$13,528.6	\$13,934.5	\$14,352.5	\$14,783.1	\$15,226.6	\$15,683.4
Retail - Small				\$3,551.4	\$3,657.9	\$3,767.6	\$3,880.7	\$3,997.1	\$4,117.0	\$4,240.5	\$4,367.7	\$4,498.8	\$4,633.7
Attraction Anchor				\$17,092.7	\$17,990.8	\$20,182.9	\$21,505.5	\$22,463.2	\$23,471.5	\$24,528.7	\$25,637.1	\$26,799.0	\$28,021.7
Entertainment				\$1,873.2	\$3,858.9	\$3,974.7	\$4,093.9	\$4,216.7	\$4,343.2	\$4,473.5	\$4,607.7	\$4,745.9	\$4,888.3
<b>Rent per Sqft</b>	<b>Average</b>		<b>Current</b>	<b>\$2.56</b>	<b>\$2.71</b>	<b>\$2.83</b>	<b>\$2.93</b>	<b>\$3.02</b>	<b>\$3.12</b>	<b>\$3.23</b>	<b>\$3.33</b>	<b>\$3.44</b>	<b>\$3.55</b>
F&B - Large				\$2.75	\$3.00	\$3.10	\$3.19	\$3.28	\$3.38	\$3.48	\$3.59	\$3.70	\$3.81
F&B - Small				\$4.00	\$4.37	\$4.50	\$4.64	\$4.78	\$4.92	\$5.07	\$5.22	\$5.38	\$5.54
Retail - Large				\$2.75	\$3.00	\$3.10	\$3.19	\$3.28	\$3.38	\$3.48	\$3.59	\$3.70	\$3.81
Retail - Small				\$3.25	\$3.55	\$3.66	\$3.77	\$3.88	\$4.00	\$4.12	\$4.24	\$4.37	\$4.50
Attraction Anchor				\$1.40	\$1.40	\$1.43	\$1.57	\$1.67	\$1.75	\$1.83	\$1.91	\$2.00	\$2.09
Entertainment				\$2.00	\$2.19	\$2.25	\$2.32	\$2.39	\$2.46	\$2.53	\$2.61	\$2.69	\$2.77
<b>Rent (Annual)</b>				<b>\$5,071.5</b>	<b>\$6,177.6</b>	<b>\$6,616.9</b>	<b>\$6,850.5</b>	<b>\$7,070.9</b>	<b>\$7,305.9</b>	<b>\$7,541.7</b>	<b>\$7,785.6</b>	<b>\$8,037.8</b>	<b>\$8,298.9</b>
F&B - Large				\$2,343.9	\$2,785.6	\$2,869.2	\$2,955.3	\$3,043.9	\$3,135.3	\$3,229.3	\$3,326.2	\$3,426.0	\$3,528.8
F&B - Small				\$524.5	\$810.4	\$834.7	\$859.7	\$885.5	\$912.1	\$939.4	\$967.6	\$996.6	\$1,026.5
Retail - Large				\$721.2	\$928.5	\$1,147.7	\$1,182.1	\$1,217.6	\$1,254.1	\$1,291.7	\$1,330.5	\$1,370.4	\$1,411.5
Retail - Small				\$426.2	\$438.9	\$452.1	\$465.7	\$479.7	\$494.0	\$508.9	\$524.1	\$539.9	\$556.0
Attraction Anchor				\$924.6	\$943.9	\$1,035.0	\$1,101.2	\$1,149.1	\$1,206.4	\$1,259.2	\$1,314.7	\$1,372.8	\$1,433.9
Entertainment				\$131.1	\$270.1	\$278.2	\$286.6	\$295.2	\$304.0	\$313.1	\$322.5	\$332.2	\$342.2
<b>Occupancy Ratio</b>	<b>Average</b>												
F&B - Large				8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
F&B - Small				9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Retail - Large				9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Retail - Small				12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Attraction Anchor					5.4%	5.2%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Entertainment				7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
<b>Revenue</b>													
Leased Sales				65,657.3	79,649.3	85,816.5	89,108.1	92,093.8	95,191.0	98,399.8	101,724.3	105,168.9	108,742.7
Minimum Rents				5,071.5	6,177.6	6,616.9	6,850.5	7,070.9	7,305.9	7,541.7	7,785.6	8,037.8	8,298.9
Overage Percentage Rents	5% of Minimum Rent			253.6	308.9	330.8	342.5	353.5	365.3	377.1	389.3	401.9	414.9
Other Revenues	10% of Minimum Rent			507.1	617.8	661.7	685.1	707.1	730.6	754.2	778.6	803.8	829.9
CAM/Expense Reimbursements	40% of rent			2,028.6	2,471.0	2,646.8	2,740.2	2,828.4	2,922.4	3,016.7	3,114.2	3,215.1	3,319.6
Subtotal				7,860.8	9,575.2	10,256.3	10,618.3	10,959.9	11,324.1	11,689.7	12,067.7	12,458.7	12,863.3

<b>Leased Expenses</b>											
Property Operations	12% of Leased Rent	730.3	815.4	833.7	822.1	848.5	876.7	905.0	934.3	964.5	995.9
Real Estate Taxes	12% of Leased Rent	730.3	815.4	833.7	822.1	848.5	876.7	905.0	934.3	964.5	995.9
Repairs and Maintenance	2% of Leased Rent	121.7	135.9	139.0	137.0	141.4	146.1	150.8	155.7	160.8	166.0
General & Administrative	2% of Leased Rent	121.7	135.9	139.0	137.0	141.4	146.1	150.8	155.7	160.8	166.0
Marketing & Promotions	5% of Leased Rent	304.3	339.8	347.4	342.5	353.5	365.3	377.1	389.3	401.9	414.9
Land Lease	10% of Leased Rent	608.6	679.5	694.8	685.1	707.1	730.6	754.2	778.6	803.8	829.9
Subtotal	43%	2,616.9	2,922.0	2,987.6	2,945.7	3,040.5	3,141.5	3,242.9	3,347.8	3,456.3	3,568.5
<b>Other Expenses</b>											
Brokerage Commissions / Other	3% of Leased Rent	152.1	185.3	198.5	205.5	212.1	219.2	226.3	233.6	241.1	249.0
Subtotal		152.1	185.3	198.5	205.5	212.1	219.2	226.3	233.6	241.1	249.0
<b>EBITDA</b>		<b>\$5,091.7</b>	<b>\$6,467.9</b>	<b>\$7,070.2</b>	<b>\$7,467.1</b>	<b>\$7,707.3</b>	<b>\$7,963.4</b>	<b>\$8,220.5</b>	<b>\$8,486.3</b>	<b>\$8,761.3</b>	<b>\$9,045.8</b>
<b>Operating Margin</b>		<b>65%</b>	<b>68%</b>	<b>69%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>
<b>Capital Expenditure Fund</b>											
Fund	4% of Operated Sales		\$191.5	\$410.3	\$424.7	\$438.4	\$453.0	\$467.6	\$482.7	\$498.3	\$514.5
<b>Cash Flow before Taxes</b>		<b>\$5,091.7</b>	<b>\$6,276.4</b>	<b>\$6,660.0</b>	<b>\$7,042.4</b>	<b>\$7,268.9</b>	<b>\$7,510.4</b>	<b>\$7,752.9</b>	<b>\$8,003.6</b>	<b>\$8,262.9</b>	<b>\$8,531.3</b>

**Title** RD&E Cash Flow

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Medium Attraction, RD&E Target Scenario)

	0	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Uses</b>													
Development		33,854	50,782										
Capital Expenditure Fund				0	192	410	425	438	453	468	483	498	515
Subtotal		33,854	50,782	0	192	410	425	438	453	468	483	498	515
<b>Sources</b>													
EBITDA				5,092	6,468	7,070	7,467	7,707	7,963	8,220	8,486	8,761	9,046
Terminal Value													126,642
Subtotal		-	-	5,092	6,468	7,070	7,467	7,707	7,963	8,220	8,486	8,761	135,688
<b>Project Cash Flow</b>		<b>(33,854)</b>	<b>(50,782)</b>	<b>5,092</b>	<b>6,276</b>	<b>6,660</b>	<b>7,042</b>	<b>7,269</b>	<b>7,510</b>	<b>7,753</b>	<b>8,004</b>	<b>8,263</b>	<b>135,173</b>

Present Value of Cash Flow		
	0	
15%	\$74,799	\$74,799
10%	\$99,097	\$99,097
8%	\$111,666	\$111,666

<b>IRR of Cash Flow</b>	<b>10.6%</b>
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## Master Planning Economics

Project **Ports O' Call Redevelopment**

PFAID: **10-612**

Version **02 (Medium Attraction, RD&E Optimum Scenario)**

**Title** Illustrative RD&E Budget

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Medium Attraction, RD&E Optimum Scenario)

Uses	Units	Unit Cost	Cost
<b>Hard Costs</b>			
Land Preparation (Seismic, etc)		included	
<i>F&amp;B - Large</i>	90,000	\$250 per sqft	\$22.5
<i>F&amp;B - Small</i>	20,000	\$250 per sqft	\$5.0
<i>Retail - Large</i>	40,000	\$250 per sqft	\$10.0
<i>Retail - Small</i>	15,000	\$250 per sqft	\$3.8
<i>Attraction Anchor</i>	54,855	\$250 per sqft	\$13.7
<i>Entertainment</i>	15,000	\$250 per sqft	\$3.8
<i>Back of House</i>	16,440	\$250 per sqft	\$4.1
<b>Subtotal</b>	<b>251,295</b>		<b>\$58.7</b>
Tenant Improvement Allocation	234,855	\$30 per sqft	\$7.0
On-stage Area Development	7.5	\$900,000 per acre	\$6.8
Water Area Development	7.5	\$250,000 per acre	\$1.9
Parking (Surface)	12.0	\$100,000 per acre	\$1.2
Contingency		10% of construction	\$7.6
<b>Subtotal Hard Costs</b>			<b>\$83.1</b>
<b>Soft Costs</b>			
FF&E		2.0% of construction	\$1.7
Design, PM, CM, Other Soft		12.0% of construction	\$10.0
Pre-Opening		allocation	\$1.0
Inflation Escalation		4% of construction	\$3.3
<b>Subtotal - Soft Costs</b>		<b>19%</b>	<b>\$16.0</b>
<b>Area Costs</b>			
Land			-
External Infrastructure Allocation			
Surface Parking + Implement Paid Parking			\$5.2
Sampson Way & 7th St Intersection			\$12.8
Town Square Improvements (Between 6th and 7th Streets)			\$3.8
Demolition of select exiting POC Structures1			\$2.4
Promenade-Total Length; Reduced Cost2			\$28.8
Environmental Cleanup at POC1			\$3.2
Salinas De San Pedro (Mud Flat Mitigation)			\$4.8
<b>Subtotal - Area Costs</b>			<b>\$61.0</b>
<b>Financing Costs</b>			
Debt Issuance Costs			
Capitalized Interest (during Construction)			-
<b>Subtotal - Financing Costs</b>			<b>\$0.0</b>
<b>Total (Excluding Infrastructure)</b>			<b>\$99.1</b>
<b>Total</b>			<b>\$160.1</b>



(In 000s except per capita)	Rate	Basis	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Inflation			1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34	1.38	1.43
Variable Revenue Factor			0.90	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Variable Cost Factor			1.20	1.10	1.05	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Operational Factors</b>												
<b>Leased - Available</b>	30,000		<b>234,855</b>	<b>234,855</b>	<b>234,855</b>	<b>234,855</b>	<b>234,855</b>	<b>234,855</b>	<b>234,855</b>	<b>234,855</b>	<b>234,855</b>	<b>234,855</b>
F&B - Large			90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
F&B - Small			20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Retail - Large			40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Retail - Small			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Attraction Anchor			54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855
Entertainment			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Occupancy	96%		85%	96%	96%	96%	96%	96%	96%	96%	96%	96%
<b>Leased</b>			<b>199,855</b>	<b>224,855</b>	<b>224,855</b>	<b>224,855</b>	<b>224,855</b>	<b>224,855</b>	<b>224,855</b>	<b>224,855</b>	<b>224,855</b>	<b>224,855</b>
F&B - Large			80,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
F&B - Small			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Retail - Large			25,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Retail - Small			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Attraction Anchor			54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855	54,855
Entertainment			10,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
<b>Sales per Sqft (Annual)</b>	<b>Average</b>		<b>\$459</b>	<b>\$476</b>	<b>\$498</b>	<b>\$516</b>	<b>\$533</b>	<b>\$550</b>	<b>\$569</b>	<b>\$587</b>	<b>\$607</b>	<b>\$627</b>
F&B - Large			\$533	\$549	\$565	\$582	\$600	\$618	\$636	\$655	\$675	\$695
F&B - Small			\$656	\$675	\$696	\$716	\$738	\$760	\$783	\$806	\$831	\$855
Retail - Large			\$474	\$488	\$502	\$517	\$533	\$549	\$565	\$582	\$600	\$618
Retail - Small			\$437	\$450	\$464	\$478	\$492	\$507	\$522	\$538	\$554	\$570
Attraction Anchor			\$312	\$328	\$368	\$392	\$410	\$428	\$447	\$467	\$489	\$511
Entertainment			\$375	\$386	\$397	\$409	\$422	\$434	\$447	\$461	\$475	\$489
<b>Sales (Total)</b>			<b>\$91,684.3</b>	<b>\$107,113.7</b>	<b>\$111,979.5</b>	<b>\$116,056.0</b>	<b>\$119,850.2</b>	<b>\$123,780.1</b>	<b>\$127,846.5</b>	<b>\$132,054.4</b>	<b>\$136,408.9</b>	<b>\$140,919.9</b>
F&B - Large			\$42,616.4	\$49,381.7	\$50,863.2	\$52,389.0	\$53,960.7	\$55,579.5	\$57,246.9	\$58,964.3	\$60,733.3	\$62,555.3
F&B - Small			\$9,834.5	\$10,129.6	\$10,433.5	\$10,746.5	\$11,068.9	\$11,400.9	\$11,743.0	\$12,095.2	\$12,458.1	\$12,831.8
Retail - Large			\$11,837.9	\$17,070.2	\$17,582.3	\$18,109.8	\$18,653.1	\$19,212.7	\$19,789.1	\$20,382.7	\$20,994.2	\$21,624.0
Retail - Small			\$6,556.4	\$6,753.1	\$6,955.6	\$7,164.3	\$7,379.2	\$7,600.6	\$7,828.6	\$8,063.5	\$8,305.4	\$8,554.6
Attraction Anchor			\$17,092.7	\$17,990.8	\$20,182.9	\$21,505.5	\$22,463.2	\$23,471.5	\$24,528.7	\$25,637.1	\$26,799.0	\$28,021.7
Entertainment			\$3,746.5	\$5,788.3	\$5,962.0	\$6,140.8	\$6,325.1	\$6,514.8	\$6,710.3	\$6,911.6	\$7,118.9	\$7,332.5
<b>Rent per Sqft</b>	<b>Average</b>	<b>Current</b>	<b>\$3.06</b>	<b>\$3.17</b>	<b>\$3.29</b>	<b>\$3.40</b>	<b>\$3.51</b>	<b>\$3.62</b>	<b>\$3.74</b>	<b>\$3.86</b>	<b>\$3.98</b>	<b>\$4.11</b>
F&B - Large			\$3.25	\$3.55	\$3.66	\$3.77	\$3.88	\$4.00	\$4.12	\$4.24	\$4.37	\$4.50
F&B - Small			\$4.50	\$4.92	\$5.06	\$5.22	\$5.37	\$5.53	\$5.70	\$5.87	\$6.05	\$6.23
Retail - Large			\$3.25	\$3.55	\$3.66	\$3.77	\$3.88	\$4.00	\$4.12	\$4.24	\$4.37	\$4.50
Retail - Small			\$4.00	\$4.37	\$4.50	\$4.64	\$4.78	\$4.92	\$5.07	\$5.22	\$5.38	\$5.54
Attraction Anchor			\$1.40	\$1.40	\$1.43	\$1.57	\$1.67	\$1.75	\$1.83	\$1.91	\$2.00	\$2.09
Entertainment			\$2.00	\$2.19	\$2.25	\$2.32	\$2.39	\$2.46	\$2.53	\$2.61	\$2.69	\$2.77
<b>Rent (Annual)</b>			<b>\$7,333.4</b>	<b>\$8,558.0</b>	<b>\$8,877.5</b>	<b>\$9,178.9</b>	<b>\$9,469.2</b>	<b>\$9,776.1</b>	<b>\$10,086.0</b>	<b>\$10,406.3</b>	<b>\$10,737.1</b>	<b>\$11,079.2</b>
F&B - Large			\$3,409.3	\$3,950.5	\$4,069.1	\$4,191.1	\$4,316.9	\$4,446.4	\$4,579.8	\$4,717.1	\$4,858.7	\$5,004.4
F&B - Small			\$885.1	\$911.7	\$939.0	\$967.2	\$996.2	\$1,026.1	\$1,056.9	\$1,088.6	\$1,121.2	\$1,154.9
Retail - Large			\$1,065.4	\$1,536.3	\$1,582.4	\$1,629.9	\$1,678.8	\$1,729.1	\$1,781.0	\$1,834.4	\$1,889.5	\$1,946.2
Retail - Small			\$786.8	\$810.4	\$834.7	\$859.7	\$885.5	\$912.1	\$939.4	\$967.6	\$996.6	\$1,026.5
Attraction Anchor			\$924.6	\$943.9	\$1,035.0	\$1,101.2	\$1,149.1	\$1,206.4	\$1,259.2	\$1,314.7	\$1,372.8	\$1,433.9
Entertainment			\$262.3	\$405.2	\$417.3	\$429.9	\$442.8	\$456.0	\$469.7	\$483.8	\$498.3	\$513.3
<b>Occupancy Ratio</b>	<b>Average</b>											
F&B - Large			8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
F&B - Small			9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Retail - Large			9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Retail - Small			12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Attraction Anchor				5.4%	5.2%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Entertainment			7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
<b>Revenue</b>												
Leased Sales			91,684.3	107,113.7	111,979.5	116,056.0	119,850.2	123,780.1	127,846.5	132,054.4	136,408.9	140,919.9
Minimum Rents			7,333.4	8,558.0	8,877.5	9,178.9	9,469.2	9,776.1	10,086.0	10,406.3	10,737.1	11,079.2
Overage Percentage Rents	5% of Minimum Rent		366.7	427.9	443.9	458.9	473.5	488.8	504.3	520.3	536.9	554.0
Other Revenues	10% of Minimum Rent		733.3	855.8	887.8	917.9	946.9	977.6	1,008.6	1,040.6	1,073.7	1,107.9
CAM/Expense Reimbursements	40% of rent		2,933.4	3,423.2	3,551.0	3,671.6	3,787.7	3,910.4	4,034.4	4,162.5	4,294.8	4,431.7
Subtotal			11,366.8	13,264.9	13,760.2	14,227.4	14,677.2	15,152.9	15,633.4	16,129.7	16,642.5	17,172.7

<b>Leased Expenses</b>											
Property Operations	12% of Leased Rent	1,056.0	1,129.7	1,118.6	1,101.5	1,136.3	1,173.1	1,210.3	1,248.8	1,288.5	1,329.5
Real Estate Taxes	12% of Leased Rent	1,056.0	1,129.7	1,118.6	1,101.5	1,136.3	1,173.1	1,210.3	1,248.8	1,288.5	1,329.5
Repairs and Maintenance	2% of Leased Rent	176.0	188.3	186.4	183.6	189.4	195.5	201.7	208.1	214.7	221.6
General & Administrative	2% of Leased Rent	176.0	188.3	186.4	183.6	189.4	195.5	201.7	208.1	214.7	221.6
Marketing & Promotions	5% of Leased Rent	440.0	470.7	466.1	458.9	473.5	488.8	504.3	520.3	536.9	554.0
Land Lease	10% of Leased Rent	880.0	941.4	932.1	917.9	946.9	977.6	1,008.6	1,040.6	1,073.7	1,107.9
Subtotal	43%	3,784.0	4,047.9	4,008.2	3,946.9	4,071.7	4,203.7	4,337.0	4,474.7	4,617.0	4,764.0
<b>Other Expenses</b>											
Brokerage Commissions / Other	3% of Leased Rent	220.0	256.7	266.3	275.4	284.1	293.3	302.6	312.2	322.1	332.4
Subtotal		220.0	256.7	266.3	275.4	284.1	293.3	302.6	312.2	322.1	332.4
<b>EBITDA</b>		<b>\$7,362.7</b>	<b>\$8,960.2</b>	<b>\$9,485.6</b>	<b>\$10,005.0</b>	<b>\$10,321.4</b>	<b>\$10,655.9</b>	<b>\$10,993.8</b>	<b>\$11,342.8</b>	<b>\$11,703.4</b>	<b>\$12,076.3</b>
<b>Operating Margin</b>		<b>65%</b>	<b>68%</b>	<b>69%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>
<b>Capital Expenditure Fund</b>											
Fund	4% of Operated Sales		\$265.3	\$550.4	\$569.1	\$587.1	\$606.1	\$625.3	\$645.2	\$665.7	\$686.9
<b>Cash Flow before Taxes</b>		<b>\$7,362.7</b>	<b>\$8,694.9</b>	<b>\$8,935.2</b>	<b>\$9,435.9</b>	<b>\$9,734.3</b>	<b>\$10,049.8</b>	<b>\$10,368.4</b>	<b>\$10,697.6</b>	<b>\$11,037.7</b>	<b>\$11,389.4</b>

**Title** RD&E Cash Flow

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Medium Attraction, RD&E Optimum Scenario)

	0	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Uses</b>													
Development		39,643	59,465										
Capital Expenditure Fund				0	265	550	569	587	606	625	645	666	687
Subtotal		39,643	59,465	0	265	550	569	587	606	625	645	666	687
<b>Sources</b>													
EBITDA				7,363	8,960	9,486	10,005	10,321	10,656	10,994	11,343	11,703	12,076
Terminal Value													169,068
Subtotal		-	-	7,363	8,960	9,486	10,005	10,321	10,656	10,994	11,343	11,703	181,144
<b>Project Cash Flow</b>		<b>(39,643)</b>	<b>(59,465)</b>	<b>7,363</b>	<b>8,695</b>	<b>8,935</b>	<b>9,436</b>	<b>9,734</b>	<b>10,050</b>	<b>10,368</b>	<b>10,698</b>	<b>11,038</b>	<b>180,457</b>

Present Value of Cash Flow		
	0	
16%	\$94,779	\$94,779
12%	\$117,995	\$117,995
8%	\$149,211	\$149,211

<b>IRR of Cash Flow</b>	<b>12.5%</b>
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## Master Planning Economics

Project **Ports O' Call Redevelopment**

PFAID: **10-612**

Version **02 (Large Attraction, RD&E Target Scenario)**

**Title** Illustrative RD&E Budget

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Large Attraction, RD&E Target Scenario)

Uses	Units	Unit Cost	Cost
<b>Hard Costs</b>			
Land Preparation (Seismic, etc)		Included	
<i>F&amp;B - Large</i>	75,000	\$250 per sqft	\$18.8
<i>F&amp;B - Small</i>	15,000	\$250 per sqft	\$3.8
<i>Retail - Large</i>	30,000	\$250 per sqft	\$7.5
<i>Retail - Small</i>	15,000	\$250 per sqft	\$3.8
<i>Attraction Anchor</i>	113,933	\$250 per sqft	\$28.5
<i>Entertainment</i>	10,000	\$250 per sqft	\$2.5
<i>Back of House</i>	20,715	\$250 per sqft	\$5.2
<b>Subtotal</b>	<b>279,647</b>		<b>\$64.7</b>
Tenant Improvement Allocation	258,933	\$30 per sqft	\$36.2
On-stage Area Development	6.0	\$900,000 per acre	\$5.4
Water Area Development	7.5	\$250,000 per acre	\$1.9
Parking (Surface)	12.0	\$100,000 per acre	\$1.2
Contingency		10% of construction	\$10.9
<b>Subtotal Hard Costs</b>			<b>\$120.4</b>
<b>Soft Costs</b>			
FF&E		2.0% of construction	\$2.4
Design, PM, CM, Other Soft		12.0% of construction	\$14.4
Pre-Opening		allocation	\$1.0
Inflation Escalation		4% of construction	\$4.8
<b>Subtotal - Soft Costs</b>		<b>19%</b>	<b>\$22.7</b>
<b>Area Costs</b>			
Land			-
External Infrastructure Allocation			
Surface Parking + Implement Paid Parking			\$5.2
Sampson Way & 7th St Intersection			\$12.8
Town Square Improvements (Between 6th and 7th Streets)			\$3.8
Demolition of select exiting POC Structures <sup>1</sup>			\$2.4
Promenade-Total Length; Reduced Cost <sup>2</sup>			\$28.8
Environmental Cleanup at POC <sup>1</sup>			\$3.2
Salinas De San Pedro (Mud Flat Mitigation)			\$4.8
<b>Subtotal - Area Costs</b>			<b>\$61.0</b>
<b>Financing Costs</b>			
Debt Issuance Costs			
Capitalized Interest (during Construction)			-
<b>Subtotal - Financing Costs</b>			<b>\$0.0</b>
<b>Total (Excluding Infrastructure)</b>			<b>\$143.0</b>
<b>Total</b>			<b>\$204.0</b>

(in 000s except per capita)	Rate	Basis	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Inflation			1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34	1.38	1.43
Variable Revenue Factor			0.90	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Variable Cost Factor			1.20	1.10	1.05	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Operational Factors</b>												
<b>Leased - Available</b>	<b>30,000</b>		258,933	258,933	258,933	258,933	258,933	258,933	258,933	258,933	258,933	258,933
F&B - Large			75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
F&B - Small			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Retail - Large			30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Retail - Small			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Attraction Anchor			113,933	113,933	113,933	113,933	113,933	113,933	113,933	113,933	113,933	113,933
Entertainment			10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Occupancy	<b>98%</b>		86%	96%	98%	98%	98%	98%	98%	98%	98%	98%
<b>Leased</b>			223,933	248,933	253,933	253,933	253,933	253,933	253,933	253,933	253,933	253,933
F&B - Large			65,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
F&B - Small			10,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Retail - Large			20,000	25,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Retail - Small			10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Attraction Anchor			113,933	113,933	113,933	113,933	113,933	113,933	113,933	113,933	113,933	113,933
Entertainment			5,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Sales per Sqft (Annual)</b>	<b>Average</b>		<b>\$339</b>	<b>\$360</b>	<b>\$387</b>	<b>\$409</b>	<b>\$425</b>	<b>\$441</b>	<b>\$457</b>	<b>\$473</b>	<b>\$490</b>	<b>\$508</b>
F&B - Large			\$451	\$464	\$478	\$493	\$507	\$523	\$538	\$554	\$571	\$588
F&B - Small			\$583	\$600	\$618	\$637	\$656	\$676	\$696	\$717	\$738	\$760
Retail - Large			\$401	\$413	\$425	\$438	\$451	\$464	\$478	\$493	\$508	\$523
Retail - Small			\$355	\$366	\$377	\$388	\$400	\$412	\$424	\$437	\$450	\$463
Attraction Anchor			\$240	\$245	\$287	\$318	\$335	\$354	\$370	\$387	\$405	\$424
Entertainment			\$375	\$386	\$397	\$409	\$422	\$434	\$447	\$461	\$475	\$489
<b>Sales (Total)</b>			<b>\$75,864.7</b>	<b>\$89,535.3</b>	<b>\$98,277.7</b>	<b>\$103,813.0</b>	<b>\$107,833.2</b>	<b>\$112,022.1</b>	<b>\$116,020.6</b>	<b>\$120,180.3</b>	<b>\$124,503.5</b>	<b>\$129,006.1</b>
F&B - Large			\$29,298.7	\$34,820.4	\$35,865.0	\$36,941.0	\$38,049.2	\$39,190.7	\$40,366.4	\$41,577.4	\$42,824.7	\$44,109.5
F&B - Small			\$5,827.9	\$9,004.1	\$9,274.2	\$9,552.4	\$9,839.0	\$10,134.2	\$10,438.2	\$10,751.3	\$11,073.9	\$11,406.1
Retail - Large			\$8,013.3	\$10,317.2	\$12,752.0	\$13,134.6	\$13,528.6	\$13,934.5	\$14,352.5	\$14,783.1	\$15,226.6	\$15,683.4
Retail - Small			\$3,551.4	\$3,657.9	\$3,767.6	\$3,880.7	\$3,997.1	\$4,117.0	\$4,240.5	\$4,367.7	\$4,498.8	\$4,633.7
Attraction Anchor			\$27,300.2	\$27,876.8	\$32,644.1	\$36,210.5	\$38,202.6	\$40,302.6	\$42,149.4	\$44,093.0	\$46,133.6	\$48,285.1
Entertainment			\$1,873.2	\$3,858.9	\$3,974.7	\$4,093.9	\$4,216.7	\$4,343.2	\$4,473.5	\$4,607.7	\$4,745.9	\$4,888.3
<b>Rent per Sqft</b>	<b>Average</b>	<b>Current</b>	<b>\$2.09</b>	<b>\$2.24</b>	<b>\$2.38</b>	<b>\$2.49</b>	<b>\$2.58</b>	<b>\$2.68</b>	<b>\$2.77</b>	<b>\$2.86</b>	<b>\$2.96</b>	<b>\$3.06</b>
F&B - Large			\$3.00	\$3.10	\$3.19	\$3.28	\$3.38	\$3.48	\$3.59	\$3.70	\$3.81	\$3.92
F&B - Small			\$4.00	\$4.37	\$4.50	\$4.78	\$4.92	\$5.07	\$5.22	\$5.38	\$5.54	\$5.70
Retail - Large			\$2.75	\$3.00	\$3.10	\$3.19	\$3.28	\$3.38	\$3.48	\$3.59	\$3.70	\$3.81
Retail - Small			\$3.25	\$3.55	\$3.66	\$3.77	\$3.88	\$4.00	\$4.12	\$4.24	\$4.37	\$4.50
Attraction Anchor			\$1.08	\$1.08	\$1.07	\$1.22	\$1.35	\$1.43	\$1.51	\$1.58	\$1.65	\$1.73
Entertainment			\$2.00	\$2.19	\$2.25	\$2.32	\$2.39	\$2.46	\$2.53	\$2.61	\$2.69	\$2.77
<b>Rent (Annual)</b>			<b>\$5,623.6</b>	<b>\$6,697.5</b>	<b>\$7,255.4</b>	<b>\$7,601.2</b>	<b>\$7,873.3</b>	<b>\$8,167.0</b>	<b>\$8,442.3</b>	<b>\$8,728.0</b>	<b>\$9,024.1</b>	<b>\$9,331.7</b>
F&B - Large			\$2,343.9	\$2,785.6	\$2,869.2	\$2,955.3	\$3,043.9	\$3,135.3	\$3,229.3	\$3,326.2	\$3,426.0	\$3,528.8
F&B - Small			\$524.5	\$810.4	\$834.7	\$859.7	\$885.5	\$912.1	\$939.4	\$967.6	\$996.6	\$1,026.5
Retail - Large			\$721.2	\$928.5	\$1,147.7	\$1,182.1	\$1,217.6	\$1,254.1	\$1,291.7	\$1,330.5	\$1,370.4	\$1,411.5
Retail - Small			\$426.2	\$438.9	\$452.1	\$465.7	\$479.7	\$494.0	\$508.9	\$524.1	\$539.9	\$556.0
Attraction Anchor			\$1,476.7	\$1,463.9	\$1,673.5	\$1,851.9	\$1,951.5	\$2,067.5	\$2,159.8	\$2,257.0	\$2,359.0	\$2,466.6
Entertainment			\$131.1	\$270.1	\$278.2	\$286.6	\$295.2	\$304.0	\$313.1	\$322.5	\$332.2	\$342.2
<b>Occupancy Ratio</b>	<b>Average</b>											
F&B - Large			8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
F&B - Small			9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Retail - Large			9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Retail - Small			12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Attraction Anchor				5.4%	5.3%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Entertainment			7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
<b>Revenue</b>												
Leased Sales			75,864.7	89,535.3	98,277.7	103,813.0	107,833.2	112,022.1	116,020.6	120,180.3	124,503.5	129,006.1
Minimum Rents			5,623.6	6,697.5	7,255.4	7,601.2	7,873.3	8,167.0	8,442.3	8,728.0	9,024.1	9,331.7
Overage Percentage Rents	5% of Minimum Rent		281.2	334.9	362.8	380.1	393.7	408.3	422.1	436.4	451.2	466.6
Other Revenues	10% of Minimum Rent		562.4	669.7	725.5	760.1	787.3	816.7	844.2	872.8	902.4	933.2
CAM/Expense Reimbursements	40% of rent		2,249.4	2,679.0	2,902.2	3,040.5	3,149.3	3,266.8	3,376.9	3,491.2	3,609.6	3,732.7
Subtotal			8,716.5	10,381.1	11,245.9	11,781.9	12,203.6	12,658.8	13,085.6	13,528.3	13,987.4	14,464.1

<b>Leased Expenses</b>											
Property Operations	12% of Leased Rent	809.8	884.1	914.2	912.1	944.8	980.0	1,013.1	1,047.4	1,082.9	1,119.8
Real Estate Taxes	12% of Leased Rent	809.8	884.1	914.2	912.1	944.8	980.0	1,013.1	1,047.4	1,082.9	1,119.8
Repairs and Maintenance	2% of Leased Rent	135.0	147.3	152.4	152.0	157.5	163.3	168.8	174.6	180.5	186.6
General & Administrative	2% of Leased Rent	135.0	147.3	152.4	152.0	157.5	163.3	168.8	174.6	180.5	186.6
Marketing & Promotions	5% of Leased Rent	337.4	368.4	380.9	380.1	393.7	408.3	422.1	436.4	451.2	466.6
Land Lease	10% of Leased Rent	674.8	736.7	761.8	760.1	787.3	816.7	844.2	872.8	902.4	933.2
Subtotal	43%	2,901.8	3,167.9	3,275.8	3,268.5	3,385.5	3,511.8	3,630.2	3,753.0	3,880.4	4,012.6
<b>Other Expenses</b>											
Brokerage Commissions / Other	3% of Leased Rent	168.7	200.9	217.7	228.0	236.2	245.0	253.3	261.8	270.7	279.9
Subtotal		168.7	200.9	217.7	228.0	236.2	245.0	253.3	261.8	270.7	279.9
<b>EBITDA</b>		<b>\$5,646.0</b>	<b>\$7,012.3</b>	<b>\$7,752.4</b>	<b>\$8,285.3</b>	<b>\$8,581.9</b>	<b>\$8,902.0</b>	<b>\$9,202.1</b>	<b>\$9,513.5</b>	<b>\$9,836.3</b>	<b>\$10,171.5</b>
<b>Operating Margin</b>		<b>65%</b>	<b>68%</b>	<b>69%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>
<b>Capital Expenditure Fund</b>											
Fund	4% of Operated Sales		\$207.6	\$449.8	\$471.3	\$488.1	\$506.4	\$523.4	\$541.1	\$559.5	\$578.6
<b>Cash Flow before Taxes</b>		<b>\$5,646.0</b>	<b>\$6,804.6</b>	<b>\$7,302.6</b>	<b>\$7,814.0</b>	<b>\$8,093.8</b>	<b>\$8,395.7</b>	<b>\$8,678.7</b>	<b>\$8,972.3</b>	<b>\$9,276.8</b>	<b>\$9,592.9</b>

**Title** RD&E Cash Flow

Project **Ports O' Call Redevelopment**

PFAID: 10-612

Version 02 (Large Attraction, RD&E Target Scenario)

	0	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Uses</b>													
Development		57,214	85,820										
Capital Expenditure Fund				0	208	450	471	488	506	523	541	559	579
Subtotal		57,214	85,820	0	208	450	471	488	506	523	541	559	579
<b>Sources</b>													
EBITDA				5,646	7,012	7,752	8,285	8,582	8,902	9,202	9,513	9,836	10,171
Terminal Value													142,401
Subtotal		-	-	5,646	7,012	7,752	8,285	8,582	8,902	9,202	9,513	9,836	152,572
<b>Project Cash Flow</b>		<b>(57,214)</b>	<b>(85,820)</b>	<b>5,646</b>	<b>6,805</b>	<b>7,303</b>	<b>7,814</b>	<b>8,094</b>	<b>8,396</b>	<b>8,679</b>	<b>8,972</b>	<b>9,277</b>	<b>151,994</b>

Present Value of Cash Flow		
	0	
15%	\$83,749	\$83,749
10%	\$111,032	\$111,032
8%	\$125,148	\$125,148

<b>IRR of Cash Flow</b>	<b>5.2%</b>
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