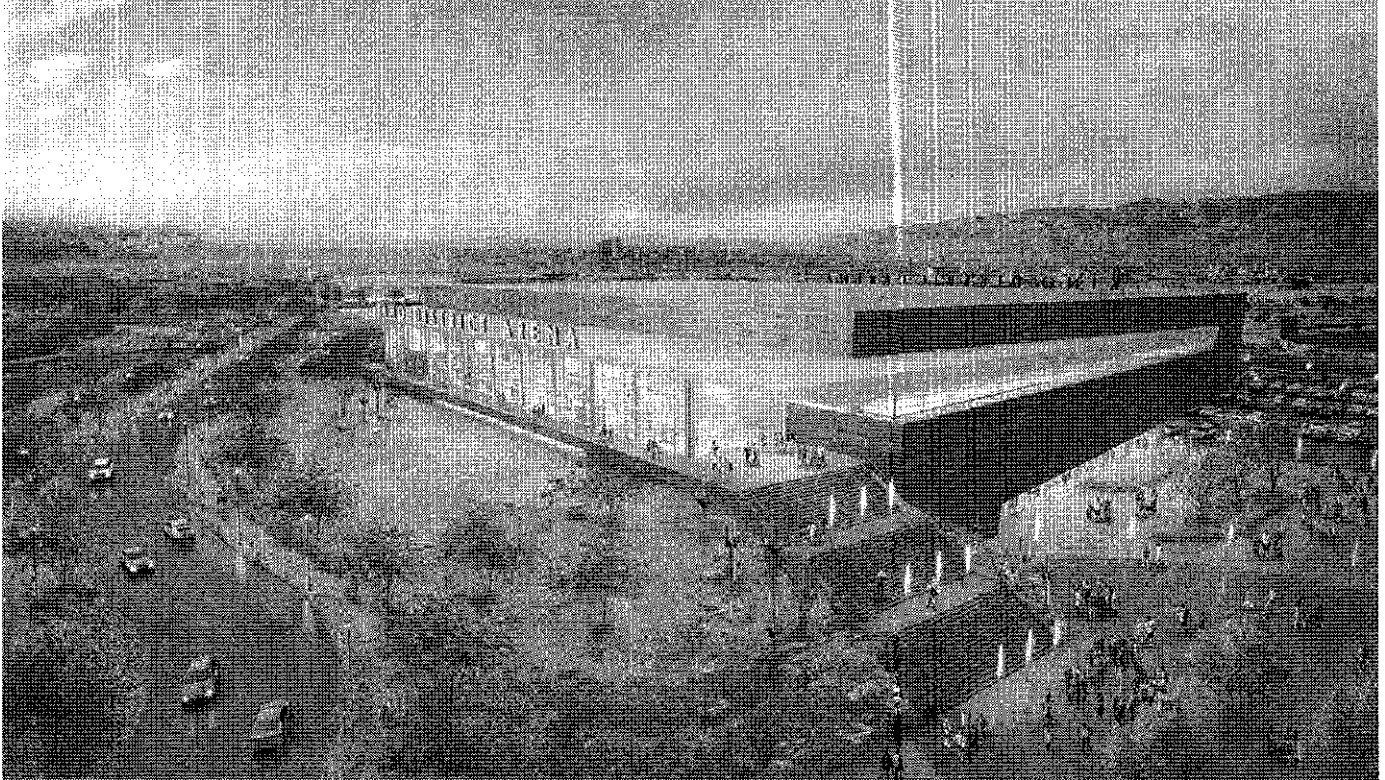


KINO DISTRICT ARENA

KINO DISTRICT ARENA

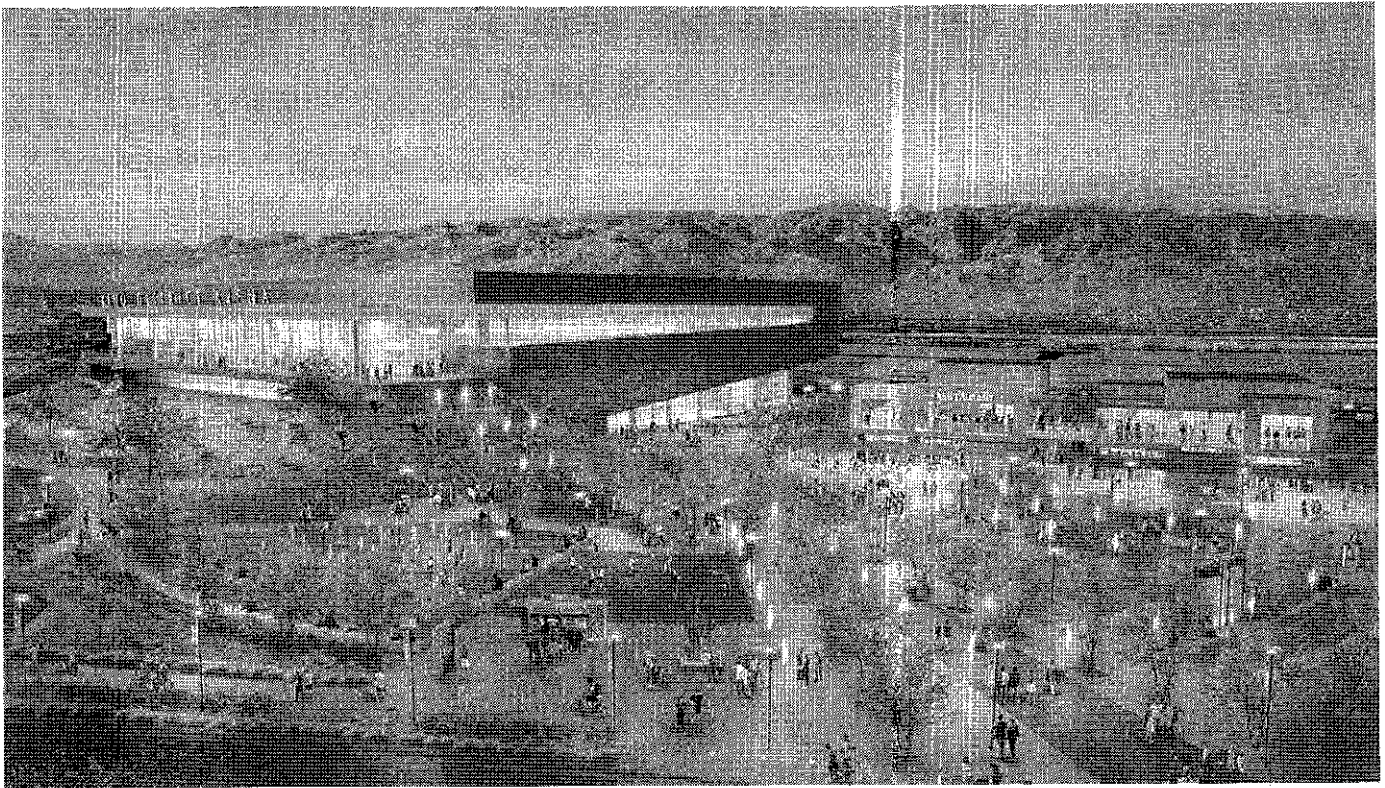


Kino District Arena ("Arena") is a 6,000-seat multipurpose event facility with a maximum projected capacity of 8,000 for center stage events. Designed as a state-of-the-art facility, the Arena will include the necessary infrastructure capacity to handle modern touring productions, indoor athletic events and staged speaking events.

To further its position as Kino District's center point, tied to the Arena by design is a sprawling event plaza ("Arena Event Plaza"). Centrally situated between all anchor elements, within walking distance of Kino District's commercial and hospitality components and accessible via the Loop, the Arena Event Plaza promises to become an epicenter of activity. Incorporating splash pads, public spaces, proximity to the Kino South Complex, and an eventual connection to the Kino North Complex, the Arena Event Plaza promotes the essence of Kino District – community gathering tied to an active, healthy lifestyle. Mirroring the accessible, open space aesthetic and sense of place permeating throughout Kino District, the Arena Event Plaza will inspire informal gatherings as well hosting public musical performances and art displays.

KINO DISTRICT ARENA RATIONALE

Knott Development is aware that the presence of the Tucson Convention Center Arena ("TCC Arena"), may engender a viewpoint that the Arena represents a superfluous addition to the local market. While potentially feasible on its face, a closer examination renders that conclusion premature. The TCC Arena's existing functionality, the desirability for, and utility of, a fully composed sports and entertainment-focused lifestyle development and the opportunity to cross and co-market both facilities provides a compelling rationale.



Aerial view of the Arena Event Plaza from the southern portion of Kino District Commercial

TCC ARENA FUNCTIONALITY

The TCC Arena faces several obstacles to modern functionality, regardless of prior upgrades. Among these are an amenity-challenged atmosphere and production constraints. Functionality constraints are, however, only natural for a facility of the TCC Arena's age, design and physical connection to the Tucson Convention Center complex. The TCC Arena, as compared to the Arena, is and will continue to be stymied in recruiting many of the modern touring productions. This remains so, despite the renovations and upgrades to the convention and performing arts assets associated with other areas of the Tucson Convention Center complex (and which are not applicable to the TCC Arena). The consequence is that the Tucson and overall Southern Arizona markets suffer from a lack of arena-oriented entertainment options.

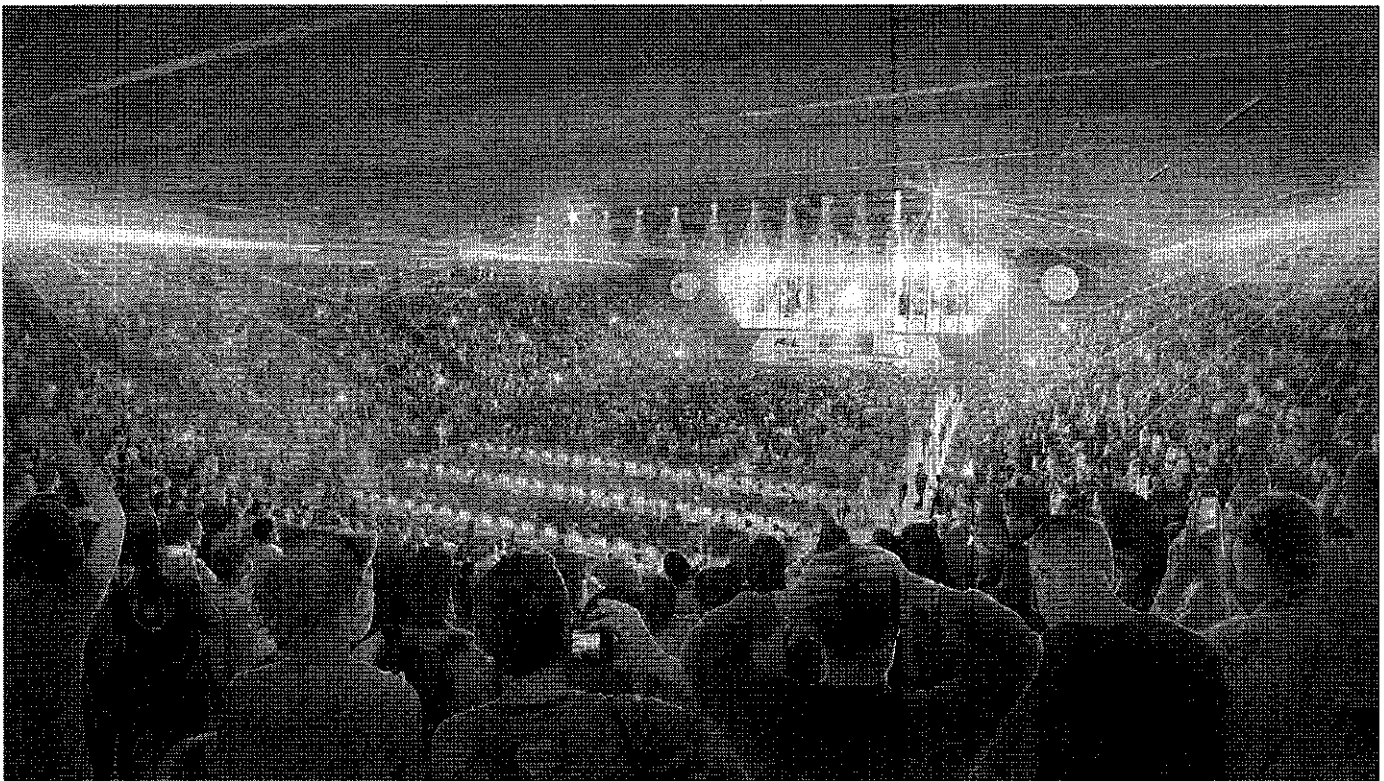
The disparity between the Arena and the TCC Arena represents a market gap that can be successfully filled by both venues. Due to its production and attendance amenities (i.e., rigging and production flexibility, multiple seating configurations, diverse seating types, facility layout and Kino District location) the Arena will attract a different segment of the touring and production events industry. The Arena does not need to cannibalize the TCC Arena's ability to attract its current, and targeted, events and productions. Due to the capabilities difference existing between the facilities, there lies an opportunity for both the Arena and the TCC Arena to form a recruitment and scheduling partnership in order to diversify entertainment options for the community, expand their market penetration, avoid conflicts and achieve robust occupancy levels. To accomplish this, Knott Development will seek to engage with the City, Rio Nuevo and TCC Arena management. Our focus will be, as it is with each element of Kino District, creating joint opportunities whereby both facilities not only thrive, but create an enhanced scope of service to the local and regional markets.

KINO DISTRICT DEVELOPMENT COMPOSITION

In addition to filling an existing market gap, the Arena fulfills an aspect of Kino District's development composition. From the entertainment and athletics standpoints, the Arena adds an important layer to Kino District's overall configuration and programming. With Kino District's unique facility integration plan, a multipurpose entertainment facility such as the Arena provides balance to other amenities and functions.

With the infrastructure offered by the Iceplex and the Field House, the Arena represents the perfect compliment. The Arena serves as a viable athletic venue and surface for the expansion of Kino District's ability to draw athletic events. For example, national basketball, volleyball, Futsal, e-sports and other large-scale tournaments require both minor and major venues to manage team, bracket and schedule loads. Moreover, the ability to differentiate final and championship tournament rounds within an arena setting satisfies tournament sponsors' need for attendance volume capability. As was noted in our May 18, 2021 letter to the County Administrator, the Iceplex can be converted into 4 basketball or volleyball courts as well as 3 Futsal or indoor lacrosse surfaces. When combined with the Arena as a championship venue, the total athletic surfaces available within Kino District include 12 basketball courts, 20 volleyball courts, 11 indoor lacrosse fields and 4 Futsal surfaces. The athletic tournament scale and diversity enabled by the Arena will set Kino District apart from other major metropolitan tournament complexes.

Simultaneously with the enhancement of Kino District's athletic tourism-based programming, the Arena likewise augments the development's consumer experience. With the ability to showcase tournament events and touring productions, the Arena adds to the site-available entertainment options. With its Kino District central location and proximity to surrounding athletic facilities, the Arena serves as a valuable resource for all Kino Sports & Entertainment Complex visitors, local or tourist. Finally, the Arena provides a unique local, regional and tourist draw for Kino District commercial and hospitality assets. Whether a dining or retail establishment or an on-site hotel, the Arena promotes the inherent all-inclusive concept associated with lifestyle developments.



Arena configuration for major e-sports events

KINO DISTRICT - TCC ARENA MARKETING OPPORTUNITIES

In conjunction with the Arena's and the TCC Arena's ability to partner on the type and schedule of touring productions, there exists an opportunity to cross market and co-market the facilities. In each case, both the volume of, and attendance at, events produces prodigious long-term results from the collaboration.

As demonstrated in the *Kino District Iceplex*, *Kino District Field House* and *Economic Development* sections of this Business Plan, Kino District will significantly increase tourism within the region. One specific beneficiary will be the downtown Tucson area as hotel room nights linked to Kino District tournament event are delivered. Fostering in excess of 50,000 hotel room nights annually, Kino District will generate an entirely new audience for TCC Arena events. Coordination between the Arena and TCC Arena ownership and management will ensure that TCC Arena events coincide with Iceplex, Field House and Arena-based tournaments to provide post-athletic entertainment. Conversely, as the TCC Arena serves as host for TCC Arena-specific or convention-related events (i.e., the Tucson Gem Show), cross marketing between the facilities enhances their respective operational and economic development opportunity.

In tandem with cross marketing efforts, co-marketing the Arena and the TCC Arena will expand the breadth of event opportunities for the region's benefit. In this manner, the Arena would serve to compliment the Tucson Convention Center complex's recruitment of convention and other multiple facility convention and event organizers. Collaboration between the facility management groups and the promotion of a dual arena city environment would materially increase the volume of tourism and economic development impact for the region. As Knott Development proceeds into the predevelopment phase under the MDPA, we look forward to exploring all of the marketing partnership options available between the Arena and the TCC Arena.

KINO DISTRICT OFF-SITE HOTEL IMPACT

DOWNTOWN HOTEL DEMAND FROM KINO DISTRICT TOURNAMENTS

	2023-2032	2033-2042	2043-2052	2053-2062
ICEPLEX NATIONAL HOCKEY TOURNAMENTS				
Downtown Hotel Room Nights	62,496	57,600	57,600	57,600
ICEPLEX REGIONAL/INVITATION TOURNAMENTS				
Downtown Hotel Room Nights	6,864	4,800	4,800	4,800
FIELD HOUSE BASKETBALL TOURNAMENTS				
Downtown Hotel Room Nights	205,416	177,120	177,120	177,120
FIELD HOUSE VOLLEYBALL TOURNAMENTS				
Downtown Hotel Room Nights	282,240	253,440	253,440	253,440
FIELD HOUSE INDOOR LACROSSE TOURNAMENTS				
Downtown Hotel Room Nights	85,200	62,400	62,400	62,400
TOTAL ROOM NIGHTS	642,216	555,360	555,360	555,360

Per year downtown hotel demand projections can be found in the Financial Appendix accompanying this Business Plan

FACILITY MANAGEMENT

Knott Development is in substantive discussions and negotiations with an experienced management group to manage the Arena ("Arena Management"). Based on the present status of negotiations, Arena Management is expected to lease the Arena on a triple net basis. Under the contemplated lease, Arena Management will be responsible for all revenue generation, facility repair and maintenance as well as operating expenses. In return, Arena Management will retain all Arena revenues except for a lease payment to Knott Development that is comprised of the Arena's portion of the Kino District Financing, applicable Arena property taxes and a lease fee to be shared by Knott Development and the County. Knott Development will conclude negotiations with Arena Management during the predevelopment phase under the MDPA.

As a representation of the lease payment to Knott Development, below are decade-based cash flow projections representing prospective payments by Arena Management under its triple net lease. Per year cash flow projections for the lease payment can be found in the Financial Appendix that accompanies this Business Plan.

KDEV KINO DISTRICT ARENA OPERATIONS LLC

CASH FLOW PROJECTIONS

	2023-2032	2033-2042	2043-2052	2053-2062
REVENUE				
Managed Programming Revenue	\$71,955,040	\$109,365,477	\$132,018,171	\$112,176,869
TOTAL REVENUE	\$71,955,040	\$109,365,477	\$132,018,171	\$112,176,869
EXPENSES				
Property Taxes	\$20,286,420	\$31,232,738	\$38,072,534	\$46,410,206
TOTAL EXPENSES	\$20,286,420	\$31,232,738	\$38,072,534	\$46,410,206
NET CASH FLOW	\$51,668,620	\$78,132,738	\$93,945,637	\$65,766,663

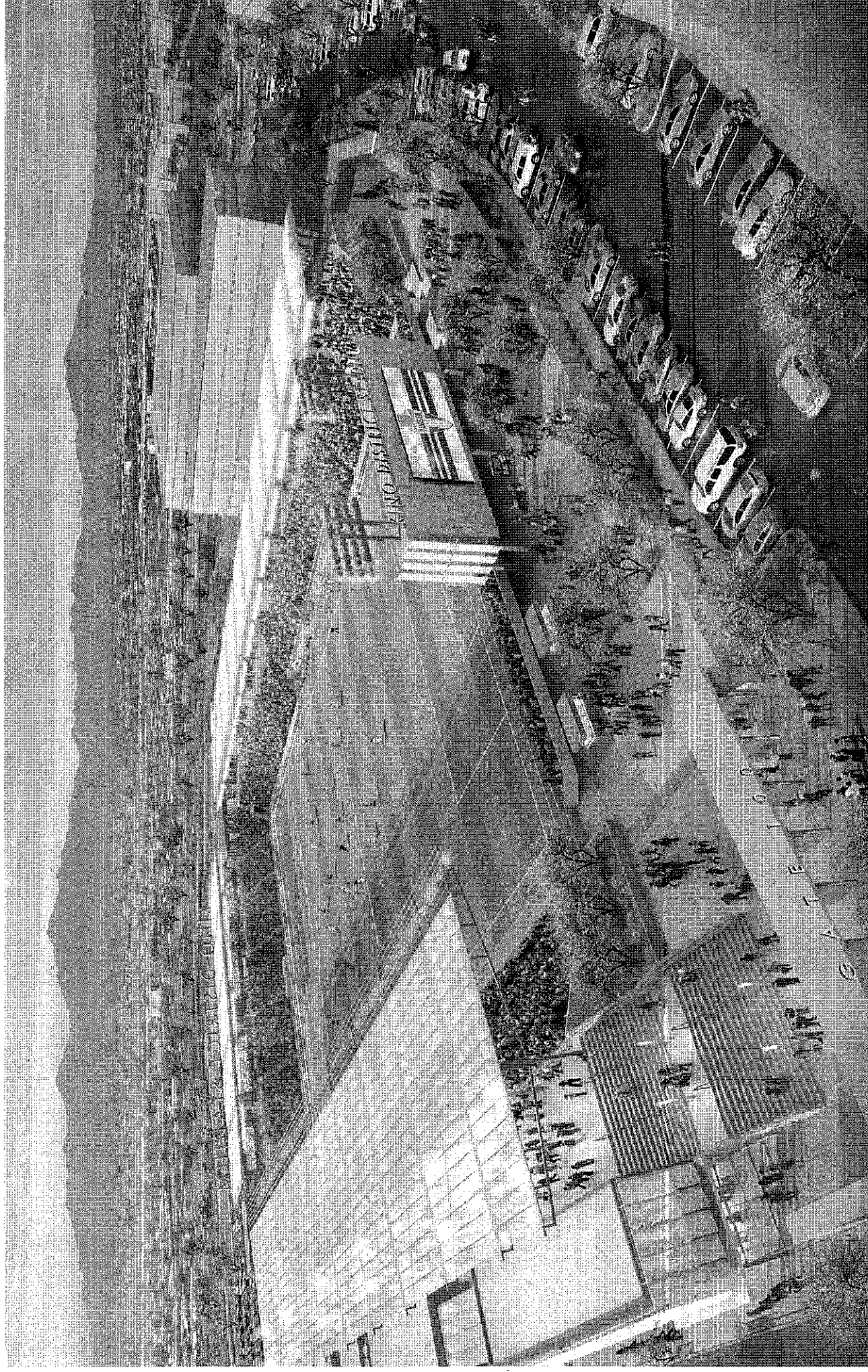
CAPITAL MAINTENANCE PLANNING

To proactively address capital maintenance costs, Knott Development will retain Sightlines, a nationally recognized facilities condition assessment and indexing consultant. Sightlines will provide Knott Development, the County and Arena Management with multiyear projections of the anticipated Arena capital expenditure schedule upon opening. Thereafter, on a periodic basis (usually every five years), Sightlines will produce an updated facilities condition assessment and index in order that Arena Management, Knott Development and the County can appropriately plan for additional reserves from cash flow to address capital expenditures on both a proactive and measured basis.



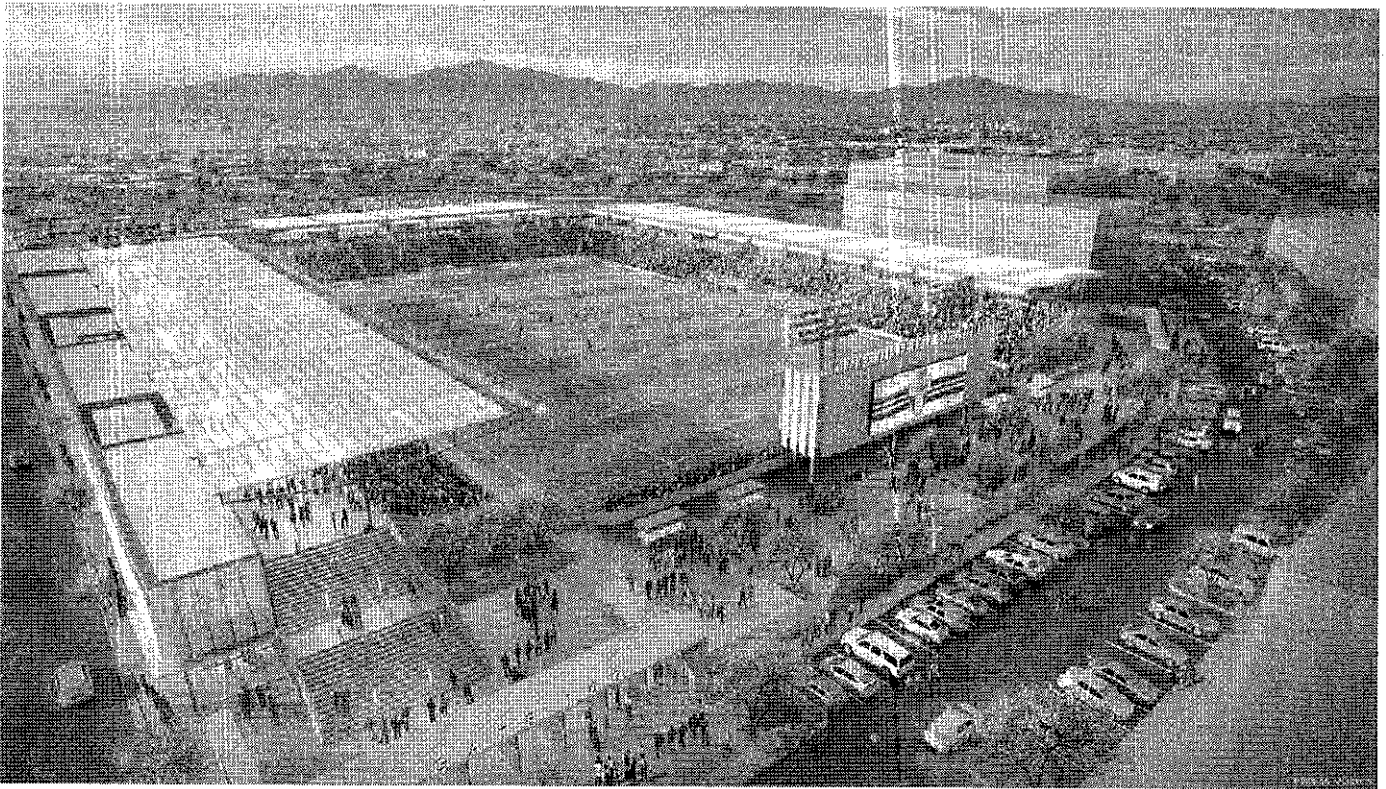
Arena configuration for major basketball events

Notwithstanding Arena Management's responsibility for all aspects of Arena routine and capital maintenance expenditures, Knott Development realizes that circumstances arise where unexpected capital expenditures outstrip planning and reserves. These can manifest themselves in the form of catastrophic and immediate systems failure as well as due to premature system end of life events. Either circumstance has the propensity to eclipse ongoing and accumulated maintenance reserves. To proactively plan for these events, Knott Development incorporates additional funding capacity within its capitalization structure. Pursuant to its lease with Arena Management, Knott Development's contribution of emergency funds towards Arena capital expenditures results in an adjustment to the Arena lease rate. Recovery of its emergency contributions is obtained over an extended period. In this manner, the unexpected and unavoidable systems failure has a remedial financial mechanism, but one that does not impair the operations or financial wherewithal of Arena operations and the resulting servicing of Kino District Financing. Moreover, it saves from interruption the cash flow to the County and Knott Development.



KINO DISTRICT STADIUM

KINO DISTRICT STADIUM



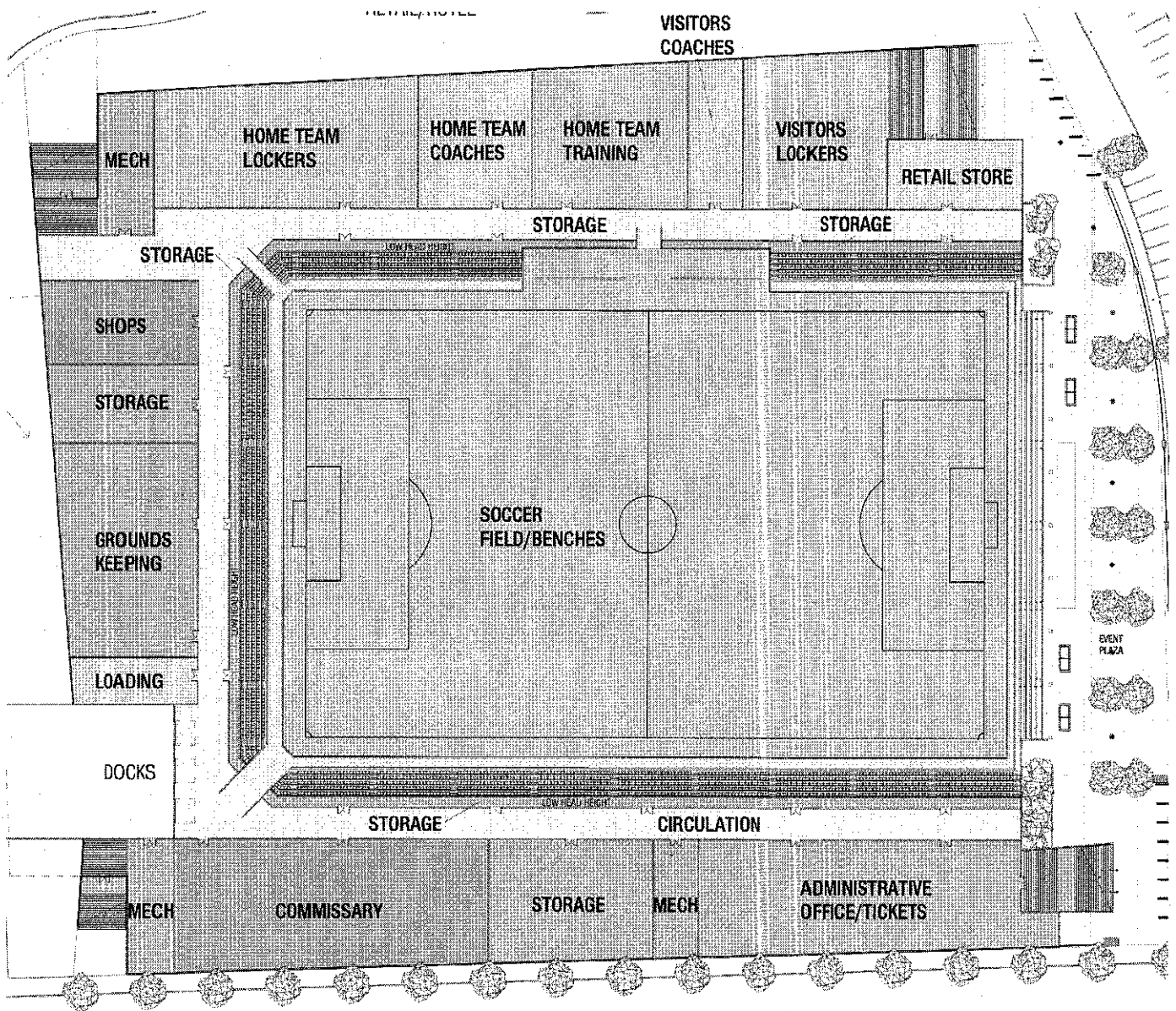
Kino District Stadium (the “Stadium”) is an 8,000-seat, outdoor, multipurpose facility with a maximum projected capacity of 10,000 for surface-enabled events. The Stadium is designed as a state-of-the-art multipurpose facility, capable of handling outdoor festivals and concerts, multiple sporting events and modern outdoor touring production.

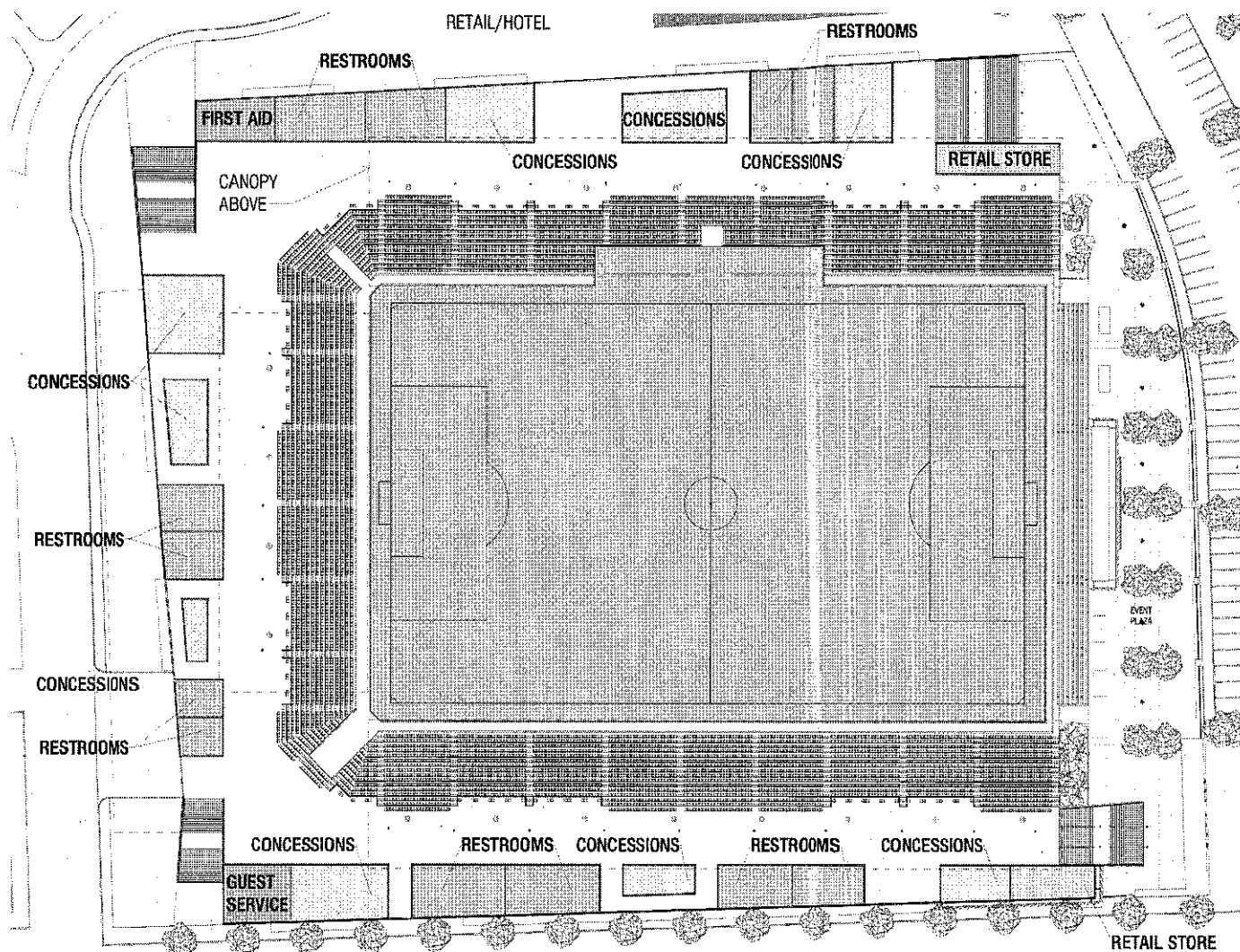
Knott Development anticipates coordinating with the Stadium District and team ownership in order that the Stadium becomes the home of FC Tucson. In a similar vein, Knott Development will be working with Stadium Management to finalize a co-hosting arrangement with the Stadium District to expand Kino South Complex and Kino North Complex rugby and soccer programming while adding professional and amateur lacrosse to the Stadium’s offerings. Adding to the Stadium’s coordination efforts, Knott Development and Stadium Management anticipate working with the Stadium District to determine other Kino North Complex events that would benefit from relocation in order to better expand and match the Stadium District’s sports-related programming at existing facilities.

Similar to the Iceplex, Field House and Arena, the Stadium empties into both dining and retail components of Kino District Commercial and incorporates a Stadium-specific event plaza for community and event gatherings. In addition to its adjacent dining and retail amenities, the Stadium is well integrated with the rest of Kino District. Designed as a walkable attraction from all other Kino District elements, the Stadium and the Julian Wash Event Plaza sit adjacent to a convenient junction of the Loop, and the Campbell Benson Development. As a result, linkage between the Stadium and Kino District support elements is promoted between Kino District, private and abutting developments, existing County amenities and community gathering spaces.

STADIUM DESIGN AND COMPOSITION

With the volume of tournament guests anticipated within Kino District and those attending events at Kino South Complex, a fully-composed site and programming plan requires entertainment options. Once more, for residents, Knott Development envisioned a destination site that accommodated a need for additional entertainment options on a weekly basis as both a compliment and alternative to other available market offerings. Lastly, a unique facility integration plan required an outdoor multipurpose facility to balance other amenities and functions of the overall Kino District development.





FACILITY MANAGEMENT

Knott Development is in substantive discussions and negotiations with an experienced management group to manage the Stadium ("Stadium Management"). Based on the present status of negotiations, Stadium Management is expected to lease the Stadium on a triple net basis. Under the contemplated lease, Stadium Management will be responsible for all revenue generation, facility repair and maintenance as well as operating expenses. In return, Stadium Management will retain all Stadium revenues except for a lease payment to Knott Development that is comprised of the Stadium's portion of the Kino District Financing, applicable Stadium property taxes and a lease fee to be shared by Knott Development and the County. Knott Development will conclude negotiations with Stadium Management during the MDPAs predevelopment phase.

As a representation of the lease payment to Knott Development, below are decade-based cash flow projections representing prospective payments by Stadium Management under its triple net lease. Per year cash flow projections for the lease payment can be found in the *Financial Appendix* that accompanies this Business Plan.

KDEV KINO DISTRICT STADIUM OPERATIONS LLC

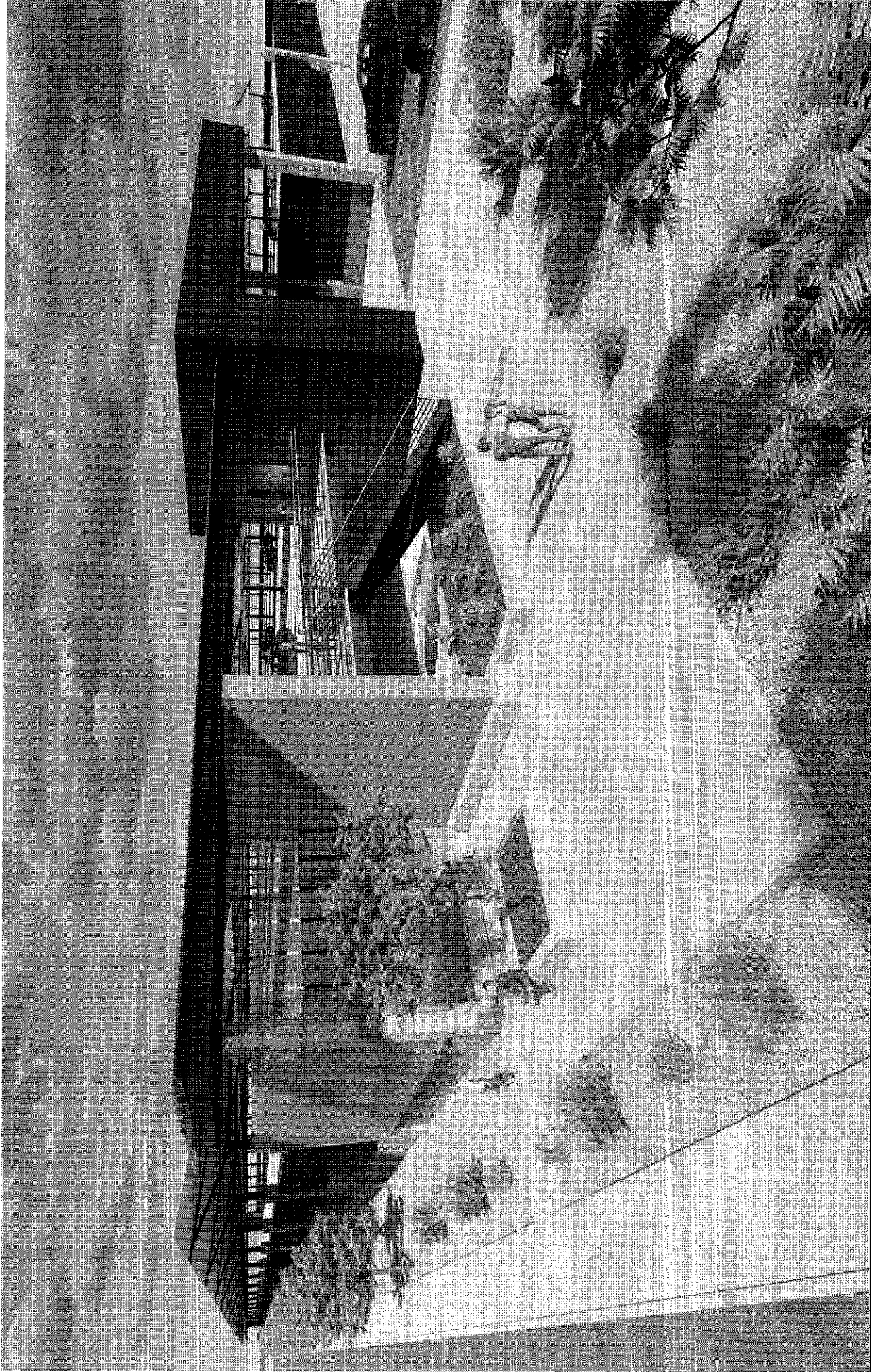
CASH FLOW PROJECTIONS

	2023-2032	2033-2042	2043-2052	2053-2062
REVENUE				
Managed Programming Revenue	\$63,100,671	\$96,958,200	\$116,917,783	\$103,687,168
TOTAL REVENUE	\$63,100,671	\$96,958,200	\$116,917,783	\$103,687,168
EXPENSES				
Property Taxes	\$17,560,544	\$27,599,058	\$33,643,097	\$41,010,748
TOTAL EXPENSES	\$17,560,544	\$27,599,058	\$33,643,097	\$41,010,748
NET CASH FLOW	\$45,540,126	\$69,359,143	\$83,274,686	\$62,676,421

Annual Stadium operational cash flow projections appear in the *Financial Appendix* accompanying this Business Plan

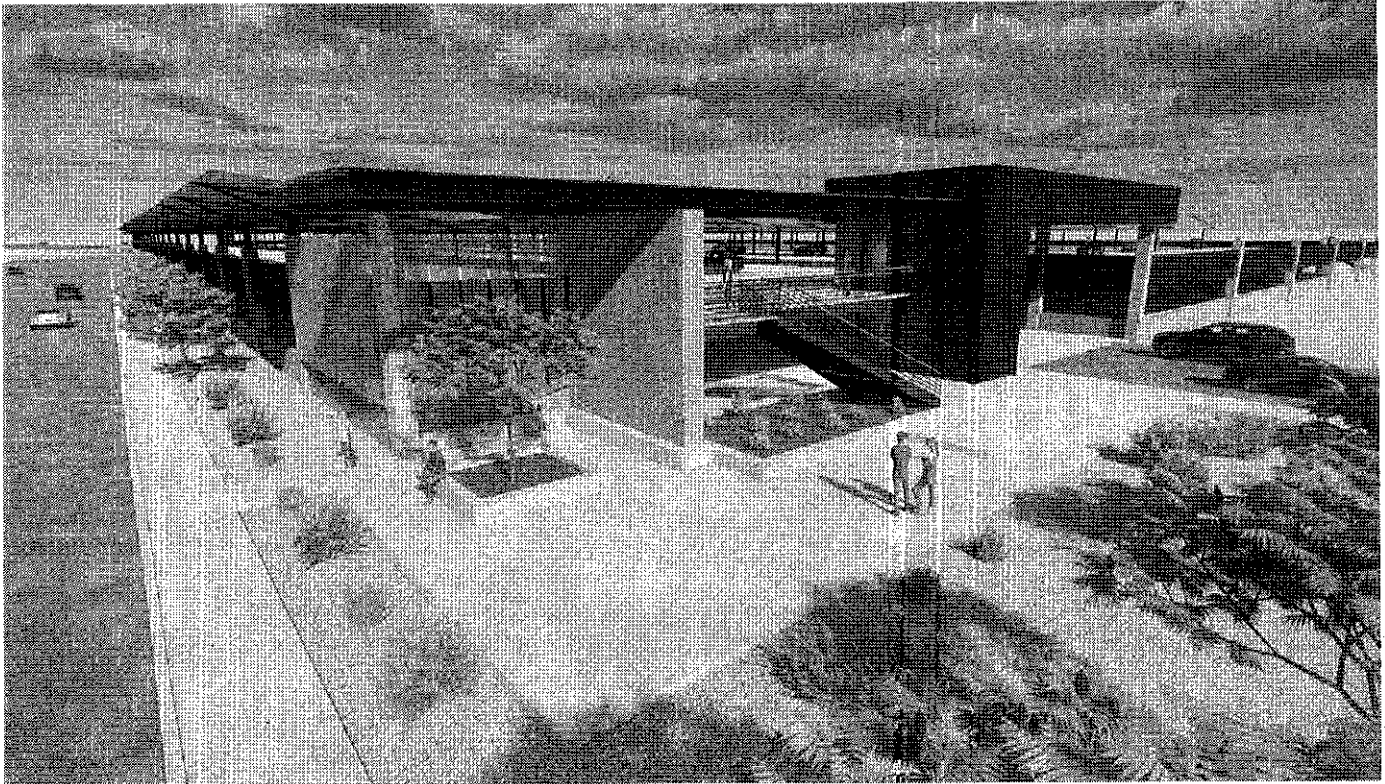
CAPITAL MAINTENANCE PLANNING

To proactively address capital maintenance costs, Knott Development will retain Sightlines, a nationally recognized facilities condition assessment and indexing consultant. Sightlines will provide Knott Development, the County and Stadium Management with multiyear projections of the anticipated Stadium capital expenditure schedule upon opening. Thereafter, on a periodic basis (usually every 5 years), Sightlines will produce an updated facilities condition assessment and index in order that Stadium Management, Knott Development and the County can appropriately plan for additional reserves from cash flow to address capital expenditures on both a proactive and measured basis. Notwithstanding Stadium Management's responsibility for all aspects of Stadium routine and capital maintenance expenditures, Knott Development realizes that circumstances arise where unexpected capital expenditures outstrip planning and reserves. These can manifest themselves in the form of catastrophic and immediate systems failure as well as due to premature system end of life events. To proactively plan for these events, Knott Development incorporates additional funding capacity within its capitalization structure. Pursuant to its lease with Stadium Management, Knott Development's contribution of emergency funds towards Stadium capital expenditures results in an adjustment to the Stadium lease rate. Recovery of its emergency contributions is obtained over an extended period. In this manner, the unexpected and unavoidable systems failure has a remedial financial mechanism, but one that does not impair the operations or financial wherewithal of Stadium operations and the resulting servicing of Kino District Financing. Moreover, it saves from interruption the cash flow to the County and Knott Development.



KINO DISTRICT PARKING GARAGE

KINO DISTRICT PARKING GARAGE

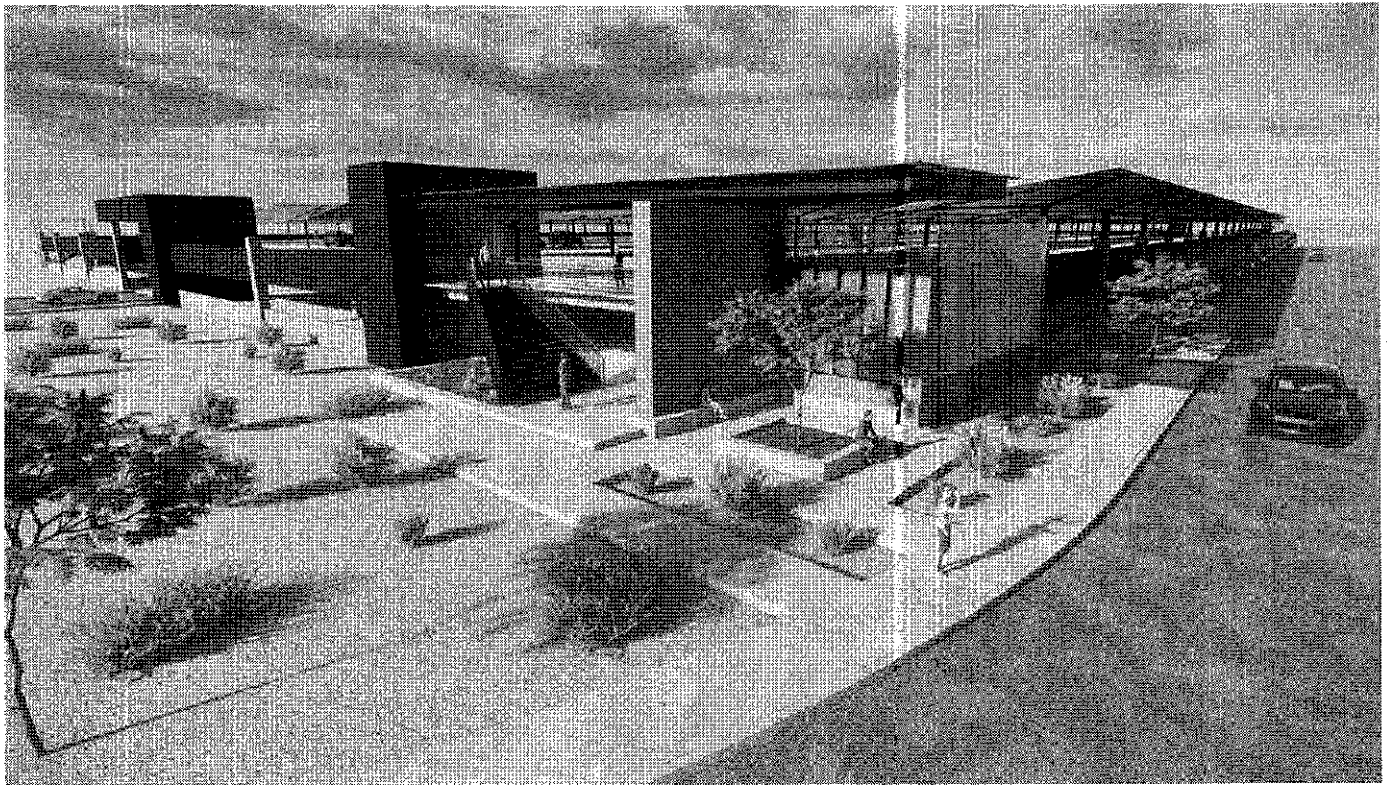


KINO DISTRICT PARKING PLAN

KINO DISTRICT PARKING GARAGE

Kino District Parking Garage (the "Parking Garage") is a stand-alone facility servicing both Kino District and Kino South Complex. With 2,000 stalls and engineered to accommodate additional capacity if site attendance patterns dictate, the Parking Garage will enable the Kino District parking plan to efficiently (along with substantial surface parking) manage major event traffic loads, even with simultaneous events at other Kino District's anchor facilities (Iceplex, Field House, Arena and Stadium) and Kino South Complex. Knott Development's site design for Kino District promotes walkable access from the Parking Garage to all other Kino District elements as well as Kino South Complex amenities. In keeping with Kino District's environmentally sustainable design, the Parking Garage will incorporate solar parking canopies on its elevated level generating power sufficient for all Parking Garage consumption requirements as well as diverting excess power to other Kino District anchor elements.

Included with the development and construction of the Parking Garage will be Knott Development's contribution of a minimum of \$5 million from the Kino District Financing to assist the County with the development and construction of a limited use underpass beneath I-10, connecting Kino South Complex and Kino North Complex. Once final development and construction costs for the underpass are finalized, Knott Development will add as much of the total underpass costs to its Parking Garage financing as is permissible. Payments within the Parking Garage's lease structure will cover the costs associated with providing Knott Development's contribution.



KINO DISTRICT PARKING ECONOMIC MODEL

The Parking Garage economic model is premised on a weekend-only charging system. The proposed fee structure would be employed across Kino District and the Kino South Complex in order to avoid consumers utilizing free lots to the detriment of the Parking Garage's financial performance. Under this methodology, all parking stalls, including the Parking Garage, will be free of charge on weekdays. With parking charges only incurred on weekends, local customers will be less impacted than under a daily pricing model. Given the attendance volume for Iceplex and Field House tournaments, in addition to that of Kino South Complex, a substantial portion of parking fees will be absorbed by visitors. For the local consumer, the optics of the weekend charging system are more palatable. Furthermore, for those local residents that incur weekend charges, an understanding is expected of the need to incur a modest parking fee during high traffic periods in order to pay for enhanced facilities and infrastructure.

In this model, Knott Development projects a fee structure of \$3 for every two hours of parking on Saturdays and Sundays within Kino District or Kino South Complex. Assumptions include a use rate of 85% of Parking Garage capacity given its dual use by Kino District and Kino South Complex. For surface stalls, a usage rate of 75% of surface capacity was utilized to account for the ebb and flow of events within Kino District on any given weekend.

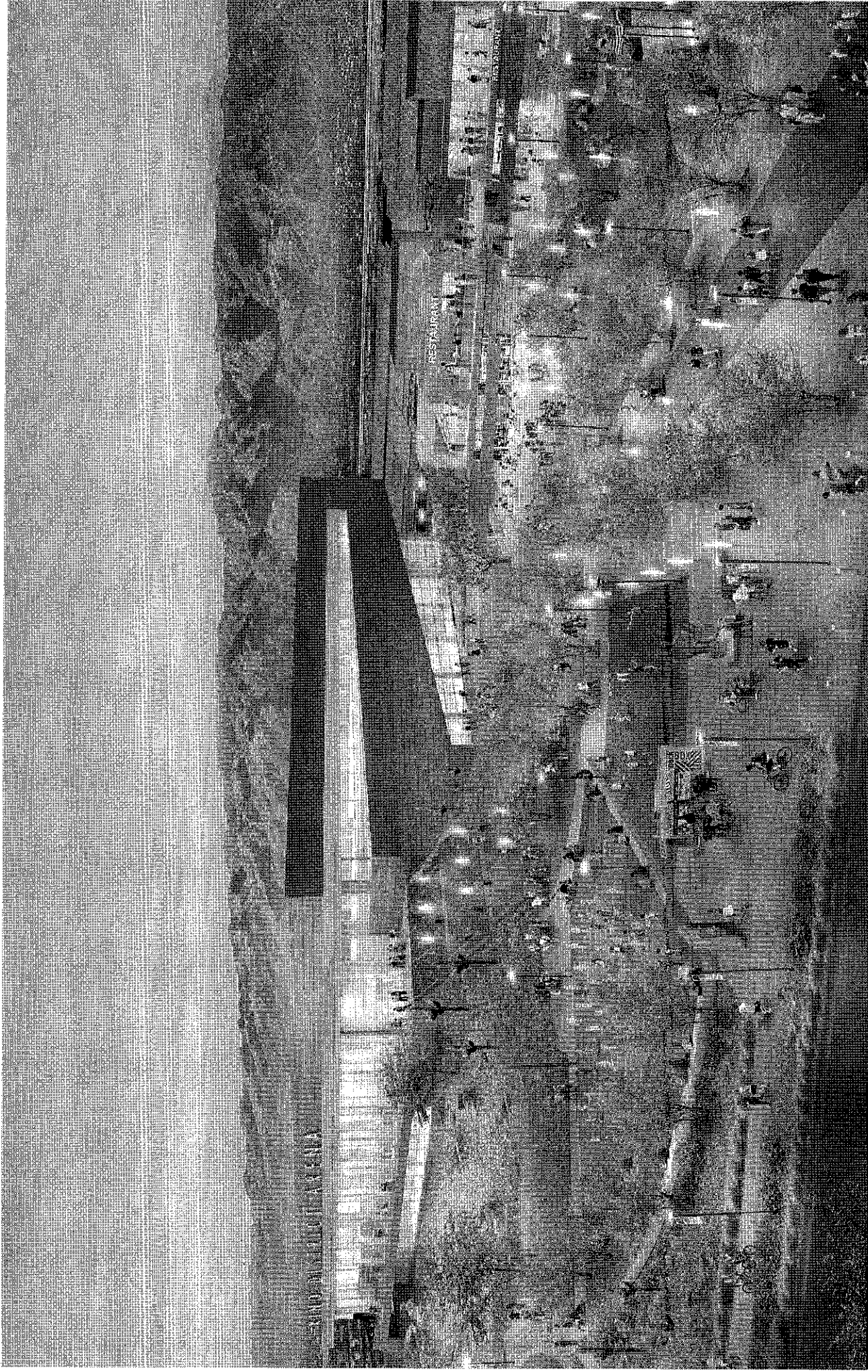
KINO DISTRICT PARKING GARAGE REVENUE						
WEEKEND PARKING GARAGE ASSUMPTIONS						
STALLS	RATE	HOURS/RATE	TOTAL HOURS	USERS/STALL	USE RATE	DAILY USERS
2,000	\$3.00	2	18	9	0.85	15,300
WEEKEND SURFACE PARKING ASSUMPTIONS						
STALLS	RATE	HOURS/RATE	TOTAL HOURS	USERS/STALL	USE RATE	DAILY USERS
3,523	\$3.00	2	18	9	0.75	23,780
TOTAL PARKING REVENUE						
PARKING GARAGE			SURFACE PARKING			
WEEKEND PARKING REVENUE	\$45,900		WEEKEND PARKING REVENUE	\$71,341		
WEEKEND REVENUE/MONTH	\$183,600		WEEKEND REVENUE/MONTH	\$285,363		
WEEKEND REVENUE/YEAR	\$2,295,000		WEEKEND REVENUE/YEAR	\$3,567,038		
TOTAL PARKING REVENUE \$5,862,038						

KDEV KINO DISTRICT PARKING OPERATIONS LLC

CASH FLOW PROJECTIONS

	2023-2032	2033-2042	2043-2052	2053-2062
REVENUE				
Parking Garage Revenue	\$18,392,780	\$28,866,022	\$35,187,520	\$42,893,391
Surface Parking Revenue	\$28,587,245	\$44,865,434	\$54,690,713	\$66,667,674
TOTAL REVENUE	\$46,980,025	\$73,731,456	\$89,878,234	\$109,561,065
EXPENSES				
Pima County Management Fee	\$2,349,001	\$3,686,573	\$4,493,912	\$5,478,053
Property Taxes	\$7,339,584	\$11,535,269	\$14,061,429	\$17,140,803
Utilities	\$2,038,933	\$3,199,945	\$3,900,715	\$4,754,950
Insurance (Property, CGL, Umbrella)	\$300,561	\$490,847	\$659,657	\$886,524
Miscellaneous Expense	\$240,000	\$300,000	\$300,000	\$300,000
Repair & Maintenance Reserve	\$1,600,000	\$2,000,000	\$2,000,000	\$2,000,000
Operations Reserve	\$400,000	\$500,000	\$500,000	\$500,000
TOTAL EXPENSES	\$14,268,080	\$21,712,634	\$25,915,713	\$31,060,331
NET CASH FLOW	\$32,711,946	\$52,018,822	\$63,962,520	\$78,500,734

Annual Parking Garage operational cash flow projections appear in the Financial Appendix



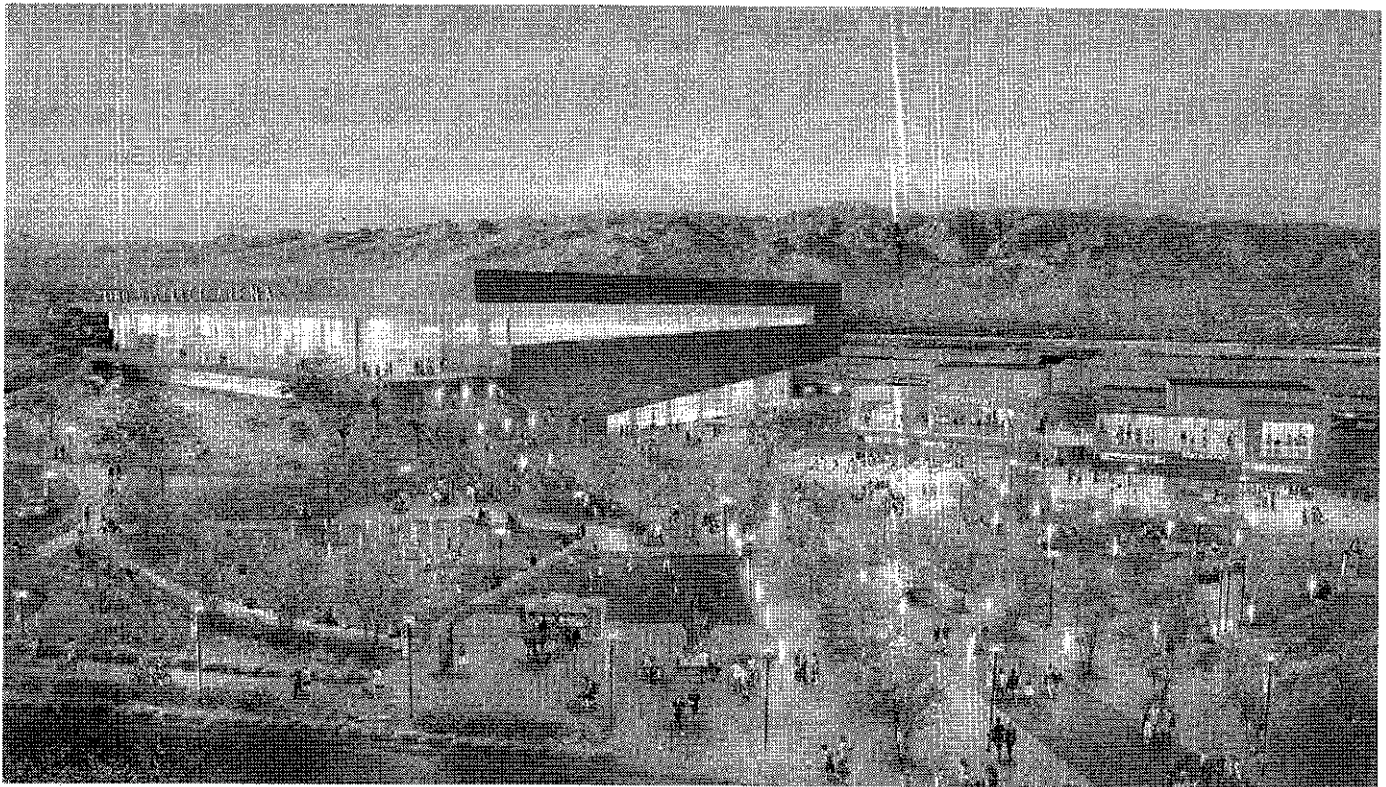
SUPPORT ELEMENTS

KINO DISTRICT SUPPORT ELEMENTS

Unlike athletics-only focused developments, Kino District incorporates all of the amenities and support functions necessary to promote a community-based, "play and stay" lifestyle district, whether enjoyed by residents or tourists. At the same time, Kino District's support elements are not designed to capture the entirety of economic benefit created by its anchor elements. Instead, Knott Development intentionally designed Kino District to create significant site-external value for the regional economy.

Kino District includes retail, dining, hospitality and commercial aspects that create a unique sense of place. Enhancing Kino District's community ambiance are multiple green spaces, splash pads, community-oriented gathering spaces and multiple connections to the Loop. As a result, the physical structure and landscape integrate both functionally and aesthetically, creating an overall shared identity.

KINO DISTRICT ARENA EVENT PLAZA



Serving as the community focal point of Kino District, the Arena Event Plaza is the metaphorical bridge to all activities and amenities within Kino District. From it, all areas of Kino District can be easily traversed via foot or bicycle. Including an active splash pad, green space, picnic areas and walking paths, the Arena Event Plaza is the community gathering space before, after or instead of attending an event or visiting one of Kino District's restaurants or shops. As an added community feature, the Arena Event Plaza contains an open area adjacent to the Arena and its neighboring restaurants where visitors and diners will enjoy local bands, artists and performers as they add to the ambiance created by this intimate space. For outdoor enthusiasts, the Arena Event Plaza serves as a resting and recharging point during running, biking or walking sessions on the Loop, just steps away from multiple access points.