Emerald City Center
Finance Q & A

1. You have explained your vision for the Emerald City Center (ECC). In a nutshell, how do you make his a reality and why hasn't anyone else thought of it?
    a. Most potential developers and management firms are acutely aware of the aversion of Puget Sound Region taxpayers to absorbing additional taxes to finance public sports facilities. Many feel that recent downward trends in global credit markets would make private funding of a project of this magnitude difficult, if not impossible.

       B2 recognizes the regional and global significance of this project, and we are confident in our strategy to make the ECC a reality. We like to think of this as a community project, unparalleled in design and functionality, built on public or private land, through private financing. The facility will be privately owned and privately managed.

2. What do you estimate this type of project to cost?
    a. Based on our studies of development costs for other multi-purpose venues, we project total development costs to be in the $1 billion to $1.2 billion range. We are in the preliminary phase of our feasibility and cost analysis, and we expect to have reliable projections completed soon. At that point, we can finalize our comprehensive financing strategy.

3. Most sports venue financing involves some form of taxpayer and municipality participation. What makes this project different?
    a. The ECC will be a multi-purpose facility that will house a sports arena, among other establishments.

       In most contemporary sports venue development projects, private financing is generally a "plug factor", and is considered after the level of municipal financial support has been ascertained. Our funding concept does not rely on municipal subsidies or tax abatement packages. The ECC will be 100% privately funded. Of course, many facility infrastructure and access issues will fall under the auspices of state and local government. We anticipate mutually beneficial partnership opportunities with the involved municipalities, in dealing with these important development issues.

4. What private financing sources will you use?
    a. Once we are confident with our cash flow projections, we will select a commercial banker with a strong regional presence to underwrite a traditional construction loan, and to give B2 access to a revolving credit line. If additional financing is needed, the Commercial Banker will be given the opportunity to syndicate the supplemental "mezzanine" financing, which is generally unsecured. If necessary, an investment bank

with a strong global network will be retained to engineer this level of financing.

If the final debt package is not sufficient to fully cover development costs, we will sell equity participation in the project to individual and institutional investors.

5. Your project involves a lot of debt. Haven't worldwide credit markets dried up?
    a. The recent sub-prime mortgage concerns have created a confidence crunch, versus a full-scale credit crunch. If you read the financial pages, you will see that many highly leveraged deals are still being done. It is true that lenders are presently more risk averse than was evident in recent economic cycles, but they are still seeking profitable investment opportunities. Their risk can be minimized and managed in several ways. First, individual lenders will spread the risk by taking on a smaller percentage of loans for a specific project. And of course, borrowing costs will be adjusted to reflect market risk factors. We believe that prospective lenders seeking potentially profitable, non-mortgage related opportunities, will find our project attractive.

       B2 will aggressively monitor borrowing costs during all phases of development. We will be positioned to immediately react to opportunities to lower our cost of capital through debt re-structuring or re-financing.

6. Various economic studies question the value of sports related stocks to investors. How would equity investors benefit from participation in your project?
    a. First, the ECC is a fully integrated commercial enterprise, with a sports related component (i.e., the arena). However, because of the sports element, the concept is worth examining.

       We are aware that the Green Bay Packers, Boston Celtics, Florida Panthers, and Cleveland Indians have instituted various forms of stock ownership as part of the formation of their capital structure. We have scrutinized a number of the available economic studies and have formed several conclusions. There is no question that stock ownership in a professional sports team has "novelty" value, that the typical gains that would ensure to shareholders in publicly traded companies, are not easily discernible. We have intensely studied those other models and believe that our model includes opportunity for great upside potential, which is what any informed investor would hope for.

       Drawbacks to the stock ownership models that we studied include:
        - Investors were told from the onset that no dividends would ever be paid.
        - Investor were granted minimal, or highly restricted voting rights, if any voting rights at all.

- The proceeds from some of the equity sales went directly to current or former owners, and were not used to fund team operations.

We have the benefit of retrospective analysis of other stock ownership models. Armed with that information, we developed the ECC equity model, which is summarized below:

- Excess cash generated from operations will be primarily used to fund future growth or retire outstanding long-term debt. However, dividends will be paid when the financial conditions make it prudent to do so.
- Investors will have full voting rights on all governance issues.
- Proceeds from any equity issuance will be used to fund current operations, future growth, or pay down outstanding debt.
- Individual share appreciation will correlate to the profitability of the ECC.

7. How will the ECC make money?
    a. Revenue will be generated from traditional sports venue and multi-purpose facility related sources, and also from new-generation ancillary sources. Primary revenue sources include:
        - Rental income from professional sports teams (Sonics; NHL, Arena Football)
        - Rental income from retail and other corporate tenants
        - Naming rights to the arena, and auxiliary facility areas (walkways, portals, turnstiles, signage, among others)
        - Parking
        - Concessions (provided through B2 concessions division)
        - Event Promotion (coordinated through B2 event management division)
        - Advertising
        - Facility tours
        - Hosting "Mega Sport" events (e.g. NCAA Regional Basketball Championships)
        - Etc. etc.

    B2 will continually seek to optimize revenue streams from all revenue producing assets.

8. Why the big facility? Why not just build a sports arena, or renovate Key? And why not build on a site in the suburbs?
    a. Our proposed business model will leverage revenue-generating opportunities almost 365 days per year. With the broad spectrum of sports, shopping, cultural and entertainment features, the ECC will be a constant destination for tourists and residents.

We recognize that there may some advantages to suburban, "Greenfield" development, but this would conflict with our business model and bring profitability into question. B2 believes that the Sonics should remain a metropolitan team, and continue to be a vital component of the Seattle urban experience.

9. Your strategy is both vague and complex.
    a. Many of our intended financing and operating concepts are proprietary. We will introduce the intricacies of our comprehensive strategy to prospective lenders and equity investors at the appropriate time.