Multitainment Arena

Sample Feasibility Study

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About The Project

The original concept for the Multitainment Arena stemmed from interest in creating a single center for a broad spectrum of enthusiasts, hobbyists, and competitors to operate radio controlled vehicles and drones in an enriched and safe environment.

The Multitainment Arena plays an integral role in this emerging recreational and enterprise space as a place for public and private enthusiasts to converge over the mutual infinity for all things drone and R/C related. The Multitainment Arena will play host to hobbyists and professional pilots alike, whether on one of its quad agility or fixed-wing courses, F1 race tracks, or off-road hill climbs.

Augmenting the pilot's stay at the Multitainment Arena, there will be maker spaces and master classes covering everything from drone design and construction to basic racing 101. In Phase 2, a resort-style hotel will be available on-site to provide lodging, entertainment and business services to its guests, whether they are visiting with the family or competing in an international competition.

The Multitainment Arena will be a great place for families, with a wide range of activities varying in skill level from the Kid's Zone to the Expert's Arena. The Kid's Zone offers children of all ages a place to play with the most high-tech and enchanting toys available, while being cared for by skilled and experienced staff.

Multitainment Arena also operates as a co-working space and research Arena for startups or satellite, drone and aerospace research laboratories for nearby universities or private enterprises. We believe that the mingling of hobbyists, experts, and entrepreneurs on one site will support the kind of informal learning and community that will boost the Multitainment Arena to become the top destination for drone tourism.

Executive Summary

The subject of the feasibility study is a proposed Arena for recreational users of radio-controlled (RC) vehicles and drones that will be constructed on 20 acres of land, for which the location is yet to be determined based on the conclusion of the feasibility study.

Drones, which began as a niche market, have grown in popularity with consumers and sports enthusiasts and this could be the next big tech-driven sport. In just two years, the sport has evolved from grassroots meet-ups of hobbyists, gathering in arenas, forests, warehouses or breweries, to formal, sanctioned races and a TV series broadcast on ESPN. The Federal Aviation Administration forecasts that hobbyist and commercial drone purchases will rise from 2.5 million in 2016 to 7 million in 2020.

The purpose of this report is to determine the service mix and location, based on current market demand. After researching and analyzing the market and the project plan that will include facilities, including drone and RC courses, co-working space, food and beverage facilities, meeting spaces, conference space, spectator areas, training facilities and recreational facilities, we are recommending the following service mix according to the project segment, that will generate maximum economic benefit to the organization. Apart from R/C and drone facilities, we suggest including e-sports as an individual segment. The combination of R/C and e-sports will create a synergistic effect and boost revenue. The major revenue can be generated from the acquisition of a controlling stake in gaming and drone tech companies. Under the acquisition plan, the company can provide venues and sports business-services in the R/C and e-sports space. By providing a live experience to the audience, a massive number of viewers can be gathered by hosting drone and e-sports events separately, to generate revenue through marketing partnerships, selling media rights to sports broadcasting networks, event operations, ticketing, merchandise and fan engagement. We suggest the following service mix:

Segment	Service Mix
Drone & Radio Controlled (RC) Facility	Tournament events Practice space Master classes & training
E-sports	Grand arena for tournaments Gamerspace
Co-working Space	Co-Working Space
Pro-shop	Drone and RC pro-shop (retail space)
Others	Food court Restaurant Café/bar

In general, we suggest that the proposed subject project be located in the state of California, as a primary attraction for the area, and also in line with the rules and regulations of the Federal Aviation Administration for the recreational or educational flying of Unmanned Aircraft Systems (UAS).

In this study, we have considered the location based on market area analysis. The resulting top three states (California, Texas, and Florida) are suggested based on analytical results which include overall population, per capita income; number of drones and RC enthusiasts based on initial registration data of FAA; target market demographics and behavior; target market population; competition, tourism, and tourist attraction venues.

1 https://www.nj.gov/health/news/2020/approved/20201123a.shtml

Introduction

Drones are no longer the unique province of the military, as small, unmanned aircraft are proving themselves useful to everyone from farmers to filmmakers. As personal drones become increasingly popular—and easier and cheaper to obtain—states are clamoring to pass regulations on how they are used. Recently, the Federal Aviation Administration revealed a proposed framework of national regulations for unmanned aircraft, making it fairly simple for businesses to obtain and use small drones for official purposes. The regulations face a lengthy review period, however, largely leaving states to dictate how unmanned aircraft are treated in their airspaces in the interim.

As regulations for commercial and personal drones slowly fall into place, the United States seems to be on the edge of a new drone bubble: the FAA estimates that private drones could turn into a $90 billion industry within the next decade. According to the LA Times, the FAA also estimates that within a year of the new rules being in place, more than 3,000 companies will be operating drones—within five years of the rules being in place, the agency expects that number to jump to more than 7,500.

Part of the reason for a personal drone's mainstream appeal is its low price: Consumers can find drones made for recreational use—complete with GPS capabilities—for around $300, but even those that aren't flying the drones are reaping the rewards of a burgeoning drone hobbyist movement. Aerial videos shot by drones have become a subgenre of the travel video, allowing anyone to catch a glimpse of a magnificent national park or bustling urban area.

Pre-Feasibility Structure Of The Project:

Below is the base project idea, which will change according to findings and design finalization:

Facilities	Description
Building 1	Canyon 1 with four-level interior comprises the following segments: - 10 Retail spaces - Theater with 200-seat capacity - 10 Meeting rooms - Gamerspace - Space for four restaurants/cafés - 50 room resort residence with kitchen, dining, assembly, spa/gym, business center and administration facilities - 4 Spaces for Co-working/workshop
Building 2	Canyon 2 with 2-level interior includes indoor courses with: - Training facilities - Gamerspace - Administration area (10 offices, conference room, staff lounge and mail room) - 5 Meeting rooms - 10 Food court spaces
Kids Zone	Kids Zone includes: - Playspace /Hands-on - Cafeteria - Theater - Gamerspaces - Marketspaces - Nursery - Administration & Maintenance room
Beginner Zone	Beginner Zone includes: - Racing track - Mud Pit - Rock crawlers - Boats/submarines - Drone courses - Picnic Area
Intermediate Zone	Intermediate Zone includes: - Racing track - Mud Pit - Rock crawlers - Boats/submarines - Drone courses

Expert Zone	Expert Zone covers: - Racing track - Mud pit - Rock crawlers - Drone courses

Fixed Wing	**Fixed Wing will have flight courses and spectator seating area.**
Other Facilities	Other facilities include: - Parking area (18,000 sq. ft.) - Kiosks - Information - Restrooms - Lockers

Market Overview

In order to suggest a service-mix, it is important to analyze the history, current market, and target market segment of the RC and drone industry. Below are the detailed market research and target market of drone and associated industries.

Consumer Drone Industry

History

The state of drones in their early days (pre-2010) was very similar to that of early PCs. They were cumbersome, costly, required special training and skills to operate, and were mostly limited to government agencies, the military, and academic communities. Military drones were deployed as early as World War I for reconnaissance missions. The US military significantly expanded the role of UAVs in combat in the wars in Iraq and Afghanistan, often equipping them with weapons delivery systems.

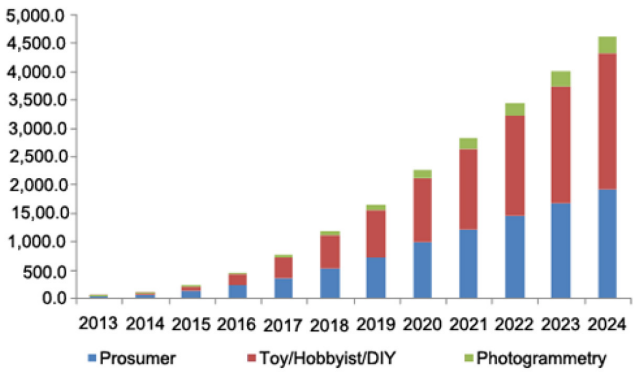
Until the late 2000s, activities in the civilian UAV market had the look and feel of the PC market in the late 70s. It was largely a hobbyist market. There was no universal design, or global conglomerate controlling the market. Products were sold in electronic kit form and in limited quantities and development of drones was confined to individuals and small, independent groups. Over time, drones have become smaller, cheaper, and easier to operate.

The big break in the market happened in 2010 when French company Parrot released its smartphone-controlled consumer drone, the "A.R. Drone". Shenzhen-based company DJI followed in 2012, releasing its first consumer drone, the "Phantom," with integrated camera and GPS. The two companies have since dominated the consumer market; each to date has shipped over 1 million drones.

In 2015, the pace of new firms entering the drone market accelerated. VC-investments in UAV manufacturers and UAV application developers more than tripled over 2014. Today, applications for UAVs continue to grow, with increasingly sophisticated functionality and a wider range of market segments. As component prices continue to fall and open-source flight control software improves in stability and reliability, we expect more low-cost consumer drone makers will emerge from China —it seems that it's only a matter of time before consumer drones are as commoditized as Android smartphones.

Consumer Drone Industry

The consumer drone market was valued at USD 355.9 million in 2015. Evolution of new innovative technologies, such as collision avoidance and geo-fencing, that make flying drones safer, have led to increased adoption of consumer drones across the global industry. [1]



The growth in global demand for drones and increasing adoption of consumer drones have led to the creation of new government regulations, in order to balance innovation and safety. The Federal Aviation Administration (FAA) is expected to release new regulations in the U.S. that could propel Unmanned Aerial Vehicle (UAV) adoption in the region.

[1] http://www.grandviewresearch.com/industry-analysis/consumer-drone-market

The global population is increasingly accepting the imminent trend of the drone as a widespread hobby. Casual enthusiasts and early adopters comprise a significant portion of the industry. Novel technology in electronics has also attracted gaming segment enthusiasts to accept drones as their new-found source of entertainment and have started organizing various competitions.

The industry incorporates significant opportunities for growth over the forecast period. Manufacturers are focusing on the development of innovative technologies, in order to broaden its application base. One such innovation is the transformation of consumer UAVs into flying smartphone-like platforms. These developments in the market are expected to retain consumers' interest longer, expand product lifespan, and increase product value.

However, maintenance and repair complexities, as well as privacy concerns and the threat of accidents associated with drones are expected to challenge market growth over the next eight years. The technology is still in its novelty phase and is presumed to undergo extensive economic and technological alterations in the near future.

Application Insights

The prosumer[2] application segment is envisioned to remain the dominating segment over the next eight years and accounted for close to 60% of the overall market share in 2015. In various geographies, drone racing as a recreational hobby is being promoted at a high level, which has led to increased adoption of drones for prosumer applications.

The toy/hobbyist application segment is expected to witness considerable growth, growing at a CAGR of close to 35% from 2016 to 2024. DIY developer drones, incorporating customized UAV fabrication, are projected to drive the industry growth in select geographies, such as North America and Europe. The advance of electronic technology has attracted gaming segment enthusiasts to accept drones as their new-found source of entertainment.

The demand for drones in the photogrammetry[3] application segment was estimated to be close to 20 thousand units in 2014, which is expected to grow considerably over the next eight years. Low-altitude small drones offer an advantage over incumbent aerial technology for photogrammetry applications.

Regional Insights

- The North America market was valued at close to USD 140 million in 2015 and is expected to grow considerably over the forecast period. Upcoming favorable initiatives by the Federal Aviation Authority (FAA) and increased governmental spending on advanced drones are expected to drive industry growth in the region.
- Europe accounted for over 30% of the overall industry share in 2015 and is envisioned to emerge as a predominant region over the forecast period. This growth can be attributed to the proposal of new regulations to provide a safe and fertile environment for this promising industry to grow by integrating drones into European civil airspace.
- The Asia Pacific consumer drone market is estimated to witness significant growth over the forecast period and is projected to grow at a CAGR of over 35% over the forecast period. This can be attributed to heavy investment initiatives in Chinese drone companies by investors in the U.S. Moreover; the region has made plans to build a UAV production base in China, to tap into the emerging industry.

[2] About Prosumer:
- A person who buys electronic goods that are of a standard between those aimed at consumers and professionals.
- A consumer who becomes involved with designing or customizing products for their own needs
- Prosumer is a trade term, used from a business perspective, for high-end electronic devices (such as digital cameras), meaning a price point between "professional" and "consumer" devices.

[3] Photogrammetry: Photogrammetry is the science of making measurements from photographs, especially for recovering the exact positions of surface points. Obtained at http://www.photogrammetry.com/

Market value[4]:

Drone Market Scope	Market Size	Year	Source
Consumer	$1.7 Billion	2015	KPMG
US Civil and Commercial	$125 Million	2015	IBISWorld
US Consumer	$1 Billion	2018	Consumer Electronics Association
Commercial small	$5.1 Billion	2019	ABI Research
Prosumer and hobby small	$1.1 Billion	2019	ABI Research
Small UAS	$1.9 Billion	2020	Markets and Markets
Worldwide commercial	$2.07 Billion	2020	Grand View Research
Worldwide hobby	$4.4 Billion	2020	Frost & Sullivan
Worldwide commercial	$6.4 Billion	2020	Frost & Sullivan

E-Sports And Entertainment

The coming year will see the e-sports Economy grow to $696 million, a year-on-year growth of 41.3%. Brands are expected to spend $516 million, broken down into $155 million on advertising, $266 million on sponsorship, and a further $95 million on media rights. Consumer spending this year on merchandise and tickets will amount to $64 million. The remaining $116 million is the total investment that game publishers will make into e-sports, the share that is not directly recouped by any of the other revenue streams. It illustrates that, for most game publishers, e-sports is currently not a profitable business. However, their investment is justified by the positive impact on game revenues and the future potential of their e-sports activities as a stand-alone business.

North America is the largest e-sports market, with revenues of $257 million in 2017. This will more than double to reach $607 million by 2020. Most of these revenues come from sponsorships, which will total $113 million in 2017. This is partly due to North American teams that have welcomed a lot of new non-endemic sponsorships and the region hosting several of the world's largest leagues and tournaments that generate a high amount of sponsorship money. The 25 million e-enthusiasts in North America generate twice as much revenue per year as in any other region, $10.36 per fan per year, highlighting the lead that American media companies and brands have taken. The involvement of American and European sports teams and their marketing agencies will continue this year, pushing brand investments up even further. The impact of traditional sports and media are already reflected in e-sports' fastest-growing revenue stream: the media rights trade. The sales of e-sports content licenses are expected to generate $95 million this year on a global scale, up 82% from 2016.

The global e-sports audience reached 385 million in 2017, made up of 191 million e-sports enthusiasts and a further 194 million Occasional Viewers. The number of e-sports enthusiasts is expected to grow by another 50% toward 2020, totaling 286 million. In traditional sports, total revenue per fan is a key indicator of how well a sport is "monetized." It encompasses all revenue streams, including media rights, sponsorships, and consumer spending. Based on our audience and revenue analysis for 2017, the average revenue per fan this year amounted to $3.64. As the e-sports industry matures and incorporates an increasing number of local events, leagues, and media rights deals, the average revenue per fan is anticipated to grow to $5.20 by 2020. This is still a factor of three

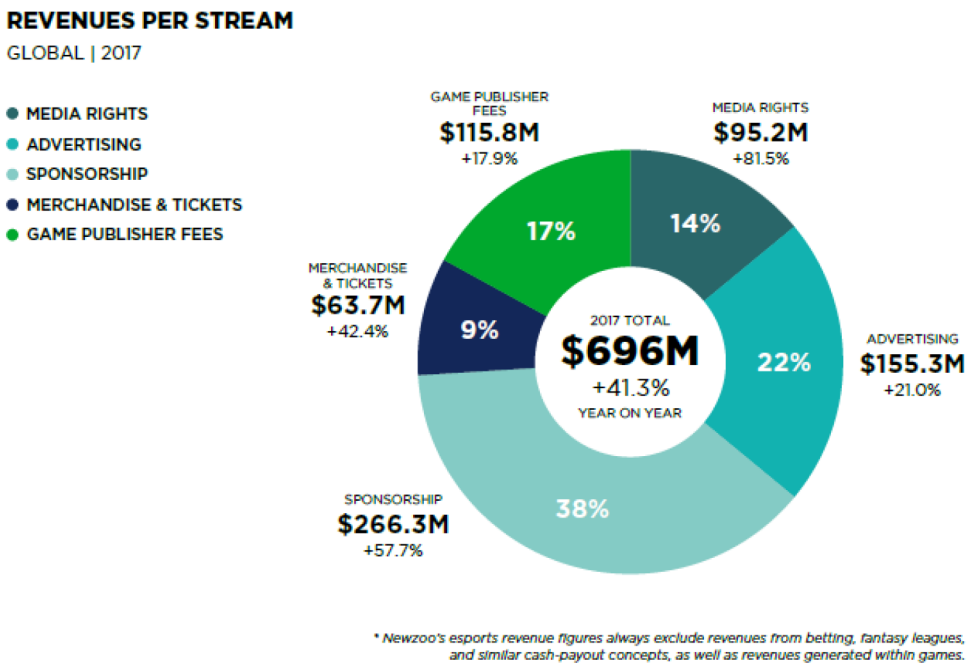
[4] Drone Industry Report by Oppenheimer – Equity Research – Oppenheimer & Co. Inc. – Obtained at http://pdf.zacks.com/pdf/FA/H4947044.PDF

lower than a popular sport such as basketball and a factor of twelve lower than the most commercial league in the world, the NFL. E-sports entertains a young and desirable demographic, with enthusiasts aged 21-35 representing 54% of the e-sports Audience. This age group is increasingly difficult to reach through traditional advertising as they spend less time watching TV, listening to the radio or reading printed media. Enthusiasts are also more likely to have a high income and a full-time job than the general online population. They are big spenders on digital media and game-related products. They also spend more on digital media subscriptions, such as Netflix, HBO, and Spotify than the online population.[5]

Although the Sports industry includes many different segments, its success centers on two key factors: the discretionary spending patterns of its audience and the revenue it generates through corporate sponsorships. As with most entertainment industries, establishments make their money directly from the consumer, specifically the fan bases who attend live sporting events.

Vast TV exposure, live-streaming online and globalization are expanding all facets of information in the world. Sports are no exception, with increased availability and access making it easier to become a fan. Technological advancements, including 4K display resolution, DVR technology, on-demand streaming content and increasing cable sporting news networks, are creating a more enjoyable atmosphere for viewers.

In 2016, there were 424 e-sports events with a prize pool above $5000 worldwide. North America held the most events (28%), followed by Western Europe (26%), and Eastern Europe (13%). In total, ticket revenues for these events generated $32 million in 2016, up from $21 million in 2015. North America generated 44% of ticket revenues, followed by Western Europe with 29%. Globally, ESL, Blizzard, Riot Games, and MLG are the organizers that hosted the most tournaments last year. The League of Legends World Championship generated the most ticket revenues, an estimated total of $3 million, followed by The International Dota 2 championships, and the Mid-Season Invitational.



** Newzoo's esports revenue figures always exclude revenues from betting, fantasy leagues, and similar cash-payout concepts, as well as revenues generated within games.*

[5] https://cdn2.hubspot.net/hubfs/700740/Reports/NEWZOO_Free_2016_E-sports_Market_Report.pdf

Local Market:

Tech and media companies are paying attention to eSports, both for growth opportunities and because it appeals to a narrow and desirable demographic: 75 percent are millennials aged 18-34, and 82 percent are men[6] . Accordingly, the market size of the top four regions can be estimated as:

Particulars	Los Angeles		San Diego		Houston		Tampa		
	Number	%	Number	%	Number	%	Number	%	
Total population	3,792,621	100	1,307,402	100	2,099,451	100	335,709	100	
Male population	1,889,064	49.8	660,626	50.5	1,053,517	50.2	164,061	48.9	
20 to 24 years	161,230	4.3	68,424	5.2	87,742	4.2	13,595	4	
25 to 29 years	170,657	4.5	64,837	5	103,607	4.9	13,344	4	
30 to 34 years	158,386	4.2	55,309	4.2	90,985	4.3	12,150	3.6	
Female population	1,903,557	50.2	646,776	49.5	1,045,934	49.8	171,648	51.1	
20 to 24 years	153,313	4	59,563	4.6	83,344	4	15,165	4.5	
25 to 29 years	160,417	4.2	59,489	4.6	96,299	4.6	14,020	4.2	
30 to 34 years	149,440	3.9	50,612	3.9	83,094	4	12,100	3.6	
Total Local Market Size	953,443		358,234		545,071		80,374		
Tourist Visit	47,300,000	100	34,900,000	100	20,000,000	100	67,400,000	100	*
Domestic	24,700,000	72	31,410,000	72	17,300,000	72	57,964,000	72	
International	22,600,000	28	3,490,000	28	2,700,000	28	8,762,000	28	
Total Tourist	47,300,000		34,900,000		20,000,000		67,400,000		

* Because of non-availablity of Tampa tourist data, the 67.4M tourist represents Central Florida region information

[6] https://www2.deloitte.com/global/en/pages/technology-media-and-telecommunications/articles/tmt-pred16-media-esports-bigger-smaller-than-you-think.html

Arcade, Food And Entertainment Complexes

Key Statistics Snapshot

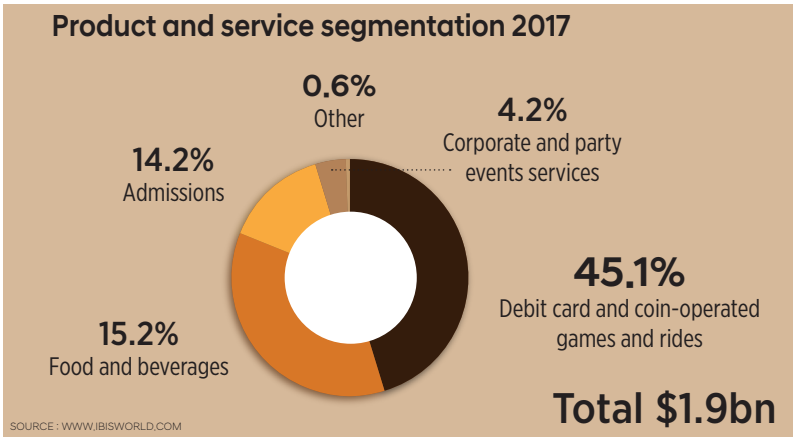
Revenue	Annual Growth 12-17	Annual Growth 17-22	
$1.9bn	0.7%	0.6%	
Profit	Wages	Businesses	
$343.5m	$528.6m	6,169	

This industry includes businesses that primarily operate video game arcades and game-focused family entertainment centers, which typically sell food and beverages.

Over the five years to 2017, consumers have slowly begun to develop more liberal spending habits, predominantly as a result of per capita disposable income increasing an annualized 1.6%. Consequently, individuals in stable financial positions indulged in the discretionary products and services offered by the industry. Coupled with less-severe credit conditions, these trends contributed to a slight uptick in demand for pre-existing industry operators, while also encouraging a small number of operators to enter the industry over the five-year period. However, due to increased competition, more operators exited the industry than entered. As a result, the number of industry operators declined at an annualized rate of 1.4% over the five years to 2017, reaching 6,169 companies.

Nevertheless, industry operators have taken note of the changing gaming landscape, in which an increasing number of individuals are expected to spend more time interacting with mobile gaming platforms and online-based gaming rather than visiting a typical arcade. This factor will force operators to keep game prices at low levels, pressuring profit margins and leading them to rely even more heavily on food and beverage sales for revenue. However, because restaurant offerings are generally integrated with game rooms for industry leaders, demand for the two products are intrinsically tied. Therefore, lower demand for the industry's game rooms will temper sales of higher-margin food and beverages.

While these increasing profit margins will encourage operators to follow through with expansion plans, continued consolidation among industry operators represents a trend that will stifle enterprise growth. Over the five years to 2022, the number of industry enterprises is forecast to decrease slightly, at an annualized rate of 0.4% to 6,042 companies, failing to keep pace with revenue growth.



Product Segments:

Games in this segment include traditional shooting, sports and racing games that participants either sit in or stand at to play. Video games make up a larger share of industry revenue than traditional or mechanical games.

The sale of food and beverages largely characterizes the industry's structural change in recent years. Many industry operators have traditionally sold snack foods, soft drinks and vending products in their establishments. Given

their size, companies in this industry largely skew this segment's share of industry revenue upward; in 2017, food and beverage sales are expected to account for 35.9% of total industry revenue, a substantial rise from its share in 2022.

In addition to games and food and beverage sales, industry operators also host events and parties for individual families and larger groups. Customers can reserve rooms meant for group events, or they may rent out an entire facility with unlimited game play for a certain period of time. In 2017, corporate and party event services are expected to account for 4.2% of total industry revenue. Other items, such as merchandise sales and parking services, collectively make up a small share of industry revenue.

Local Market:

FECs experience comparatively high levels of repeat visitation, with the average patron making more than three visits per season in family entertainment centers in 2016. Following are the top three regions' market share in family entertainment centers.

Florida:

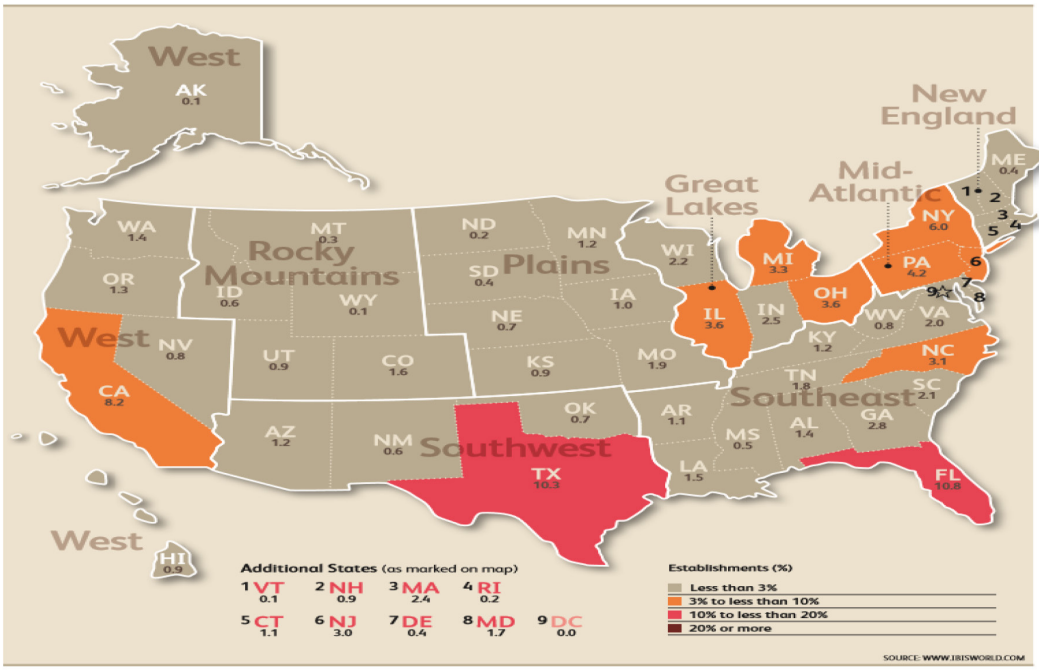
The Southeast region is home to 25.4% of the US population, making it the largest region with respect to population size. Establishments are distributed fairly evenly throughout the region, with only Florida accounting for a notably large share of the nation's total (estimated market size at 10.8%, equal to $205.2 Million).

Texas:

Texas shares 10.3% of the total market of family entertainment center, which equates to 635 centers, generating around $195.7 million.

California:

California shares 8.2%, which equals 505 facilities, generating around $155.8 million, in which the food and beverage segment shares 35.9% ($55 million).



Co-Working Space

Establishments in this industry rent or lease fully-furnished office space to businesses on a part-time or as-needed basis to a myriad of businesses, ranging from start-ups to Fortune 500 companies. The industry also provides virtual office and conference room leasing options.

The Co-Working industry provides users with fully furnished office space for immediate use on flexible rental or lease terms (rentals typically last fewer than 30 days, while leases last at least one year). These spaces are an alternative to conventional office leases, which are typically valid between five to 10 years, in which the lessee is responsible for refitting, furniture, and IT infrastructure. Co-Working Space companies typically provide, among other services, facilities management, office management and office furnishings and equipment. Over the five years to 2016, demand for the Co-Working Space industry has expanded strongly, supported by slowly recovering business activity, particularly entrepreneurial activity.

According to Bloomberg Businessweek, early-stage entrepreneurial activity in the United States rose 60.0% in 2011, with over 12.0% of US adults starting or running a new business over the year; this has steadily risen over the past five years. Start-ups typically do not have excess capital that can be used for procuring and furnishing an office space; start-ups also face time constraints. Turning to Co-Working Space providers helps these young businesses save on initial capital outlays (which can be used in their businesses) and helps expedite the process of moving into an office space. Over the five years to 2016, industry revenue is estimated to grow an annualized 12.7% to $2.3 billion, including an 8.3% increase in 2016.

The Co-Working Space industry is set to continue expanding over the five years to 2021 but at a much lesser pace. A combination of rising corporate profit and an increase in the number of businesses will support this growth while the strength of the overall economy will lead companies back to traditional renting markets. Over the five years to 2021, corporate profit and the number of businesses are set to rise at estimated average annual rates of 1. 9% and 0.7%, respectively. These growth rates will present opportunities for industry companies. For instance, as corporate profit rises, businesses will be able to expand operations. Therefore, they will require more office space.

Moreover, still aware of restrained operating conditions, companies will seek ways to operate that reduce cost structures. Consequently, they will increasingly turn to Co-Working Space providers that provide cost-effective alternatives to traditionally leased spaces. Over the five years to 2021, industry revenue is forecast to grow at an average annual rate of 2.2% to $2.5 billion, including growth of 2.1% in 2017.

Growing Demand

The Co-Working Space industry will be further aided by rising demand from end users. A number of industries in the professional, service, scientific and technical sectors are set to grow over the next five years. As revenue and demand for these industries rise, they will require more workspaces. For example, real estate agents and brokers are key users of conference room rentals and leases. Over the five years to 2021, revenue for the Real Estate Sales and Brokerage industry (IBISWorld report 53121) is also expected to rise strongly. Independent real estate agents and brokers rent or lease conference rooms to meet with clients. Other professional industries, such as law and research firms, which are key downstream markets for the Co-Working Space industry, are also set to expand over the next five years, as is the case for the Market Research industry (IBISWorld report 54191).

The information sector is another key user of industry services. More specifically, technology start-ups (i.e., companies between zero and five years old) are common users of virtual offices supplied by industry companies. According to data sourced from the US Census Bureau, over 1.0 million technology start-ups are operating in the United States, a number that is set to expand over the next five years.

Product Segments

Co-Working Space services

Co-Working Spaces (sometimes referred to as executive suites) are fully furnished workspaces that vary greatly in size and equipment, and industry firms typically offer a large degree of customization to meet the needs of small, medium-size and large clients. Overall, Co-Working Spaces include a number of workstations or cubicles for employees, as well as standard equipment, such as computers, printers, copiers, and scanners. Rates vary according to the scope of a rented space, its location and the amenities a customer requests; while single suites can be rented for as little as $50 per day, companies that require entire floors of space are charged a much higher rate. As such, this service segment generates the largest share of industry revenue, at 61.0% of the total. This segment has grown during the past five years as a larger number of mobile workers and technology companies have sought the use of temporary physical space.

In addition to furnishing and equipment services, industry operators also offer other business services, such as telecommunication services and business identity services. Telecommunications services typically include mail handling and reception and telephone answering. In 2016, these services are expected to account for just over 10.0% of industry revenue. Business identity services comprise a much smaller portion of industry revenue as they are typically one-time fees charged to clients. For new companies, industry operators provide what they refer to as identity services, through which they provide an address, telephone answering system (implementation rather than operation), mail handling system and create hours of operations and conference room use. These services account for just over 2.5% of total industry revenue.

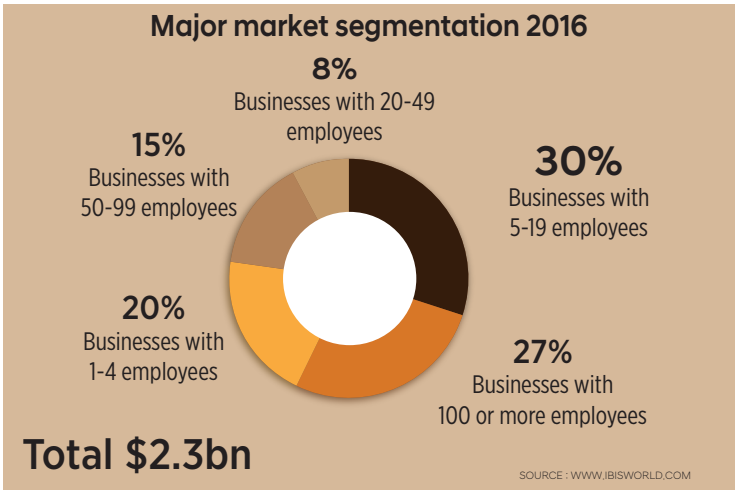
Virtual office and event services

Virtual office services are remote personnel and administrative services that streamline a client's operations. Virtual office services do not involve the leasing of physical space; rather, they include remote receptionists, call center operations and address services (i.e., the use of an address in a higher-profile location, such as a city's business district). Additionally, industry operators also rent out space for events, which need not be frequent or periodic. Virtual office and event services are commonly used but are typically less expensive than leasing physical space. This segment accounts for about 15.0% of revenue.

Conference room services

The leasing of individual conference rooms for client meetings and teleconferences represents a small share of industry revenue, at 10.0% of the total. Customers who typically contact their clients online or over the phone and only infrequently meet in person use conference rooms to lend an air of professionalism to their communications. The increasingly informal nature of client relationships, especially among creative freelancers, along with the prevalence of easy-to-use personal video-conferencing equipment, has made the use of leased conference rooms less common during the past five years.

Major Market



Co-Working Spaces are leased by a variety of companies that span the service sector, though information and technology companies, which are more likely to have business models that include telecommuting and mobile employment, make up a substantial part of the industry's market.

Small and medium-size businesses

Non-employing businesses and companies with fewer than 20 employees make up an estimated 50.0% of industry revenue. A large number of industry customers are mobile workers and freelancers who usually work from home or from "third locations," or nontraditional spaces like cafes, parks or libraries. These workers rent small suites and conference rooms for client meetings but conduct most of their business online, reducing or eliminating their need for a daily office space. Additionally, many start-ups are expected to be serviced by these smaller operators. In 2011, an analysis of Labor Department data at the Kauffman Foundation found the average size of a start-up to be 4.7 employees, down from 7.7 in 1999. This trend of downsizing startup staffs is likely to continue in the future as newer technologies allow companies to do more with fewer people. Consequently, start-ups, which comprise a sizeable portion of small businesses, are expected to generate a larger portion of industry revenue in the near future.

Similarly, many medium-size companies whose employees primarily telecommute prefer the industry's model of office leasing to traditional models, which require a lengthy lease period and provide fewer property management services. These companies, with 20 to 99 employees, are estimated to account for 23.0% of industry revenue in 2016. During the past five years, small and medium-size businesses have overall become a slightly smaller market for the industry as larger companies increasingly use Co-Working Spaces to gain a foothold in new markets.

Profit Margin

Profit

Profit margins, measured by earnings before interest and taxes (EBIT), are expected to average 11.2% of revenue for companies in the Co-Working Space industry, up from 2011. Profit margins vary, however, depending on a company's scale of operations; larger companies benefit from lower operating expenses established through economies of scale. New entrants, however, are continuously forced to expand their services to attract new clients, which requires higher marketing expenditure (as a portion of revenue) and requires lower prices due to a lack of brand recognition. Furthermore, profit margins vary depending on a company's product mix; Co-Working Space services are able to generate higher margins than conference room services.

Purchases

Purchases make up the industry's largest expense, averaging 48.5% of total revenue for industry operators in 2016. The majority of purchases are associated with rental equipment, such as office furniture (e.g., desks, chairs), computer systems and food. These items are included in purchases rather than depreciation because they are relatively inexpensive and are often replaced rather quickly, in

preparation for new tenants or simply to avoid the perception of being previously occupied. In addition to larger items, fully Co-Working Spaces also come equipped with office supplies, which vary in price depending on the quality of services being demanded. Over the past five years, purchases have increased as industry operators keep up with the latest office furniture trends (e.g., ergonomically designed office equipment).

Wages

In 2016, wages were expected to account for 9.3% of revenue, down from 9.8% in 2011; the decline represents a general trend towards higher employee productivity, whereby each new establishment generates higher revenue with fewer employees. Industry employees are usually required to provide rental advice to clients, offer product knowledge, assist with the physical transfer of equipment, complete rental documentation and undertake various other client services. Employees are important for maintaining high levels of customer service, as they often interact with clients. Additionally, employees are needed for safety checks and documentation requirements associated with the high-risk equipment.

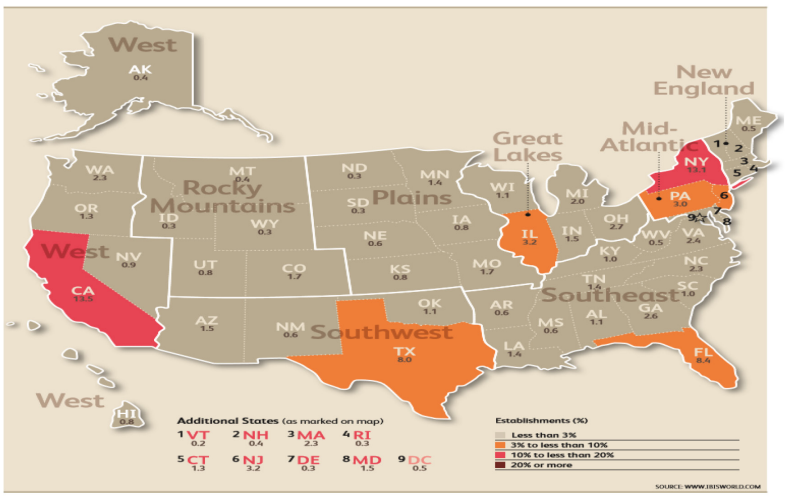
Alternate Plan To Convert Co-Working Facility In The Event Of Losses Or Under-Utilization:

The following are alternatives to convert co-working facilities in the event of under-utilization of space.

- Charter School
- E-Sports Venue
- Retail Venue

Local Market

The geographic distribution of the Co-Working Space industry is primarily based on business activity and concentration, with most establishments operating in metropolitan areas. As such, states and regions with highly developed service economies attract the most industry locations, and the industry has a particularly strong presence in California, Texas, New York and Florida.



- Co-Working Space in California

  According to the market research, California shares 13.5% of the overall industry revenue in the year 2016 which equals $310.5 million. There are currently an estimated 105 companies that provide Co-Working Space options in California; these companies include global giants, such as Regus.

- Co-Working Space in Texas

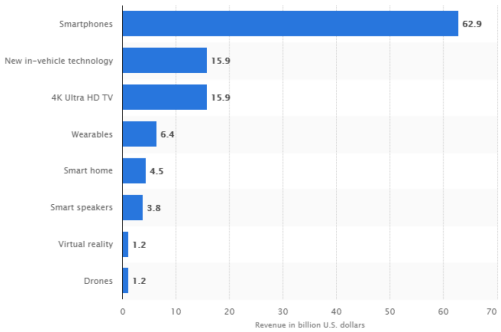
  According to the market research, the market share of Texas is around 8% of the overall market, which equals $184 million. There are currently an estimated 63 companies that provide Co-Working Space options in Texas.

- Co-Working Space in Florida

  The market share of Florida is 0.4% higher than Texas, i.e., around 8.4% of the overall market, which equals $193.2 million.

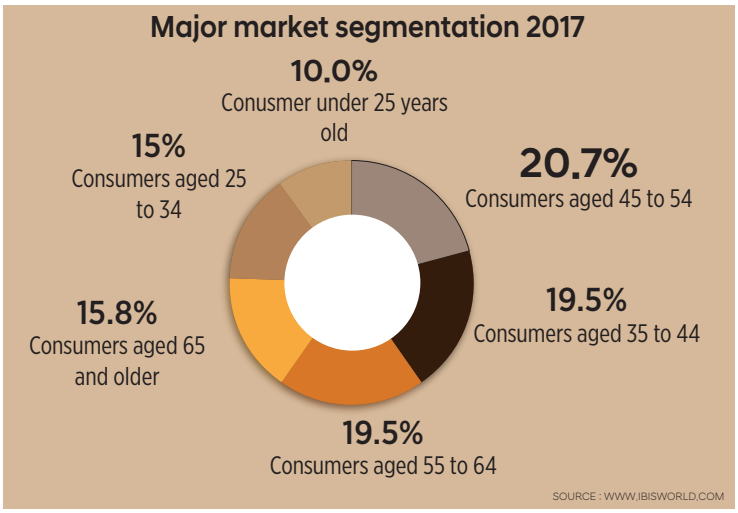
Consumer Electronics

Operators in the Consumer Electronics Stores industry retail a wide variety of electronic goods. These types of products are heavily integrated into the daily lives of Americans. According to a 2014 survey by the NPD Group (latest available data), the average household spends $1,600 annually on consumer electronics, including about $555 on new electronic devices. The widespread use of industry products by consumers has made the Consumer Electronics Stores industry a staple in the domestic economy, but has also made it largely subject to movements in consumer preference and fluctuations in per capita disposable income. Overall, the industry Retail revenue from consumer technology product sales in the United States is $111.8 billion.



The statistic depicts the retail revenue of the consumer electronics (CE) market in the United States in 2018. The drone market is estimated to reach a retail market size of $1.2 billion in the United States. [7]

Major Market Segmentation



Consumers under 35 years of age

Younger consumers are the smallest market for industry operators. This age bracket can be broken down into two age groups: consumers under 24 years old and consumers between the ages of 25 and 34. Consumers under 25 years of age account for the smallest share of industry sales, estimated to represent 10.0% of the total market. Individuals in this age group typically have limited disposable income and live with relatives or in apartments with roommates, restricting their ability and necessity to make big-ticket purchases. Nonetheless, these consumers are often very aware of changes in technology and constantly demand new product developments from the industry. Over the past five years, this age group has shrunk as a proportion of industry revenue because this group has increasingly shopped online for their computers and audio equipment, directing business away from industry operators.

Younger consumers are more likely to buy home entertainment systems, mobile telephones or computers than they are appliances. Many consumers aged 25 to 34 live with their parents or in rental housing, which tends to come fitted with appliances. While these consumers tend to have less income than older people, they are still willing to spend on electronics for entertainment, particularly mobile devices. For instance, consumers in this market are most likely to purchase tablets. This age segment makes up an estimated 14.5% of total industry revenue in 2017, down slightly from its 2012 figure, as these customers have delayed home purchases and do not have as many homes to furnish.

[7] Data obtained at https://www.statista.com/statistics/789957/us-consumer-electronics-technology-retail-market-size-segment/

Target Market

The project aims to target the following segments:

Primary Target Market	Secondary Target Market
Hobbyists: Gamers & Pilots	**Families**
Competitors: Gamers & Racers	Kids/Small Children
Racing league organizers	General consumers
Startup Companies & R&D Labs	Professional | Commercial users

Hobbyists: Gamers & Pilots

Who is a Hobbyist?

- Who pursues an activity for pleasure or relaxation and not as a main occupation
- Who seem to have a lot of free time on their hands
- Who have a habit of sticking around

As expected with a technology gadget which is essentially a toy for many consumers, the biggest motivating factor to start flying drones for both the owner and user demographics is simply, 'fun.' The Entertainment Software Association has published its annual report on the essential facts about gaming habits in America. Surveying over 4,000 households nationwide, the group collected its findings that around 63 percent of U.S. households surveyed include at least one frequent gamer, and that 47% of gamers are between 18 and 49 years old. The survey also shows that around 59% of those who play games on a regular basis are men and 41% are women. [8]

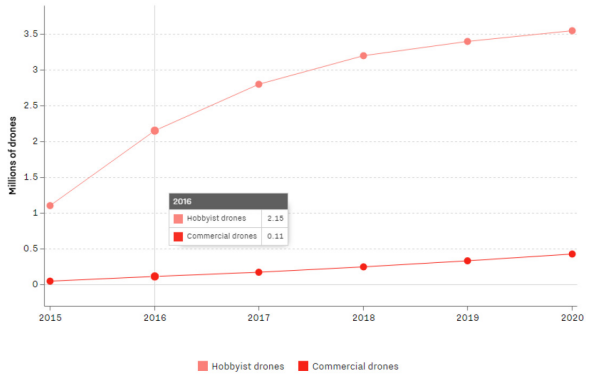
The company will target demographics of

- Kids that are 12+- year-old boys and girls that are a little more tech-savvy, but also want to be more exploratory in nature and pick up and fly something that's a little more technologically advanced than any other product that they're used to.
- Hobbyist people, mostly carrying remote controlled (RC) helicopters, RC cars, boats, and collectible cars

Geography does not limit the people who buy and fly drones. In 2015, the FAA ordered all drone pilots, both professionals and hobbyists, to register, pay a fee, and put an identification number on their aircraft. Since the FAA's registration system first opened in December 2015, more than 820,000 people have registered to fly drones. Subsequently, the court invalidated the registration requirements for hobbyists.

According to the FAA, it expects the hobbyist fleet to more than triple in size from 1.1 million UAVs to 3.55 million by 2021. The high scenario may reach as high as 4.5 million units, while the low scenario could be as low as 2.75 million units over the next 5 years. Growth rates underlying these numbers are fairly steady in the initial years but slowing in the last 2 years. [9]

[8] https://www.polygon.com/2016/4/29/11539102/gaming-stats-2016-esa-essential-facts
[9] FAA Aerospace Forecast 2017-2037. Data obtained at https://www.faa.gov/data_research/aviation/aerospace_forecasts/media/FY2017-37_FAA_Aerospace_Forecast.pdf



Year	Total Hobbyist Fleet Million sUAS Units		
	Low	Base	High
2016	1.10	1.10	1.10
2017	1.94	2.15	2.31
2018	2.37	2.80	3.18
2019	2.60	3.20	3.79
2020	2.69	3.40	4.15
2021	2.75	3.55	4.47

The target market includes all levels of hobbyists, mostly owning remote controlled (RC) helicopters, RC cars, and collectible cars. The target market includes hobbyists from middle to upper class, educated, primarily male and hobby enthusiasts.

Drone Demographics

The majority of drone users (31%) are aged 55 and over, compared to just 10% of users in the 18-24 category. Those aged 45-54 are the age group that is next most likely to own a drone (28%), while just 12% of 25-34-year-olds use drones. One in five 35-44-year-olds says they own a drone.

A grouping of 6 years in age range represents 10% of the entire market

According to the DronesDirect report, 60% of drone users are also keen photographers, and 45% would rather go hiking or on a walk in their spare time when not using a drone.

Also, the vast majority of drone pilots (96%) are male.

Drone Users Statistics

- Most drone users (68%) use their drone for entertainment purposes (e.g., flying in the arena etc.).
- 63% use their drone for videography.
- 60% of drone users cite photography as one of their hobbies.
- 70% of drone users have used the technology to capture amateur photography and videos.
- 47% of users say they always abide by the Information Commissioner's Office guidelines on drone usage.
- 40% of drone users are aware that their photography and video footage is subject to the Data Protection Act.
- The majority of drone users (65%) would be willing to have their device electronically registered.
- 61% of people think the introduction of a drone flying safety exam would increase safe usage.
- Nearly half of consumers (49%) would use a drone delivery service in the future.

Competitors: Gamers & Racers

A gamer is one who plays interactive games, usually video games, although games can also come in other forms, such as tabletop, and plays for long periods of time. There are many gamer communities around the world. Many of these take the form of Internet forums and YouTube/Twitch virtual communities, as well as in-person social clubs. Professional gamers are individuals who compete in professional video games tournaments for prize money. As gamers have matured, the culture of gaming has become so accepted that many proponents now classify video gaming as a sport. The pay for this profession varies greatly, based on skill, the type of game being played, and sponsorship/viewership trends.

The average age of the gamer of today is around the age of 35. While there's been ample discussion around how men and women game differently, there hasn't been much discourse on how people's gaming habits change as they age. Some surveys suggest age is actually the biggest factor in different gaming tastes and motivations, especially when it comes to competition. Younger gamers prefer competition, while older gamers' interest in it tapers off at around 40.[10]

Professional gaming organizations, such as Major League Gaming and the National Electronic Sports League, invite gamers to sign up online. Gamers will register and, once enrolled in the gaming organization, will have to decide which particular events to compete in: the method of choosing these differs between organizations. The National ESL organizes their events into ladders, cups, and leagues. Gamers may join a team or create their own teams. Teams will enroll in leagues and tournaments that offer prize money. Some of the major gaming leagues available include the IGN Pro League, the North American Star League, the Electronic Sports League, and the Global StarCraft II League.

Probably the biggest payouts in the e-sports world right now come from multiplayer online battle arenas or MOBAs. DOTA 2 and League of Legends are team-based games in which gamers have to work together to accomplish objectives against another team. DOTA 2 alone has paid out some $65 million in prize money.

[10] https://quanticfoundry.com/2016/02/10/gamer-generation/

Major League Gaming (MLG) is the largest e-sports organization, with millions of LIVE viewers, fans and competitors around the globe. MLG enables gamers to compete, improve their skills, and socialize via the largest online destination for competitive console and PC gaming, featuring more than 8 million registered gamers, and the annual MLG Pro Circuit featuring LIVE, in-person tournaments in cities nationwide. MLG broadcasts competitive play, analysis and more via online streaming to hundreds of thousands of fans in an average of more than 170 countries.

"MLG's global reach goes beyond video viewership. MLG is building the first ever MLG Stadium in China, where e-sports competition will happen daily, to be broadcast via MLG.tv, and has an international franchise – MLG Brasil."

How MLG makes money:

Ad Revenue: The company is New York City-based, is privately held and thus not obligated to issue financial details. However, research shows that the company's major revenue is through an online broadcasting platform "MLG.tv" that earns revenue through viewers and ad campaigns. MLG.tv uses a private ad exchange that connects it to large media buyers who can bid on an audience in real-time, so advertisers only need to know who the audience they're targeting is, not exactly what content they're watching. Research also shows that it reaches 27 million fans every month, and MLG expects that the platform will continue to show significant growth going forward.

One of the oldest competitive genres, fighting games, started out with tournaments in local arcades and has grown into a thriving community with top-level games shown on ESPN. Fighting games are often shorter in play time than other genres, enabling more players to enter at events.

Gender Portfolio

The general gaming population on PC is skewed towards males, with about 64 percent of players being male. When looking at the gender split from the current most popular games, like League of Legends, Dota 2, and Counter-Strike: GO, this percentage climbs even higher.

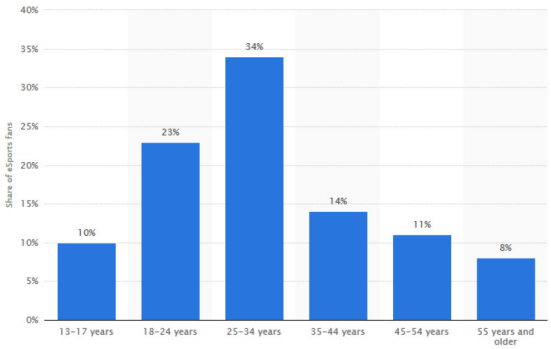
For example, Dota 2 and Counter-Strike: GO are the two games with the highest percentage of male participation and have only about 20 percent female participants. The research shows that currently, competitive gaming is highly driven by male users and that the majority of pros and online personalities are men. However, this trend is changing.

The world of pro-gaming saw a jump in popularity among women last year, with its female viewership seeing an increase from 15 to 30 percent, SuperData Research found in recent research in collaboration with Newzoo.

Age Bracket

24 to 27 is the dominant age bracket for gamers. According to the data from EEDAR, participants for Call of Duty are on average the oldest, between the ages of 26 and 27.

Dota 2 and Smite have the youngest participants, between 24 and 25. There is a minor difference between different games, but the data gives us a general picture of what sort of people represent the majority of the market's community.



According to the source, 34 percent of U.S. e-sports enthusiasts were between the ages of 25 and 34, followed by 23 percent who were aged between 18 to 24 years.

The research shows that the main reason for the participants to watch e-sports was seeing high-level gaming. The secondary reason was improving their gameplay. On average, half of e-sports viewers spend between one and four hours per week watching e-sports. Out of these participants, MOBA e-sports users represent the largest group.

When looking at purchases of e-sports-related items, most money is spent on in-game related items, mostly in MOBA and SHOOTER games. Other items that money is spent on are event and virtual tickets, apparel, and branded peripherals. [11]

Drone Racing League

The Drone Racing League (DRL) is a professional drone racing league based in the United States. Founded in 2015 and launched publicly in January 2016, the league's inaugural season featured five races across the United States and was broadcast on ESPN, Sky Sports and ProSiebenSat.1 in Germany.

The league received $12mm in Series A funding, led by RSE Ventures and Lux Capital. MGM Television also invested directly in DRL as part of the deal to develop TV programs and other content tied to racing events and pilots. Additional investors include CAA Ventures, Hearst Ventures, and Strauss Zelnick.

In 2017, the league closed an additional $20mm of Series B investing funding, expanding stakeholders to include WWE, Allianz, Sky and Liberty Media. It also added investor CRCM Ventures, supporting expansion into China

Racing League Organizer

The increasing popularity of drone racing in the US makes it the next big spectator sport. The National Drone Racing Championships brought hobbyists and big corporations together for a spectacle that's quickly growing in popularity. It is predicted that the drone media & entertainment sector will generate $8.8 billion by 2020. [12]

Drone racing has the potential to become mainstream, with some even believing that the sport can achieve similar popularity to Formula One auto races, and is expected to develop in a similar way to e-sports (competitive video gaming). Drone racing is gaining fans across the world; for example, MultiGP governs and sanctions drone racing events internationally, with over 16,000 members and over 500 chapters worldwide; and DRL (Drone Racing League) events that air on ESPN and SKY Sports. For participants, the thrill comes with speed, the integration of reality with a computer game and the risk of a crash. For spectators, the appeal is mainly a function of the spectacular settings. Further development of drone technology increases their agility and speed, making the races more exciting for an even wider audience.

Drone Racing League (DRL) is a good example. DRL organizes drone races across the globe and films them using a mix of camera drones, stationary cameras, and first-person-view (FPV) video. Since its launch in 2015–2016, its races have been viewed on YouTube, Twitch, and Facebook over 43 million times. DRL events have also been on TV, and the organization expects the coming season to be viewable on TV screens in up to 75 countries.

[11] https://www.e-sportsbets.com/998/who-makes-up-e-sports-community/
[12] http://interlaw.foster.com/wp-content/uploads/2017/05/Blue-Skies-for-Drone-Law-Brooks-Lindsay.pdf

Past major events

- 2015 US Fat Shark National Drone Racing Championships, California - The first annual U.S. National Drone Racing Championships were held in 2015. This event was held in a stadium at the California State Fair. The prize for winning the competition was $25,000 and was competed for by over 100 competitors.
- World Drone Prix, Dubai - World's biggest and most lucrative drone race, with a total prize fund of US$1 million.
- 2016 U.S. National Drone Racing Championships Presented by GoPro New York - The second annual event was held August 7 on New York City's Governor's Island. 145 pilots competed in the event for a total prize purse of $57,000.
- 2016 MultiGP National Championships, Indiana - The second annual event was held at the Academy of Model Aeronautics (AMA) headquarters in Muncie Indiana on September 4, 2016. Over 140 pilots arrived on-site to battle for this Championship event and a chance at the $15,000 prize purse.
- 2016 World Drone Racing Championships took place October 20–22 in Kualoa Ranch, Island of Oahu, Hawaii, USA
- In 2016, TOS Asia Cup Shanghai and China Drone National was the largest FPV Drone Racing in Asia: over 140 registered pilots and 15 countries participated in the event.

Event	Organizer	Place	Type of Place
US Fat Shark National Drone Racing Championships, California	Fat Shark – Manufacturer of FPV headset for drone racing	California State Fair - Stadium	Stadium for Expo
World Drone Prix, Dubai	The World Organisation of Racing Drones	Skydive Dubai	Skydiving Location
U.S. National Drone Racing Championships Presented by GoPro New York	GoPro – Manufacturer	Governors Island, New York	Tourist Place - National Park Services
MultiGP National Championships, Indiana	MultiGP – Drone Racing League	Academy of Model Aeronautics	Model Aviation Teaching Institute
World Drone Racing Championship	DroneWorld – Online Retailer	Kualoa Ranch, Island of Oahu, Hawaii	Tourist Attraction
TOS Asia Cup Shanghai and China Drone National	Sponsored by DYS	Shanghai New International Expo Centre, China	Expo Center
Drone Racing League	Drone Racing League	Miami Dolphins NFL Sunlife Stadium	Emergency response and disaster training center in Atlanta

Startup Companies & R&D Labs

The professional, scientific and technical service sectors are the target market of Co-Working Space.

The information sector is a key user of Co-Working Space. More specifically, technology start-ups (i.e., companies between zero and five years old) are common users of virtual offices. According to data sourced from the US Census Bureau, there are over 1.0 million technology start-ups operating in the United States, a number that is set to expand over the next five years.

Market research shows that non-employing businesses and companies with fewer than 20 employees make up an estimated 50% of Co-Working Space industry revenue. A large number of customers are mobile workers and freelancers who usually work from home or from "third locations," or nontraditional spaces like cafes, parks or libraries. These workers rent small suites and conference rooms for client meetings but conduct most of their business online, reducing or eliminating their need for a daily office space. Additionally, many start-ups are expected to be serviced by these smaller operators.

In 2011, an analysis of Labor Department data at the Kauffman Foundation found the average size of a start-up to be 4.7 employees, down from 7.7 in 1999. This trend of downsizing startup staffs is likely to continue in the future as newer technologies allow companies to do more with fewer people. Consequently, start-ups, which comprise a sizeable portion of small businesses are the major target market for the Co-Working Space and are expected to generate a larger portion of revenue.

According to the Angel.co, there are around 658 startups in the drone industry, of which 31 companies joined the portal in the year 2018.

Universities with Accredited UAS Degrees

The following universities offer a full course of accredited academic study that will lead to a degree in Unmanned Aerial Systems, including operation, management, maintenance and even design.

- Kansas State Polytechnic University
- North Dakota University
- Oklahoma State University
- Indiana State University
- Embry-Riddle Aeronautical University
- Green River College
- Troy University
- Central Oregon

Below are the relevant labs and a student organization called the UAV Association, which is dedicated to providing a central resource hub for all things related to unmanned aerial vehicles within UC Berkeley, including multirotor, fixed wing and other miscellaneous UAVs. Activities within this group encompass a range of photography, videography projects, academic research and racing competitions. The following labs and student organizations are involved in research regarding unmanned aerial systems:

- Hybrid Systems Laboratory (http://hybrid.eecs.berkeley.edu/)
- CalUnmanned Research Lab (http://unmanned.berkeley.edu/)
- Center for Collaborative Control of Unmanned Vehicles (http://c3uv.berkeley.edu/) (Discontinued, Moved to CalUnmanned)
- Vehicle Dynamics & Control Lab (http://vehicle.me.berkeley.edu/)

- Pieter Abbeel's Robot Learning Lab (http://rll.berkeley.edu/outreach/)
- BEAR: Berkeley Aerobot Team (http://robotics.eecs.berkeley.edu/bear/testbeds.html)
- Airport Design Studio (http://airportdesign.berkeley.edu/)
- American Institute of Aeronautics and Astronautics at Cal (http://aiaa.berkeley.edu/)
- Institute of Transportation Studies (http://its.berkeley.edu/)
- Student Organizations/Clubs on Campus with UAV/UAS Focus
- Learn to Fly: Pilot Ground School (http://aiaa.berkeley.edu/skycal/)
- Design, Build, Fly (http://aiaa.berkeley.edu/design-build-fly.html)
- Space Exploration Society at Berkeley (http://sesb.berkeley.edu/)
- Aero-Design SAE @ Berkeley (http://asaeberkeley.weebly.com/)

UAV Research Lab

California State University, Fresno (Fresno State), has created a new Unmanned Systems Integration Laboratory, funded by Lockheed Martin, which supports joint teaching and research projects between Electrical and Computer Engineering, Mechanical Engineering, and Industrial Technology. The lab is supported by both the Lyles College of Engineering, as well as the Jordan College of Agricultural Sciences and Technology, allowing for both fundamental UAS research (Engineering), as well as applied research (Agricultural Science and Technology). More recently, we have begun partnering with Plant Science as well, in anticipation of expanding our UAS agricultural research and potential partnerships with the US Forest Service.

UAS research at Fresno State originated in 2007 with contract work for Edwards Air Force Base (EAFB), who routinely hire Fresno State graduates as engineers and engineering managers. Since then, we have increased the scope of our research to address the agricultural needs of the Central Valley of California using UAS platforms. As a result of the applied systems research done on campus, our UAS research students have been hired by the Air Force and Navy, Defense Contractors, Geospatial companies such as Trimble, Drone Manufacturers, startup companies in Silicon Valley, and more traditional computing companies such as Intel. The students involved with UAS research at Fresno State have gained a reputation for having a significant competitive edge because of the hands-on systems engineering expertise that they develop as undergraduate students — which is exceptionally rare at the undergraduate level.

More recently, a new $20 million Jordan Agricultural Research Center will be completed in May 2016 on campus, which is a 30,000 sq. ft. State-Of-The-Art research facility to enable researchers from the Jordan College of Agricultural Science and Technology (JCAST), the College of Science and Mathematics, and the Lyles College of Engineering (LCOE) to work side-by-side and create a new atmosphere of interconnectivity. The joint UAS research program between CJAST and LCOE will be one of the featured laboratory spaces on the first floor of the new research center, along with a data visualization lab. This lab space is in addition to the Lockheed-Martin UAS laboratory currently being used.

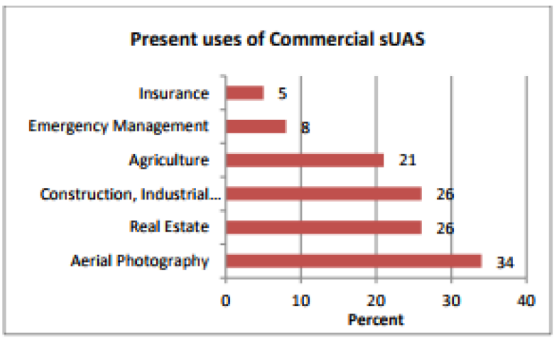
Professionals | Commercial Users

The commercial drone sector is very dynamic and appears to be at an early stage of growth. Unlike the hobbyist sector, FAA anticipates that growth in this sector will continue to accelerate over the next few years. Given the clarity that part 107 has provided to the industry, increasing commercial applications will become likely, which will facilitate additional growth.

Based on the registration trends observed, expert opinions collected during the TRB workshop, review of available industry forecasts, and market/industry research, FAA forecasts that the non-hobbyist fleet by 2021 will likely (base scenario) be ten times larger than the size of the fleet in 2016. FAA projects the number of units in the commercial small-UAS fleet will exceed 420,000 by 2021, compared to 42,000 in 2016.

The forecast commercial small UAS fleet is primarily (over 95%) consumer grade off-the-shelf aircraft due to lower prices, ease of use, and availability. However, the higher-end, bigger, professional grade fleet stands to expand rapidly over time, especially as newer and more sophisticated uses are devised. Thus, while most (over 90%) of the growth in the commercial small UAS fleet will come from the consumer-grade UAS, we anticipate a significant portion of commercial growth will come from professional-grade UAS as well.

	Total Non-Hobbyist (Commercial) Fleet Million sUAS Units		
Year	Low	Base	High
2016	0.042	0.042	0.042
2017	0.095	0.108	0.235
2018	0.133	0.167	0.445
2019	0.173	0.242	0.742
2020	0.207	0.327	1.133
2021	0.238	0.422	1.616



Major applications of commercial small UAS are aerial photography (34%), construction, industrial and utility inspection (26%), real estate (26%) and agriculture (21%). Many of these UAS have multiple uses, and hence, the sum of the percentages in the chart exceeds 100%.

Agriculture Sector: The use of a drone in agriculture sector includes surveying and spraying. Surveying also includes remote sensing that is applicable to nearly all types of farms – including livestock and even fisheries – by using sensors to detect characteristics such as crop health or to count and profile livestock in different areas. This broad applicability drives the most significant portion of potential drone demand, although the relevance of these capabilities will be impacted by how large a farm is and, in relation, the general willingness to acquire services.

Other uses include more precise spraying and seeding activities using light payload drones. However, spraying activities of today require moving significant weight – measured in tons – and as a result, our expectation is for light payload drones, mostly multicopters, to be used, on average, for just high-value crops such as wine, fruit, and vegetables, that are naturally part of smaller farms.

Energy Sector: In the energy sector, drones are expected to improve maintenance and be used for inspections. An early adopter for local site inspections is the oil & gas industry, which has already started using drones on offshore facilities. Drones offer the possibility to inspect hard to access locations on platforms as well as at other production plants (e.g., flare stacks, cooling towers) without putting personnel at risk.

E-Commerce & Delivery Sector: Drones able to avoid today's growing traffic are expected to offer opportunities for faster, more customized delivery and increase access of communities to the retail outlets near them. These opportunities are expected to be considered value-adding services (e.g., emergency medical supplies, rush order official documents) that both consumers and businesses are willing to pay a premium for.

Big companies, such as Amazon and Facebook, are looking for pilots who fly drones and engineers with experience in building the unmanned aircraft. According to a 2013 report from the Association for Unmanned Vehicle Systems International, around 100,000 new jobs will be created in the first ten years after unmanned aircraft are cleared for takeoff in U.S. airspace.

Recently, in September 2017, Dubai initiated a flying taxi service which is the first such service in the world. The automated vehicle, which lifts and lands vertically like a helicopter, whisked Dubai Crown Prince Sheikh Hamdan bin Mohammed away for a five-minute flight 200 meters above a patch of sand.

Construction & Mining: For mining & construction, drones are already being demanded for civil surveying (e.g., during excavation, backfilling and roadwork) and site management. Drones can be used to survey build sites, map buildings in 3D models, monitor construction progress, and inspect building materials. Example: Autodesk has invested in Skycatch to enable real-time analysis on project progress on construction sites. Komatsu, another investor in Skycatch, is experimenting with drones to conduct detailed land surveys in a fraction of the time required by human surveyors and ground-based scanning methods. Skycatch's customers include Clayco, DPR, Bechtel, Bouygues, Rio Tinto, Chevron, and First Solar.

Telecom Sector: The telecom industry is beginning to benefit from the use of drones in performing routine tower inspections. As with power line inspections, the benefits are simultaneously reducing personnel risk, limiting time spent driving between sites (fewer crew members would be required) and climbing towers, and lowering overall inspection costs.

Insurance: In the sector of insurance, drones have the opportunity to increase safety in performing claim assessments, in tandem with making the process more efficient overall. Exterior damage or roof assessments often require an inspector to be in hazardous environments, whereas drones can capture these images more quickly and without putting an inspector in those positions.

Media & Entertainment: The media and film industry are already a driving force behind the use of drones, with existing uses in sports event broadcasting, movie making, and news coverage. As drones provide a cost-effective alternative to helicopters for aerial views and offer new opportunities to capture unique vantage points or data in assessing weather conditions, wide adoption across the media landscape is expected.

Real Estate: Visualization will be influenced by high competition among real estate agencies, as evidenced by luxury real estate companies providing clients with virtual reality tours of properties. The tasks around capturing these images are similar to how leisure drones are used and, therefore, the majority of these drones are likely to be relatively basic, affordable units. As technology becomes more robust, these same drone assets are likely to complete indoor modeling for agencies as an additional value-add.

Possible Ventures / Business Partners

Based on the market and target market segment study, the following are potential ventures and business partners to expand the market reach and open the door for additional product offerings and revenue streams.

• Ambarella

Ambarella is best known as the manufacturer of the chips in GoPro's action cameras, but the company also produces video-processing chips for other drone-makers. The company is a key supplier for DJI. Ambarella's product announcement at the 2017 drone marketplace of the Consumer Electronics Show provided deep insights into the direction of the drone industry towards 8k and smoother video in drones in 2018 and beyond.

Ambarella managed to grow its fiscal 4Q 2017 revenue by 29% and its GAAP earnings per share by 253%. Although Ambarella's fiscal 2017 revenue was down year-over-year to $310 million from $316 million, the company expects fiscal 2018 revenue to be up by 3% and will venture into its own drone production in the near future, which makes it a stock to watch.

• GoPro

GoPro went public in early 2014 and sold approximately $427 million worth of stock, making it the biggest consumer-electronics IPO since battery company Duracell International Inc.'s 1991 debut.

Formerly known as Woodman Labs, Inc., GoPro develops, manufactures and markets pocket-sized, high-definition cameras often used in extreme action video photography. The lightweight cameras are commonly mounted to consumer-level drones. GoPro's Karma Drone series has been the most popular product line they have ever introduced.

Given the company's HD camera popularity amongst enthusiasts and extreme sports lovers, GoPro drones are geared towards hobbyists, professionals, and adventurers.

• Parrot SA

Parrot, headquartered in Paris, is a new entrant into the UAV/quadcopter market. Its main specialty is manufacturing wireless devices for mobile phones and automobiles (i.e., Bluetooth hands-free kits). In a short amount of time, Parrot has seized a large part of the commercial and civil UAV/quadcopter market with the AR.Drone and its successor the AR.Drone 2.0, a mid-range hobby drone with integrated FPV system controlled by a smartphone app.

Easily DJI's direct competitor in the aerial photography and aerial video markets, the company's Bebop series is one of the most popular camera drones currently sold today due to its affordability.

- ## Valve Corporation

Valve Corporation is an American video game developer and digital distribution company headquartered in Bellevue, Washington. The company is known for its software distribution platform, Steam, and the Half-Life, Counter-Strike, Portal, Day of Defeat, Team Fortress, Left 4 Dead, and Dota 2 games.

- ## Gamestop Corp.

GameStop holds the top score in video game retailing. The largest retailer of new and used games, hardware, entertainment software, and accessories boasts more than 4,010 GameStop, EB Games, and Micromania branded stores in the US and 2,000-plus stores in Europe, Australia, and Canada.

- ## Electronic Arts Inc.

Electronic Arts (EA) puts gamers in action on the gridiron, the pitch, the battlefield, and in outer space with its most popular games. Its leading titles are Madden NFL, FIFA (soccer), and Star Wars (licensed from others) and its own Battlefield, Mass Effect, and The Sims. A long-time publisher of gaming software, EA is generating increasing sales of games for mobile devices. Still, it makes most of its revenue from games played on consoles from Sony and Microsoft and on personal computers. EA also provides online social games, such as those licensed from Hasbro, which include Monopoly. The company is moving into competitive gaming and eSports with its Competitive Gaming Division.

Intel

The Intel Extreme Masters (IEM) is a series of international eSports tournaments held in countries around the world. These Electronic Sports League (ESL) sanctioned events, sponsored by Intel, include events in Starcraft II, Counter-Strike: Global Offensive, Quake Live, League of Legends and Hearthstone: Heroes of Warcraft. The body that owns the league is Turtle Entertainment. The League has existed for twelve seasons as of 2018. The season twelve tournament finals took place in Sydney, Australia. Previous events have been held in Chengdu, Dubai, Hanover, and Los Angeles, among other cities

Kingston

Kingston Technology Corporation is an American, privately held, multinational computer technology corporation that develops, manufactures, sells and supports flash memory products and other computer-related memory products. Headquartered in Fountain Valley, California, United States, Kingston Technology employed more than 3,000 employees worldwide as of Q1 2016. The company sponsors eSports teams, such as LGD Gaming, Infinity eSports, and AT Gaming.

IBuyPowerPC

Since 1999, iBUYPOWER has been delivering the best gaming systems for the most discerning gamers. The company offers systems for professional gamers, game developers, LAN centers, major eSports tournaments, and everyday consumers.

iBUYPOWER has worked intimately with brands such as Intel, NVIDIA, AMD, Microsoft, Western Digital, Asus, Bethesda, MLG, and many more. Superior performance, reliability, cutting-edge technology, and timely production make iBUYPOWER the authority in PC gaming.

CyberPower

CyberPowerPC, also known as CyberPower, is an American computer manufacturer and retailer. It specializes in low-cost and high-performance hardware, particularly for computer gaming, as well as custom PC builds.

CyberPowerPC was founded and incorporated on February 17, 1998, in the City of Industry, California. In 2003, the company was listed as the fastest growing privately owned business in the Los Angeles area by the Los Angeles Business Journal. From 2011-2016, CyberPowerPC was consistently ranked within the top 150 largest privately owned companies headquartered in Los Angeles County by the Los Angeles Business Journal

Kinguin

Kinguin is one of the world's largest online marketplaces selling video games, software and in-game items. The company has built a platform to connect merchants directly with their target audience to provide products at the best possible prices for customers while ensuring great returns for merchants. Since its founding in 2013, Kinguin has grown to support over 5 million active customers and 4,000 merchants in a marketplace with 30,000 offers for 13,000 products.

• Alliance Business Centers Network

Alliance Business Centers Network (ABCN) provides both fully Co-Working Space options and virtual office offerings, such as business district addresses and remote receptionist services. ABCN operates about 30,000 individual offices globally. Since coming online, the company's virtual office segment, Alliance Virtual Offices, has over 700 locations in 40 countries. The company also offers standalone meeting and conference rooms in many locations.

WeWork

WeWork is an American company that provides shared workspaces, technology startup subculture communities, and services for entrepreneurs, freelancers, startups, small businesses and large enterprises. Founded in 2010, it is headquartered in New York City. WeWork has a current valuation of roughly US$20 billion and manages 10 million square feet of office space. WeWork designs and builds physical and virtual[5] shared spaces and office services for entrepreneurs and companies. The company's 100,000+ members have access to health insurance, an internal social network, social events and workshops, and an annual summer retreat. WeWork has more than 2,000 employees and has locations in 23 United States cities and 21 countries

Spaces

Spaces offer an inspiring office environment for professionals and growing businesses. In addition to office spaces, there are memberships and meeting rooms to help you think, create and work together. Spaces aim to provide an inspiring environment with an entrepreneurial spirit where ideas come into being, a company develops, and valuable relationships can develop. Spaces have more than 80 locations spread across Europe, Asia, Australia, Africa, North and South America. For more information, visit the website, read the latest blogs or follow Spaces on Instagram.

Union Cowork

Union CoWork was founded in San Diego, California in 2013. The Company leases office and industrial space in urban infill neighborhoods in California and select cities worldwide. Their primary customer segment is private businesses, startups, entrepreneurs, students, and non-profits.

Regus PLC

Regus PLC is a global provider of flexible workspace and Co-Working Spaces. The company was founded in Brussels, Belgium in 1989 and is headquartered in Luxembourg. Regus offers a variety of business centers with many configurations and offerings, including basic collaboration space and meeting rooms, fully Co-Working Spaces, video conferencing rooms, and services, think pods (a semi-private space for a single worker) and virtual office services, such as the use of a business address and phone number in a given city. Regus operates a total of 1,929 locations in 100 countries and employs over 8,000 people. Its customer base includes half of the Fortune 500. In 2015 (latest reported data), the company recorded global revenue of $2.9 billion.

Location Considerations

The suitability of the land for the operation of a drone arena is an important consideration affecting the economic viability of a property and its ultimate marketability. Factors such as size, topography, access, visibility, and the availability of utilities have a direct impact on the desirability of a particular project.

The subject site will be located in the State of California; however, the specific site has yet to be determined. The potential site will be considered based on the target market. The US population is increasingly accepting the imminent trend of the drone as a far and wide accepted hobby. Casual enthusiasts and early adopters comprise a significant portion of the industry. The electronic technology has also attracted gaming enthusiasts to accept drones as their new-found source of entertainment and organize various competitions. Thus, the primary target markets for Multitainment Arena are hobbyists, drone pilots (professional), R/C enthusiasts, and gamers. The vast majority of drone pilots and buyers are male and either Caucasian or Asian. They span all age groups and are, as a rule, high income and college educated.

The Multitainment Arena will provide a wide range of activities varying in skill level. The end consumer is varied and will include individuals of all ages who have an interest in high-tech and enchanting toys.

This section will study

- all four US regions (entertainment perspective);
- personal consumption trend on entertainment;
- current spending trend on entertainment;
- top location demographic (having high spending trend on entertainment and current business environment);
- average annual expenditure of top locations (cities); and
- geographic market distribution of top locations to identify potential states/cities that will be feasible for the project.

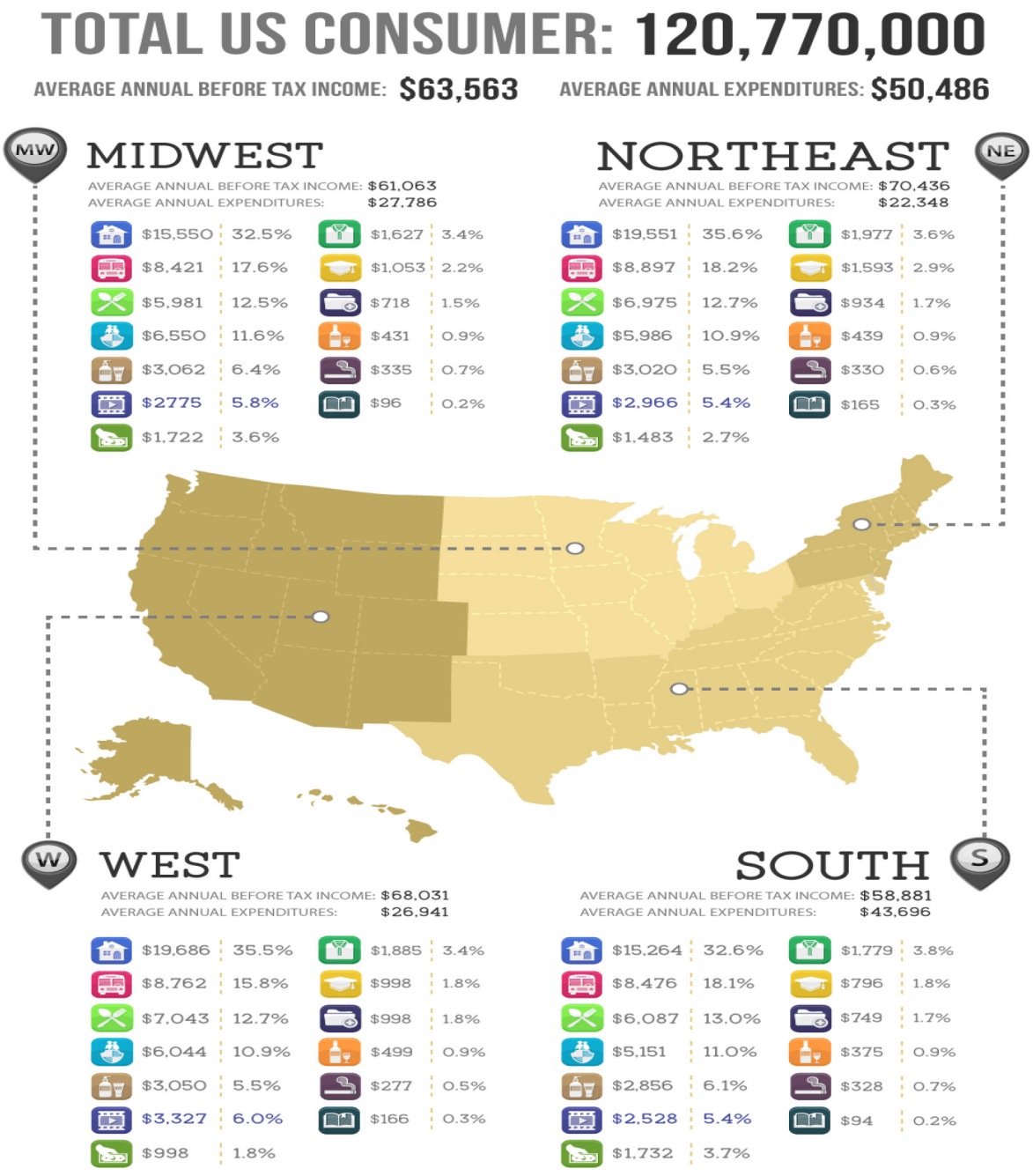
Regions:

According to the United States Bureau of Labor Statics, the average annual expenditures during 2016 were $50,486, in which the average expenditure on entertainment was $2,827 or 5.6%. Entertainment expenditure included audio and visual equipment and services; pets, toys, hobbies and playground equipment; fees and admissions; and other entertainment spending. Region-wise spending is as follows:

- Midwest: The Census Bureau's definition consists of 12 states in the north-central United States. The Midwest region includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. Midwest spending was $47,846. Economically the region is balanced between heavy industry and agriculture, with finance and services such as medicine and education becoming increasingly important.
- Northeast: Northeast spending was $54,918. Regions include Maine, New York, New Jersey, Vermont, Massachusetts, Rhode Island, Connecticut, New Hampshire, and Pennsylvania. The Northeastern region is the nation's most economically developed, densely populated, and culturally diverse region. Of the nation's four census regions, the Northeast is the second most urban, with 85% of its population residing in urban areas.
- Southern: Southern spending was $46,823. The region includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. The region is known for its culture and history, having developed its customs, musical styles, and cuisines, which have distinguished it in some ways from the rest of the United States. In the late 20th century, the South changed dramatically. It saw a boom in its service economy, manufacturing base, high technology industries, and the financial sector. Texas, in particular, witnessed dramatic growth and population change, with the

dominance of the energy industry and tourism, such as the Alamo Mission in San Antonio. Tourism in Florida and along the Gulf Coast also grew steadily throughout the last decades of the 20th century.

- Western: Western spending was $55,453. The Western region includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. The Western region of the United States includes 13 states with a total 2013 estimated population of 74,254,423. In the western region, California has emerged as the most populous state and one of the top 10 economies in the world.



Particulars	Midwest		Northeast		Southern		Western	
	%	Amount	%	Amount	%	Amount	%	Amount
Average Annual Before Tax Income	-	$61,063	-	$70,436	-	$58,881	-	$68,031
Average Annual Expenditure	-	$27,786	-	$22,348	-	$43,696	-	$26,941
Entertainment Expenditure	5.8%	$2,775	5.4%	$2,966	5.4%	$2,528	6%	$3,327
Other spending (entertainment supplies, equipment and services)	21%	$578	15%	$439	13%	$328	18%	$610
Fees & Admission	21%	$574	24%	$714	20%	$515	22%	$721
Pets, toys, hobbies and playground equipment	21%	$622	24%	$714	24%	$609	28%	$943

Personal consumption trend on entertainment

Before analyzing geographic locations, let's examine entertainment spending from 2008 to 2013 and analyze the relationships between entertainment spending and 1) income, and 2) age.

Income and entertainment spending: Income is positively associated with most household expenditures. In other words, the higher the household income, the greater the dollar amount spent on goods and services in general. However, the percentage of income that a household spends on a particular category depends on the item. The 2013 Consumer Expenditure Survey showed that the amount spent on entertainment and its components increased as income increased. The percentage of the household budget spent, however, varied by category. The share of the budget spent on total entertainment increased with each income quintile, except the second 20-percent income quintile. Those in the lowest income quintile spent 4.5 percent, on average, while those in the highest spent 5.2 percent. Fees and admissions and other entertainment supplies, equipment, and services increased with income quintile. The share spent on audio and visual equipment and services declined with each income quintile, from 2.4 percent among households in the lowest income quintile to 1.5 percent among households in the highest. The reason is that, while the dollar amount spent on this category increased with income quintile, total expenditures also increased so that spending represented a smaller share of the household budget.

Average annual entertainment expenditures, by quintiles of pretax income, Consumer Expenditure Survey, 2013

Item	All	Lowest 20 percent	Second 20 percent	Third 20 percent	Fourth 20 percent	Highest 20 percent
Number of consumer units (in thousands)	125,670	25,090	25,219	25,082	25,178	25,101
Percent of consumer units	100.0	20.0	20.0	20.0	20.0	20.0
Mean pretax income	$63,784	$9,658	$26,275	$45,826	$74,546	$162,720
Total annual expenditures						
Mean	$51,100	$22,393	$32,559	$42,495	$58,842	$99,237
Share	100.0	100.0	100.0	100.0	100.0	100.0
Total entertainment						
Mean	2,482	1,002	1,416	1,997	2,866	5,133
Share	4.9	4.5	4.3	4.7	4.9	5.2
Fees and admissions						
Mean	569	112	198	349	563	1,625
Share	1.1	.5	.6	.8	1.0	1.6
Audio and visual equipment and services						
Mean	964	548	750	885	1,149	1,489
Share	1.9	2.4	2.3	2.1	2.0	1.5
Pets, toys, and playground equipment						
Mean	596	286	367	527	777	1,022
Share	1.2	1.3	1.1	1.2	1.3	1.0
Other entertainment supplies, equipment, and services						
Mean	353	55	101	236	377	996
Share	.7	.2	.3	.6	.6	1.0

Source: U.S. Bureau of Labor Statistics.

Age and entertainment spending:

Average annual entertainment expenditures, by age of reference person, Consumer Expenditure Survey, 2013

Item	All	Under 25 years	25–34 years	35–44 years	45–54 years	55–64 years	65–74 years	75 years and older
Number of consumer units (in thousands)	125,670	8,275	20,707	21,257	24,501	22,887	16,024	12,018
Percent of consumer units	100.0	6.6	16.5	16.9	19.5	18.2	12.8	9.6
Mean age of reference person	50.1	21.6	29.8	39.7	49.7	59.2	68.8	81.6
Mean pretax income	$63,784	$27,914	$59,002	$78,385	$78,879	$74,182	$53,451	$34,097
Total annual expenditures								
Mean	$51,100	$30,373	$48,087	$58,784	$60,524	$55,892	$46,757	$34,382
Share	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total entertainment								
Mean	2,482	1,243	2,214	2,958	3,070	2,651	2,488	1,422
Share	4.9	4.1	4.6	5.0	5.1	4.7	5.3	4.1
Fees and admissions								
Mean	569	245	498	736	747	551	579	276
Share	1.1	.8	1.0	1.3	1.2	1.0	1.2	.8
Audio and visual equipment and services								
Mean	964	576	899	1,139	1,064	1,021	961	723
Share	1.9	1.9	1.9	1.9	1.8	1.8	2.1	2.1
Pets, toys, and playground equipment								
Mean	596	243	533	638	728	780	580	282
Share	1.2	.8	1.1	1.1	1.2	1.4	1.2	.8
Other entertainment supplies, equipment, and services								
Mean	353	179	284	446	531	299	369	141
Share	.7	.6	.6	.8	.9	.5	.8	.4

Source: U.S. Bureau of Labor Statistics.

Household pretax income and total spending increased with each age category, from those under 25 years old to those in the 45–54 years category, and then declined for those 55 and older. This pattern also existed for expenditures on total entertainment and for audio and visual equipment and services. For fees and admissions and for other entertainment supplies, equipment, and services, spending increased with age up to the 45–54 years category and declined with the 55–64 years category. Spending rose again with the 65–74 years category, before declining with the 75 years and older category. Spending on audio and visual equipment and services peaked at the 35–44 years category.

The shares of the household budget spent on entertainment and its components followed no consistent pattern. For example, the share of spending on total entertainment was highest (5.3 percent) for those 65–74 years old and lowest (4.1 percent) for those under 25 years and older than 75 years. For audio and visual equipment and services, budget shares varied little (1.8 to 2.1 percent) with age category.

Existing studies using CE data suggest that, as age increases, spending on entertainment decreases, other factors being equal. One reason is that limited mobility among members of older households would likely reduce spending on activities such as live sporting events and theater performances. Another reason is that older households would be more likely than young households to own items such as hobby equipment.

With that being said, we can conclude that:

- The dollar amount spent on entertainment and its components increased with household pretax income.
- The dollar amount spent on entertainment and its components generally increased with age up to 45–54 and then declined, mirroring the pattern of pretax income associated with the age categories.[13]

[13] https://www.bls.gov/opub/btn/volume-4/movies-music-sports-entertainment-spending.htm

Current Spending Trend

According to the U.S. Bureau of Labor Statistics report, average expenditures per consumer unit for 2016 were $57,311, a 2.4-percent increase from 2015 levels. Overall spending increased in all five quintiles, ranging from 1.6 percent in the highest quintile to 4.9 percent in the second quintile. Expenditures on the discretionary categories of food away from home and entertainment continued increasing in 2016, up 4.9 percent and 2.5 percent respectively, after increasing 7.9 percent and 4.2 percent in 2015.

Table A. Average expenditures and income of all consumer units and percent changes for selected components, 2014-16(1)

Item	2014	2015	2016	Percent change 2014-2015	Percent change 2015-2016
Average income before taxes	$66,877	$69,629	$74,664	4.1	7.2
Average annual expenditures	53,495	55,978	57,311	4.6	2.4
Food	6,759	7,023	7,203	3.9	2.6
Food at home	3,971	4.015	4,049	1.1	0.8
Food away from home	2,787	3,008	3,154	7.9	4.9
Housing	17,798	18,409	18,886	3.4	2.6
Shelter	10,491	10,742	11,128	2.4	3.6
Owned dwellings	6,149	6,210	6,295	1.0	1.4
Rented dwellings	3,631	3,802	4,035	4.7	6.1
Apparel and services	1,786	1,846	1,803	3.4	-2.3
Transportation	9,073	9,503	9,049	4.7	-4.8
Vehicle purchases	3,301	3,997	3,634	21.1	-9.1
Gasoline and motor oil	2,468	2,090	1,909	-15.3	-8.7
Other vehicle expenses	2,723	2,756	2,884	1.2	4.6
Healthcare	4,290	4,342	4,612	1.2	6.2
Health insurance	2,868	2,977	3,160	3.8	6.1
Entertainment	2,728	2,842	2,913	4.2	2.5
Cash contributions	1,788	1,819	2,081	1.7	14.4
Personal insurance and pensions	5,726	6,349	6,831	10.9	7.6
Life and personal insurance	327	333	322	1.8	-3.3
Pensions and Social Security	5,399	6,016	6,509	11.4	8.2
All other expenditures	3,547	3,845	3,933	8.4	2.3

(1)Subcategories do not sum to 100%.

Expenditures on the discretionary categories of food away from home and entertainment continued increasing in 2016, up 4.9 percent and 2.5 percent respectively, after increasing 7.9 percent and 4.2 percent in 2015. Spending on food at home, apparel and services, and entertainment saw increases in three of five quintiles. (See table one next page.)

Dollar change and percent change in average annual expenditures on major components by income quintile, 2015-16

Item	Lowest		Second		Third
	Dollar	Percent	Dollar	Percent	Dollar
Average annual expenditure change:					
Total	$668	2.7	$1,707	4.9	$1,752
Food	95	2.5	-44	-0.9	425
At home	3	0.1	-158	-4.8	252
Away from home	92	7.2	115	6.6	172
Housing	377	3.8	720	5.6	506
Apparel and services	84	10.9	25	2.2	217
Transportation	208	5.8	69	1.2	-356
Healthcare	226	11.7	105	3.1	301
Entertainment	-124	-9.7	45	2.6	126
Cash contributions	-154	-21.7	377	35.7	-34
Personal insurance and pensions	53	8.9	26	1.5	247
All other expenditures	-97	-4.9	385	17.6	321

Item	Third	Fourth		Highest	
	Percent	Dollar	Percent	Dollar	Percent
Average annual expenditure change:					
Total	3.8	$1,239	1.9	$1,713	1.6
Food	7.3	271	3.3	163	1.3
At home	7.3	193	4.3	-117	-1.8
Away from home	7.3	78	2.2	280	4.6
Housing	3.2	279	1.4	626	1.9
Apparel and services	16.6	-25	-1.2	-514	-12.8
Transportation	-4.0	-399	-3.5	-1,719	-9.6
Healthcare	7.6	114	2.1	628	8.9
Entertainment	5.7	358	11.7	-31	-0.5
Cash contributions	-2.5	1	0.0	1,144	28.0
Personal insurance and pensions	6.2	595	7.8	1,603	9.1
All other expenditures	12.0	45	1.2	-189	-2.2

Top 3 Location Business Environment Comparison

Business environment and market of top locations are studied below:

Top three states	California	Texas	Florida
Population	37.2 Million	25.1 Million	18.8 Million
Household	12.5 Million	8.9 Million	7.4 Million
Age Range 15 – 34	10.9 Million (29.3%)	7.3 Million (29.1%)	4.7 Million (25.2%)
Drone registration	57,953	36,704	35,170
Number of Tourists Visited	264.8 Million	220 Million	112.8 Million
RC Facilities	43	61	95
Per Capita Income	$61,818	$55,653	$49,426
Employment Rate	63.6%	64.7%	59.2%
Household Income > $100,000	29.9%	23.5%	18.7%
Number of companies	3.5 Million	2.3 Million	2.1 Million
State Income Tax Rate	13.3%	None	None
Property Tax Rate	0.81%	1.9%	1.06%
Food & Beverage / Restaurant Industry Share & Worth	12.3% |$22.2 B	7.1% |$12.8 B	6.4% |$11.5 B
Co-Working Space Industry Share & Worth	13.5% | $310.5 M	8% | $184 M	8.4% | 193.2 M

California

California is home to Silicon Valley and Silicon Beach. The state comes in No. 1 for having the most registered drones, both in the commercial and hobby space.

California is the most populous U.S. state, with an estimated 2017 population of 39.497 million. It has people from a wide variety of ethnic, racial, national, and religious backgrounds. Its population is one third larger than that of the next largest state, Texas. According to 2015 US Census Bureau estimates, California's population was 72.9% White, 6.5% Black or African American, 14.7% Asian, 1.7% Native Americans, 0.5% Pacific Islander and 3.8% from two or more races. By ethnicity, 38.8% of the total population is Hispanic-Latino (of any race) and 61.4% Non-Hispanic (of any race). Hispanics are the largest ethnic group in California. California has the largest population of White Americans in the U.S., totaling 21,453,934 residents as of the 2010 census. The state has the fifth largest population of African Americans in the U.S., an estimated 2,299,072 residents (See Appendix for detail). California's Asian population is estimated at 4.9 million, approximately one-third of the nation's estimated 15 million Asian Americans. California's Native American population of 362,801 is the most of any state; some estimates place the Native American population at one million.

According to Cyberstate 2017, California's technology industry employment grew by an estimated 4.3 percent in 2016 as employers added some 48,500 new jobs. With an estimated 1,186,471 workers, California leads the nation in tech industry employment by a wide margin. The second-ranked state, Texas, has an estimated tech industry workforce of approximately 593,000.

Technology occupations across all other industries in California – the second component of the tech workforce – reached an estimated 1,029,900 in 2016.

The tech sector accounts for an estimated 12.6 percent ($312.1 billion) of California's economy. The annualized average wage for a California tech industry worker was an estimated $154,000 in 2016, 148 percent higher than the average state wage ($62,000). California ranks first nationwide in average tech industry wages.

Other Key Findings

- California ranks first among all states in the Cyberstates 2017 Innovation Score, which is based on an analysis of new tech patents, tech startups, and new tech business establishments on a per capita basis.
- The state is home to an estimated 51,138 tech business establishments.
- The tech industry employs an estimated 7.2 percent of the overall state workforce.
- Leading tech occupations include application software developers (136,590), systems software developers (88,990) and computer systems analysts (79,980).
- The strongest year-over-year job growth occurred in the categories of Internet services (+ 17.4 percent) and computer systems design and IT services (+ 6.9 percent).
- Employers posted an estimated 88,637 job openings for tech occupations in Q4 2016.

Based on our target market study for the project and strong demographic trend, we suggest the following cities in the state of California for the project.

First Priority: Los Angeles City:

Los Angeles, with a U.S. Census-estimated 2016 population of 3,976,322, is the second most populous city in the United States and the most populous city in the state of California. Los Angeles is the center of the Los Angeles metropolitan area, with 13,131,431 residents, and is part of the larger designated Los Angeles-Long Beach combined statistical area (CSA), the second most populous in the nation with a 2015 estimated population of 18.7 million.

The 2010 United States Census reported that Los Angeles had a population of 3,792,621. The population density was 8,092.3 people per square mile (2,913.0/km^2). The age distribution was 874,525 people (23.1%) under 18, 434,478 people (11.5%) from 18 to 24, 1,209,367 people (31.9%) from 25 to 44, 877,555 people (23.1%) from 45 to 64, and 396,696 people (10.5%) who were 65 or older. The median age was 34.1 years. For every 100 females, there were 99.2 males. For every 100 females age 18 and over, there were 97.6 males. (See Appendix for detailed demographics)

The economy of Los Angeles is driven by international trade and entertainment, including television, motion pictures, video games, music recording, and production. Industries also include aerospace, technology, petroleum, fashion, apparel, and tourism.

The Los Angeles County Office of Economic Development (LACOED) estimates that 45 million people visit the county annually. These visitors, along with the 10 million residents and hundreds of thousands more who come to the city each day to work, provide a vast customer base for the new business. The above demographic trend shows a good fit to establish the business in Los Angeles City.

Second Priority: San Diego

San Diego is another major city in California, United States. It is in San Diego County, on the coast of the Pacific Ocean in Southern California, approximately 120 miles (190 km) south of Los Angeles and immediately adjacent to the border with Mexico. With an estimated population of 1,406,630 as of July 1, 2016, San Diego is the eighth-largest city in the United States and second-largest in California.

The city is the seat of San Diego County and is the economic center of the region as well as the San Diego–Tijuana metropolitan area. San Diego's main economic engines are military and defense-related activities, tourism, international trade, and manufacturing.

The city had a population of 1,307,402 according to the 2010 census, distributed over a land area of 372.1 square miles (963.7 km2). The urban area of San Diego extended beyond the administrative city limits and had a total population of 2,956,746, making it the third-largest urban area in the state, after that of the Los Angeles metropolitan area and San Francisco metropolitan area. They, along with the Riverside-San Bernardino, form those metropolitan areas in California larger than the San Diego metropolitan area, with a total population of 3,095,313 at the 2010 census. The 2010 population represents an increase of just under 7% from the 1,223,400 people, 450,691 households, and 271,315 families reported in 2000. (See Appendix for detailed demographics)

San Diego broke tourism records yet again last year, helped along by robust convention business, Major League Baseball, and a healthy visitor industry that is filling hotel rooms nationwide.

According to the San Diego Tourism Authority, around 34.9 million people visited San Diego in 2016, with roughly half of them staying overnight. That marks the seventh consecutive year that the region has seen an increase in both day and overnight visitors. Further, the report also shows that visitor spending throughout San Diego also reached an all-time high — $10.4 billion, compared with $9.9 billion in 2015.

Business and technology sector includes Defense, UC San Diego and numerous research institutions such as San Diego's technology cluster has positioned the region as a hub for innovation in converging and emerging sectors. With established companies like Qualcomm and ViaSat, and innovative startups like Urban Translations and Classy, San Diego technology firms are developing unique technologies with global impact.

The region's technology cluster is now home to a number of innovative and evolving sectors, including telecommunications, cybersecurity, connected devices, data analytics, health IT, bioinformatics, gaming, and software as a service (SaaS).

Supporting this growth, San Diego's major research universities are also on the forefront of technology innovation. UC San Diego generates more patents than any other University of California campus.

Other than California, the following are potential regions, based on target market demographics.

TEXAS

Texas is the second largest state in the United States by both area and population. The United States Census Bureau estimates that the population of Texas was 27,469,114 on July 1, 2015, a 9.24 percent increase since the 2010 United States Census.

As of 2004, the state had 3.5 million foreign-born residents (15.6 percent of the state population), of which an estimated 1.2 million are illegal. Texas from 2000 to 2006 had the fastest growing illegal immigration rate in the nation. In 2010, illegal immigrants constituted an estimated 6.0 percent of the population. This was the fifth highest percentage of any state in the country. In 2015, the population of illegal immigrants living in Texas was around 800,000. As of the 2015 Texas Population Estimate Program, the population of the state was 27,469,114 non-Hispanic whites 11,505,371 (41.9%); Black Americans 3,171,043 (11.5%); other races 1,793,580 (6.5%); and Hispanics and Latinos (of any race) 10,999,120 (40.0%). (See Appendix for detailed demographics.)

Texas's technology industry added more than 11,000 new jobs in 2016, according to Cyberstates 2017. With an estimated 593,000 workers, Texas ranks second among the 50 states for tech industry employment. Technology occupations across all other industries in Texas – the second component of the tech workforce – reached an estimated 626,300 in 2016.

The tech sector accounts for an estimated 7.2 ($117.2 billion) percent of the overall Texas economy. The annualized average wage for a Texas tech industry worker was an estimated $102,300 in 2016, 89 percent higher than the average state wage ($54,100). Texas ranks 13th nationally in average tech industry wages.

Other Key Findings

- In 2016 Texas led the nation by a wide margin in the number of new tech business establishments created (911). The state is now home to an estimated 36,245 tech-business establishments.
- Texas also leads the country in the telecommunications services; computer, peripheral and software wholesalers; and computer and electronic repairs sectors of the industry.
- The tech industry employs an estimated 5.1 percent of the overall Texas workforce.
- Leading tech occupations include computer system analysts (65,310), computer user support specialists (62,760) and application software developers (56,430).
- The strongest year-over-year job growth occurred in the categories of computer systems design and IT services (+ 7.2 percent) and R&D and testing labs (+ 4 percent).
- State employers posted more than 42,600 job openings for tech occupations in Q4 2016.

Houston

Houston is the most populous city in the state of Texas and the fourth most populous city in the United States. With a census-estimated 2016 population of 2.303 million within an area of 667 square miles (1,730 km2), it is also the largest city in the southern United States and the seat of Harris County. Located in Southeast Texas near the Gulf of Mexico, it is the principal city of the Greater Houston metro area, which is the fifth most populated MSA in the United States.

Greater Houston is the most ethnically diverse metropolitan area in the country. In the Houston region, non-Hispanic whites make up 38 percent of the population, Hispanics 36 percent, African-Americans 17 percent and Asians 9 percent.

The median income for a household in the city was $37,000, and for a family was $40,000. Males had a median income of $32,000 versus $27,000 for females. The per capita income was $20,000. About 19% of the population and 16% of families were below the poverty line. Of the total population, 26% of those under the age of 18 and 14% of those 65 and older were living below the poverty line. (See Appendix for detailed demographics)

Houston is recognized worldwide for its energy industry—particularly for oil and natural gas—as well as for biomedical research and aeronautics. Renewable energy sources—wind and solar—are also growing economic bases in the city.

Located in the American South, Houston is a diverse city with a large and growing international community. From boat tours on Buffalo Bayou to one of the top children's museums in the U.S., Houston offers endless attractions that appeal to adults and children alike.

FLORIDA

Florida is the third most populous state in the United States. With a population of 18.8 million according to the 2010 census, Florida is the most populous state in the Southeastern United States, and the second most populous state in the South behind Texas. Within the United States, it contains the highest percentage of people over 65 (17.3%), and the 8th fewest people under 18 (21.9%). Florida's majority ethnic groups are European Americans, with approximately 65% of the population identifying as White. (See Appendix for detailed demographics)

The Gross Domestic Product (GDP) of Florida in 2016 was $926 billion. Its GDP is the fourth largest economy in the United States. In 2010, it became the fourth largest exporter of trade goods. The major contributors to the state's gross output in 2007 were general services, financial services, trade, transportation and public utilities, manufacturing, and construction respectively.

Florida's technology industry employment grew by an estimated 3.1 percent in 2016 as employers added nearly 9,600 new jobs, according to Cyberstates 2017. With an estimated 318,343 workers, Florida ranks fourth among the 50 states for tech industry

employment. Technology occupations across all other industries in Florida – the second component of the tech workforce – reached an estimated 318,000.

The tech sector accounts for an estimated 6.1 percent ($54.2 billion) of the overall Florida economy. The annualized average wage for a Florida tech industry worker was an estimated $86,600 in 2016, 86 percent higher than the average state wage ($46,500). Florida ranks 23rd nationally in average tech industry wages.

Other Key Findings

- Florida ranks 23rd among all states in the Cyberstates 2017 Innovation Score, which is based on an analysis of new tech patents, tech startups, and new tech business establishments on a per capita basis.
- The state is home to an estimated 30,721 tech business establishments.
- The tech industry employs an estimated 3.9 percent of the overall state workforce.
- Leading tech occupations include computer user support specialists (32,580), application software developers (32,570) and computer systems analysts (20,460).
- The strongest year-over-year job growth occurred in the categories of computer systems design and IT services (+ 7.5 percent), engineering services (+ 4.3 percent) and R&D and testing labs (+ 4.1 percent).
- State employers posted more than 26,000 job openings for tech occupations in Q4 2016.

Tampa

Tampa is a major city in, and the county seat of, Hillsborough County, Florida, United States. It is on the west coast of Florida on Tampa Bay, near the Gulf of Mexico, and is the largest city in the Tampa Bay Area. The city had a population of 335,709 at the 2010 census and an estimated population of 377,165 in 2016.The population of Tampa Bay is estimated at 3,030,953 people as of January 2017, and between 2010 and 2015 the population is estimated to have grown 6.9%.

Finance, retail, healthcare, insurance, shipping by air and sea, national defense, professional sports, tourism, and real estate all play vital roles in the area's economy. Hillsborough County alone has an estimated 740,000 employees, a figure which is projected to increase to 922,000 by 2015. Several large corporations, such as banks and telecommunications companies, maintain regional offices in Tampa.

Tampa is home to a number of attractions and theme parks, including Busch Gardens Tampa, Adventure Island, the Lowry Park Zoo, and the Florida Aquarium. The city of Tampa operates over 165 parks and beaches covering 2,286 acres (9.25 km2) within city limits; 42 more in surrounding suburbs covering 70,000 acres (280 km2) are maintained by Hillsborough County.

Average Annual Expenditure Comparison - City

Average annual expenditure comparison of top cities of selected states.

Item	Los Angeles (California)		San Diego (California)		Houston (Texas)		Tampa (Florida)	
	Mean	Percent Distribution	Mean	Percent Distribution	Mean	Percent Distribution	Mean	Percent Distribution
Average annual expenditures	$64,321	100.00%	$77,299	100.00%	$64,668	100.00%	$51,402	100.00%
Food	7,984	12.4	8,834	11.4	9,184	14.2	6,482	12.6
Food at home	4,225	6.6	4,761	6.2	4,494	6.9	3,747	7.3
Food away from home	3,760	5.8	4,074	5.3	4,691	7.3	2,735	5.3
Alcoholic beverages	512	0.8	848	1.1	563	0.9	430	0.8
Housing	23,265	36.2	27,103	35.1	20,582	31.8	17,322	33.7
Apparel and services	2,858	4.4	2,501	3.2	2,711	4.2	1,564	3
Transportation	10,038	15.6	10,552	13.7	13,577	21	9,095	17.7
Healthcare	3,832	6	4,820	6.2	4,061	6.3	4,434	8.6
Entertainment	2,664	4.1	4,475	5.8	2,935	4.5	2,331	4.5
Personal care products and services	823	1.3	1,137	1.5	981	1.5	742	1.4
Reading	124	0.2	213	0.3	106	0.2	52	0.1
Education	1,559	2.4	2,732	3.5	830	1.3	685	1.3
Tobacco products and smoking supplies	151	0.2	157	0.2	291	0.4	310	0.6
Miscellaneous	1,440	2.2	1,785	2.3	696	1.1	427	0.8
Cash contributions	1,381	2.1	2,104	2.7	1,610	2.5	841	1.6
Personal insurance and pensions	7,689	12	10,037	13	6,540	10.1	6,688	13

Based on the above discussion and upward spending trend, the following three states can be suggested:

(1) California (Western Region),

(2) Texas (Southern Region), and

(3) Florida (Southern Region)

The analysis considers the following factors: overall population; per capita income; number of drones and RC enthusiasts based on initial registration data of FAA; target market demographics and behavior; target market population; average annual income, average annual expenditure on entertainment; competition, tourism and tourist attraction locations.

Legal Environment & Operations

When it comes to regulatory issues, few technology industries have created more buzz than the $3.3 billion Unmanned Aerial Vehicle (UAV) Manufacturing industry. In particular, while the commercial potential of drones has continued to grow, regulations have stifled the commercial segment of the industry: the Federal Aviation Authority (FAA) has permitted the recreational use of drones, while relegating commercial operations to a stringent certification and permit process. This has created numerous legal issues, as the line between recreational, civil and commercial drone flights has been ambiguous at times, with the FAA fining a number of people for using UAVs for business purposes. In 2014, a Texas nonprofit search and rescue group sued the FAA over an email warning banning their drone flights, claiming that the group's operations fall outside the FAA's commercial ban (the lawsuit was later dismissed with the court deciding that the email order had no legal consequences). The potential for legal issues has even arisen in permitted UAV operations, as "hobbyist" drone operators run the risk of instigating tort cases, while the general use of drones raises privacy issues. Even as the FAA has proposed rules for the integration of civil small UAVs into the national airspace, the final form of these regulations remains uncertain, while civil and commercial uses of drones continue to grow regardless.

Legal Environment

Entertainment Complex & ESports Facility

There is little regulation specific to the Arcade, Food and Entertainment Complexes industry. Operators are encouraged to abide by industry associations' game rating systems. In addition, operators must obtain proper food and beverage licensing and zoning permits prior to opening an establishment. Moreover, the industry is also subject to various labor laws, such as the Fair Labor Standards Act, and to access laws, such as the Americans with Disabilities Act.

Game ratings

The Electronic Software Ratings Board is the entity that issues age-based content ratings for computer games. However, arcade games are rated under the Parental Advisory System (PAS), which was developed by the American Amusement Machine Association and the Amusement and Music Operators Association. The PAS provides manufacturers with guidelines for how to determine the appropriate rating of a game. Games are rated using color-coded stickers and a traffic-signal approach; green represents "suitable for everyone," yellow represents "mild" and red represents "strong" with respect to animated violence, life-like violence, sexual content, and language. Thus, a game might have four red stickers that indicate strong content in all four categories, or any other combination of colors based on its content. A Code of Content emboldens arcade establishments to discourage unaccompanied children from playing games with red ratings, but there is no legal weight behind the code or its enforcement.

Licensing

The project must obtain a license to run an arcade, whether as a standalone game room or as a combination restaurant-arcade. Local authorities distribute licenses, and town or city boards can allow or deny an arcade's opening based on the content of games available. The project must also comply with required town planning, zoning, and development regulations regarding the location of a new establishment. If the project serves alcoholic beverages on the premises, then it must obtain a license to do so from the state authority and, in some areas, county or municipal authorities.

Co-Working Space

The Co-Working Space segment runs under a light level of regulation, with little to no governmental oversight specific to its operations. However, the project facility must meet various building and safety codes to rent space, including accessibility requirements under the

Americans with Disabilities Act, fire codes, and zoning restrictions.

Recreational drones

Recreational drones are currently allowed in State Parks, State Beaches, State Historic Parks, State Recreational Areas, and State Vehicular Recreation Areas except where prohibited by a District Superintendent's posted order. However, the law requires compliance with the FAA guidelines for recreational Unmanned Aircraft Systems.

State Parks recommends that recreational drone users check with their local State Park District before operating a UAS within a State Park. Each park unit may have its own posted orders. Even absent a posted order on drones, it is within the discretion of park staff to contact drone operators when drones threaten visitors, property, wildlife, or privacy. If a drone operator continues to fly dangerously or recklessly, they may be asked to stop flying and remove the drone from park boundaries.

The rules for operating an unmanned aircraft depend on why you want to fly. For recreational/hobby purpose, the user does not need permission from the FAA to fly UAS under the Special Rule for Model Aircraft, but the user must always fly safely. For example:

- Fly below 400 feet and remain clear of surrounding obstacles;
- Keep the aircraft within visual line of sight at all times;
- Remain well clear of and do not interfere with manned aircraft operations;
- Do not fly within 5 miles of an airport unless you contact the airport and control tower before flying;
- Do not fly near people or stadiums;
- Do not fly in adverse weather conditions such as in high winds or reduced visibility;
- Do not fly under the influence of alcohol or drugs;
- Do not fly an aircraft that weighs more than 55 lbs.; Do not fly near or over sensitive infrastructure or property, such as power stations, water treatment facilities, correctional facilities, heavily traveled roadways, etc.;
- Do not be careless or reckless with your unmanned aircraft – you could be fined for endangering people or other aircraft;
- Do not conduct surveillance or photograph persons in areas where there is an expectation of privacy without the individual's permission.

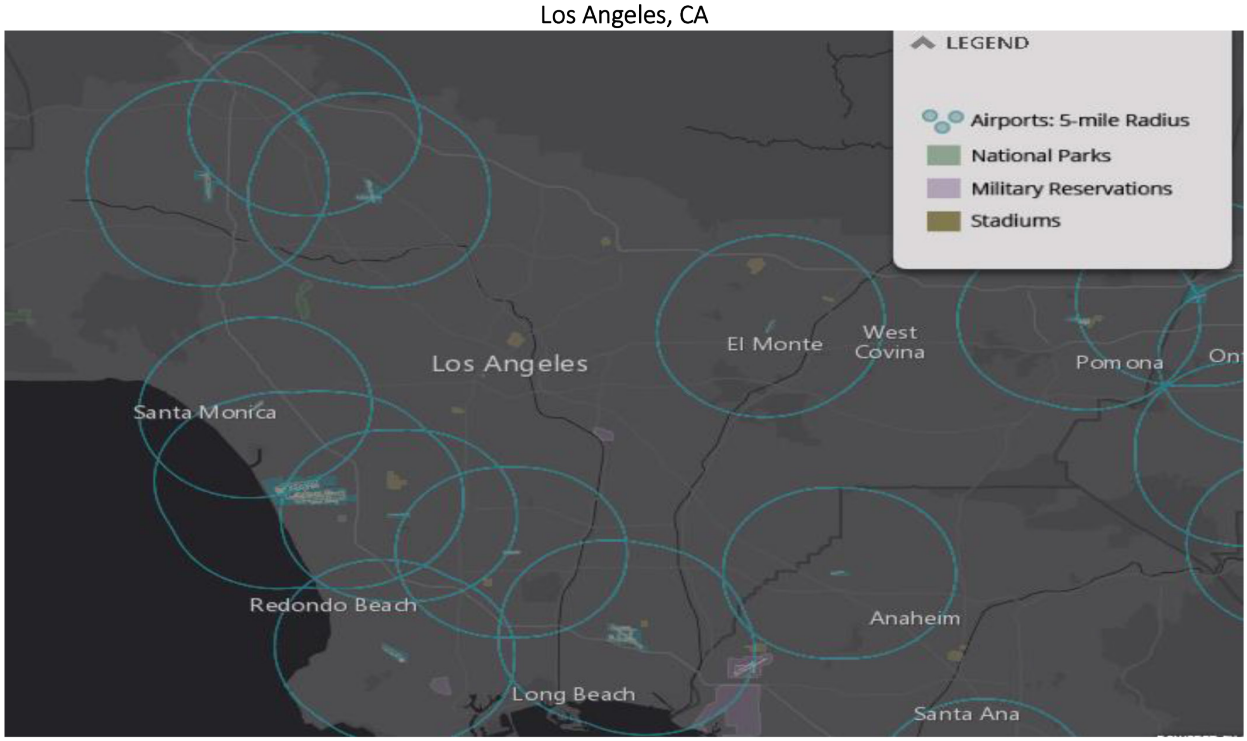
In order to comply with the regulations, the project must meet the following criteria in order to operate its drone segment:

- It is illegal to fly drones over national parks and military reservations. This represents about five percent of the land area of the U.S. A number of states have passed legislation affecting the use of drones, ranging from law enforcement provisions to the prohibition of drones to film subjects without their consent.

- The Federal Aviation Administration has barred drones within five miles of airports. The agency also prohibits drones from flying more than 400 feet above ground anywhere in the United States. According to a yearlong investigation conducted by the Washington Post, there were 15 cases between 2012 and 2014 of drones flying dangerously close to airports or airplanes, close calls that prompted the FAA to instate the five-mile ban. Adding airports and other public facilities—stadiums, arenas, and racetracks, for instance—to parks and military bases increases the total "no drones" area to about ten percent of the U.S.

The following maps of Los Angeles, San Diego, Houston, and Tampa shows no drone areas:[15] green (national parks) and blue (military reservations).

Los Angeles, CA

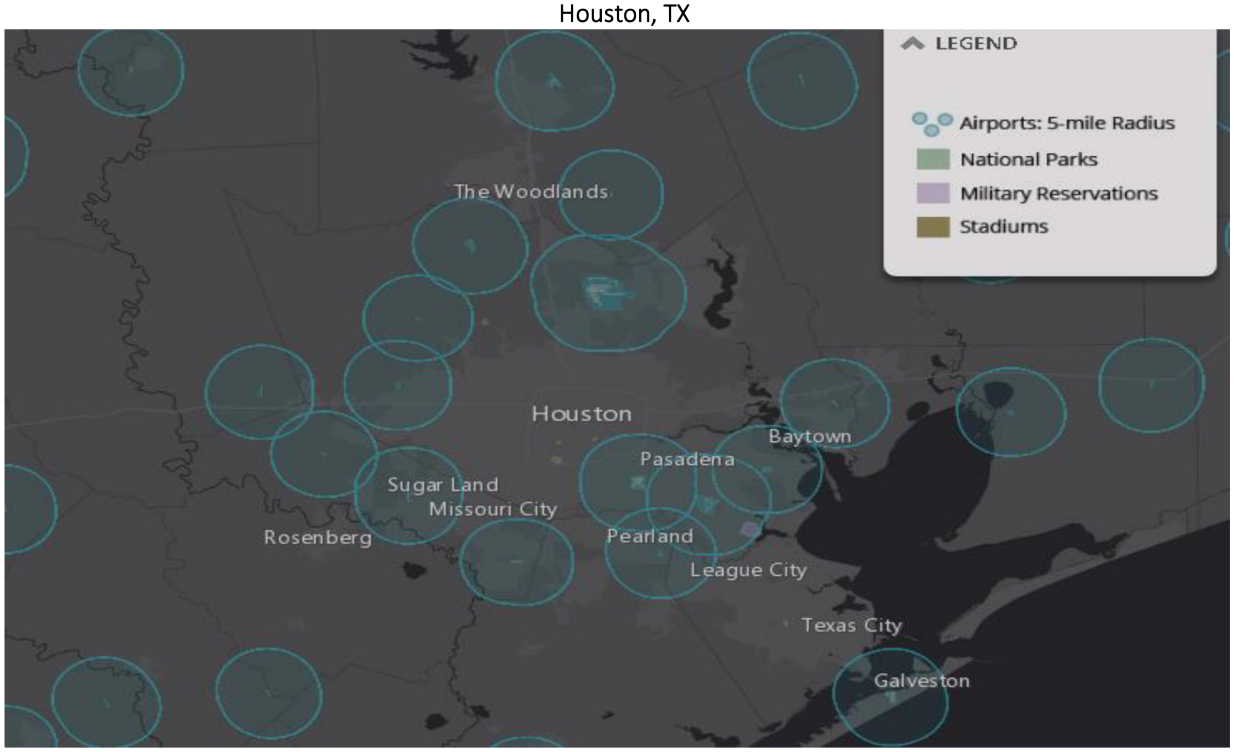


San Diego, CA

[15] https://www.smithsonianmag.com/innovation/where-drones-fly-legally-united-states-180954454/

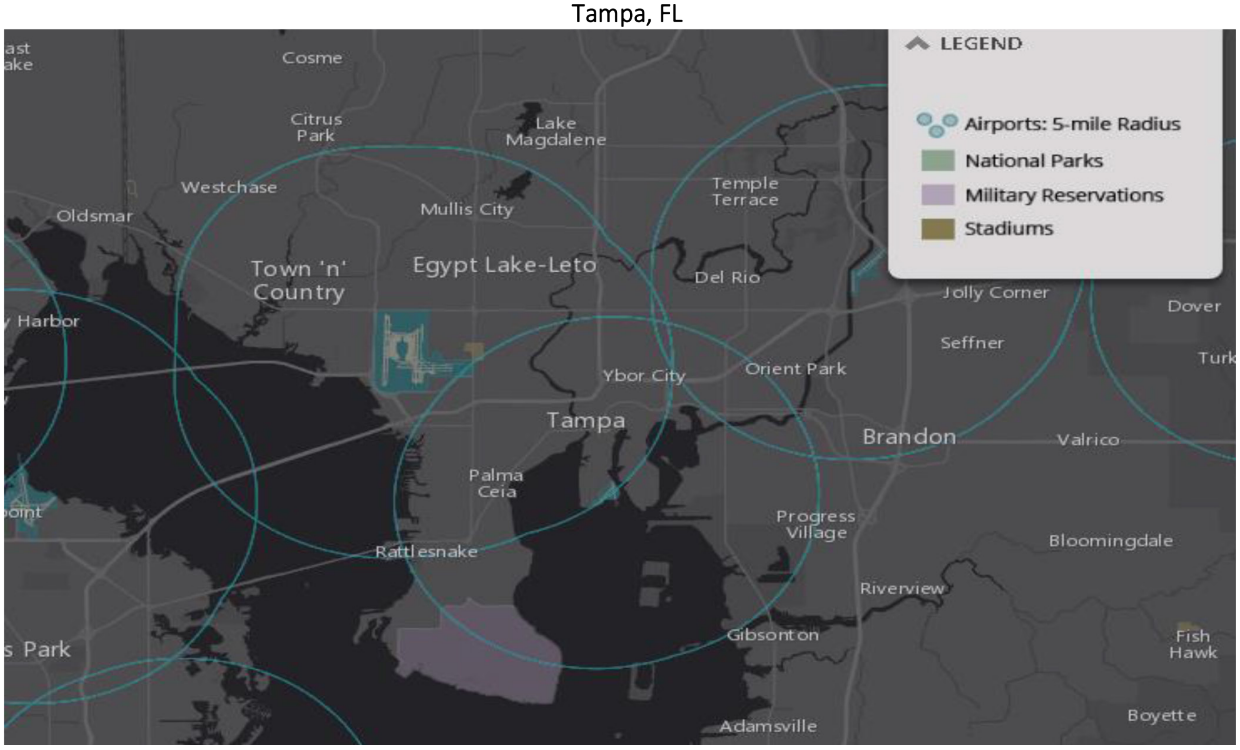
Texas Location

Houston, TX



Florida Location

Tampa, FL



The site should have the following characteristics:

- Serving Target Market
  Arena facilities must be developed in urbanized areas having higher target market demographics

- Convenient Access to Regional Highway System
  The facility should be located within ½ mile of the nearest interchange (or intersection) accessing the regional highway system (usually principal arterial).

- Convenient Vehicle Access
  Facilities should be located to optimize vehicle travel (transit and personal) into and out of the facility. In addition, connections to external bicycle and pedestrian networks should be included as design elements to provide equivalent access.

- Minimum Capacity/ Anticipated Demand

Facilities should be sized to accommodate a peak-period.

- Local Area Factors
  There are three groups of local area factors that need to be acknowledged, considered and satisfied for the local consent of a potential arena site: community or land use compatibility, environmental constraints, and economic implications.

- Good Visibility from Primary Roadway(s)
  Facilities should be oriented to ensure good visibility among potential users.

- Located on inbound side of primary roadway access
  Access to the facility should be located on the right side of the roadway in terms of the inbound direction to the primary activity center (destination). This allows the arriving commuter to make a right turn into the facility with minimum delay. These location advantages are typically more critical to attract and retain transit customers.

- Future Expansion Potential
  Expanding successful sites is often easier and faster than building entirely new facilities. A market area analysis may inform an initial land purchase that accommodates future demand but balances current needs and resources against uncertain usage projections.

The following matrix outlines criteria for the site selection:

Criteria	Description
Functional	
Adjacency to Amusement/Entertainment Facilities	Location within 5 miles of entertainment and amusement facilities
Compatibility with Adjacent Users	Degree of compatibility of site with prominent properties based on use
Building Footprint Flexibility	Flexibility of planning the building footprints to accommodate functions
Parking	Distance to parking lots/garages
Distance to Transit	Distance to transit: subway/bus
Zoning Restrictions	Any restrictions on height limitation
Site Configuration	Site configuration that impedes functional planning
Site Assemblage	Time and cost to acquire property affected by number of individual property owners
Utility Capacity	Ability of existing utilities to handle building capacity
Flexible	
Expansion Capability	Ability to expand facility on site
Secure	
Standoff Distance	Set building away from street edge
Secure Entry Location	Secure vehicular entries off main streets
Sightlines	Observe building during off hours
Dignified	
Visibility to Public	Public's ability to visually locate the arena
Urban Design Opportunities	Ability to enhance outdoor urban design issues
Economics	
Project Cost	Relative cost of entire project including construction
Construction Logistics	Ease of contractor staging construction
Contamination Potential	Potential sources of contamination that will affect cost
Shared Service Potential	Ability to shared adjacent services
Construction Phasing	Impact of phasing project on site during construction
Demolition Feasibility	Ease of demolishing existing structures
Bridge Connection	Ease of connection to various segments of facility
Energy Impacts	Sites that hinder or enhance energy efficiencies
Land Acquisition	Cost impact of acquisition including potential facility replacement

Drone Facilities

Currently, there are few Kickstarter projects that are looking for an angel investor for their drone entertainment project. Following are the most relevant competitors in the present and future.

Fpv Drone Wear

According to a press release, Citrus County Florida has made the first official Drone racing arena. County Commissioner Jimmie Smith has made it official that the arena, located to the east of Lecanto High school is now Florida's first and only dedicated Drone Racing Arena.

This arena is located in Citrus County, about 1 hour west of Orlando and about 1 hour North of Tampa Bay. The arena already hosts a local MultiGP Chapter Citrus Drone Racing. This is the first state-owned drone racing arena

Drone Zone - FPV Racing Complex

Hailing from Sheboygan, WI, Daniel Otte is aiming to create an area for people to both have a good time for a social outing, and provide pilots a place to hone their skills competitively. Since drone racing equipment can cost an arm and a leg, Otte plans to solve the problem of equipment by leasing their own under $50. Beginner, intermediate, and advanced level tracks will provide a different experience for those with a different ability, and a practice area for newcomers and younger children will also be present.

The money received from the project will be used to purchase and lease a plot of land approximately 10 acres in size and build a building that will both hold equipment and perform repairs. A significant portion will also be invested in holding a stock of racing drones, batteries, and a large stock of repair parts to keep the equipment functional.

Drone Park

The other Kickstarter project Drone Park is planning to build a facility in Texas. The facility aims to provide training and tracks to hone their skills.

Other Competitors

Other competitors in drone segments include:

- DR1 Racing is the global leader in drone racing, with various races and formats airing on broadcast television in over 100 countries, and 300 markets worldwide on Eurosport, CBS, Fox Sports, Discovery Channel, beIN, and Twitch.tv.
- MultiGP - MultiGP governs and sanctions drone racing events internationally, with over 16,000 members and over 500 chapters worldwide. Official Special Interest Group of the Academy of Model Aeronautics for first-person view racing. The organization is the only drone racing league which hosts frequent competition-based tournaments, free-fly gatherings, and casual events by executing the most successful grassroots and professional racing initiatives in the history of the sport. Complementary event management assets and community guidance help the organization strengthen and grow organically without exploitation, resulting in hundreds of official chapters and thousands of registered pilots worldwide. This makes MultiGP the most accessible organization to a pilot wishing to compete in drone racing.

- X Class Drone Racing - North America's giant drone racing league, hosting races and special events for drones 800mm to 1200mm.
- Freedom Class (drone racing) - is the world's first giant drone racing league. The aircraft are the largest and most powerful racing drones ever built, designed specifically for spectator sport. With successful tests occurring throughout 2016 and 2017, the first international series was set to take place in late 2017.
- Drone Racing League (DRL) - A drone sports television show. Similar to Battlebots, pilots are invited to participate in several races that are filmed and edited into 30-minute episodes that air on ESPN and Sky Sports.

Esports Facilities

Esports stadiums/facilities are appearing across the US. Esports viewership demands have motivated real estate moguls to redesign existing sites and build new ones — specifically for video game tournaments. At the 2016 IEM World Championship in Katowice, Poland, more than 173,000 passed through the turnstiles over two days, representing an increase of 53% over the previous year's World Championship. There were also a record 46 million online viewers, beating the 2016 League of Legends World Championship of 43 million. Below are the competitors under the esports segment.

eSports Arena

The eSports Arena is an indoor arena in Santa Ana, California. The building, specifically intended to host eSports tournaments and events, was founded in 2015. For a monthly membership fee, amateur gamers are able to practice and "mingle" at the location.

The building opened on October 3, 2015, to host a Hearthstone tournament with a $20,000 prize pool. The 15,000 square-feet venue is housed in an old renovated brick building in downtown Santa Ana and holds slightly under 1,000 people. Though major leagues are hosted in the eSports Arena, the building is primarily used as a "gym," offering memberships and passes to amateur gamers.

In August 2016, Ward and Erdes received a multimillion-dollar investment from five Chinese sports and video game companies – together known as Allied ESports – in order open a second eSports Arena on Jack London Square in Oakland. The deal marked the beginning of a network of arenas partially funded by Allied ESports. A second eSports Arena, with a 16,000 square-foot footprint, was to be opened in Oakland, California before the end of 2016.

thE Arena

The owners of TCL Chinese Theater, led by CEO Robert K. Laity, announced plans for a new CinemaCon esports venue adjacent to the company's Chinese 6 Theater complex in the heart of Hollywood. It was slated to open in the summer of 2017.

thE Arena is the latest North American venue to open up to media attention. According to an article from Matt Best, "Inside Neonopolis on the corner of Las Vegas Blvd and Fremont St, the 15,000-square foot studio will be open every single day of the year. 365 days a year, 24 hours a day, the doors will be open. thE Arena, which is housed downtown Las Vegas has built-in broadcast abilities as well as DJ booths spread out. The main hall can hold 900 crazy esports fans as well as seat 250 of them in stadium-style seats."

thE Arena was recently the host for the North American Halo World Championship Qualifier where OpTiC Gaming punched its ticket into the Halo World Championship Finals which it won with a dominant performance, taking home the $500,000 first place prize.

Gaming Arena (Millennial Esports Corporation)

FanSided.com was granted special access prior to the opening of the gaming arena run by Millennial Esports in the heart of downtown Las Vegas. The 15,000 square foot facility can seat up to 800 in the hall, contains 250 stadium-style seats in the main arena, and is open 24 hours a day, 365 days a year.

On the technology front, Morrison noted the on-site broadcasting facilities, DJ booths, and intent to house over 300 consoles and PCs for gamers.

Sandbox Esports Training Center

Sandbox Esports Training Center is a 2,000 square foot space nestled within Sports Academy's 96,000 square foot multi-sport training facility located in Thousand Oaks, California. Well over $100,000 has been invested in the Sandbox Training Center alone and there will be additional costs in adding staff as well as maintaining the gear, according to Faulkner. Price points for training at the Sandbox Esports Training Center vary from $500 per week for light training to much more depending on requested intensity.

The initial offering at Sandbox Esports Training Center will focus on League of Legends, Counter-Strike, Overwatch and NBA 2K. Catalyst Sports & Media's plan is to eventually expand Sandbox Esports Training Center beyond California to other locations across North America and offer online improvement programs that esports players can access when they're not at the facility.

Co-Working Space Industry

Competitors in this industry rent or lease fully furnished office space to businesses on a part-time or as-needed basis to a myriad of businesses, ranging from start-ups to Fortune 500 companies. These companies also provide virtual office and conference room leasing options.

Regus PLC
Market Share: 45.7%

Regus PLC is a global provider of flexible workspace and Co-Working Spaces. The company was founded in Brussels, Belgium in 1989 and is headquartered in Luxembourg. Regus offers a variety of business centers with many configurations and offerings, including basic collaboration space and meeting rooms, fully Co-Working Spaces, video conferencing rooms, and services, think pods (a semi-private space for a single worker) and virtual office services, such as the use of a business address and phone number in a given city. Regus operates a total of 1,929 locations in 100 countries and employs over 8,000 people. Its customer base includes half of the Fortune 500. In 2015 (latest reported data), the company recorded global revenue of $2.9 billion.

The high level of customization offered by Regus and its global scale enables it to offer competitive pricing for customers of any size, including individual mobile workers. Trends toward more mobile workers and telecommuting, especially among software companies, have helped Regus grow. In the first half of 2012, it opened 76 new business centers, and the company now operates 2,768 global locations. HQ, another prominent provider of Co-Working Spaces in the United States, is a subsidiary of Regus.

Regus PLC (US operations) - financial performance*

Year	Revenue ($ million)	(% change)	Operating Income ($ million)	(% change)
2011	561.9	N/C	24.4	N/C
2012	648.3	15.4	46.9	92.2
2013	827.6	27.7	49.0	4.5
2014	823.6	-0.5	51.3	4.7
2015	936.8	13.7	77.7	51.5
2016	1,039.4	11.0	103.8	33.6

*Estimates

Over the five years to 2016, US revenue for Regus was expected to increase at an annualized rate of 13.1% to $1.0 billion, including an 11.0% jump in 2016. Regus's business is grouped into new and mature centers; new locations require high initial capital costs to outfit the space with office equipment and typically operate at a loss, while income from mature centers is used to invest in new locations. The company then experienced strong growth in 2012 and 2013 as nonresidential construction picked up. In 2014, however, growth began to slow, stalling in the first quarter of the year. This slowdown was attributed to the unusually cold winter, which drove up the cost of utilities and healthcare, slowing demand for price-conscious clients. Over the rest of the year, demand rose moderately as investor and lender activity stabilized. The company's profit margin has fluctuated widely over the past five years, falling to its low in 2011 as lower revenue was unable to fully absorb the costs of opening new centers. In 2016, profit was expected to grow to 10.0% of revenue, reaching pre-recessionary levels.

Servcorp Ltd.

Estimated market share: 1.3%

Servcorp is a leading global provider of serviced and virtual offices. Founded in 1978 and based in Sydney, Australia, the company employs over 850 people and offers locations and services in more than countries. Servcorp expanded into the United States in 2010 and now operates about 23 floors of space for rent across the country. Like other large-scale industry players, Servcorp segments its operations into mature and immature (or new) locations to highlight the high initial costs of opening new centers. Therefore, its US locations are primarily immature and operated at a loss in 2013. Aside from One World Trade Center, the company's other US properties were largely profitable. In fiscal 2016 (latest reported data), Servcorp's US operations generated an estimated $24.8 million in revenue but again operated at an overall loss. IBISWorld expects Servcorp to continue steadily expanding in the United States by using its profitable other segments (Australia, in particular) to fund growth, reaching $29.8 million in 2016.

Marketing

As an Esports or R/C destination, the project will have an impressive marketing opportunity to reach millions around the world. Below is the case study that shows the millions reached around the globe through esports event hosting.

An Impressive Marketing Opportunity - Case Study

Esports, essentially competitive video gaming, has been around for a long time, but in recent years its growth has been astronomical. In 2016, the Intel Extreme Masters (IEM) World Championship in Katowice, Poland, drew 113,000 fans over the course of three days while another 34 million viewers live-streamed the event online in 26 different languages. 34 million IEM viewers around the world watching the tournament is an impressive marketing opportunity for the arena, for the company to showcase its products and services to a large number of audience through event hosting.

Marketing expense consists of all costs associated with advertising, sales, and promotion; these activities are intended to attract and retain customers. Marketing can be used to create an image, develop customer awareness, and stimulate patronage of a property's various facilities.

Apart from the above, the project can be marketed through a variety of channels including the internet, print, radio, television, email marketing, video blogging, social media, press releases, trade shows and word of mouth. However, the project must target its audience segment with a multi-channel strategy that will focus on becoming a Tech Amusement destination that must change its themes, events, and other popular trends of the moment. This creates a unique experience for returning visitors, and ensures that the project always has something new to promote.

Marketing expenditures are unusual because, although there is a lag period before results are realized, the benefits are often extended over a long period. Depending on the type and scope of the advertising and promotion program implemented, the lag time can be as short as a few weeks or as long as several years. However, the favorable results of an effective marketing campaign tend to linger, and a property often enjoys the benefits of concentrated sales efforts for many months. Below is the successful marketing allocation plan we suggest: (See next page)

	B2B Mktg Benchmarks
% of Gross Revenue Allocated To Marketing	**2%-11%**
Marketing Budget	
Awareness (programs)	10%
Lead Origination (programs)	12%
Lead Nurturing (programs)	10%
Product Marketing	13%
Field Enablement	8%
Channel Enablement	8%
Customer Community Management	9%
Customer and Market Intelligence	11%
Marketing Operations	20%
Total Marketing Budget	100%
% of Marketing Budget Allocated To Programs	**32%**
Marketing Programs Budget	
Website	18%
Tradeshows	16%
Events	9%
Display Ads	9%
Data Sources & Lists	9%
PPC	8%
Syndicated Content	6%
Webinar	6%
Telemarketing	5%
Other	14%
Total Marketing Programs Budget	**100%**

Financial Analysis

The forecast of income and expense is expressed in current dollars for each year. The stabilized year is intended to reflect the anticipated operating results of the property over its remaining economic life, given any or all applicable stages of build-up, plateau, and decline in the life cycle of the project. Thus, income and expense estimates from the stabilized year forward exclude from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusual revenues or expenses. The ten-year period reflects the typical holding period of large real estate assets similar to the R/C Arena. The forecasted income streams reflect the future benefits of owning specific rights in the income-producing real estate.

The project uses a fixed and variable component model to project revenue and expense. This model is based on the premise that project revenues and expenses have one component that is fixed and another that varies directly with the facility usage. A projection can be made by taking a known level of revenue or expense and calculating its fixed and variable components. The fixed component is then increased in tandem with the underlying rate of inflation, while the variable component is adjusted for a specific measure of volume such as total revenue.

A general rate of inflation must be established that will be applied to most revenue and expense categories.

The following is the development cost.

Funding Summary	
Development Cost (Inc. land cost of $1 million)	$51,950,000
Startup Cost	$17,274,000
Working Capital	$20,776,000
Total Funding Utilization	$90,000,000

Arena Visitor Assumptions			
	California	Texas	Florida
Size of Arena (Acre)	20	20	20
Maximum Capacity (Per Day)	8,000	8,000	8,000
Annual Maximum Capacity	2,920,000	2,920,000	2,920,000
Target Monthly Visitors %	12.50%	8.44%	6.31%
Target Monthly Visitors	30,000	20,250	15,141
Target Annual Visitors	360,000	243,000	181,692
	12.33%	8.32%	6.22%
Seasonality Factor			
Peak Season	Jun to Aug	Mar to May & Sep to Nov	Dec to April
Target	378,000	243,000	181,692
Estimated Monthly Visitors	31,500	20,250	15,141
Estimated Per Day Visitors	1,050	675	505

Development Cost					
	Phase 1		Phase 2	Phase 3	Total
	Year 1	Year 2	Year 3	Year 4	
Land	$10,000,000	$0	$0	$0	$10,000,000
Indoor Courses	$1,400,000	$0	$0	$0	$1,400,000
Training Facilities	$0	$1,000,000	$0	$0	$1,000,000
Gamerspace	$2,400,000	$0	$8,000,000	$0	$10,400,000
Administration Area	$1,140,000	$0	$0	$420,000	$1,560,000
Food Court	$0	$1,500,000	$0	$0	$1,500,000
Kiosks 5 Distributed Kiosks	$0	$450,000	$0	$0	$450,000
Information	$10,000	$0	$0	$0	$10,000
Restrooms	$40,000	$0	$0	$0	$40,000
Lockers	$40,000	$0	$0	$0	$40,000
Zones					
Racing Track	$0	$50,000	$25,000	$25,000	$100,000
Mud Pit	$0	$35,000	$20,000	$15,000	$70,000
Rock Crawlers	$0	$30,000	$15,000	$15,000	$60,000
Boats/Submarines	$0	$300,000	$150,000	$0	$450,000
Drone Course	$0	$1,400,000	$700,000	$700,000	$2,800,000
Picnic Area	$0	$50,000	$0	$0	$50,000
Fixed Wing Zone					
Flight Course	$0	$0	$500,000	$0	$500,000
Spectator Seating	$0	$0	$1,000,000	$0	$1,000,000
Retail	$0	$0	$1,000,000	$0	$1,000,000
Equipment Rental	$0	$0	$800,000	$0	$800,000
Theater	$0	$0	$400,000	$0	$400,000
Meeting Room	$0	$0	$1,000,000	$0	$1,000,000
Restaurant / Café	$0	$0	$2,400,000	$0	$2,400,000
Resort					
Residences	$0	$0	$3,250,000	$0	$3,250,000
Kitchen	$0	$0	$300,000	$0	$300,000
Dining	$0	$0	$480,000	$0	$480,000
Assembly Space	$0	$0	$400,000	$0	$400,000
Spa / Gym	$0	$0	$800,000	$0	$800,000
Business Center	$0	$0	$200,000	$0	$200,000
Administration	$0	$0	$100,000	$0	$100,000
Coworking/ Workshop	$0	$0	$1,200,000	$0	$1,200,000

Kids Zone					
Playspace / Hands-On	$0	$0	$0	$1,600,000	$1,600,000
Cafeteria	$0	$0	$0	$300,000	$300,000
Theater	$0	$0	$0	$200,000	$200,000
Gamerspaces	$0	$0	$0	$2,400,000	$2,400,000
Makerspaces	$0	$0	$0	$800,000	$800,000
Nursery	$0	$0	$0	$300,000	$300,000
Parking Area	$90,000	$0	$0	$0	$90,000
Signage	$0	$500,000	$1,625,000	$375,000	$2,500,000
Total Development Cost	$15,120,000	$5,315,000	$24,365,000	$7,150,000	$51,950,000

Startup Cost

	Year 1	Year 2	Year 3	Year 4	Total
Permits and licenses	$1,000,000	$0	$0	$0	$1,000,000
Legalities & regulatories	$100,000	$0	$0	$0	$100,000
Electricity, gas, water, phone, wireless	$0	$800,000	$0	$0	$800,000
Security system	$0	$450,000	$0	$0	$450,000
Office supplies & stationeries	$50,000	$100,000	$0	$0	$150,000
Travel and vehicle expenses	$332,500	$237,500	$285,000	$95,000	$950,000
Social media & internet marketing	$0	$15,000	$25,000	$10,000	$50,000
Advertising & promotion expenses	$0	$500,000	$1,500,000	$400,000	$2,400,000
Sales & marketing expenses	$0	$250,000	$1,000,000	$250,000	$1,500,000
Entertainment expenses	$60,000	$225,000	$450,000	$225,000	$960,000
Printing & reproductions	$15,000	$100,000	$150,000	$23,000	$288,000
Information technology	$500,000	$1,250,000	$250,000	$500,000	$2,500,000
Web and e-mail hosting	$10,000	$0	$0	$0	$10,000
Dues & subsciptions	$52,000	$52,000	$52,000	$0	$156,000
Training/employee retention program	$10,000	$100,000	$150,000	$100,000	$360,000
Contingencies	$500,000	$2,000,000	$1,500,000	$1,000,000	$5,000,000
Insurance	$150,000	$150,000	$150,000	$150,000	$600,000
Total Startup Cost	$2,779,500	$6,229,500	$5,512,000	$2,753,000	$17,274,000

Based on an analysis that will be detailed throughout this section, we have formulated a forecast of income and expense. The following sub-sections present detailed assumptions for the forecasts of income and expenditure through the tenth year.

Revenues

Financial feasibility of the Arena can be segmented into five sections: 1) Drone, 2) R/C Facility, 3) E-sports, 4) Co-working Space and 5) Others, which include an office building, restaurant & tuck shop. Revenue from the segment is as follows:

Drone:
- Premises rental
- Device rental
- Membership fees

R/C Facility:
- Premises rental
- Device rental

Esports:
- Hourly game rental

Restaurant:
- Income from restaurants

Retail Shop:
- Drone and R/C Hobby Shop (Pro-Shop will offer drones and accessories. Customers can purchase remote-controlled devices for indoor and outdoor fun from a wide variety of inventory.)

Co-Working Space:
- Co-working space rental
- Conference and meeting room rental

Events & Tradeshow:
- Drone Events
- Esports Events
- Other Events

Potential other revenue streams from events & tradeshows include 1) Media Rights, 2) Endorsement, 3) Event Passes, and 4) Sponsorship

Expenses

The following description sets forth the basis for the forecasts of income and expense:

Marketing & Advertising

Marketing expense consists of all costs associated with advertising, sales, and promotion; these activities are intended to attract and retain customers. Marketing can be used to create an image, develop customer awareness, and stimulate patronage of a property's various facilities.

Administrative & General

In administrative & general, property operations and maintenance expenses are the major expense category and are largely controlled by management. Except for repairs that are necessary to keep the facility open and prevent damage (e.g., plumbing, heating, and electrical items), most maintenance can be deferred for varying lengths of time. Maintenance is an accumulating expense. If management elects to postpone performing a required repair, they have not eliminated or saved the expenditure; they have only deferred payment until a later date. A facility that operates with a lower-than-normal maintenance budget is likely to accumulate a considerable amount of deferred maintenance. The age of a facility has a strong influence on the required level of maintenance. A new or thoroughly renovated property is protected for several years by modern equipment and manufacturers' warranties. However, as a facility grows older, maintenance expenses escalate. A well-organized preventive maintenance system often helps delay deterioration, but most facilities face higher property operations and maintenance costs each year, regardless of the usage trend. The quality of initial construction can also have a direct impact on future maintenance requirements. The use of high-quality building materials and construction methods generally reduces the need for maintenance expenditures over the long term.

We expect the proposed subject property's maintenance operation to be well managed, and expense levels should stabilize at a typical level for a property of this type.

Rent & Utilities

Rent & utilities include property expenses and utility consumption.
Property expense includes property tax, which is one of the primary revenue sources of municipalities. Depending on the taxing policy of the municipality, property taxes can be based on the value of the real property or the value of both the personal property and the real property.

The utility consumption of a facility takes several forms, including water and space heating, air conditioning, lighting, cooking fuel, and other miscellaneous power requirements. The most common sources of utilities are electricity, natural gas, fuel oil, and steam. This category also includes the cost of water service. Total energy cost depends on the source and quantity of fuel used. Electricity tends to be the most expensive source, followed by oil and gas. Although all facilities consume a sizable amount of electricity, many properties supplement their utility requirements with less expensive sources, such as gas and oil, for heating and cooking. Here we expect the proposed subject facility's property and utilities will be 25.9% of total revenue.

Finance Cost

Finance cost includes interest and markup cost that will be incurred on running finance during construction and operations. Finance cost is assumed at 3.47% of the total revenue.

Salaries & Wages

Salaries, wages, and employee benefits account for a substantial portion of the expenses and are fixed in nature. A base level of front desk personnel, operational and administrative staff must be maintained at all times to operate efficiently. The industry is labor intensive in all areas: from administration, ticket selling, food and beverage and merchandise sales, to operation and maintenance of tracks, displays and equipment, and other spaces. The company must rely on part-time staff to manage operations during tournaments. We expect salaries and wages will be around 46.25% of total revenue.

Depreciation

Capital costs are high for this industry, as tracks and attractions need to be regularly updated to attract new and repeat visitors. A lack of investment in new tracks and attractions usually has an adverse effect on visitor numbers. The annual capital investment required in this area can be significant. Thus, depreciation is a significant annual expense. We used a straight-line method over 25 years.

Financial Explanation

Since no direct competitor or benchmark exists, we conducted a feasibility analysis for each segment and combined it. There is no reason to assume that the only people shopping here are people who have come to fly a drone.

Revenues are based on visitors visiting the facility by taking effect of seasonality factors, i.e., low, average, and peak season. Below are the assumptions of visitor flow and seasonality factors used for projection.

Flow of Visitors

The facility maximum capacity is assumed at 2 million visitors annually. But the target monthly visitors is assumed at 30,000 initially, i.e., 1,000 per day.

The growth of visitors is assumed at 15% to 25% annually.

Seasonality Factor (Monthly)

Peak Season is affected by international and domestic tourist inflow, school, college and university holidays, other national holidays. It is also assumed that the flow of visitors will increase due to trade shows, conferences, and events organized by the company.

California

Low Season		Average Season			Peak Season			Average Season			Low Season
Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
3.00%	6.00%	8.00%	9.00%	10.00%	14.00%	16.00%	15.00%	7.00%	6.00%	4.00%	2.00%

Texas

Low Season	Average Season			Peak Season					Average Season		Low Season
Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
3.00%	6.00%	7.00%	9.00%	10.00%	13.00%	15.00%	14.00%	13.00%	5.00%	4.00%	1.00%

Florida

Low Season	Average Season			Peak Season					Average Season		Low Season
Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
0.03	0.06	0.07	0.09	0.10	0.13	0.15	0.14	0.13	0.05	0.04	0.01

Retail, Food & Beverages

- Food & Beverages

  The growth of retail, food & beverages segments is connected with other segments. The increase in the flow of visitors of drone, esports, R/C is directly proportional to retail, food and beverage segment. However, the average annual revenue is based on industry average, while additional revenue is due to the peak season visitation. It is assumed that ~60% of the visitors are potential customers of the food and beverage segment. Below is the summary of average industry revenue:

Single Location Full Service Restaurant Industry:

Revenue: $180.7 Billion Number of Businesses: 254,934 Average Revenue: $708,810

- Retail Segment

  The retail segment is also directly proportional to other segments, such as drone, esports, R/C. However, the average annual revenue is based on industry average while additional revenue is due to the peak season visitation.

Electronic Store:

Revenue: 73 Billion Number of Businesses: 51,109 Average Revenue: $1.4 Million

Special Events

The tradeshow and conference segment is a standalone segment. The revenue generated from this segment is assumed on the industry averages as shown below:

Trade Show and Conference

Revenue: $15 Billion Number of Businesses: 4,950 Average Revenue: $3 Million

Co-working

The co-working segment is also a standalone segment. The revenue generated from this segment is assumed on the occupancy range from 70% to 85% annual based on location.

eSports

The eSports segment is assumed on the basis of visitor flow. The model will allow visitors to take part in eSports/GamerSpace that will be charged on an hourly basis for $16 per hour, with all-day passes at $30. It is assumed that 20% of the visitors are potential users of the eSports segment.

R/C Location

The R/C segment is also assumed on the basis of visitor flow. The model will allow visitors to take part in R/C racing that will be charged on an hourly basis for $12 per hour, while device rental will be $8 per hour. It is assumed that 15% of the visitors are potential users of the R/C segment.

Land Cost:

The land value amounted to $10M used in this report is based on the outskirts area of the selected location.

The following table illustrates the revenue and expense categories based on the location that can be projected using this fixed and variable component model.

Financial Projection - California

Location: California

Projected Profit & Loss Account					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	$19,694,656	$21,423,477	$23,448,210	$25,813,322	$28,784,165
Cost of Revenue	$7,308,006	$7,949,654	$8,679,350	$9,525,246	$10,558,002
Gross Profit	$12,386,650	$13,473,823	$14,768,859	$16,288,076	$18,226,163
GP Margin	62.89%	62.89%	62.99%	63.10%	63.32%
Expenses	$28,687,267	$11,937,611	$12,530,075	$13,200,342	$14,005,515
Profit Before Taxation	($16,300,617)	$1,536,212	$2,238,784	$3,087,735	$4,220,647
Taxation	$0	$0	$0	$0	$0
Net Profit	($16,300,617)	$1,536,212	$2,238,784	$3,087,735	$4,220,647
NP Margin	-82.77%	7.17%	9.55%	11.96%	14.66%

Projected Profit & Loss Account					
	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	$32,382,185	$36,591,870	$41,714,731	$47,971,941	$55,407,592
Cost of Revenue	$12,049,411	$13,604,857	$15,476,165	$17,759,213	$20,423,238
Gross Profit	$20,332,774	$22,987,012	$26,238,566	$30,212,728	$34,984,354
GP Margin	62.79%	62.82%	62.90%	62.98%	63.14%
Expenses	$14,425,681	$14,858,451	$15,304,205	$15,763,331	$16,236,231
Profit Before Taxation	$5,907,094	$8,128,561	$10,934,361	$14,449,398	$18,748,123
Taxation	$2,067,483	$2,844,996	$3,827,026	$5,057,289	$6,561,843
Net Profit	$3,839,611	$5,283,565	$7,107,335	$9,392,108	$12,186,280
NP Margin	11.86%	14.44%	17.04%	19.58%	21.99%

Our analysis reflects a profitable operation in California, with net income expected to total 22.2% of total revenue by the tenth year.

Projected Cash Flow

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash Generated from Operating Activities										
Net Profit Before Taxation	($16,300,617)	$1,536,212	$2,238,784	$3,087,735	$4,220,647	$5,907,094	$8,128,561	$10,934,361	$14,449,398	$18,748,123
Adjustment of non-cash items										
Depreciation & Amortization	$2,077,992	$2,078,000	$2,078,000	$2,078,000	$2,078,000	$2,078,000	$2,078,000	$2,078,000	$2,078,000	$2,078,000
	($14,222,625)	$3,614,212	$4,316,784	$5,165,735	$6,298,647	$7,985,094	$10,206,561	$13,012,361	$16,527,398	$20,826,123
Changes in Working Capital										
Other Current Liabilities	$9,481,427	($8,659,793)	$803,227	$128,770	$156,098	$340,654	$168,998	$196,950	$233,085	$266,639
	$9,481,427	($8,659,793)	$803,227	$128,770	$156,098	$340,654	$168,998	$196,950	$233,085	$266,639
	($4,741,198)	($5,045,581)	$5,120,011	$5,294,504	$6,454,746	$8,325,747	$10,375,560	$13,209,312	$16,760,482	$21,092,761
Taxes Paid	$0	$0	$0	$0	$0	($2,067,483)	($2,844,996)	($3,827,026)	($5,057,289)	($6,561,843)
Net Cash Generated/ (Used in) Operating Activities	($4,741,198)	($5,045,581)	$5,120,011	$5,294,504	$6,454,746	$6,258,265	$7,530,563	$9,382,285	$11,703,193	$14,530,918
Cash Generated from Investing Activates										
Acquire Long-term Assets	($51,950,000)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash Generated from Financing Activities	($51,950,000)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash Generated from Financing Activates										
Share Issued	$85,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Cash Generated/ (Used in) Financing Activities	$85,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash Generated/(Used in) All Activities	$28,308,810	($5,045,581)	$5,120,011	$5,294,504	$6,454,746	$6,258,265	$7,530,563	$9,382,285	$11,703,193	$14,530,918
Beginning Balance	$0	$28,308,810	$23,263,229	$28,383,240	$33,677,744	$40,132,490	$46,390,755	$53,921,318	$63,303,603	$75,006,796
Cash and Cash Equivalent	$28,308,810	$23,263,229	$28,383,240	$33,677,744	$40,132,490	$46,390,755	$53,921,318	$63,303,603	$75,006,796	$89,537,715

Projected Balance Sheet

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets										
Current Assets										
Cash	$28,308,810	$23,263,229	$28,383,240	$33,677,744	$40,132,489	$53,051,481	$61,023,027	$70,961,948	$83,365,997	$98,772,844
Total Current Assets	$28,308,810	$23,263,229	$28,383,240	$33,677,744	$40,132,489	$53,051,481	$61,023,027	$70,961,948	$83,365,997	$98,772,844
Long-term Assets										
Long-term Assets	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000
Accumulated Depreciation	$2,078,000	$4,156,000	$6,234,000	$8,312,000	$10,390,000	$12,468,000	$14,546,000	$16,624,000	$18,702,000	$20,780,000
Total Long-term Assets	$49,872,000	$47,794,000	$45,716,000	$43,638,000	$41,560,000	$39,482,000	$37,404,000	$35,326,000	$33,248,000	$31,170,000
Total Assets	$78,180,810	$71,057,229	$74,099,240	$77,315,744	$81,692,489	$92,533,481	$98,427,027	$106,287,948	$116,613,997	$129,942,844
Liabilities and Capital										
Current Liabilities										
Accounts Payable	$9,481,427	$821,634	$1,624,861	$1,753,631	$1,909,729	$2,250,383	$2,419,381	$2,616,331	$2,849,416	$3,116,055
Subtotal Current Liabilities	$9,481,427	$821,634	$1,624,861	$1,753,631	$1,909,729	$2,250,383	$2,419,381	$2,616,331	$2,849,416	$3,116,055
Total Liabilities	$9,481,427	$821,634	$1,624,861	$1,753,631	$1,909,729	$2,250,383	$2,419,381	$2,616,331	$2,849,416	$3,116,055
Paid-in Capital	$85,000,000	$85,000,000	$85,000,000	$85,000,000	$85,000,000	$85,000,000	$85,000,000	$85,000,000	$85,000,000	$85,000,000
Retained Earnings	$0	($16,300,617)	($14,764,405)	($12,525,621)	($9,437,886)	($5,217,239)	($1,377,628)	$3,905,937	$11,013,272	$20,405,380
Earnings	($16,300,617)	$1,536,212	$2,238,784	$3,087,735	$4,220,647	$3,839,611	$5,283,565	$7,107,335	$9,392,108	$12,186,280
Total Capital	$68,699,383	$70,235,595	$72,474,379	$75,562,114	$79,782,761	$83,622,372	$88,905,937	$96,013,272	$105,405,380	$117,591,660
Total Liabilities and Capital	$78,180,810	$71,057,229	$74,099,240	$77,315,744	$81,692,490	$85,872,755	$91,325,318	$98,629,603	$108,254,796	$120,707,715
Net Worth	$68,699,383	$70,235,595	$72,474,379	$75,562,113	$79,782,761	$90,283,098	$96,007,645	$103,671,616	$113,764,581	$126,826,789

Financial Projection - Texas

Profit & Loss Account - Year 1 to 5 - Texas

Projected Profit & Loss Account					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	$14,635,207	$15,576,844	$16,679,909	$17,993,321	$19,699,569
Cost of Revenue	$5,451,204	$5,800,478	$6,187,294	$6,641,710	$7,202,565
Gross Profit	$9,184,003	$9,776,366	$10,492,615	$11,351,611	$12,497,004
GP Margin	62.75%	62.76%	62.91%	63.09%	63.44%
Expenses	$31,921,403	$8,026,315	$8,380,384	$8,783,126	$9,273,820
Profit Before Taxation	($22,737,400)	$1,750,051	$2,112,231	$2,568,486	$3,223,183
Taxation	$0	$595,017	$718,159	$873,285	$1,095,882
Net Profit	($22,737,400)	$1,155,034	$1,394,073	$1,695,201	$2,127,301
NP Margin	-155.36%	7.42%	8.36%	9.42%	10.80%

Profit & Loss Account - Year 6 to 10 - Texas

Projected Profit & Loss Account					
	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	$21,666,965	$23,941,997	$26,570,828	$29,583,960	$33,063,033
Cost of Revenue	$7,930,109	$8,690,945	$9,592,069	$10,591,058	$11,737,377
Gross Profit	$13,736,856	$15,251,052	$16,978,759	$18,992,902	$21,325,656
GP Margin	63.40%	63.70%	63.90%	64.20%	64.50%
Expenses	$9,552,035	$9,838,596	$10,133,754	$10,437,766	$10,750,899
Profit Before Taxation	$4,184,821	$5,412,456	$6,845,005	$8,555,136	$10,574,757
Taxation	$1,422,839	$1,840,235	$2,395,752	$2,994,297	$3,701,165
Net Profit	$2,761,982	$3,572,221	$4,449,253	$5,560,838	$6,873,592
NP Margin	12.75%	14.92%	16.74%	18.80%	20.79%

Our analysis reflects a profitable operation in Texas, with net income expected to total 20.7% of total revenue by the tenth year.

Projected Cash Flow

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash Generated from Operating Activities										
Net Profit Before Taxation	($22,737,400)	$1,750,051	$2,112,231	$2,568,486	$3,223,183	$4,184,821	$5,412,456	$6,845,005	$8,555,136	$10,574,757
Adjustment of non-cash items										
Depreciation & Amortization	$2,078,000	$2,078,000	$2,078,000	$2,078,000	$2,078,000	$2,078,000	$2,078,000	$2,078,000	$2,078,000	$2,078,000
	($20,659,400)	$3,828,051	$4,190,231	$4,646,486	$5,301,183	$6,262,821	$7,490,456	$8,923,005	$10,633,136	$12,652,757
Changes in Working Capital										
Other Current Liabilities	$9,481,427	($8,659,793)	$803,227	$128,770	$156,098	($423,747)	$89,029	$101,684	$110,755	$124,053
	$9,481,427	($8,659,793)	$803,227	$128,770	$156,098	($423,747)	$89,029	$101,684	$110,755	$124,053
	($11,177,973)	($4,831,741)	$4,993,458	$4,775,256	$5,457,282	$5,839,074	$7,579,485	$9,024,689	$10,743,891	$12,776,811
Taxes Paid	$0	($595,017)	($718,159)	($873,285)	($1,095,882)	($1,422,839)	($1,840,235)	($2,395,752)	($2,994,297)	($3,701,165)
Net Cash Generated/ (Used in) Operating Activities	($11,177,973)	($5,426,759)	$4,275,299	$3,901,971	$4,361,399	$4,416,235	$5,739,250	$6,628,937	$7,749,593	$9,075,646
Cash Generated from Investing Activities										
Acquire Long-term Assets	($51,950,000)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash Generated from Financing Activities	($51,950,000)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash Generated from Financing Activities										
Share Issued	$90,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Cash Generated/ (Used in) Financing Activities	$90,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash Generated/(Used in) All Activities	$26,872,027	($5,426,759)	$4,275,299	$3,901,971	$4,361,399	$4,416,235	$5,739,250	$6,628,937	$7,749,593	$9,075,646
Beginning Balance	$0	$26,872,027	$21,445,268	$25,720,568	$29,622,538	$33,983,938	$38,400,173	$44,139,422	$50,768,360	$58,517,953
Cash and Cash Equivalent	$26,872,027	$21,445,268	$25,720,568	$29,622,538	$33,983,938	$38,400,173	$44,139,422	$50,768,360	$58,517,953	$67,593,599

Projected Balance Sheet										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets										
Current Assets										
Cash	$27,391,373	$21,490,999	$25,817,347	$29,729,264	$34,101,819	$38,400,173	$44,139,422	$50,768,360	$58,517,953	$67,593,599
Total Current Assets	$27,391,373	$21,490,999	$25,817,347	$29,729,264	$34,101,819	$38,400,173	$44,139,422	$50,768,360	$58,517,953	$67,593,599
Long-term Assets										
Long-term Assets	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000
Accumulated Depre-ciation	$2,078,000	$4,156,000	$6,234,000	$8,312,000	$10,390,000	$12,468,000	$14,546,000	$16,624,000	$18,702,000	$20,780,000
Total Long-term Assets	$49,872,000	$47,794,000	$45,716,000	$43,638,000	$41,560,000	$39,482,000	$37,404,000	$35,326,000	$33,248,000	$31,170,000
Other Assets										
Total Assets	$77,263,373	$69,284,999	$71,533,347	$73,367,264	$75,661,819	$77,882,173	$81,543,422	$86,094,360	$91,765,953	$98,763,599
Liabilities and Capital										
Current Liabilities										
Accounts Payable	$9,481,427	$821,634	$1,624,861	$1,753,631	$1,909,729	$1,485,982	$1,575,011	$1,676,695	$1,787,450	$1,911,503
Subtotal Current Liabilities	$9,481,427	$821,634	$1,624,861	$1,753,631	$1,909,729	$1,485,982	$1,575,011	$1,676,695	$1,787,450	$1,911,503
Total Liabilities	$9,481,427	$821,634	$1,624,861	$1,753,631	$1,909,729	$1,485,982	$1,575,011	$1,676,695	$1,787,450	$1,911,503
Paid-in Capital	$90,000,000	$90,000,000	$90,000,000	$90,000,000	$90,000,000	$90,000,000	$90,000,000	$90,000,000	$90,000,000	$90,000,000
Retained Earnings	$0	($22,737,400)	($21,582,366)	($20,188,293)	($18,493,092)	($16,365,791)	($13,603,809)	($10,031,588)	($5,582,335)	($21,497)
Earnings	($22,737,400)	$1,155,034	$1,394,073	$1,695,201	$2,127,301	$2,761,982	$3,572,221	$4,449,253	$5,560,838	$6,873,592
Total Capital	$67,262,600	$68,417,634	$69,811,707	$71,506,908	$73,634,209	$76,396,191	$79,968,412	$84,417,665	$89,978,503	$96,852,095
Total Liabilities and Capital	$76,744,027	$69,239,268	$71,436,568	$73,260,538	$75,543,938	$77,882,173	$81,543,422	$86,094,360	$91,765,953	$98,763,599
Net Worth	$68,699,383	$70,235,595	$72,474,379	$75,562,113	$79,782,761	$76,396,191	$79,968,412	$84,417,665	$89,978,503	$96,852,095

Financial Projection - Florida

Profit & Loss Account - Year 1 to 5 - Florida

Projected Profit & Loss Account					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	$13,323,505	$14,041,608	$14,887,971	$15,913,372	$17,280,334
Cost of Revenue	$4,950,363	$5,214,213	$5,502,872	$5,847,134	$6,278,091
Gross Profit	$8,373,142	$8,827,394	$9,385,099	$10,066,238	$11,002,243
GP Margin	62.84%	62.87%	63.04%	63.26%	63.67%
Expenses	$24,293,267	$7,277,076	$7,565,529	$7,895,618	$8,302,328
Profit Before Taxation	($15,920,124)	$1,550,318	$1,819,571	$2,170,620	$2,699,916
Taxation	($5,412,842)	$527,108	$618,654	$738,011	$917,971
Net Profit	($10,507,282)	$1,023,210	$1,200,917	$1,432,609	$1,781,944
NP Margin	-78.86%	7.29%	8.07%	9.00%	10.31%

Profit & Loss Account - Year 6 to 10 - Florida

Projected Profit & Loss Account					
	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	$18,870,125	$20,738,267	$22,874,309	$25,436,231	$28,564,888
Cost of Revenue	$6,925,336	$7,600,575	$8,371,997	$9,302,030	$10,429,041
Gross Profit	$11,944,789	$13,137,692	$14,502,312	$16,134,202	$18,135,847
GP Margin	63.30%	63.35%	63.40%	63.43%	63.49%
Expenses	$8,551,397	$8,807,939	$9,072,178	$9,344,343	$9,624,673
Profit Before Taxation	$3,393,392	$4,329,753	$5,430,134	$6,789,859	$8,511,174
Taxation	$1,153,753	$1,472,116	$1,846,246	$2,376,451	$2,978,911
Net Profit	$2,239,638	$2,857,637	$3,583,889	$4,413,408	$5,532,263
NP Margin	11.87%	13.78%	15.67%	17.35%	19.37%

Our analysis reflects a profitable operation in Florida, with net income expected to total 19.37% of total revenue by the tenth year.

Projected Cash Flow										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash Generated from Operating Actvities										
Net Profit Before Taxation	($15,920,124)	$1,550,318	$1,819,571	$2,170,620	$2,699,916	$3,393,392	$4,329,753	$5,430,134	$6,789,859	$8,511,174
Adjustment of non-cash items										
Depreciation & Amortization	$2,078,000	$2,078,000	$2,078,000	$2,078,000	$2,078,000	$2,078,000	$2,078,000	$2,078,000	$2,078,000	$2,078,000
	($13,842,124)	$3,628,318	$3,897,571	$4,248,620	$4,777,916	$5,471,392	$6,407,753	$7,508,134	$8,867,859	$10,589,174
Changes in Working Capital										
Other Current Liabilities	$10,012,510	($9,190,876)	$803,227	$128,770	$156,098	($594,207)	$79,201	$88,031	$102,187	$119,624
	$10,012,510	($9,190,876)	$803,227	$128,770	$156,098	($594,207)	$79,201	$88,031	$102,187	$119,624
	($3,829,614)	($5,562,558)	$4,700,797	$4,377,390	$4,934,014	$4,877,185	$6,486,954	$7,596,165	$8,970,046	$10,708,798
Taxes Paid	$5,412,842	($527,108)	($618,654)	($738,011)	($917,971)	($1,153,753)	($1,472,116)	($1,846,246)	($2,376,451)	($2,978,911)
Net Cash Generated/ (Used in) Operating Activities	$1,583,228	($6,089,666)	$4,082,143	$3,639,379	$4,016,043	$3,723,432	$5,014,838	$5,749,920	$6,593,595	$7,729,887
Cash Generated from Investing Activates										
Acquire Long-term Assets	($51,950,000)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash Generated from Financing Activities	($51,950,000)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash Generated from Financing Activates										
Share Issued	$90,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Cash Generated/ (Used in) Financing Activities	$90,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash Generated/(Used in) All Activities	$39,633,228	($6,089,666)	$4,082,143	$3,639,379	$4,016,043	$3,723,432	$5,014,838	$5,749,920	$6,593,595	$7,729,887
Beginning Balance	$0	$39,633,228	$33,543,562	$37,625,705	$41,265,084	$45,281,127	$49,004,559	$54,019,397	$59,769,317	$66,362,912
Cash and Cash Equivalent	$39,633,228	$33,543,562	$37,625,705	$41,265,084	$45,281,127	$49,004,559	$54,019,397	$59,769,317	$66,362,912	$74,092,799

Projected Balance Sheet										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets										
Current Assets										
Cash	$39,621,490	$33,589,292	$37,722,485	$41,371,810	$45,399,009	$49,004,559	$54,019,397	$59,769,317	$66,362,912	$74,092,799
Total Current Assets	$39,621,490	$33,589,292	$37,722,485	$41,371,810	$45,399,009	$49,004,559	$54,019,397	$59,769,317	$66,362,912	$74,092,799
Long-term Assets										
Long-term Assets	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000	$51,950,000
Accumulated Depreciation	$2,078,000	$4,156,000	$6,234,000	$8,312,000	$10,390,000	$12,468,000	$14,546,000	$16,624,000	$18,702,000	$20,780,000
Total Long-term Assets	$49,872,000	$47,794,000	$45,716,000	$43,638,000	$41,560,000	$39,482,000	$37,404,000	$35,326,000	$33,248,000	$31,170,000
Other Assets										
Investment in Subsidiaries	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Assets	$89,493,490	$81,383,292	$83,438,485	$85,009,810	$86,959,009	$88,486,559	$91,423,397	$95,095,317	$99,610,912	$105,262,799
Liabilities and Capital										
Current Liabilities										
Accounts Payable	$10,506,888	$821,634	$1,624,861	$1,753,631	$1,909,729	$1,315,522	$1,394,724	$1,482,755	$1,584,942	$1,704,566
Subtotal Current Liabilities	$10,506,888	$821,634	$1,624,861	$1,753,631	$1,909,729	$1,315,522	$1,394,724	$1,482,755	$1,584,942	$1,704,566
Long-term Liabilities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Liabilities	$9,481,427	$821,634	$1,624,861	$1,753,631	$1,909,729	$1,315,522	$1,394,724	$1,482,755	$1,584,942	$1,704,566
Paid-in Capital	$90,000,000	$90,000,000	$90,000,000	$90,000,000	$90,000,000	$90,000,000	$90,000,000	$90,000,000	$90,000,000	$90,000,000
Retained Earnings	$0	($10,507,282)	($9,484,072)	($8,283,156)	($6,850,546)	($5,068,602)	($2,828,963)	$28,674	$3,612,562	$8,025,970
Earnings	($10,507,282)	$1,023,210	$1,200,917	$1,432,609	$1,781,944	$2,239,638	$2,857,637	$3,583,889	$4,413,408	$5,532,263
Total Capital	$79,492,718	$80,515,928	$81,716,844	$83,149,454	$84,931,398	$87,171,037	$90,028,674	$93,612,562	$98,025,970	$103,558,234
Total Liabilities and Capital	$88,974,145	$81,337,562	$83,341,705	$84,903,084	$86,841,127	$88,486,559	$91,423,397	$95,095,317	$99,610,912	$105,262,799
Net Worth	$68,699,383	$70,235,595	$72,474,379	$75,562,113	$79,782,761	$87,171,037	$90,028,674	$93,612,562	$98,025,970	$103,558,234

Financial Comparison

Following is the financial comparison based on three locations at year 10.

Revenue Comparison at Year 10			
	California	Texas	Florida
Revenue	$55,407,592	$33,063,033	$28,564,888
Cost of Revenue	$20,423,238	$11,737,377	$10,429,041
Gross Profit	$34,984,354	$21,325,656	$18,135,847
GP Margin	63.14%	64.50%	63.49%
Expenses	$16,236,231	$10,750,899	$9,624,673
Profit Before Taxation	$18,748,123	$10,574,757	$8,511,174
Taxation	$6,561,843	$3,701,165	$2,978,911
Net Profit	$12,186,280	$6,873,592	$5,532,263
NP Margin	21.99%	20.79%	19.37%

Capital Comparison at Year 10			
Capital	California	Texas	Florida
Paid-in Capital	$85,000,000	$90,000,000	$90,000,000
Retained Earnings	$20,405,380	($21,497)	$8,025,970
Earnings	$12,186,280	$6,873,592	$5,532,263
Total Capital	$117,591,660	$96,852,095	$103,558,234

The financial analysis of the project shows that the revenue generated and return on investment from the California region is profitable as compared to Texas and Florida at year 10.

Conclusion

- The drone industry is a fast-growing industry in the US. Currently, there is no recreational space in the country that provides a wide range of drone and radio-controlled (R/C) facilities for the public. The current landscape of R/C facility infrastructure in the US is private in nature and provides limited services because the establishments are small in size and fragmented in nature.

- The global population, especially the US, is increasingly accepting the imminent trend of the drone as a commercial tool and widely accepted hobby. Casual enthusiasts and early adopters comprise a significant portion of the industry. Novel technology in electronics has also attracted gaming segment enthusiasts to accept drones as their new-found source of entertainment, including various competitions.

- Further, the combination of increasingly sophisticated and immersive gaming experiences, streaming technologies and social media platforms is transforming the video games industry. The personal gaming experience is being supplemented or even replaced by a community experience. Games are moving from personal entertainment to a spectator sport. This shift in consumer behavior is creating new and exciting opportunities all along the gaming value chain, from the way games are developed and commercialized to enabling gamers themselves to monetize content. These underlying trends that are driving the growth of e-sports are redefining the DNA of games and digital media as a whole and accelerating the disruption of traditional media.

- The combination of R/C and e-sports will create a synergistic effect and boost revenue. Revenue can be generated from the acquisition of a controlling stake in gaming and drone tech companies. Under the acquisition plan, the company can provide venues and sports business-services in the R/C and e-sports space. By providing a live experience to the audience, a massive number of spectators can be gathered by hosting drone and e-sports events that can generate revenue through marketing partnerships, selling media rights to sports broadcasting networks, event operations, ticketing, merchandise and fan engagement.

- Based on the above-detailed studies of allied industries connected with the project, we suggest the following service mix:

Segment	Service Mix	Potential Revenue Generation From
Drone	Tournament Event	Media Rights Advertising Endorsement Event Passes Sponsorship
	Drone Pro-Shop	Drone Retail In-store promotion of drone manufacturers Merchandise Sale (Related to Events) Drone for rent
	Tracks	Drone Training Recreational use (Hourly Rental) Accreditation
Radio Controlled (RC) Facility	Tournament Event	Advertising Media Rights Event Passes
	RC Pro-Shop	RC Toys-Retail In-store promotion of RC Toy manufacturers RC Toys for rent
	Tracks	Recreational use (Hourly Rental)
E-sports	Grand Arena for Tournament	Media Rights Game publisher fees Merchandise & Tickets Advertising Sponsorship
	Gaming Zone	Team Practice Area (Hourly Rental)
Co-working Space	Co-Working Space	Office & Cubicle (Annual/Monthly Contracts) Meeting Room (Hourly/Day Rental) Conference Room (Hourly/Day Rental) R&D Area (Annual/Monthly Contracts)
Others	Food Court	Rent Income
	Restaurant	Rent Income
	Café/bar	Rent Income

- Based on the research and analysis, this report also concludes that the location of the proposed project in California would have strong regional market support as the presence of the target market in Southern California is influential. Thus, it is advantageous for the Company to capitalize on the available opportunity to build a recreational space for the millennial urban population that provides social connectivity, entertainment, entrepreneurship, and skills training in an R/C and ESports environment.
- The current trend suggests that the market will grow further in future. We suggest that a thorough economic analysis should be conducted when evaluating construction of a arena structure, including initial capital costs and ongoing maintenance costs.

Appendices

California		
Subject	Number	Percent
SEX AND AGE		
Total population	37,253,956	100.0
Under 5 years	2,531,333	6.8
5 to 9 years	2,505,839	6.7
10 to 14 years	2,590,930	7.0
15 to 19 years	2,823,940	7.6
20 to 24 years	2,765,949	7.4
25 to 29 years	2,744,409	7.4
30 to 34 years	2,573,468	6.9
35 to 39 years	2,573,579	6.9
40 to 44 years	2,609,131	7.0
45 to 49 years	2,689,819	7.2
50 to 54 years	2,562,552	6.9
55 to 59 years	2,204,296	5.9
60 to 64 years	1,832,197	4.9
65 to 69 years	1,303,558	3.5
70 to 74 years	971,778	2.6
75 to 79 years	766,971	2.1
80 to 84 years	603,239	1.6
85 years and over	600,968	1.6
Male population	18,517,830	49.7
Female population	18,736,126	50.3
RACE		
Total population	37,253,956	100.0
One Race	35,438,572	95.1
White	21,453,934	57.6
Black or African American	2,299,072	6.2
American Indian and Alaska Native	362,801	1.0
Asian	4,861,007	13.0
Native Hawaiian and Other Pacific Islander	144,386	0.4
Some Other Race	6,317,372	17.0

RELATIONSHIP		
Total population	37,253,956	100.0
In households	36,434,140	97.8
Householder	12,577,498	33.8
Spouse [6]	6,213,310	16.7
Child	11,308,643	30.4
Own child under 18 years	7,839,242	21.0
Other relatives	3,611,597	9.7
Under 18 years	1,221,251	3.3
65 years and over	541,799	1.5
Nonrelatives	2,723,092	7.3
Under 18 years	199,415	0.5
65 years and over	124,544	0.3

Los Angeles City		
	Number	Percent
SEX AND AGE		
Total population	3,792,621	100.0
Under 5 years	251,097	6.6
5 to 9 years	231,528	6.1
10 to 14 years	237,462	6.3
15 to 19 years	274,373	7.2
20 to 24 years	314,543	8.3
25 to 29 years	331,074	8.7
30 to 34 years	307,826	8.1
35 to 39 years	292,913	7.7
40 to 44 years	277,554	7.3
45 to 49 years	261,238	6.9
50 to 54 years	241,926	6.4
55 to 59 years	207,222	5.5
60 to 64 years	167,169	4.4
65 to 69 years	118,509	3.1
70 to 74 years	90,550	2.4
75 to 79 years	71,284	1.9
80 to 84 years	57,375	1.5
85 years and over	58,978	1.6

Male population	1,889,064	49.8
Female population	1,903,557	50.2
RACE		
Total population	3,792,621	100.0
One Race	3,616,986	95.4
White	1,888,158	49.8
Black or African American	365,118	9.6
American Indian and Alaska Native	28,215	0.7
Asian	426,959	11.3
Native Hawaiian and Other Pacific Islander	5,577	0.1
Some Other Race	902,959	23.8
RELATIONSHIP		
Total population	3,792,621	100.0
In households	3,708,020	97.8
Householder	1,318,168	34.8
Spouse [6]	522,345	13.8
Child	1,088,884	28.7
Own child under 18 years	715,724	18.9
Other relatives	431,600	11.4
Under 18 years	134,534	3.5
65 years and over	59,615	1.6
Nonrelatives	347,023	9.1
Under 18 years	20,296	0.5
65 years and over	14,375	0.4

San Diego City		
Subject	Number	Percent
SEX AND AGE		
Total population	1,307,402	100.0
Under 5 years	80,792	6.2
5 to 9 years	75,073	5.7
10 to 14 years	75,345	5.8
15 to 19 years	90,813	6.9
20 to 24 years	127,987	9.8
25 to 29 years	124,326	9.5
30 to 34 years	105,921	8.1
35 to 39 years	94,939	7.3
40 to 44 years	88,811	6.8
45 to 49 years	88,901	6.8
50 to 54 years	83,092	6.4
55 to 59 years	71,814	5.5
60 to 64 years	59,951	4.6
65 to 69 years	41,026	3.1
70 to 74 years	30,987	2.4
75 to 79 years	25,856	2.0
80 to 84 years	20,787	1.6
85 years and over	20,981	1.6
Male population	660,626	50.5
Female population	646,776	49.5
RACE		
Total population	1,307,402	100.0
One Race	1,240,714	94.9
White	769,971	58.9
Black or African American	87,949	6.7
American Indian and Alaska Native	7,696	0.6
Asian	207,944	15.9
Native Hawaiian and Other Pacific Islander	5,908	0.5
Some Other Race	161,246	12.3

RELATIONSHIP		
Total population	1,307,402	100.0
In households	1,255,446	96.0
Householder	483,092	37.0
Spouse [6]	207,235	15.9
Child	338,949	25.9
Own child under 18 years	239,863	18.3
Other relatives	104,168	8.0
Under 18 years	33,567	2.6
65 years and over	16,830	1.3
Nonrelatives	122,002	9.3
Under 18 years	4,544	0.3
65 years and over	4,126	0.3

Texas		
	Number	Percent
SEX AND AGE		
Total population	25,145,561	100.0
Under 5 years	1,928,473	7.7
5 to 9 years	1,928,234	7.7
10 to 14 years	1,881,883	7.5
15 to 19 years	1,883,124	7.5
20 to 24 years	1,817,079	7.2
25 to 29 years	1,853,039	7.4
30 to 34 years	1,760,434	7.0
35 to 39 years	1,763,587	7.0
40 to 44 years	1,694,795	6.7
45 to 49 years	1,760,467	7.0
50 to 54 years	1,674,869	6.7
55 to 59 years	1,422,924	5.7
60 to 64 years	1,174,767	4.7
65 to 69 years	853,100	3.4
70 to 74 years	619,156	2.5
75 to 79 years	477,245	1.9
80 to 84 years	347,206	1.4
85 years and over	305,179	1.2

Male population	12,472,280	49.6
Female population	12,673,281	50.4
RACE		
Total population	25,145,561	100.0
One Race	24,466,560	97.3
White	17,701,552	70.4
Black or African American	2,979,598	11.8
American Indian and Alaska Native	170,972	0.7
Asian	964,596	3.8
Native Hawaiian and Other Pacific Islander	21,656	0.1
Some Other Race	2,628,186	10.5
RELATIONSHIP		
Total population	25,145,561	100.0
In households	24,564,422	97.7
Householder	8,922,933	35.5
Spouse [6]	4,515,013	18.0
Child	7,861,974	31.3
Own child under 18 years	5,888,009	23.4
Other relatives	2,020,528	8.0
Under 18 years	862,624	3.4
65 years and over	233,685	0.9
Nonrelatives	1,243,974	4.9
Under 18 years	93,590	0.4
65 years and over	42,923	0.2

Houston		
	Number	Percent
SEX AND AGE		
Total population	2,099,451	100.0
Under 5 years	171,026	8.1
5 to 9 years	151,041	7.2
10 to 14 years	137,307	6.5
15 to 19 years	142,544	6.8
20 to 24 years	171,086	8.1
25 to 29 years	199,906	9.5
30 to 34 years	174,079	8.3
35 to 39 years	153,662	7.3
40 to 44 years	137,556	6.6
45 to 49 years	136,112	6.5
50 to 54 years	132,549	6.3
55 to 59 years	113,365	5.4
60 to 64 years	89,276	4.3
65 to 69 years	62,299	3.0
70 to 74 years	44,011	2.1
75 to 79 years	34,269	1.6
80 to 84 years	25,988	1.2
85 years and over	23,375	1.1
Male population	1,053,517	50.2
Female population	1,045,934	49.8
RACE		
Total population	2,099,451	100.0
One Race	2,030,921	96.7
White	1,060,491	50.5
Black or African American	498,466	23.7
American Indian and Alaska Native	14,997	0.7
Asian	126,378	6.0
Native Hawaiian and Other Pacific Islander	1,153	0.1
Some Other Race	329,436	15.7

RELATIONSHIP		
Total population	2,099,451	100.0
In households	2,062,380	98.2
Householder	782,643	37.3
Spouse [6]	305,088	14.5
Child	628,980	30.0
Own child under 18 years	454,488	21.6
Other relatives	211,328	10.1
Under 18 years	79,391	3.8
65 years and over	20,353	1.0
Nonrelatives	134,341	6.4
Under 18 years	7,374	0.4
65 years and over	4,035	0.2

Florida		
Subject	Number	Percent
SEX AND AGE		
Total population	18,801,310	100.0
Under 5 years	1,073,506	5.7
5 to 9 years	1,080,255	5.7
10 to 14 years	1,130,847	6.0
15 to 19 years	1,228,382	6.5
20 to 24 years	1,228,758	6.5
25 to 29 years	1,179,227	6.3
30 to 34 years	1,110,318	5.9
35 to 39 years	1,178,467	6.3
40 to 44 years	1,252,787	6.7
45 to 49 years	1,401,202	7.5
50 to 54 years	1,340,291	7.1
55 to 59 years	1,202,418	6.4
60 to 64 years	1,135,250	6.0
65 to 69 years	959,233	5.1
70 to 74 years	768,707	4.1
75 to 79 years	615,514	3.3
80 to 84 years	482,023	2.6
85 years and over	434,125	2.3
Male population	9,189,355	48.9
Female population	9,611,955	51.1
RACE		
Total population	18,801,310	100.0
One Race	18,328,733	97.5
White	14,109,162	75.0
Black or African American	2,999,862	16.0
American Indian and Alaska Native	71,458	0.4
Asian	454,821	2.4
Native Hawaiian and Other Pacific Islander	12,286	0.1
Some Other Race	681,144	3.6

RELATIONSHIP		
Total population	18,801,310	100.0
In households	18,379,601	97.8
Householder	7,420,802	39.5
Spouse [6]	3,457,149	18.4
Child	4,884,582	26.0
Own child under 18 years	3,429,355	18.2
Other relatives	1,362,543	7.2
Under 18 years	476,474	2.5
65 years and over	246,306	1.3
Nonrelatives	1,254,525	6.7
Under 18 years	79,753	0.4
65 years and over	88,767	0.5

Attendance & Revenue Assumptions - California

Attendance & Revenue Assumptions - California

		Low Season 3.00%		Average Season 8.00%	9.00%	10.00%	Peak Season 14.00%	16.00%	15.00%	Average Season 7.00%	6.00%	Low Season 4.00%	2.00%	
		M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Annual
Attendance Assumptions														
Maximum Annual Visitor Capacity			2,920,000											
Los Angles Seasonality Factor		Low Season		Average Season			Peak Season			Average Season			Low Season	
Seasonality		0.03	0.06	0.08	0.09	0.10	0.14	0.16	0.15	0.07	0.06	0.04	0.02	1.00
Monthly Visitor	% of target													
Year 1	18.0%	15,768	31,536	42,048	47,304	52,560	73,584	84,096	78,840	36,792	31,536	21,024	10,512	**525,600**
Year 2	19.4%	17,029	34,059	45,412	51,088	56,765	79,471	90,824	85,147	39,735	34,059	22,706	11,353	**567,648**
Year 3	21.0%	18,392	36,784	49,045	55,175	61,306	85,828	98,090	91,959	42,914	36,784	24,522	12,261	**613,060**
Year 4	22.7%	19,863	39,726	52,968	59,589	66,210	92,695	105,937	99,316	46,347	39,726	26,484	13,242	**662,105**
Year 5	24.5%	21,452	42,904	57,206	64,357	71,507	100,110	114,412	107,261	50,055	42,904	28,603	14,301	**715,073**

	Drone	RC	Esports	Free Entry	Total
Attendance Distribution	0.25	0.15	0.20	0.40	1.00

Income Assumptions

Drone		M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Annual
Monthly Visitor	% of target													
Year 1	100.0%	3,942	7,884	10,512	11,826	13,140	18,396	21,024	19,710	9,198	7,884	5,256	2,628	**131,400**
Year 2	100.0%	4,257	8,515	11,353	12,772	14,191	19,868	22,706	21,287	9,934	8,515	5,676	2,838	**141,912**
Year 3	100.0%	4,598	9,196	12,261	13,794	15,326	21,457	24,522	22,990	10,729	9,196	6,131	3,065	**153,265**
Year 4	100.0%	4,966	9,932	13,242	14,897	16,553	23,174	26,484	24,829	11,587	9,932	6,621	3,311	**165,526**
Year 5	100.0%	5,363	10,726	14,301	16,089	17,877	25,028	28,603	26,815	12,514	10,726	7,151	3,575	**178,768**

Revenue Streams	Distribution	Average Usage (Hr)	Pricing Year 1	Year 2	Year 3	Year 4	Year 5
Premises Rental	60%	1	$12	$12.36	$12.73	$13.11	$13.51
Device Rental	15%	1	$10	$10.30	$10.61	$10.93	$11.26
Membership Fees	3%		$300	$315.00	$330.75	$347.29	$364.65

Revenue													
Year 1	$69,773	$139,547	$186,062	$209,320	$232,578	$325,609	$372,125	$348,867	$162,805	$139,547	$93,031	$46,516	**$2,325,780**
Year 2	$78,382	$156,765	$209,019	$235,147	$261,274	$365,784	$418,039	$391,911	$182,892	$156,765	$104,510	$52,255	**$2,612,742**
Year 3	$88,061	$176,123	$234,830	$264,184	$293,538	$410,953	$469,661	$440,307	$205,477	$176,123	$117,415	$58,708	**$2,935,381**
Year 4	$98,945	$197,890	$263,853	$296,835	$329,817	$461,743	$527,707	$494,725	$230,872	$197,890	$131,927	$65,963	**$3,298,167**
Year 5	$111,184	$222,368	$296,490	$333,552	$370,613	$518,858	$592,981	$555,920	$259,429	$222,368	$148,245	$74,123	**$3,706,131**

RC		M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Annual
Monthly Visitor	% of target													
Year 1	100.00%	2,365	4,730	6,307	7,096	7,884	11,038	12,614	11,826	5,519	4,730	3,154	1,577	**78,840**
Year 2	100.00%	2,554	5,109	6,812	7,663	8,515	11,921	13,624	12,772	5,960	5,109	3,406	1,703	**85,147**
Year 3	100.00%	2,759	5,518	7,357	8,276	9,196	12,874	14,713	13,794	6,437	5,518	3,678	1,839	**91,959**
Year 4	100.00%	2,979	5,959	7,945	8,938	9,932	13,904	15,891	14,897	6,952	5,959	3,973	1,986	**99,316**
Year 5	100.00%	3,218	6,436	8,581	9,653	10,726	15,017	17,162	16,089	7,508	6,436	4,290	2,145	**107,261**

Revenue Streams	Distribution	Average Usage (Hr)	Pricing Year 1	Year 2	Year 3	Year 4	Year 5
Premises Rental	70%	1.5	$12	$12.36	$12.73	$13.11	$13.51
Device Rental	25%	1	$8	$8.24	$8.49	$8.74	$9.00

Revenue													
Year 1	$34,532	$69,064	$92,085	$103,596	$115,106	$161,149	$184,170	$172,660	$80,574	$69,064	$46,043	$23,021	**$1,151,064**
Year 2	$38,413	$76,827	$102,435	$115,240	$128,044	$179,262	$204,871	$192,067	$89,631	$76,827	$51,218	$25,609	**$1,280,444**
Year 3	$42,731	$85,462	$113,949	$128,193	$142,437	$199,411	$227,898	$213,655	$99,706	$85,462	$56,975	$28,487	**$1,424,365**
Year 4	$47,534	$95,068	$126,757	$142,602	$158,446	$221,825	$253,514	$237,670	$110,912	$95,068	$63,379	$31,689	**$1,584,464**
Year 5	$52,877	$105,753	$141,005	$158,630	$176,256	$246,758	$282,009	$264,384	$123,379	$105,753	$70,502	$35,251	**$1,762,558**

Esports		M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Annual
Monthly Visitor	% of target													
Year 1	100.00%	3,154	6,307	8,410	9,461	10,512	14,717	16,819	15,768	7,358	6,307	4,205	2,102	**105,120**
Year 2	100.00%	3,406	6,812	9,082	10,218	11,353	15,894	18,165	17,029	7,947	6,812	4,541	2,271	**113,530**
Year 3	100.00%	3,678	7,357	9,809	11,035	12,261	17,166	19,618	18,392	8,583	7,357	4,904	2,452	**122,612**
Year 4	100.00%	3,973	7,945	10,594	11,918	13,242	18,539	21,187	19,863	9,269	7,945	5,297	2,648	**132,421**
Year 5	100.00%	4,290	8,581	11,441	12,871	14,301	20,022	22,882	21,452	10,011	8,581	5,721	2,860	**143,015**

Revenue Streams	Distribution			Pricing Year 1	Year 2	Year 3	Year 4	Year 5
Hourly Rental	70%			$19	$19.91	$20.51	$21.13	$21.76
Hourly Rental (MIX Pricing)								
1 Hour	$12	30%	1					
2 Hour ($4 per hour per 1 hou	$16	50%	2					
All Day Pass	$30	20%	8					
	$19	100%	4					
Weighted Average Prize								

Revenue													
Year 1	$60,970	$121,939	$162,586	$182,909	$203,232	$284,525	$325,171	$304,848	$142,262	$121,939	$81,293	$40,646	**$2,032,320**
Year 2	$67,823	$135,645	$180,860	$203,468	$226,075	$316,505	$361,720	$339,113	$158,253	$135,645	$90,430	$45,215	**$2,260,753**
Year 3	$75,446	$150,892	$201,189	$226,338	$251,486	$352,081	$402,378	$377,229	$176,040	$150,892	$100,594	$50,297	**$2,514,861**
Year 4	$83,926	$167,852	$223,803	$251,778	$279,753	$391,654	$447,605	$419,630	$195,827	$167,852	$111,901	$55,951	**$2,797,532**
Year 5	$93,359	$186,718	$248,958	$280,078	$311,197	$435,676	$497,916	$466,796	$217,838	$186,718	$124,479	$62,239	**$3,111,974**

Restaurant		M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Annual
Monthly Visitor	% of target													
Year 1	67.00%	10,565	21,129	28,172	31,694	35,215	49,301	56,344	52,823	24,651	21,129	14,086	7,043	**352,152**
Year 2	69.00%	11,750	23,501	31,334	35,251	39,168	54,835	62,668	58,752	27,417	23,501	15,667	7,834	**391,677**
Year 3	72.00%	13,242	26,484	35,312	39,726	44,140	61,796	70,624	66,210	30,898	26,484	17,656	8,828	**441,403**
Year 4	75.00%	14,897	29,795	39,726	44,692	49,658	69,521	79,453	74,487	34,760	29,795	19,863	9,932	**496,578**
Year 5	80.00%	17,162	34,324	45,765	51,485	57,206	80,088	91,529	85,809	40,044	34,324	22,882	11,441	**572,058**

	Pricing				
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Average Spending on Restaurant	$8	$8.52	$8.69	$8.87	$9.04

Revenue													
Year 1	$88,273	$176,546	$235,394	$264,818	$294,243	$411,940	$470,788	$441,364	$205,970	$176,546	$117,697	$58,849	**$2,942,426**
Year 2	$100,144	$200,288	$267,051	$300,432	$333,813	$467,339	$534,101	$500,720	$233,669	$200,288	$133,525	$66,763	**$3,338,134**
Year 3	$115,115	$230,230	$306,974	$345,345	$383,717	$537,204	$613,947	$575,575	$268,602	$230,230	$153,487	$76,743	**$3,837,170**
Year 4	$132,095	$264,189	$352,252	$396,284	$440,315	$616,441	$704,504	$660,473	$308,221	$264,189	$176,126	$88,063	**$4,403,153**
Year 5	$155,216	$310,433	$413,910	$465,649	$517,388	$724,343	$827,821	$776,082	$362,172	$310,433	$206,955	$103,478	**$5,173,880**

Retail Shop	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Annual
Monthly Visitor													
Year 1	1,143	2,286	3,048	3,430	3,811	5,335	6,097	5,716	2,667	2,286	1,524	762	38,106
Year 2	1,235	2,469	3,292	3,704	4,115	5,762	6,585	6,173	2,881	2,469	1,646	823	41,154
Year 3	1,333	2,667	3,556	4,000	4,445	6,223	7,111	6,667	3,111	2,667	1,778	889	44,447
Year 4	1,440	2,880	3,840	4,320	4,800	6,720	7,680	7,200	3,360	2,880	1,920	960	48,003
Year 5	1,555	3,111	4,147	4,666	5,184	7,258	8,295	7,776	3,629	3,111	2,074	1,037	51,843

			Pricing				
	Distribution	Average Pricing	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Kids Drone	0.2	$80					
Kids RC Cars/Toys	0.15	$40					
	0.35	$22	$22	$22	$23	$23	$24
Professional Drone Segment	0.05	$1,500	$1,500	$1,530	$1,561	$1,592	$1,624

Revenue													
Year 1	$94,541	$189,082	$252,109	$283,623	$315,137	$441,191	$504,219	$472,705	$220,596	$189,082	$126,055	$63,027	**$3,151,366**
Year 2	$104,146	$208,293	$277,724	$312,439	$347,155	$486,016	$555,447	$520,732	$243,008	$208,293	$138,862	$69,431	**$3,471,545**
Year 3	$114,728	$229,455	$305,940	$344,183	$382,425	$535,396	$611,881	$573,638	$267,698	$229,455	$152,970	$76,485	**$3,824,254**
Year 4	$126,384	$252,768	$337,024	$379,152	$421,280	$589,792	$674,048	$631,920	$294,896	$252,768	$168,512	$84,256	**$4,212,798**
Year 5	$139,225	$278,449	$371,265	$417,674	$464,082	$649,715	$742,531	$696,123	$324,857	$278,449	$185,633	$92,816	**$4,640,818**

Co-Working

	Total Space	
Share Space	32,931	Sq. ft
Meeting/Conference Space	5,227	Sq. ft

	Co-Working Space	**Meeting/ Conference Room**
Total Space Available	220.00	127.00
Average Per Month Rental	$3,000	$100
Frequency	Monthly	Per Hour
Total Units (Avg. 2 Hr Per Boo	2,640	3,048

Particulars	Occupancy				
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Occupancy - Share Space	0.70	0.73	0.76	0.80	0.85
Occupancy - Meeting/Conference	0.50	0.65	0.72	0.75	0.80

	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Annual
Monthly Variation	0.03	0.06	0.08	0.09	0.10	0.14	0.16	0.15	0.07	0.06	0.04	0.02	
Revenue													
Year 1	$462,381	$462,762	$463,016	$463,143	$463,270	$463,778	$464,032	$463,905	$462,889	$462,762	$462,508	$462,254	**$5,556,700**
Year 2	$482,295	$482,791	$483,121	$483,286	$483,451	$484,111	$484,442	$484,277	$482,956	$482,791	$482,460	$482,130	**$5,798,110**
Year 3	$502,149	$502,697	$503,063	$503,246	$503,429	$504,160	$504,526	$504,343	$502,880	$502,697	$502,332	$501,966	**$6,037,488**
Year 4	$528,572	$529,143	$529,524	$529,715	$529,905	$530,667	$531,048	$530,858	$529,334	$529,143	$528,762	$528,381	**$6,355,050**
Year 5	$561,610	$562,219	$562,626	$562,829	$563,032	$563,845	$564,251	$564,048	$562,422	$562,219	$561,813	$561,406	**$6,752,320**

Events/Tradeshows	Number of Ev	er Expected Audience	F Pricing	Revenue	% of Gross Ga	Revenue
Drone Event	3.00	10,000.00	$80	$2,400,000	0.15	$360,000
Esports Event	6.00	10,000.00	$200	$12,000,000	0.15	$1,800,000
Other Events	10.00	2,500.00	$100	$2,500,000	0.15	$375,000
						$2,535,000

		M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Annual
Monthly Variation		0.03	0.06	0.08	0.09	0.10	0.14	0.16	0.15	0.07	0.06	0.04	0.02	
Revenue	Growth Rate													
Year 1		$76,050	$152,100	$202,800	$228,150	$253,500	$354,900	$405,600	$380,250	$177,450	$152,100	$101,400	$50,700	**$2,535,000**
Year 2	105%	$79,853	$159,705	$212,940	$239,558	$266,175	$372,645	$425,880	$399,263	$186,323	$159,705	$106,470	$53,235	**$2,661,750**
Year 3	108%	$86,241	$172,481	$229,975	$258,722	$287,469	$402,457	$459,950	$431,204	$201,228	$172,481	$114,988	$57,494	**$2,874,690**
Year 4	110%	$94,865	$189,730	$252,973	$284,594	$316,216	$442,702	$505,945	$474,324	$221,351	$189,730	$126,486	$63,243	**$3,162,159**
Year 5	115%	$109,094	$218,189	$290,919	$327,283	$363,648	$509,108	$581,837	$545,472	$254,554	$218,189	$145,459	$72,730	**$3,636,483**

Attendance & Revenue Assumptions - Texas

		M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Annual
Attendance Assumptions														
Maximum Annual Visitor Capacity			2,920,000											
Texas Seasonality Factor		Low Season	Average Season			Peak Season					Average Season		Low Season	
Seasonality		0.03	0.06	0.07	0.09	0.10	0.13	0.15	0.14	0.13	0.05	0.04	0.01	1.00
Monthly Visitor	% of target													
Year 1	10.00%	8,760	17,520	20,440	26,280	29,200	37,960	43,800	40,880	37,960	14,600	11,680	2,920	**292,000**
Year 2	10.500%	9,198	18,396	21,462	27,594	30,660	39,858	45,990	42,924	39,858	15,330	12,264	3,066	**306,600**
Year 3	11.025%	9,658	19,316	22,535	28,974	32,193	41,851	48,290	45,070	41,851	16,097	12,877	3,219	**321,930**
Year 4	11.576%	10,141	20,282	23,662	30,422	33,803	43,943	50,704	47,324	43,943	16,901	13,521	3,380	**338,027**
Year 5	12.155%	10,648	21,296	24,845	31,944	35,493	46,141	53,239	49,690	46,141	17,746	14,197	3,549	**354,928**

	Drone	RC	Esports	Free Entry	Total
Attendance Distribution	0.25	0.15	0.20	0.40	1.00

Income Assumptions

Drone		M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Annual
Monthly Visitor	% of target													
Year 1	100.00%	2,190	4,380	5,110	6,570	7,300	9,490	10,950	10,220	9,490	3,650	2,920	730	**73,000**
Year 2	100.00%	2,300	4,599	5,366	6,899	7,665	9,965	11,498	10,731	9,965	3,833	3,066	767	**76,650**
Year 3	100.00%	2,414	4,829	5,634	7,243	8,048	10,463	12,072	11,268	10,463	4,024	3,219	805	**80,483**
Year 4	100.00%	2,535	5,070	5,915	7,606	8,451	10,986	12,676	11,831	10,986	4,225	3,380	845	**84,507**
Year 5	100.00%	2,662	5,324	6,211	7,986	8,873	11,535	13,310	12,422	11,535	4,437	3,549	887	**88,732**

Revenue Streams	**Distribution**	**Average Usage (Hr)**	**Pricing Year 1**	**Pricing Year 2**	**Pricing Year 3**	**Pricing Year 4**	**Pricing Year 5**
Premises Rental	70%	1	$10	$10.30	$10.61	$10.93	$11.26
Device Rental	25%	1	$10	$10.30	$10.61	$10.93	$11.26
Membership Fees	5%		$300	$315.00	$330.75	$347.29	$364.65

Revenue												
Year 1	$53,655	$107,310	$125,195	$160,965	$178,850	$232,505	$268,275	$250,390	$232,505	$89,425	$71,540	$17,885	**$1,788,500**
Year 2	$58,718	$117,435	$137,008	$176,153	$195,726	$254,444	$293,589	$274,016	$254,444	$97,863	$78,290	$19,573	**$1,957,258**
Year 3	$64,264	$128,528	$149,949	$192,791	$214,213	$278,476	$321,319	$299,898	$278,476	$107,106	$85,685	$21,421	**$2,142,126**
Year 4	$70,340	$140,680	$164,126	$211,019	$234,466	$304,806	$351,699	$328,252	$304,806	$117,233	$93,786	$23,447	**$2,344,660**
Year 5	$76,997	$153,994	$179,660	$230,991	$256,657	$333,654	$384,985	$359,319	$333,654	$128,328	$102,663	$25,666	**$2,566,565**

RC		M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Annual
Monthly Visitor	% of target													
Year 1	100.00%	1,314	2,628	3,066	3,942	4,380	5,694	6,570	6,132	5,694	2,190	1,752	438	**43,800**
Year 2	100.00%	1,380	2,759	3,219	4,139	4,599	5,979	6,899	6,439	5,979	2,300	1,840	460	**45,990**
Year 3	100.00%	1,449	2,897	3,380	4,346	4,829	6,278	7,243	6,761	6,278	2,414	1,932	483	**48,290**
Year 4	100.00%	1,521	3,042	3,549	4,563	5,070	6,592	7,606	7,099	6,592	2,535	2,028	507	**50,704**
Year 5	100.00%	1,597	3,194	3,727	4,792	5,324	6,921	7,986	7,453	6,921	2,662	2,130	532	**53,239**

Revenue Streams	**Distribution**	**Average Usage (Hr)**	**Pricing Year 1**	**Pricing Year 2**	**Pricing Year 3**	**Pricing Year 4**	**Pricing Year 5**
Premises Rental	70%	1.5	$10	$10.30	$10.61	$10.93	$11.26
Device Rental	25%	1	$8	$8.24	$8.49	$8.74	$9.00

Revenue												
Year 1	$16,425	$32,850	$38,325	$49,275	$54,750	$71,175	$82,125	$76,650	$71,175	$27,375	$21,900	$5,475	**$547,500**
Year 2	$17,764	$35,527	$41,448	$53,291	$59,212	$76,976	$88,818	$82,897	$76,976	$29,606	$23,685	$5,921	**$592,121**
Year 3	$19,211	$38,423	$44,827	$57,634	$64,038	$83,249	$96,057	$89,653	$83,249	$32,019	$25,615	$6,404	**$640,379**
Year 4	$20,777	$41,554	$48,480	$62,331	$69,257	$90,034	$103,886	$96,960	$90,034	$34,629	$27,703	$6,926	**$692,570**
Year 5	$22,470	$44,941	$52,431	$67,411	$74,901	$97,372	$112,352	$104,862	$97,372	$37,451	$29,961	$7,490	**$749,014**

Esports		M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Annual
Monthly Visitor	% of target													
Year 1	100.00%	1,752	3,504	4,088	5,256	5,840	7,592	8,760	8,176	7,592	2,920	2,336	584	**58,400**
Year 2	100.00%	1,840	3,679	4,292	5,519	6,132	7,972	9,198	8,585	7,972	3,066	2,453	613	**61,320**
Year 3	100.00%	1,932	3,863	4,507	5,795	6,439	8,370	9,658	9,014	8,370	3,219	2,575	644	**64,386**
Year 4	100.00%	2,028	4,056	4,732	6,084	6,761	8,789	10,141	9,465	8,789	3,380	2,704	676	**67,605**
Year 5	100.00%	2,130	4,259	4,969	6,389	7,099	9,228	10,648	9,938	9,228	3,549	2,839	710	**70,986**

Revenue Streams	**Distribution**	**Pricing Year 1**	**Pricing Year 2**	**Pricing Year 3**	**Pricing Year 4**	**Pricing Year 5**
Hourly Rental	70%	$14	$14.76	$15.21	$15.66	$16.13

Hourly Rental (MIX Pricing)

1 Hour	$10	30%	1
2 Hour ($4 per hour per 1 hour)	$13	50%	2
All Day Pass	$20	20%	8
	$14	100%	4

Weighted Average Prize

Revenue												
Year 1	$25,112	$50,224	$58,595	$75,336	$83,707	$108,819	$125,560	$117,189	$108,819	$41,853	$33,483	$8,371	**$837,067**
Year 2	$27,159	$54,317	$63,370	$81,476	$90,529	$117,687	$135,793	$126,740	$117,687	$45,264	$36,212	$9,053	**$905,288**
Year 3	$29,372	$58,744	$68,535	$88,116	$97,907	$127,279	$146,860	$137,070	$127,279	$48,953	$39,163	$9,791	**$979,069**
Year 4	$31,766	$63,532	$74,120	$95,298	$105,886	$137,652	$158,829	$148,241	$137,652	$52,943	$42,355	$10,589	**$1,058,863**
Year 5	$34,355	$68,710	$80,161	$103,064	$114,516	$148,871	$171,774	$160,322	$148,871	$57,258	$45,806	$11,452	**$1,145,160**

Restaurant		M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Annual
Monthly Visitor	% of target													
Year 1	67.00%	5,869	11,738	13,695	17,608	19,564	25,433	29,346	27,390	25,433	9,782	7,826	1,956	**195,640**
Year 2	69.00%	6,347	12,693	14,809	19,040	21,155	27,502	31,733	29,618	27,502	10,578	8,462	2,116	**211,554**
Year 3	72.00%	6,954	13,907	16,225	20,861	23,179	30,133	34,768	32,451	30,133	11,589	9,272	2,318	**231,790**
Year 4	75.00%	7,606	15,211	17,746	22,817	25,352	32,958	38,028	35,493	32,958	12,676	10,141	2,535	**253,520**
Year 5	80.00%	8,518	17,037	19,876	25,555	28,394	36,912	42,591	39,752	36,912	14,197	11,358	2,839	**283,942**

	Pricing Year 1	Pricing Year 2	Pricing Year 3	Pricing Year 4	Pricing Year 5
Average Spending on Restaurant	$8	$8.52	$8.69	$8.87	$9.04

Revenue													
Year 1	$49,040	$98,081	$114,428	$147,121	$163,468	$212,509	$245,202	$228,855	$212,509	$81,734	$65,387	$16,347	**$1,634,681**
Year 2	$54,090	$108,180	$126,210	$162,270	$180,300	$234,391	$270,451	$252,421	$234,391	$90,150	$72,120	$18,030	**$1,803,004**
Year 3	$60,449	$120,898	$141,048	$181,348	$201,497	$261,947	$302,246	$282,096	$261,947	$100,749	$80,599	$20,150	**$2,014,975**
Year 4	$67,439	$134,877	$157,357	$202,316	$224,796	$292,234	$337,193	$314,714	$292,234	$112,398	$89,918	$22,480	**$2,247,956**
Year 5	$77,042	$154,084	$179,765	$231,126	$256,807	$333,848	$385,210	$359,529	$333,848	$128,403	$102,723	$25,681	**$2,568,065**

Retail Shop		M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Annual
Monthly Visitor	% of target													
Year 1		635	1,270	1,482	1,905	2,117	2,752	3,176	2,964	2,752	1,059	847	212	21,170
Year 2		667	1,334	1,556	2,001	2,223	2,890	3,334	3,112	2,890	1,111	889	222	22,229
Year 3		700	1,400	1,634	2,101	2,334	3,034	3,501	3,268	3,034	1,167	934	233	23,340
Year 4		735	1,470	1,715	2,206	2,451	3,186	3,676	3,431	3,186	1,225	980	245	24,507
Year 5		772	1,544	1,801	2,316	2,573	3,345	3,860	3,603	3,345	1,287	1,029	257	25,732

	Distribution	Average Pricing	Pricing Year 1	Pricing Year 2	Pricing Year 3	Pricing Year 4	Pricing Year 5
Kids Drone	0.2	$80					
Kids RC Cars/Toys	0.15	$40					
	0.35	$22	$22	$22	$23	$23	$24
Professional Drone Segment	0.05	$1,500	$1,500	$1,530	$1,561	$1,592	$1,624

Revenue													
Year 1	$52,523	$105,046	$122,553	$157,568	$175,076	$227,599	$262,614	$245,106	$227,599	$87,538	$70,030	$17,508	**$1,750,759**
Year 2	$56,252	$112,504	$131,254	$168,756	$187,506	$243,758	$281,259	$262,509	$243,758	$93,753	$75,003	$18,751	**$1,875,063**
Year 3	$60,246	$120,492	$140,573	$180,737	$200,819	$261,065	$301,229	$281,147	$261,065	$100,410	$80,328	$20,082	**$2,008,192**
Year 4	$64,523	$129,046	$150,554	$193,570	$215,077	$279,601	$322,616	$301,108	$279,601	$107,539	$86,031	$21,508	**$2,150,774**
Year 5	$69,104	$138,209	$161,244	$207,313	$230,348	$299,452	$345,522	$322,487	$299,452	$115,174	$92,139	$23,035	**$2,303,479**

Co-Working

	Total Space	
Share Space	32,931	Sq. ft
Meeting/Conference Space	5,227	Sq. ft

	Co-Working Spac	Meeting/Conference Room
Total Space Available	220.00	127.00
Average Per Month Rental	$3,000	$100
Frequency	Monthly	Per Hour
Total Units (Avg. 2 Hr Per Booking)	2,640	3,048

	Occupancy				
	Year 1	Year 2	Year 3	Year 4	Year 5
Occupancy - Share Space	0.70	0.73	0.76	0.80	0.85
Occupancy - Meeting/Conference	0.50	0.65	0.72	0.75	0.80

	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Annual
Monthly Variation	0.03	0.06	0.08	0.09	0.10	0.14	0.16	0.15	0.07	0.06	0.04	0.02	
Revenue													
Year 1	$462,381	$462,762	$463,016	$463,143	$463,270	$463,778	$464,032	$463,905	$462,889	$462,762	$462,508	$462,254	**$5,556,700**
Year 2	$482,295	$482,791	$483,121	$483,286	$483,451	$484,111	$484,442	$484,277	$482,956	$482,791	$482,460	$482,130	**$5,798,110**
Year 3	$502,149	$502,697	$503,063	$503,246	$503,429	$504,160	$504,526	$504,343	$502,880	$502,697	$502,332	$501,966	**$6,037,488**
Year 4	$528,572	$529,143	$529,524	$529,715	$529,905	$530,667	$531,048	$530,858	$529,334	$529,143	$528,762	$528,381	**$6,355,050**
Year 5	$561,610	$562,219	$562,626	$562,829	$563,032	$563,845	$564,251	$564,048	$562,422	$562,219	$561,813	$561,406	**$6,752,320**

Events/Tradeshows	Number of Events	Expected Audience Per Event	Pricing	Revenue	% of Gross Gate Receipt	Revenue
Drone Event	3.00	7,500.00	$80	$1,800,000	0.15	$270,000
Esports Event	6.00	10,000.00	$200	$12,000,000	0.15	$1,800,000
Other Events	10.00	3,000.00	$100	$3,000,000	0.15	$450,000
						$2,520,000

		M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Annual
Monthly Variation		0.03	0.06	0.08	0.09	0.10	0.14	0.16	0.15	0.07	0.06	0.04	0.02	
Revenue	Growth Rate													
Year 1		$75,600	$151,200	$201,600	$226,800	$252,000	$352,800	$403,200	$378,000	$176,400	$151,200	$100,800	$50,400	**$2,520,000**
Year 2	105%	$79,380	$158,760	$211,680	$238,140	$264,600	$370,440	$423,360	$396,900	$185,220	$158,760	$105,840	$52,920	**$2,646,000**
Year 3	108%	$85,730	$171,461	$228,614	$257,191	$285,768	$400,075	$457,229	$428,652	$200,038	$171,461	$114,307	$57,154	**$2,857,680**
Year 4	110%	$94,303	$188,607	$251,476	$282,910	$314,345	$440,083	$502,952	$471,517	$220,041	$188,607	$125,738	$62,869	**$3,143,448**
Year 5	115%	$108,449	$216,898	$289,197	$325,347	$361,497	$506,095	$578,394	$542,245	$253,048	$216,898	$144,599	$72,299	**$3,614,965**

Attendance & Revenue Assumptions - Florida

Attendance Assumptions		M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Annual
Maximum Annual Visitor Capacity			2,920,000											
Texas Seasonality Factor		Low Season	Average Season			Peak Season					Average Season		Low Season	
Seasonality		0.03	0.06	0.07	0.09	0.10	0.13	0.15	0.14	0.13	0.05	0.04	0.01	1.00
Monthly Visitor	% of target													
Year 1	8.00%	7,008	14,016	16,352	21,024	23,360	30,368	35,040	32,704	30,368	11,680	9,344	2,336	**233,600**
Year 2	8.240%	7,218	14,436	16,843	21,655	24,061	31,279	36,091	33,685	31,279	12,030	9,624	2,406	**240,608**
Year 3	8.487%	7,435	14,870	17,348	22,304	24,783	32,217	37,174	34,696	32,217	12,391	9,913	2,478	**247,826**
Year 4	8.742%	7,658	15,316	17,868	22,973	25,526	33,184	38,289	35,737	33,184	12,763	10,210	2,553	**255,261**
Year 5	9.004%	7,888	15,775	18,404	23,663	26,292	34,179	39,438	36,809	34,179	13,146	10,517	2,629	**262,919**

	Drone	RC	Esports	Free Entry	Total
Attendance Distribution	0.25	0.15	0.20	0.40	1.00

INCOME ASSUMPTIONS

Drone

Monthly Visitor	% of target												
Year 1	100.00%	1,752	3,504	4,088	5,256	5,840	7,592	8,760	8,176	7,592	2,920	2,336	584	**58,400**
Year 2	100.00%	1,805	3,609	4,211	5,414	6,015	7,820	9,023	8,421	7,820	3,008	2,406	602	**60,152**
Year 3	100.00%	1,859	3,717	4,337	5,576	6,196	8,054	9,293	8,674	8,054	3,098	2,478	620	**61,957**
Year 4	100.00%	1,914	3,829	4,467	5,743	6,382	8,296	9,572	8,934	8,296	3,191	2,553	638	**63,815**
Year 5	100.00%	1,972	3,944	4,601	5,916	6,573	8,545	9,859	9,202	8,545	3,286	2,629	657	**65,730**

Revenue Streams	**Distribution**	**Average Usage (Hr)**	**Pricing Year 1**	**Pricing Year 2**	**Pricing Year 3**	**Pricing Year 4**	**Pricing Year 5**
Premises Rental	70%	1	$10	$10.30	$10.61	$10.93	$11.26
Device Rental	25%	1	$10	$10.30	$10.61	$10.93	$11.26
Membership Fees	5%		$300	$315.00	$330.75	$347.29	$364.65

Revenue												
Year 1	$42,924	$85,848	$100,156	$128,772	$143,080	$186,004	$214,620	$200,312	$186,004	$71,540	$57,232	$14,308	**$1,430,800**
Year 2	$46,079	$92,159	$107,519	$138,238	$153,598	$199,678	$230,397	$215,037	$199,678	$76,799	$61,439	$15,360	**$1,535,981**
Year 3	$49,471	$98,942	$115,433	$148,414	$164,904	$214,375	$247,356	$230,865	$214,375	$82,452	$65,962	$16,490	**$1,649,039**
Year 4	$53,117	$106,234	$123,940	$159,352	$177,057	$230,174	$265,586	$247,880	$230,174	$88,529	$70,823	$17,706	**$1,770,572**
Year 5	$57,037	$114,074	$133,086	$171,110	$190,123	$247,160	$285,184	$266,172	$247,160	$95,061	$76,049	$19,012	**$1,901,227**

RC

Monthly Visitor	% of target												
Year 1	100.00%	1,051	2,102	2,453	3,154	3,504	4,555	5,256	4,906	4,555	1,752	1,402	350	**35,040**
Year 2	100.00%	1,083	2,165	2,526	3,248	3,609	4,692	5,414	5,053	4,692	1,805	1,444	361	**36,091**
Year 3	100.00%	1,115	2,230	2,602	3,346	3,717	4,833	5,576	5,204	4,833	1,859	1,487	372	**37,174**
Year 4	100.00%	1,149	2,297	2,680	3,446	3,829	4,978	5,743	5,360	4,978	1,914	1,532	383	**38,289**
Year 5	100.00%	1,183	2,366	2,761	3,549	3,944	5,127	5,916	5,521	5,127	1,972	1,578	394	**39,438**

Revenue Streams	**Distribution**	**Average Usage (Hr)**	**Pricing Year 1**	**Pricing Year 2**	**Pricing Year 3**	**Pricing Year 4**	**Pricing Year 5**
Premises Rental	70%	1.5	$10	$10.30	$10.61	$10.93	$11.26
Device Rental	25%	1	$8	$8.24	$8.49	$8.74	$9.00

Revenue												
Year 1	$13,140	$26,280	$30,660	$39,420	$43,800	$56,940	$65,700	$61,320	$56,940	$21,900	$17,520	$4,380	**$438,000**
Year 2	$13,940	$27,880	$32,527	$41,821	$46,467	$60,408	$69,701	$65,054	$60,408	$23,234	$18,587	$4,647	**$464,674**
Year 3	$14,789	$29,578	$34,508	$44,368	$49,297	$64,086	$73,946	$69,016	$64,086	$24,649	$19,719	$4,930	**$492,973**
Year 4	$15,690	$31,380	$36,610	$47,070	$52,299	$67,989	$78,449	$73,219	$67,989	$26,150	$20,920	$5,230	**$522,995**
Year 5	$16,645	$33,291	$38,839	$49,936	$55,485	$72,130	$83,227	$77,678	$72,130	$27,742	$22,194	$5,548	**$554,845**

Esports

Monthly Visitor	% of target												
Year 1	100.00%	1,402	2,803	3,270	4,205	4,672	6,074	7,008	6,541	6,074	2,336	1,869	467	**46,720**
Year 2	100.00%	1,444	2,887	3,369	4,331	4,812	6,256	7,218	6,737	6,256	2,406	1,925	481	**48,122**
Year 3	100.00%	1,487	2,974	3,470	4,461	4,957	6,443	7,435	6,939	6,443	2,478	1,983	496	**49,565**
Year 4	100.00%	1,532	3,063	3,574	4,595	5,105	6,637	7,658	7,147	6,637	2,553	2,042	511	**51,052**
Year 5	100.00%	1,578	3,155	3,681	4,733	5,258	6,836	7,888	7,362	6,836	2,629	2,103	526	**52,584**

Revenue Streams	**Distribution**	**Pricing Year 1**	**Pricing Year 2**	**Pricing Year 3**	**Pricing Year 4**	**Pricing Year 5**
Hourly Rental	70%	$14	$14.76	$15.21	$15.66	$16.13

Hourly Rental (MIX Pricing)			
1 Hour	$10	30%	1
2 Hour ($4 per hour per 1 hour)	$13	50%	2
All Day Pass	$20	20%	8
	$14	100%	4

Weighted Average Prize

Revenue												
Year 1	$20,090	$40,179	$46,876	$60,269	$66,965	$87,055	$100,448	$93,751	$87,055	$33,483	$26,786	$6,697	**$669,653**
Year 2	$21,313	$42,626	$49,730	$63,939	$71,044	$92,357	$106,565	$99,461	$92,357	$35,522	$28,417	$7,104	**$710,435**
Year 3	$22,611	$45,222	$52,759	$67,833	$75,370	$97,981	$113,055	$105,518	$97,981	$37,685	$30,148	$7,537	**$753,701**
Year 4	$23,988	$47,976	$55,972	$71,964	$79,960	$103,948	$119,940	$111,944	$103,948	$39,980	$31,984	$7,996	**$799,601**
Year 5	$25,449	$50,898	$59,381	$76,347	$84,830	$110,279	$127,245	$118,762	$110,279	$42,415	$33,932	$8,483	**$848,297**

Restaurant

Monthly Visitor	% of target												
Year 1	67.00%	4,695	9,391	10,956	14,086	15,651	20,347	23,477	21,912	20,347	7,826	6,260	1,565	**156,512**
Year 2	69.00%	4,981	9,961	11,621	14,942	16,602	21,583	24,903	23,243	21,583	8,301	6,641	1,660	**166,020**
Year 3	72.00%	5,353	10,706	12,490	16,059	17,843	23,197	26,765	24,981	23,197	8,922	7,137	1,784	**178,435**
Year 4	75.00%	5,743	11,487	13,401	17,230	19,145	24,888	28,717	26,802	24,888	9,572	7,658	1,914	**191,446**
Year 5	80.00%	6,310	12,620	14,723	18,930	21,034	27,344	31,550	29,447	27,344	10,517	8,413	2,103	**210,335**

	Pricing Year 1	**Pricing Year 2**	**Pricing Year 3**	**Pricing Year 4**	**Pricing Year 5**
Average Spending on Restaurant	$8	$8.52	$8.69	$8.87	$9.04

Revenue												
Year 1	$39,232	$78,465	$91,542	$117,697	$130,774	$170,007	$196,162	$183,084	$170,007	$65,387	$52,310	$13,077	**$1,307,745**
Year 2	$42,448	$84,896	$99,045	$127,344	$141,493	$183,941	$212,239	$198,090	$183,941	$70,746	$56,597	$14,149	**$1,414,929**
Year 3	$46,535	$93,069	$108,581	$139,604	$155,116	$201,650	$232,673	$217,162	$201,650	$77,558	$62,046	$15,512	**$1,551,156**
Year 4	$50,926	$101,853	$118,828	$152,779	$169,755	$220,681	$254,632	$237,656	$220,681	$84,877	$67,902	$16,975	**$1,697,546**
Year 5	$57,070	$114,140	$133,164	$171,210	$190,234	$247,304	$285,351	$266,327	$247,304	$95,117	$76,094	$19,023	**$1,902,338**

Retail Shop

Monthly Visitor												
Year 1	508	1,016	1,186	1,524	1,694	2,202	2,540	2,371	2,202	847	677	169	16,936
Year 2	523	1,047	1,221	1,570	1,744	2,268	2,617	2,442	2,268	872	698	174	17,444
Year 3	539	1,078	1,258	1,617	1,797	2,336	2,695	2,515	2,336	898	719	180	17,967
Year 4	555	1,110	1,295	1,666	1,851	2,406	2,776	2,591	2,406	925	740	185	18,506
Year 5	572	1,144	1,334	1,716	1,906	2,478	2,859	2,669	2,478	953	762	191	19,062

	Distribution	Average Pricing	**Pricing Year 1**	**Pricing Year 2**	**Pricing Year 3**	**Pricing Year 4**	**Pricing Year 5**
Kids Drone	0.2	$80					
Kids RC Cars/Toys	0.15	$40					
	0.35	$22	$22	$22	$23	$23	$24
Professional Drone Segment	0.05	$1,500	$1,500	$1,530	$1,561	$1,592	$1,624

Revenue												
Year 1	$42,018	$84,036	$98,043	$126,055	$140,061	$182,079	$210,091	$196,085	$182,079	$70,030	$56,024	$14,006	**$1,400,607**
Year 2	$44,144	$88,289	$103,003	$132,433	$147,148	$191,292	$220,722	$206,007	$191,292	$73,574	$58,859	$14,715	**$1,471,478**
Year 3	$46,378	$92,756	$108,215	$139,134	$154,593	$200,972	$231,890	$216,431	$200,972	$77,297	$61,837	$15,459	**$1,545,935**
Year 4	$48,725	$97,450	$113,691	$146,174	$162,416	$211,141	$243,624	$227,382	$211,141	$81,208	$64,966	$16,242	**$1,624,159**
Year 5	$51,190	$102,380	$119,444	$153,571	$170,634	$221,824	$255,951	$238,888	$221,824	$85,317	$68,254	$17,063	**$1,706,341**

Co-Working

	Total Space	
Share Space	32,931	Sq. ft
Meeting/Conference Space	5,227	Sq. ft

	Co-Working Space	Meeting/Conference Room
Total Space Available	220.00	127.00
Average Per Month Rental	$3,000	$100
Frequency	Monthly	Per Hour
Total Units (Avg. 2 Hr Per Booking)	2,640	3,048

	Occupancy				
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Occupancy - Share Space	0.70	0.73	0.76	0.80	0.85
Occupancy - Meeting/Conference	0.50	0.65	0.72	0.75	0.80

Monthly Variation	0.03	0.06	0.08	0.09	0.10	0.14	0.16	0.15	0.07	0.06	0.04	0.02	
Revenue													
Year 1	$462,381	$462,762	$463,016	$463,143	$463,270	$463,778	$464,032	$463,905	$462,889	$462,762	$462,508	$462,254	**$5,556,700**
Year 2	$482,295	$482,791	$483,121	$483,286	$483,451	$484,111	$484,442	$484,277	$482,956	$482,791	$482,460	$482,130	**$5,798,110**
Year 3	$502,149	$502,697	$503,063	$503,246	$503,429	$504,160	$504,526	$504,343	$502,880	$502,697	$502,332	$501,966	**$6,037,488**
Year 4	$528,572	$529,143	$529,524	$529,715	$529,905	$530,667	$531,048	$530,858	$529,334	$529,143	$528,762	$528,381	**$6,355,050**
Year 5	$561,610	$562,219	$562,626	$562,829	$563,032	$563,845	$564,251	$564,048	$562,422	$562,219	$561,813	$561,406	**$6,752,320**

Events/Tradeshows	Number of Events	Expected Audience Per Event	Pricing	Revenue	% of Gross Gate Receipt	Revenue
Drone Event	3.00	7,500.00	$80	$1,800,000	0.15	$270,000
Esports Event	6.00	10,000.00	$200	$12,000,000	0.15	$1,800,000
Other Events	10.00	3,000.00	$100	$3,000,000	0.15	$450,000
						$2,520,000

Monthly Variation		0.03	0.06	0.08	0.09	0.10	0.14	0.16	0.15	0.07	0.06	0.04	0.02	
Revenue	Growth Rate													
Year 1		$75,600	$151,200	$201,600	$226,800	$252,000	$352,800	$403,200	$378,000	$176,400	$151,200	$100,800	$50,400	**$2,520,000**
Year 2	105%	$79,380	$158,760	$211,680	$238,140	$264,600	$370,440	$423,360	$396,900	$185,220	$158,760	$105,840	$52,920	**$2,646,000**
Year 3	108%	$85,730	$171,461	$228,614	$257,191	$285,768	$400,075	$457,229	$428,652	$200,038	$171,461	$114,307	$57,154	**$2,857,680**
Year 4	110%	$94,303	$188,607	$251,476	$282,910	$314,345	$440,083	$502,952	$471,517	$220,041	$188,607	$125,738	$62,869	**$3,143,448**
Year 5	115%	$108,449	$216,898	$289,197	$325,347	$361,497	$506,095	$578,394	$542,245	$253,048	$216,898	$144,599	$72,299	**$3,614,965**

Notes

Notes


Wise Business Plans