

Sky Harbour Capital
Quarterly Financial Report
(Unaudited)
Quarter Ending September 30, 2023

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SKY HARBOUR CAPITAL LLC AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Table of Contents

	<u>Page Number</u>
Consolidated Balance Sheets as of September 30, 2023	3
Consolidated Statements of Operations for the three and nine months ended September 30, 2023	4
Consolidated Statements of Changes in Member's Equity for the nine months ended September 30, 2023	5
Consolidated Statements of Cash Flows for the nine months ended September 30, 2023	6
Other Required Exhibits	7

SKY HARBOUR CAPITAL LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2023 (unaudited)	December 31, 2022 (audited)
Assets		
Restricted cash	\$ 33,392	\$ 39,121
Restricted investments	80,183	114,648
Receivables from affiliates	233	710
Prepaid expenses and other assets	2,596	818
Cost of construction	48,088	47,152
Constructed assets, net	78,109	39,709
Right-of-use assets	56,676	55,830
Long-lived assets, net	1,337	1,123
Total assets	\$ 300,614	\$ 299,111
Liabilities and members' equity		
Accounts payable, accrued expenses and other liabilities	\$ 8,067	\$ 6,794
Accrued interest payable	1,735	3,470
Accounts payable to affiliates	2,642	3,116
Bonds payable, net of debt issuance costs and premiums	162,368	162,210
Operating lease liabilities	54,874	62,155
Total liabilities	\$ 229,686	\$ 237,745
Member's equity	70,928	61,366
Total liabilities and member's equity	\$ 300,614	\$ 299,111

SKY HARBOUR CAPITAL LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)
(UNAUDITED)

	Three months ended September 30, 2023 (Actual)	Three months ended September 30, 2023 (Budget)	Variance	Variance %
Revenues:				
Rental revenue	\$ 2,502	\$ 1,975	\$ 527	38.3 %
Total revenue	\$ 2,502	\$ 1,375	\$ 527	38.3 %
Expenses:				
Operating	\$ 1,675	\$ 1,910	\$ (235)	(12.6) %
Depreciation	522	565	(43)	(8.6)
General and administrative	69	190	(121)	(96.8)
Total expenses	\$ 2,266	\$ 2,665	\$ (399)	(16.0) %
Other income	8	-	8	100 %
Net income (loss)	\$ 244	\$ (690)	\$ 934	83.8 %

	Nine months ended September 30, 2023 (Actual)	Nine months ended September 30, 2022 (Budget)	Variance	Variance %
Revenues:				
Rental revenue	\$ 5,337	\$ 4,125	\$ 1,212	29.4 %
Total revenue	\$ 5,337	\$ 4,125	\$ 1,212	29.4 %
Expenses:				
Operating	\$ 5,298	\$ 5,595	\$ (297)	(5.3) %
Depreciation	1,482	1,500	(18)	(1.2)
General and administrative	375	375	-	-
Total expenses	\$ 7,155	\$ 7,470	\$ (315)	(4.2) %
Other income	8	-	8	100 %
Net loss	\$ (1,810)	\$ (3,345)	\$ 1,535	(45.9) %

SKY HARBOUR CAPITAL LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN MEMBER'S EQUITY
(in thousands)
(UNAUDITED)

	Nine months ended September 30, 2023
Balance, December 31, 2022	\$ 61,366
Contributions ¹	11,372
Net loss	(1,810)
Balance, September 30, 2023	\$ 70,928

¹ Contributions include approximately \$1.2 million of cash contributed by Sky Harbour LLC (the “Member”) and the historical cost of the net assets of Sky Harbour Addison LLC and OPF Hangars Landlord LLC of approximately \$10.1 million, both of which were contributed by the Member to Sky Harbour Capital LLC in March 2023.

SKY HARBOUR CAPITAL LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)
(UNAUDITED)

**Nine months ended
September 30, 2023**

Cash flows from operating activities:	
Net loss	\$ (1,810)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	1,483
Straight-line rent receivable	(188)
Non-cash lease expense	1,443
Changes in operating assets and liabilities:	
Receivables from affiliates	586
Prepaid expenses and other assets	(973)
Accounts payable, accrued interest and expenses, and other liabilities	660
Accounts payable to affiliates	(1,754)
Net cash used in operating activities	\$ (553)
Cash flows from investing activities:	
Purchases on long-lived assets	(379)
Payments for cost of construction	(40,437)
Purchases of held-to-maturity investments	(103,994)
Proceeds from held-to-maturity investments	138,434
Cash used in investing activities	\$ (6,376)
Cash flows from financing activities:	
Proceeds from capital contribution	1,200
Cash provided by financing activities	\$ 1,200
Net (decrease) increase in cash and restricted cash	(5,729)
Cash and restricted cash, at beginning of period	39,121
Cash and restricted cash, at end of period	\$ 33,392
Supplemental disclosures of noncash investing and financing activities:	
Cost of construction included in accounts payable, accrued expenses, and other liabilities	6,479
Cost of construction included in accrued interest payable	1,735
Debt issuance costs and premium amortized to cost of construction	158
Right-of-use assets obtained in exchange for operating lease liabilities	1,368
Non-cash equity contribution: historical cost of net assets contributed	10,172
Reconciliation of cash and restricted cash reported within the consolidated balance sheets:	
Cash, at beginning of period	\$ -
Restricted cash, at beginning of period	39,121
Cash and restricted cash, at beginning of period	\$ 39,121
Cash, at end of period	-
Restricted cash, at end of period	33,392
Cash and restricted cash, at end of period	\$ 33,392

SKY HARBOUR CAPITAL LLC AND SUBSIDIARIES
OTHER REQUIRED EXHIBITS
(UNAUDITED)

Note 1. Occupancy Report & Subleasing and rental information for each Project as of September 30, 2023

Facilities Summary Data	Ground Lessor	Lessor Details	Ground Lease Commencement	Ground Lease Term	# of Hangars⁵	Leasable SF (000s)⁵	Status	Leased	Preleased¹	Contracted SF (000s)
SGR Phase I	City of Sugar Land, TX	-	2/6/2019	30 years	7	66.1	Operating	94%	-	62.1
OPF Phase I	OPF Hangars Landlord, LLC	Holder of leasehold interest under ground lease from Miami- Dade County	7/10/2019	50 years ²	12	160.1	Completed	71% ⁷	-	113.4
OPF Phase II	OPF Hangars Landlord, LLC	Holder of leasehold interest under ground lease from Miami- Dade County	7/10/2019	50 years ²	5	108.0	Predevelopment	-	-	-
BNA	Metropolitan Nashville Airport Authority	-	1/22/2020	50 years ²	10	149.1	Completed	64%	13%	115.3
DVT Phase I	City of Phoenix, AZ	-	5/4/2021	40 years	8	134.3	Under GMP, In Construction	-	75% ⁶	85.2
APA Phase I	Sunborne XVI, Ltd.	Holder of leasehold interest under ground lease from Arapahoe County	12/30/2020	76 years ³	9	130.6	Under GMP, In Construction	-	-	-
APA Phase II	Sunborne XVI, Ltd.	Holder of leasehold interest under ground lease from Arapahoe County	12/30/2020	76 years ³	5	109.2	Predevelopment	-	-	-
ADS Phase I	Town of Addison, TX		TBD ⁴	40 Years ⁴	6	115.5	In Development	-	-	-
Total					62	972.9				376.0

¹ Preleased status is defined as space which has yet to be delivered and has received a signed non-binding Letter of Intent or a signed lease subsequent to the reporting date. will request and receive an additional extension to accommodate the expected construction schedule.

² Includes two 5-year term extensions.

³ Includes first term extension option of 15 years and second term extension option of 20 years.

⁴ The ADS Phase I lease term commences on receipt of certificate of occupancy.

⁵ As of September 30, 2023, “# of Hangars” and “Leasable SF” reflect updated site plans which incorporate use of a larger hangar design which is effectively double the size of the hangars previously included in site plan.

⁶ The Company believes that many of its non-binding LOIs at DVT may contain below market terms and intends to modify the respective terms prior to lease execution.

⁷ The Company has agreed to release a tenant of two hangars from its lease obligations in exchange for approximately 8.5 months of additional rent. Possession of the two hangars was terminated effective September 1, 2023 and October 1, 2023, respectively.

SKY HARBOUR CAPITAL LLC AND SUBSIDIARIES
OTHER REQUIRED EXHIBITS
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Note 2. Calculation of required ratios

Pursuant to the terms of the Rate Covenant section of the Master Indenture Agreement associated with the Senior Special Facility Revenue Bonds (Aviation Facilities Project), Series 2021, Sky Harbour Capital LLC (the “Company”) will begin testing its compliance with Rate Covenant quarterly, as of the end of each quarter of the fiscal year commencing with the quarter ending December 31, 2024, and annually, as of the end of each fiscal year commencing with the fiscal year ending December 31, 2024.

Note 3. Series 2021 Bonds project scope modification

On March 22, 2023, the Company elected to modify the project scope of its Series 2021 Bonds pursuant to the terms of the Master Indenture, in order to reallocate a portion of the proceeds of the Series 2021 Bonds to a project site located at Addison Airport in Addison, Texas (the “ADS Project”).

In connection with the election to modify the project scope of the Series 2021 Bonds to include the ADS Project, (i) Addison Hangars LLC (“Sky Harbour Addison”) and OPF Hangars Landlord LLC (“OPF Hangars”), wholly-owned subsidiaries of the Member, joined as members of the Obligated Group, (ii) Sky Harbour Holdings LLC contributed its membership interest in OPF Hangars to the Company, (iii) the Company pledged its equity interest in each of Sky Harbour Addison and OPF Hangars to the Master Trustee as additional security for the obligations under the Series 2021 PABs, (iv) Sky Harbour Addison granted to the Master Trustee a mortgage on its leasehold interest in the real property comprising the ADS Project, (v) OPF Hangars granted the Master Trustee a mortgage on its leasehold interest in the real estate comprising the project located in Opa Locka, Florida, (vi) the Manager agreed to waive all management fees and development fees during the construction period of the projects associated with the Series 2021 Bonds, (vii) removed SGR Phase II and DVT Phase II from the project scope of the Series 2021 Bonds, and (viii) the Member contributed \$1.2 million as additional equity capitalization to the Obligated Group.

Note 4. Restricted Investments

Pursuant to provisions within the Master Indenture Agreement, the Company invests the funds held in the restricted trust bank accounts in various U.S. Treasury securities. Therefore, such investments are reported as “Restricted investments” in the accompanying consolidated balance sheet.

The Company has the ability and intent to hold these restricted investments until maturity, and as a result, the Company would not expect the value of these investments to decline significantly due to a sudden change in market interest rates. The held-to-maturity restricted investments are carried on the consolidated balance sheet at amortized cost. The carrying amount of such investments was \$80,183 on September 30, 2023, of which \$63,432 will mature in one year or less, and \$16,751 will mature in one through five years.