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Estimated Utilization

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Overview


To estimate utilization at a renovated Sunken Garden Theater, feedback from industry professionals was considered in the context of comparable venue benchmarking data presented previously.

Interviews with these local and national industry professionals, who are responsible for promoting and booking events that could be hosted at the renovated Theater, provided insight into the market demand for the renovated Theater, preferred building program elements, and the number and type of events that could reasonably be held at the venue, including touring concerts and other such utilization.

Feedback from these local and national organizations provides a basis from which to consider the market's overall demand for the proposed Amphitheater.

Promoters interviewed as part of this analysis include representatives from the seven organizations outlined on the right. Contacts for some of these organizations were provided by Brackenridge Park Conservancy representatives, as they currently promote events in San Antonio.

The following pages present summaries of these interviews, providing qualitative feedback from which renovated Theater utilization can be considered.




Live Nation is one of the largest event promoters and venue operators in the world, owning, operating, and/or exclusively booking 130+ live entertainment venues worldwide. Live Nation has booked events throughout the greater San Antonio metropolitan area.



AEG Presents, a concert division of the sports and entertainment conglomerate AEG, operates as the second largest concert promoter globally. AEG Presents hosts over 15,000 shows annually through 16 regional offices across the world.



Ambassador Theatre Group is a theater organization headquartered in the United Kingdom that operated 46 venues across Britain, the United States, and Australia, including the Majestic and Charline McCombs Empire Theatre in San Antonio, TX.




C3 Presents is a concert promoter based in Austin, TX. C3 Presents is owned by Live Nation and promotes over 1,100 concerts annually. The company is especially prevalent throughout the State of Texas and is well-known for producing several music festivals.



Tobin Entertainment is a subsidiary of the Tobin Center for the Performing Arts in downtown San Antonio. Tobin Entertainment has worked with a variety of venues throughout San Antonio, including AT&T Center, Majestic Theatre, and Sunken Garden Theater, among others.



Feld Entertainment is the leading producer of travelling family shows, including popular productions such as Disney on Ice, Sesame Street Live, Monster Jam, and Supercross, among others.



Visit San Antonio is the convention & visitor bureau for the San Antonio area, promoting visitation and events and conducting research about market trends for the region.

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Promoter Feedback

Promoters and other distributors of live event content were asked to provide their opinions on potential renovations to the Sunken Garden Theater, including needs of the market, potential utilization of the venue, building program preferences for the venue, and other such topics. Key feedback specific to market demand and projected Theater utilization by national and regional promoters of concerts and live entertainment includes:

MARKET DEMAND

- Concert promoters indicated that the San Antonio market is a fast-growing market for both new residents and for tourists. Many promoters indicated that this burgeoning growth could, and is neatly suited to, sustain a new small- to mid-sized concert venue.
- Promoters noted that there is a market gap for concert venues within the San Antonio market generally between 3,500 and 8,000 seats. Smaller concerts and performing arts acts can perform in indoor performing arts centers, such as the Tobin Center (1,746 seats) or the Majestic Theatre (2,264 seats), while larger events of at least 8,000 or more are often better suited in indoor arenas, such as Freeman Coliseum (10,150 seats) or AT&T Center (18,581 seats).
- Given this market gap, organizers indicated that the market is ideally positioned to support a mid-sized, outdoor venue, especially one with the historical significance of the Sunken Garden Theater. Promoters indicate that they are often forced to pass over San Antonio when planning Texas tour routes for lack of a modern, properly-sized venue. Should the Theater receive renovations to modernize the venue, promoters indicated that the Theater could easily capture this extant demand touring within the state of Texas.
- Multiple concert promoters noted that the creation of a new small- to mid-sized venue would so easily fill a gap in the San Antonio market that it will be important for the Sunken Garden to renovate itself quickly (i.e., within the next two years) as to avoid getting cannibalized by a different, new venue. Promoters indicated that the San Antonio market would be well-served by one venue of this type but that two of these venues would likely not be able to effectively co-exist.
- Overall, there is a strong sense from multiple promoters that a project of this scale will work well in the market, especially given the strong historical success of the concert market across other Texas cities, which have often over-performed in key sectors relative to the rest of the United States, even within times of recession. For instance, the AT&T Center ranks within the top 100 of worldwide arenas according to Pollstar, which indicates that venues in San Antonio can have success when they are well-suited to capture the available concert market. Multiple local promoters indicated that having a new or improved venue in the market would be beneficial for the City's overall marketing and brand, providing a signature venue benefitting residents and visitors alike.
- Given the favorable market dynamics anticipated to be associated with renovated Theater operations, multiple promoters indicated a desire or an interest in operating the venue, noting an interest in contributing capital toward project costs.

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Promoter Feedback

BUILDING PROGRAM PREFERENCES

- Concert promoters generally indicated that there is a market gap in the ability to accommodate small- to mid-sized shows. Some promoters indicated that the real opportunity for growth in the outdoor touring concert market is for shows with 2,500 to 3,000 attendees while other promoters indicated that a new venue could easily capture outdoor touring concerts with attendance between 4,000 and 7,000. Pushing for shows beyond 7,000 attendees could create competition between the new venue and the other local arenas.
- Given this anticipated market gap for small- to mid-sized shows, most promoters were comfortable with the Theater's current capacity of approximately 5,000, which would be able to accommodate many of the shows in the demonstrated market gap. However, promoters were comfortable with both a small decrease and a small increase in capacity should design plans call for such a change.
- In terms of seating, promoters preferred a mix of seating types, including fixed seats closer to the stage (including the ability to create a pit directly in front of the stage) as well as berm (i.e., grass or lawn) seating. Promoters also indicated that the renovated Theater would be able to support a modest mix of premium seating, including club seats and VIP boxes.
- Promoters indicated that it would be imperative for renovations to include a variety of modern amenities and building program aspects, including new concessions and restrooms, a covered stage, sufficient loading capabilities, dressing rooms, the ability for catering, and improvements to sound and lighting, among others. Promoters also indicated that covering the venue to provide shade and weather protection during the hot summer months would also be an attractive amenity and would assist in long-term event planning.
- Both local and national promoters indicated a desire for the Theater to be flexibly-designed as to accommodate a wide range of events beyond just concerts, ranging from live podcast recordings to large-scale conventions.
- Given current issues with parking and traffic ingress and egress, which have slightly eased with the addition of a new ancillary parking deck, promoters indicated that renovations should, at least in part, address these concerns to provide a positive patron experience.
- Promoters also noted that a major selling point of the venue to touring concerts could be the historical "vibe" of the Theater, indicating that maintaining that aesthetic would be essential throughout the renovation process to re-establish the venue as historically significant with modern touring acts.

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Promoter Feedback

ANTICIPATED UTILIZATION

- In terms of total utilization, promoter estimates generally ranged between 30 and 45 total live performances, with potential to reach the upper end of the range under optimal routing conditions.
- In terms of concert programming, promoters believed the Theater should host a wide variety of concerts, with especial focus on rock, country, and Latin music, citing the success of those genres within the San Antonio market at other venues, and with some additional programming for hip-hop and EDM.
- In addition to concerts, local promoters also indicated that the Theater could be used creatively for other touring shows, such as comedy acts, podcast tours, YouTube recordings, or live cooking demonstrations, among others. Promoters indicated that these other kinds of unique events represent a growing market and are especially appealing to a younger audience, including millennial and younger Gen X residents.
- Local organizers also indicated that the venue could be used for both large and small private events. Promoters indicated that the market for conventions and conferences in San Antonio is also experiencing a market gap in venues with at least 3,000 capacity, noting that this sector is the fastest growing event market in the region. While the outdoor venue, especially without a covering, would prove challenging for long-term planning, local promoters indicated that unique, themed spaces (such as a historic amphitheater) are particularly trendy in the convention market, meaning that a renovated Theater could potentially serve this market segment. Additionally, local organizers indicated that the venue could also potentially host smaller private events with 100 to 150 guests depending on the rental cost.
- Promoters also noted that the venue could be utilized for unique, one-off or annual events, especially if the venue is flexibly-designed, such as radio shows, food festivals, and cooking shows, among others.

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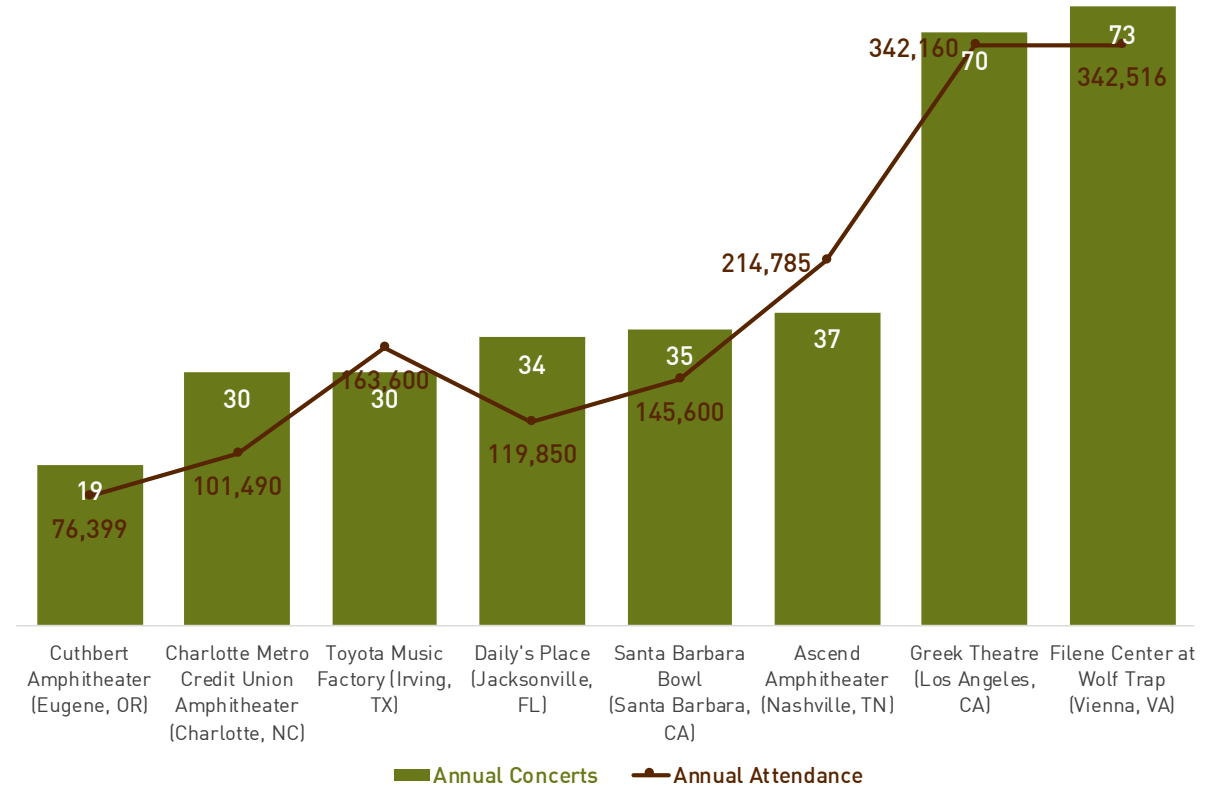
Comparable Event Utilization

To draw conclusions about the potential event and attendance utilization at a renovated Theater, it is important to compare the annual ticketed performance utilizations at the identified comparable facilities. The chart to the right depicts the annual ticketed event and attendance utilization at the identified comparable facilities, as reported by Pollstar.

As shown, the average comparable facility hosts 41 ticketed events, ranging from a low of 19 at Cuthbert Amphitheater to a high of 73 at Filene Center at Wolf Trap. The median concert utilization is 35.

Annual attendance averages approximately 188,000 attendees, ranging from a low of approximately 76,000 at Cuthbert Amphitheater to a high of approximately 343,000 at Filene Center at Wolf Trap. The median annual attendance is approximately 155,000.

COMPARABLE FACILITY EVENT UTILIZATION



6. Estimated Utilization

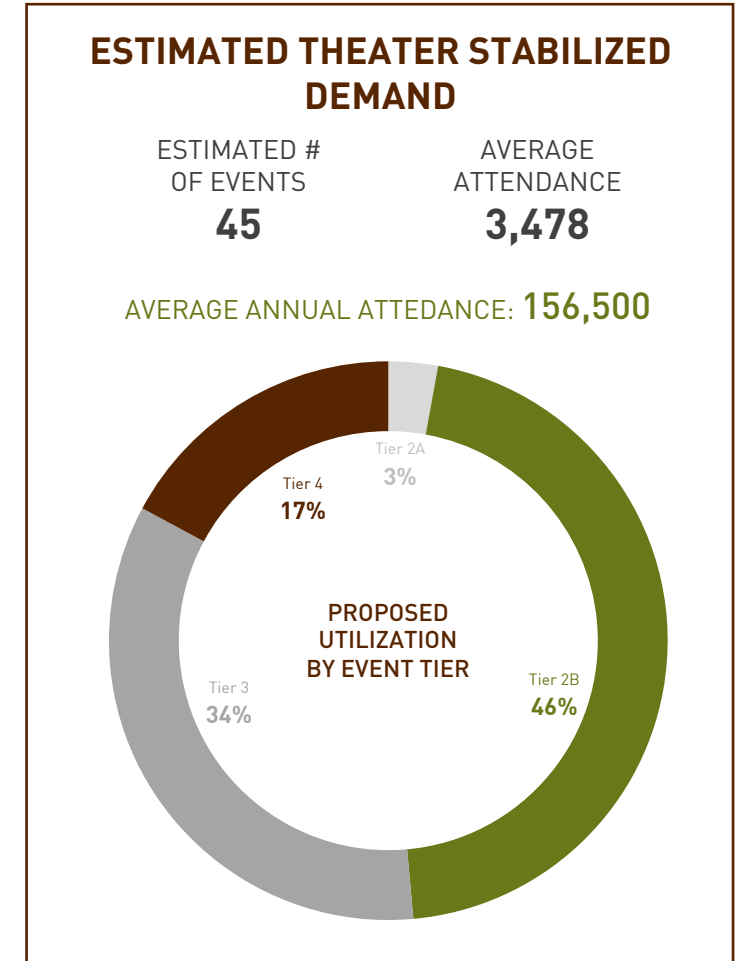
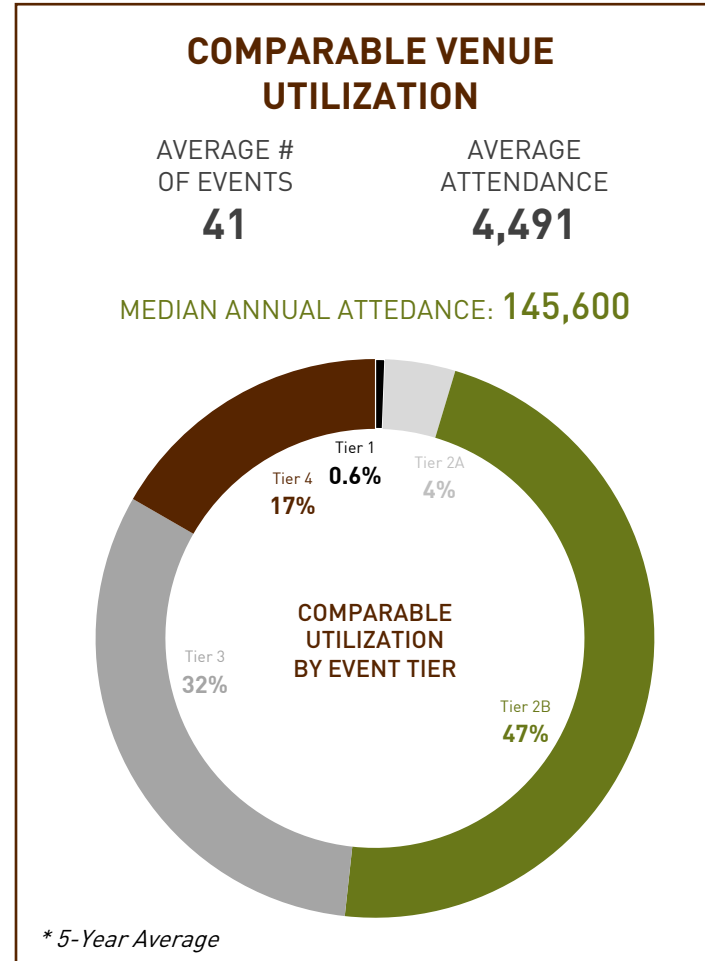
Ticketed Performance Utilization

Key feedback provided by potential event promoters, weighed against average ticketed event loads hosted at comparable amphitheaters in the context of competition in the local marketplace, is used to estimate potential ticketed event utilization at a renovated Theater.

KEY PROMOTER FEEDBACK

- San Antonio is a fast-growing market among new residents and tourists, and there is a market gap among small- to mid-sized venues of approximately 3,500 to 8,000 capacity.
- Concert promoters were largely comfortable with the Theater maintaining its current capacity of approximately 5,000 provided that the renovation includes the addition of a variety of modern amenities and also maintains its historical aesthetic.
- On average, promoters indicated that a renovated Theater could attract 30 to 45 performances, including concerts and a variety of other ticketed events, such as comedy or live podcast shows, especially if venue operators leverage the diverse local market through a wide variety of programming.
- Promoters also indicated that the Theater could host a variety of non-ticketed events, including conventions and private rentals, to supplement ticketed utilization.

Overall, it is estimated that the renovated Theater will accommodate an approximately equal amount of ticketed events to the mid-level of comparable facilities in a stabilized year of operation. Annual utilization build-up to stabilized operations is provided on the following page.



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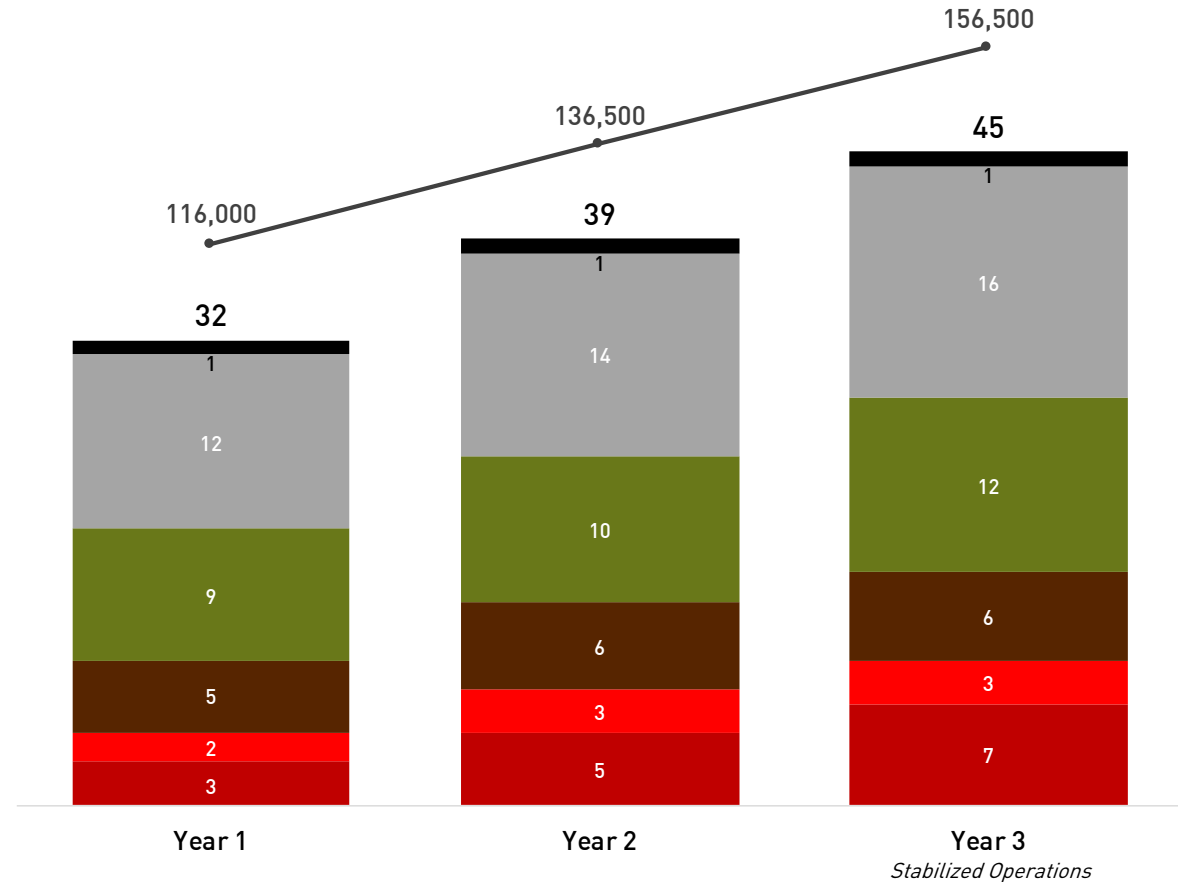


Utilization Stabilization

It is assumed that the renovated Theater will require approximately three years to reach the stabilized utilization levels outlined on the previous page. As Theater management refines the venue’s marketing strategy over initial years of operation, and as audiences and acts become more familiar with the venue, it is anticipated that the Theater’s utilization profile will grow and stabilize at the 45 ticketed events previously estimated, drawing annual attendance levels of approximately 157,000.

In the years leading up to this stabilization, it is estimated that the Theater could host 32 and 39 ticketed events in years one and two of operations, respectively, with similar event tier stratification as seen during stabilized operations.

This utilization build-up to stabilized operations is shown in the chart on the right.



| | | | |
|---------|---------|------------------------|--------|
| TIER 2A | TIER 2B | TIER 3 | TIER 4 |
| COMEDY | OTHER | ANNUAL PAID ATTENDANCE | |

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Theater Utilization

Because the renovated Theater will likely be designed to accommodate a wide variety of event types, complete estimates for ticketed and non-ticketed events were developed. The chart to the right depicts the overall utilization profile for the renovated Theater in a stabilized year of operation.

In addition to concerts, it is estimated that the renovated Theater could host a variety of other ticketed events, including comedy shows and “other performances”, such as podcast tours and live YouTube shows. It is also estimated that the renovated Theater could host select conferences and private events. As shown to the right, it is estimated that, in a stabilized year of operation, the renovated Theater could host a total of 64 events, including 45 total ticketed events, for a total attendance of 170,750, of which 92 percent is attributable to ticketed events.

| SUMMARY OF EVENT UTILIZATION | | | |
|--------------------------------|------------------|--------------------|------------------|
| Event Type | Number of Events | Average Attendance | Total Attendance |
| Concerts | | | |
| Tier 2A | 1 | 5,000 | 5,000 |
| Tier 2B | 16 | 4,500 | 72,000 |
| Tier 3 | 12 | 4,000 | 48,000 |
| Tier 4 | 6 | 2,500 | 15,000 |
| SUBTOTAL | 35 | 4,000 | 140,000 |
| Other Ticketed Events | | | |
| Comedy Shows | 3 | 2,000 | 6,000 |
| Other Performances | 7 | 1,500 | 10,500 |
| SUBTOTAL | 10 | 1,650 | 16,500 |
| TOTAL - TICKETED EVENTS | 45 | 3,478 | 156,500 |
| Non-Ticketed Events | | | |
| Conferences | 4 | 3,000 | 12,000 |
| Private Events | 15 | 150 | 2,250 |
| SUBTOTAL | 19 | 750 | 14,250 |
| TOTAL - ALL EVENTS | 64 | 2,668 | 170,750 |