

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2021

OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE  
TRANSITION PERIOD FROM TO

Commission File Number: 001-39648

**Sky Harbour Group Corporation**

(Exact name of registrant as specified in its Charter)

Delaware  
(State or other jurisdiction of incorporation or organization)

85-2732947  
(I.R.S. Employer Identification No.)

136 Tower Road, Suite 205  
Westchester County Airport  
White Plains, NY

10604  
(Zip Code)

(Address of principal executive offices)

(212) 554-5990

Registrant's telephone number, including area code

**Securities registered pursuant to Section 12(b) of the Act:**

Title of Class	Trading Symbols	Name of Exchange on Which Registered
Class A common stock, par value \$0.0001 per share	SKYH	NYSE American LLC
Warrants, each whole warrant exercisable for one share of Class A common stock at an exercise price of \$11.50 per share	SKYH WS	NYSE American LLC

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. (See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act).

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

As of June 30, 2021, the aggregate market value of the Class A common stock outstanding, other than shares held by persons who may be deemed affiliates of the registrant, computed by reference to the closing sale price for the Class A common stock on June 30, 2021, as reported on NYSE, was \$112,127,428.

As of March 16, 2022, 14,937,581 shares of Class A common stock, par value \$0.0001 per share, and 42,192,250 shares of Class B common stock, par value

\$0.0001 per share, were issued and outstanding, respectively.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's definitive Proxy Statement for the Registrant's 2022 Annual Meeting of Stockholders are incorporated by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. The Proxy Statement will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days of the Registrant's fiscal year ended December 31, 2021.

**SKY HARBOUR GROUP CORPORATION**  
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## CERTAIN TERMS

Unless otherwise stated in this Report, or the context otherwise requires, references to:

- “BOC” are to Boston Omaha Corporation (NYSE:BOMN);
- “Business Combination” are to the previously announced business combination pursuant to that certain Equity Purchase Agreement, dated as of August 1, 2021, between Yellowstone Acquisition Company (“YAC”) and Sky Harbour LLC, which closed on January 25, 2022;
- “Common Stock” are to our Class A common stock and our Class B common stock, collectively;
- “Existing Sky Equityholders” are to each of Tal Keinan, Due West Partners LLC (“Due West”), and Center Sky Harbour LLC (“Center Sky”);
- “Founder shares” are to shares of our Class B common stock initially purchased by our sponsor in a private placement prior to our IPO, and the shares of our Class A common stock issued upon the conversion thereof as described herein;
- “Initial Stockholders” are to our sponsor and any other holders of our founder shares (or their permitted transferees);
- “IPO” are to our initial public offering declared effective by the Securities and Exchange Commission on October 20, 2020;
- “Management” or our “Management Team” are to our officers and directors;
- “PABs” are to the Series 2021 private activity tax-exempt senior bonds sold by Sky Harbour Capital LLC through a municipal conduit issuer, Public Finance Authority (Wisconsin);
- “Private Placement Warrants” are to the warrants issued to our sponsor in a private placement simultaneously with the closing of our IPO;
- “Public Shares” are to shares of our Class A common stock sold as part of the units in our IPO (whether they were purchased in such offering, or thereafter in the open market), and the Class A and Class B common stock issued in conjunction with the Business Combination on January 25, 2022;
- “Public Stockholders” are to the holders of our public shares, including our initial stockholders and management team to the extent our initial stockholders and/or members of our management team purchase public shares, provided that each initial stockholder’s and member of our management team’s status as a “public stockholder” shall only exist with respect to such public shares;
- “Public Warrants” are to our redeemable warrants sold as part of the units in our IPO (whether they were purchased in our IPO or thereafter in the open market) and to any private placement warrants or warrants issued upon conversion of working capital loans that are sold to third parties that are not initial purchasers or executive officers or directors (or permitted transferees) following the consummation of our initial Business Combination;
- “Sky” are to Sky Harbour LLC, a Delaware limited liability company;
- “Sponsor” are to BOC Yellowstone LLC, a Delaware limited liability company;
- “Warrants” are to our redeemable warrants, which includes the public warrants as well as the private placement warrants to the extent they are no longer held by the initial purchasers of the private placement warrants or their permitted transferees; and
- “we,” “us,” “company” or “our company” are to Sky Harbour Group Corporation (formerly known as Yellowstone Acquisition Company or YAC).

## EXPLANATORY NOTE

Prior to January 25, 2022, YAC was a blank check company formed for the purpose of effecting a merger, stock purchase, reorganization or similar acquisition or business combination with one or more businesses. On January 25, 2022 (the “Closing Date”), subsequent to the end of the fiscal year ended December 31, 2021, the fiscal year to which this Annual Report on Form 10-K relates, YAC completed the previously announced business combination pursuant to that certain Equity Purchase Agreement, dated as of August 1, 2021 (the “Equity Purchase Agreement”), between YAC and Sky. Each of the Existing Sky Equityholders separately entered into an Equityholders Voting and Support Agreement irrevocably agreeing to vote in favor of the business combination set forth in the Equity Purchase Agreement. As contemplated by the Equity Purchase Agreement, on the Closing Date the following occurred: (a) YAC changed its name to “Sky Harbour Group Corporation”; (b) all outstanding shares of Class B common stock of YAC, par value \$0.0001 per share (“Sponsor Stock”), held by the Sponsor, were converted into shares of Class A common stock of the Company, par value \$0.0001 per share (the “Class A Common Stock”); (c) Sky restructured its capitalization, issued to the Company 14,937,581 common units of Sky (the “Sky Common Units”), which was equal to the number of outstanding shares of Class A Common Stock immediately after giving effect to the Business Combination (taking into account the redemption of Class A Common Stock and the Class A Common Stock issued under the BOC PIPE (as defined below)), reclassified the existing Sky Common Units (other than the existing Sky incentive common units (the “Sky Incentive Units”)), existing Sky Series A preferred units and the existing Sky Series B preferred units into Sky Common Units; (d) effected certain adjustments to the number of Sky Incentive Units to reflect the new capital structure; (e) appointed the Company as the managing member of Sky; (f) the Sky Common Units issued to BOC YAC Funding LLC (“BOC YAC”) in respect of its Series B preferred units were converted into 5,500,000 shares of Class A Common Stock; (h) holders of Sky Common Units received one share of Class B common stock, \$0.0001 par value per share (the “Class B Common Stock”) for each Sky Common Unit, and as consideration for the issuance of 14,937,581 Sky Common Units by Sky to the Company, YAC contributed to Sky \$46,262,048 consisting of the amount held in the YAC trust account after (i) deducting \$123,068,515 required to fund the redemption of the Class A Common Stock held by eligible stockholders who properly elected to have their shares redeemed as of the Closing Date, (ii) taking into account the \$45,000,000 purchase of Class A Common Stock by Boston Omaha (the “BOC PIPE”) and (iii) deducting \$21,164,160 consisting of deferred underwriting commissions, transaction expenses, and the BOC Yellowstone LLC promissory note repayment; and (i) without any action on the part of any holder of YAC Warrants, each YAC Warrant that is issued and outstanding immediately prior to the closing became a SHG Corporation Warrant.

Holders of 12,061,041 shares of YAC Class A common stock elected to have their shares redeemed in connection with the closing of the Business Combination.

As a result of the Business Combination, the Company is organized as an “Up-C” structure in which substantially all of the operating assets of Sky’s business are held by Sky, and the Company’s only assets are its equity interests in Sky.

As of the open of trading on January 26, 2022, the Class A Common Stock and Warrants of the Company, formerly those of YAC, began trading on the NYSE American LLC (“NYSE American”) as “SKYH” and “SKYH WS,” respectively.

Substantially concurrently with the filing of this Annual Report on Form 10-K, we will be filing Amendment No. 1 to our Current Report on Form 8-K, initially filed on January 31, 2022, which will include the audited consolidated financial statements of Sky for the year ended December 31, 2021, or the Sky Audited Financial Statements, and related Management’s Discussion and Analysis of Financial Condition and Results of Operations. Interested parties should refer to our Current Reports on Form 8-K for more information.

**Except as otherwise expressly provided herein, the information in this Annual Report on Form 10-K does not reflect the consummation of the Business Combination which, as discussed above, occurred subsequent to the period covered hereunder.**

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this “Report”), including, without limitation, statements under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements can be identified by the use of forward-looking terminology, including the words “believes,” “estimates,” “anticipates,” “expects,” “intends,” “plans,” “may,” “might,” “will,” “potential,” “projects,” “predicts,” “continue,” or “should,” or, in each case, their negative or other variations or comparable terminology. There can be no assurance that actual results will not materially differ from expectations. These statements are based on management’s current expectations, but actual results may differ materially due to various factors, including, but not limited to:

- expectations regarding the Company’s strategies and future financial performance, including the Company’s future business plans or objectives, prospective performance and commercial opportunities and competitors, services, pricing, marketing plans, operating expenses, market trends, revenues, liquidity, cash flows and uses of cash, capital expenditures, and the Company’s ability to invest in growth initiatives;
- the outcome of any legal proceedings that may be instituted against the Company or its predecessors in connection with the Business Combination and related transactions;
- our limited operating history makes it difficult to predict future revenues and operating results;
- financial projections may not prove to be reflective of actual financial results;
- the ability to recognize the anticipated benefits of the Business Combination, which may be affected by, among other things, competition, and the ability of the combined business to grow and manage growth profitably;
- costs related to the Business Combination;
- changes in applicable laws or regulations;
- the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors; and
- our financial performance.

The forward-looking statements contained in this Report are based on our current expectations and beliefs concerning future developments and their potential effects on us. Future developments affecting us may not be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) and other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading “Risk Factors.” Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. These risks and others described under “Risk Factors” may not be exhaustive.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and developments in the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Report. In addition, even if our results or operations, financial condition and liquidity, and developments in the industry in which we operate are consistent with the forward-looking statements contained in this Report, those results or developments may not be indicative of results or developments in subsequent periods.

## SUMMARY OF RISK FACTORS

You should read this summary together with the more detailed description of each risk factor contained in Item 1A “Risk Factors” in this Annual Report on Form 10-K and the other reports and documents filed or furnished by us with the SEC for a more detailed discussion of the principal risks (as well as certain other risks) that you should carefully consider before deciding to invest in our securities. Some of the factors that could materially and adversely affect our financial condition and the market price of shares of our securities or our prospects include, but are not limited to, the following.

### *Risks Relating to Our Business*

- We have a limited operating history and could experience significant operating losses in the future.
- Our business, and the aviation industry generally, are subject to downturns in the economy and disruption and volatility in the financial markets.
- Our growth will depend in part upon our ability to enter into new ground leases at airports, and we may be unsuccessful in identifying and consummating attractive new ground leases or taking advantage of other investment opportunities, which would impede our growth and materially and adversely affect our business and results of operation.
- Our ability to meet our obligations under our ground leases and our indebtedness is dependent on our ability to enter into and collect lease payments from tenants.
- We have a substantial amount of indebtedness outstanding, which may expose us to the risk of default under our debt obligations, restrict our operations and our ability to grow our business and revenues.
- Secured debt obligations, including those under the Public Activity Bonds (the “PABs”), expose us to the possibility of foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt.
- Our growth will depend on our access to external sources of capital, and our ability to obtain financing or access capital markets may be limited.
- Sky’s ability to pay dividends to its unitholders, including us, is dependent on meeting certain debt service maintenance and restricted payment tests under the master and bond indentures of Sky’s wholly owned subsidiary Sky Harbour Capital LLC and the trustee and bondholders of its PABs.
- Increases in market interest rates or unavailability of additional indebtedness may make it difficult for us to finance or refinance our debt, which could have a material adverse effect on our financial condition, results of operations and growth prospects.
- The aviation industry generally, and our business specifically, have been and may continue to be materially adversely affected by the global COVID-19 pandemic.
- The industry in which we operate is subject to significant competition and our failure to effectively compete could have a material adverse effect on our business and results of operations.
- The growth and success of our business is subject to our ability to market and to attract and retain tenants.
- Our rental income will initially be concentrated within a small number of tenants and the loss of or default by one or more significant tenants could have a material adverse effect on our business and results of operations.
- Our capital projects are subject to uncertainties, including the possibility of delays and cost overruns, which could have a material adverse effect on our business, results of operations and market reputation.
- Failure to adequately maintain our Home-Basing Solutions (“HBS”) hangar campuses or the integrity of our fuel supplies may have a material adverse impact on the revenue or market share of one or more of our hangar campuses resulting in a decline in operations of the business.
- The growth and success of our business is dependent on the continued service of certain key employees and the ability to recruit and retain new employees.

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- Our management team has no prior experience operating a public company, and we cannot assure you that the past experience of our senior management team will be sufficient to successfully operate as a public company.
- If we fail to maintain effective internal control over financial reporting, we may not be able to accurately report our financial results, which may adversely affect investor confidence in the Company and, as a result, the value of our common stock.
- We expect to conduct substantially all of our operations under ground leases, which grant significant rights to airport authorities as our direct or ultimate landlord.

*Risks Relating to Tax*

- Our only principal asset is our interest in Sky, and accordingly we are dependent on distributions from Sky to pay dividends, taxes, other expenses, and make any payments required to be made under the Tax Receivable Agreement.
- In certain cases, payments under the Tax Receivable Agreement may (i) exceed any actual tax benefits the Tax Group realizes or (ii) be accelerated.

*Risks Relating to Our Common Stock and Warrants*

- The market price of Class A Common Stock and Public Warrants has been and may continue to be extremely volatile, which could cause purchasers of our securities to incur substantial losses.
- We cannot predict the impact our dual class structure may have on the stock price of Class A Common Stock.
- The outstanding Warrants will become exercisable for shares of Class A Common Stock no later than April 21, 2022 and common units in Sky may be redeemed for Class A common stock upon expiration of the applicable lock-up period. The exercise of these outstanding warrants will increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders.
- We may redeem unexpired Warrants prior to their exercise at a time that is disadvantageous to the holders of such Warrants, thereby making such Warrants worthless.
- You may experience future dilution as a result of future equity offerings.



## PART I

### ITEM 1. BUSINESS

#### Business Combination

On the Closing Date, we completed the previously announced business combination pursuant to the Equity Purchase Agreement between us and Sky. Each of the Existing Sky Equityholders separately entered into an Equityholders Voting and Support Agreement irrevocably agreeing to vote in favor of the business combination set forth in the Equity Purchase Agreement. As contemplated by the Equity Purchase Agreement, on the Closing Date the following occurred: (a) YAC changed its name to “Sky Harbour Group Corporation”; (b) all outstanding shares of Sponsor Stock held by the Sponsor were converted into shares of Class A Common Stock of the Company; (c) Sky restructured its capitalization, issued to the Company 14,937,581 Sky Common Units, which was equal to the number of outstanding shares of Class A Common Stock immediately after giving effect to the Business combination (taking into account the redemption of Class A Common Stock and the Class A Common Stock issued under the BOC PIPE (as defined below)), reclassified the existing Sky Common Units (other than the Sky Incentive Units), existing Sky Series A preferred units and the existing Sky Series B preferred units into Sky Common Units; (d) effected certain adjustments to the number of Sky Incentive Units to reflect the new capital structure; (e) appointed the Company as the managing member of Sky; (f) the Sky Common Units issued to BOC YAC in respect of its Series B preferred units were converted into 5,500,000 shares of Class A Common Stock; (g) holders of Sky Common Units received one share of Class B Common Stock for each Sky Common Unit, and as consideration for the issuance of 14,937,581 Sky Common Units by Sky to the Company, YAC contributed to Sky \$46,262,048 consisting of the amount held in the YAC trust account after (i) deducting \$123,068,515 required to fund the redemption of the Class A Common Stock held by eligible stockholders who properly elected to have their shares redeemed as of the Closing Date, (ii) taking into account the BOC PIPE and (iii) deducting \$21,164,160 consisting of deferred underwriting commissions, transaction expenses, and the BOC Yellowstone LLC promissory note repayment; and (iv) without any action on the part of any holder of YAC Warrants, each YAC Warrant that is issued and outstanding immediately prior to the closing became a SHG Corporation Warrant (the transactions referred to in clauses (a) through (iv), collectively, the “Business Combination”).

As a result of the Business Combination, the Company is organized as an “Up-C” structure in which substantially all of the operating assets of Sky’s business are held by Sky, and the Company’s only assets are its equity interests in Sky.

As of the open of trading on January 26, 2022, the Class A Common Stock and Warrants of the Company, formerly those of YAC, began trading on the NYSE American as “SKYH” and “SKYH WS,” respectively. The disclosure in Items 1 and 1A of this report gives effect to the Business Combination and includes the operations of Sky prior to the Business Combination.

#### Overview

We are an aviation infrastructure development company building the first nationwide network of Home-Basing Solutions (“HBS”) for business aircraft. We develop, lease and manage general aviation hangars across the United States, targeting airfields in markets with significant aircraft populations and high hangar demand. Our HBS campuses feature exclusive private hangars and a full suite of dedicated services specifically designed for home-based aircraft.

As the fleet of private jets in the United States continues to grow, with recent new aircraft deliveries exceeding retirements, demand for hangar space is at a premium in part because new jets require more square footage of hangar space and the pace of new hangar construction has lagged behind the demand. The cumulative square footage of the business aircraft fleet in the United States increased 42% between 2010 and 2020. Moreover, over that same period, there was a 70% increase in the square footage of larger private jets – those with greater than a 24-foot tail height. The larger footprint aircraft do not fit in much of the existing hangar infrastructure and impose stacking challenges and constraints in the traditional shared or community hangars operated by fixed-base operators (“FBO”). The addition of winglets (the vertical extensions on aircraft wingtips) on most modern business jets inhibits wing-over-wing storage. Aircraft hangars are in high demand and short supply, with some airports compiling waiting lists that can exceed several years.

Our scalable business strategy addresses the increased imbalance between the supply and demand for private jet storage, including the lack of hangar facilities able to accommodate larger aircraft, by growing our portfolio of HBS campuses at key airports across the United States. We target airports with excess demand for private hangar space, typically near metropolitan areas, which include both established and growing markets. We intend to capitalize on the existing hangar supply constraints at major US airports by targeting high-end tenants in markets where there is a shortage of private and FBO hangar space, or where such hangars are or are becoming obsolete.

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In contrast with community hangars and other facilities provided by FBOs, the HBS campuses we offer provide the following features and services:

- private hangar space for exclusive use of the tenant;
- adjoining attractive/custom lounge and office suites;
- dedicated line crews and services;
- climate control to mitigate condensation and associated corrosion;
- features to support in-hangar aircraft maintenance;
- no-foam fire suppression;
- customized software to provide security, control access and monitor hangar space.

We use a standard set of proprietary prototype hangar designs, which are intended to lower construction costs, minimize development risk, expedite permit issuance, and facilitate the implementation of refinements across its portfolio. Hangar features include:

- the ability to accommodate heavy business jets in single configuration, medium jets in twin or triplet configuration, or light jets in multi-configuration;
- compliance with National Fire Protection Association (“NFPA”) 409 Group III fire code, eliminating foam fire protection systems, resulting in lower construction costs and operating expenses, as well as eliminating accidental foam discharges and the resultant negative effects on aircraft maintenance and resale value;
- high-voltage, industrial drainage and impervious floors that support in-hangar maintenance and inspections; and
- control through smartphone application.

Our product strategy aims to attract tenants with exclusive access to their aircraft, minimize the risk of damage to aircraft, provide increased access, security and control, facilitate maintenance, and improve pre-flight and post-flight convenience. We believe these products and services complement those of the FBO facilities.

We believe demand for HBS services will be driven broadly by the growing size of the business aviation fleet in the United States and the delivery of larger aircraft with taller tail heights. The discovery by first-time flyers in the convenience, control and comfort of general aviation has caused a shift in consumer behavior which we believe will also support increasing demand for HBS services.

While private aircraft use generally was not affected to the extent of commercial aviation, and some private aircraft clients may continue to use that mode of aviation following the pandemic, preferences for air travel and specifically general aviation are unknown and may change following COVID-19. See *“Risk Factors – The aviation industry generally, and the business of Sky specifically, have been and may continue to be materially adversely affected by the global COVID-19 pandemic.”*

### **Tax Exempt Senior Bond Issuance**

On September 14, 2021, our wholly-owned subsidiary following the business combination, Sky Harbour Capital LLC (“SHC”), closed a \$166.34 million financing through the sale of Series 2021 private activity tax-exempt senior bonds through a municipal conduit issuer, Public Finance Authority (Wisconsin) (the “PABs”). The bond issuance consisted of unrated senior fixed tax-exempt bonds with three term maturities (2036, 2041 and 2054) with an average life principal amortization of 24 years. The term bonds were priced to yield 3.80% (2036), 4.00% (2041) and 4.25% (2054). The use of proceeds from this issuance, together with proceeds from the sale of the \$55 million of our Series B Preferred Units to BOC YAC, were used, in part, to fund a construction escrow account for Sky’s development program at five airports consisting of 8 existing hangars and 73 new hangars in various phases of development and construction located at Miami-Opa Locka Executive Airport, Sugar Land Regional Airport, Nashville International Airport, Centennial Airport and Phoenix Deer Valley Airport and to repay all existing indebtedness of Sky.

The PABs are obligations of all the operating subsidiaries of Sky Harbour Capital LLC, the borrower subsidiary of Sky. The PABs are senior secured obligations with a collateral package that includes the leasehold improvements, ground leases and tenant leases of Sky financed with such bonds. There are financial covenants that restrict the ability to make cash distributions to Sky and, thus, may limit the ability to distribute dividends in the future. Failure to meet financial and other covenants under the PABs master and bond indenture, if not cured, may lead to an acceleration of the debt and foreclosure on Sky’s main operating assets.

**Investment Criteria**

We seek to develop our HBS hangar campuses on long-term ground leases (or sub-leases thereof) at airports with suitable infrastructure serving metropolitan centers across the United States.

**Our Properties**

We currently maintain our executive office at 136 Tower Road, Suite 205, Westchester County Airport, White Plains, NY 10604 under a lease agreement. We consider our current office space adequate for our current operations.

The table below presents certain information with respect to our portfolio as of December 31, 2021. We lease each of our properties under long-term ground leases.

- Sugar Land Regional Airport, Sugar Land, TX (Houston area);
- Miami-Opa Locka Executive Airport, Opa-Locka, FL (Miami area);
- Nashville International Airport, Nashville, TN;
- Centennial Airport, Englewood, CO (Denver area); and
- Phoenix Deer Valley Airport, Phoenix, AZ.

<b>Initial Portfolio</b>						
<b>Facility</b>	<b>Status</b>	<b>Scheduled Construction Start</b>	<b>Scheduled Completion Date</b>	<b>Estimated Total Construction Cost (\$mm)</b>	<b>Hangars</b>	<b>Square Footage</b>
<b>SGR Phase I</b>	Complete	Complete	Complete	\$15.1	7	66,080
<b>SGR Phase II</b>	Predevelopment	April 2023	July 2024	8.7	6	56,580
<b>OPF Phase I</b>	In Construction	August 2021	November 2022	33.2	12	160,488
<b>OPF Phase II</b>	Predevelopment	August 2022	November 2023	20.9	7	99,400
<b>BNA</b>	In Construction	July 2021	October 2022	26.8	10	149,602
<b>APA Phase I</b>	In Bidding	May 2022	August 2023	26.4	9	131,000
<b>APA Phase II</b>	Predevelopment	August 2023	November 2024	21.2	9	102,210
<b>DVT Phase I</b>	In Design	April 2022	October 2023	20.8	8	113,600
<b>DVT Phase II</b>	Predevelopment	May 2023	August 2024	19.3	10	105,000
<b>Total</b>				<b>\$192.4</b>	<b>78</b>	<b>983,960</b>

Our current facilities include seven constructed hangars at the Sugar Land site and an existing hangar facility at the Nashville site, which amount to approximately 66,000 square feet and 27,000 square feet, respectively, of rentable space. In addition, we have improvements in construction at the Nashville and Miami Opa-Locka sites, and facilities that are not yet constructed, including proposed improvements at the Sugar Land, Centennial and Deer Valley sites.

Each facility is expected to consist of clusters of between nine and 22 hangars. On average, each hangar provides 12,000 square feet of hangar space and 1,300 to 2,000 square feet of office space. Once completed, the facilities are expected to total 78 hangars on 81 acres of ground leases, with an infrastructure of over 980,000 square feet expected to be completed in the next five years.

We intend to lease each respective facility to one or more tenants, who will use all or a portion of such facility for general aviation aircraft storage and related uses permitted under the respective ground leases and will pay rent and other charges derived from HBS activity on the respective sites to us pursuant to a sublease.

***Sugar Land Site***

**The Airport.** Sugar Land Regional Airport (“SGR”) is located approximately 20 miles southwest of the Houston central business district. The airport is owned by the City of Sugar Land and is situated on 622 acres. SGR is a publicly-owned, public-use general aviation facility, and it is included in the Federal Aviation Administration’s (“FAA”) National Plan of Integrated Airport Systems (“NPAIS”).

SGR is designated as a “reliever airport” for George Bush Intercontinental Airport (“IAH”) and William P. Hobby International Airport (“HOU”) in Houston. Twenty-four companies on the 2021 Fortune 500 list are headquartered in the Houston metro area.

According to the 2018 Texas Aviation Economic Impact Study, a significant portion of SGR activity is attributable to itinerant operations by business jet aircraft. SGR is home to seven on-airport businesses that offer services such as FBO amenities, aircraft maintenance, and avionics. The most frequent general aviation operations at SGR involve business and charter flights, flight instruction, recreational flying and law enforcement.

**Sugar Land Site Facilities.** The total development will consist of 13 individually leased NFPA Group III hangars, with a combined leasable area of 122,660 square feet situated within three buildings. The first phase is divided into seven private hangars, which were completed in December 2020. The second phase plans to include six private hangars. All hangars feature 28’-high doors and include 480-, 240- and 120-volt electrical outlets to allow for routine maintenance. The Sugar Land ground lease provides that, if construction of the second phase is not commenced by October 15, 2022, the ground lease with parcels comprising the second phase project site will automatically terminate.

**Sugar Land Facilities Construction Project.** The total cost of the Sugar Land facilities is estimated to be approximately \$23.8 million, of which \$15.1 million is the recently completed facilities and \$8.7 million is the expected cost of the facilities in the second phase.

**Sugar Land Tenant Leases/LOIs.** Currently, the Sugar Land development has one executed lease, comprising approximately 43% of the first phase leasable area. The lease commenced December 3, 2020 for a five-year term. The remaining hangar units currently are being marketed for lease.

**General Airport Facilities.** General airport facilities at SGR include an 8,000-foot primary runway, as well as fuel services, aircraft storage in hangars, and tie-down parking. SGR includes United States Customs facilities.

**Based Aircraft.** The following table shows based aircraft data at SGR:

<b>Based Aircraft SGR</b>	
<b>Aircraft Type</b>	<b>Total</b>
Jet	42
Multi-Engine Aircraft	18
Single Engine Aircraft	101
Helicopters	3
Total	164

Sources: Jet data from JETNET as of 2021. All other data as of 2017 from Sugar Land Master Plan.

**Aircraft Operations.** Between 2018 and 2019, SGR experienced a 10.07% increase in overall operations. Total general aviation operations increased 3.36%, and local civil operations increased 25.24%. The effects of the COVID-19 pandemic can be seen in the change from 2019 to 2020: total operations at SGR decreased 10.75%, general aviation declined 14.10%, and civil operations declined 4.51%. The significant increase in projected operations from 2020 to 2021 is largely attributable to the fact that the FAA Terminal Area Forecast (“TAF”) forward-looking data was produced prior to the pandemic, and does not consider its ongoing effects. As illustrated in the table on the following page, growth is projected in overall operations through 2037.

**HISTORICAL AND PROJECTED AIRCRAFT OPERATIONS  
SGR**

Fiscal Year	Itinerant Operations					Local Operations			TOTAL OPS
	Air Carrier	Air Taxi & Commuter	General Aviation	Military	TOTAL	Civil	Military	TOTAL	
2018	12	6,492	39,343	140	45,987	21,642	62	21,704	67,691
2019	0	6,577	40,663	114	47,354	27,105	50	27,155	74,509
2020	0	5,502	34,931	153	40,586	25,882	34	25,916	66,502
2021	0	8,091	38,972	128	47,191	25,132	86	25,218	72,409
2022*	0	6,939	41,575	138	48,652	29,924	58	29,982	78,634
2023*	0	7,008	41,576	138	48,722	29,985	58	30,043	78,765
2024*	0	7,077	41,577	138	48,792	30,046	58	30,104	78,896
2025*	0	7,148	41,578	138	48,864	30,107	58	30,165	79,029
2026*	0	7,220	41,579	138	48,937	30,168	58	30,226	79,163
2027*	0	7,292	41,580	138	49,010	30,229	58	30,287	79,297
2028*	0	7,365	41,581	138	49,084	30,290	58	30,348	79,432
2029*	0	7,438	41,582	138	49,158	30,352	58	30,410	79,568
2030*	0	7,512	41,583	138	49,233	30,414	58	30,472	79,705
2031*	0	7,587	41,584	138	49,309	30,476	58	30,534	79,843
2032*	0	7,662	41,585	138	49,385	30,538	58	30,596	79,981
2033*	0	7,738	41,586	138	49,462	30,600	58	30,658	80,120
2034*	0	7,815	41,587	138	49,540	30,662	58	30,720	80,260
2035*	0	7,892	41,588	138	49,618	30,724	58	30,782	80,400
2036*	0	7,970	41,589	138	49,697	30,786	58	30,844	80,541
2037*	0	8,049	41,590	138	49,777	30,848	58	30,906	80,683

Sources: Historic data derived from FAA Operations Network (“OPSNET”).

\* Forecast data via FAA TAF.

**Regional Airport Competition.** Within a 30-mile radius from SGR, there are five alternate locations accommodating business jet service and offering a minimum runway length of 5,000 feet, as described in the following paragraphs.

Houston Hobby Airport (“HOU”) is a commercial and general aviation airport located approximately seven miles southeast of downtown Houston. Currently, 12 commercial airlines serve HOU, and it is Houston’s second busiest airport, after IAH, ranked 34th in the nation for passenger traffic. Operated by the City of Houston Department of Aviation, HOU is located within the city limits of Houston, Texas, and the boundary of Harris County, Texas. General aviation is a very active sector at HOU, with general aviation services provided by six FBOs: Signature Flight Support, Jet Aviation, Million Air Houston, Atlantic Aviation, Wilson Air Center, and Galaxy FBO.

Ellington Field (“EFD”) is a public-use, general aviation reliever facility located in Harris County, Texas, 18 miles east of Houston. EFD offers one museum and nine on-airport businesses, which offer services such as FBO amenities through Signature Flight Support, military training, and flight instruction. The most frequent general aviation operations at EFD include flight instruction, recreational flying, medical transport, search and rescue, law enforcement, powerline and pipeline patrols, military exercises, and business flights. With close proximity to Johnson Space Center, EFD supports activities affiliated with the National Aeronautics and Space Administration, and it is home to the Ellington Field Joint Reserve Base. In addition, the airport is home to the Houston Spaceport, the nation’s 10th licensed commercial spaceport.

Houston Executive Airport (“TME”) is the region’s newest airport, located in Waller County, Texas, approximately 15 miles northwest of downtown Houston. TME is a public-use, general aviation facility that is privately-owned and operated. The airport has 10 large community hangars, 60 individual plane hangars and a control tower. The airport currently does not have a customs facility and is served by a single FBO, Henricksen Jet Center.

Houston Southwest Airport (“AXH”) is a privately-owned, public-use, general aviation facility located 15 miles southwest of Houston’s central business district. The airport offers ten on-airport businesses, which offer services such as the airport-owned FBO and business amenities, flight instruction, aircraft maintenance, and medical transport. The most frequent general aviation operations at AXH include recreational flying, business flying, charter flights, flight instruction, aerial photography, law enforcement, utility patrols, and medical transport. There are 24 hangars on the field, ranging in size from 3,500 square feet to 17,000 square feet. In addition, there are 39 T-hangars available for single engine aircraft through small twin-engine aircraft.

David Wayne Hooks Memorial Airport (“DWH”) is privately-owned, medium-sized, primarily general aviation airport near the city of Tomball in unincorporated Harris County, Texas. It is located approximately 23 miles northwest of Houston’s central business district and approximately ten miles northwest of IAH. DWH is a public-use, general aviation facility and FBO services are provided by Gill Aviation.

**Based Aircraft—Regional Airports.** The following chart identifies the latest available information on the number of based aircraft at SGR and each of the alternate airports described above.

**Aircraft Based on the Field  
at SGR and Alternatives**

Location	Single Engine	Multi Engine	Jet*	Helicopters	Military	Total
Houston Hobby (HOU)**	9	9	180	8	0	206
Ellington Field (EFD)**	32	8	14	0	25	79
Houston Executive (TME)**	62	25	26	0	0	113
Houston Southwest (AXH)**	106	13	0	3	0	122
David Wayne Hooks (DWH)**	117	14	26	0	0	157
<b>Sugar Land Regional (SGR)</b>	<b>101</b>	<b>18</b>	<b>42</b>	<b>3</b>	<b>0</b>	<b>164</b>
TOTAL	427	87	288	14	25	841
<b>SGR as a % of Total</b>	<b>24%</b>	<b>21%</b>	<b>15%</b>	<b>21%</b>	<b>0%</b>	<b>20%</b>

Source: JETNET and AirNav.

\* Jet data current as of 2021 from JETNET.

\*\* AirNav data current as of 2021.

**On-Airport Hangar Services Competition.** As the sole FBO onsite at SGR, GlobalSelect is the primary competition for SHG Corporation Sugar Land. Western Airways, also located on-airport, has maintenance hangars onsite, and can accommodate short-term hangar rentals without FBO services until space becomes available with GlobalSelect.

**Opa-Locka Site**

**The Airport.** Miami-Opa Locka Executive Airport (“OPF”) in Opa-Locka, Florida, is located approximately ten miles north of the Miami central business district, 16 miles from Miami Beach and seven miles from Miami International Airport (“MIA”). OPF, a publicly-owned, public-use general aviation facility, is owned by Miami-Dade County, operated by the Miami-Dade Aviation Department and situated on 1,810 acres.

According to Miami-Dade County, the Miami Airport System consists of five active airports, with OPF being the largest general aviation airport in the system and designated as a reliever to MIA. Notably, OPF ranks seventh in the FAA’s Top Ten Airports for Domestic Business Jet Operations, with 58,486 domestic business jet operations during the period February 2021 through January 2022.

**Miami-Opa Locka Site Facilities.** The Miami-Opa Locka facilities are planned to be constructed in two phases and in total are expected to consist of 19 individually-leased NFPA Group III hangars comprising 259,888 total square feet. Each hangar is approximately 13,374 square feet, which can accommodate the various ultra-long-range jets and include 480-, 240- and 120-volt electrical outlets to allow for routine maintenance. Every hangar includes a ramp area for aircraft startup and shutdown in front of the hangar doors. Car parking is included in the hangar space. The adjoining office space includes high-end finishes with a kitchen, storage and a bathroom with showers. Each unit is assigned adjacent outdoor parking, as well. The hangars are rented on long-term (3-5 year) leases, with the Company including its own line crew and ground service equipment.

**Miami-Opa Locka Facilities Construction Project.** The total cost of the Miami-Opa Locka facilities is estimated to be approximately \$54 million. Construction on the first phase of the Miami-Opa Locka facilities began in August 2021, and the second phase is in predevelopment.

**Sky Opa Locka Tenant Leases/LOIs.** Currently, five letters of intent (“LOI”) and three leases have been executed with respect to the first phase and a fourth lease is in currently in agreed form pending execution. The remaining hangar units currently are being marketed for lease.

**General Airport Facilities.** Facilities at OPF include three runways. All three runways are served by full-length paved parallel taxiways. Other facilities at OPF include hangars and tie-downs for aircraft parking and fuel services.

**Based Aircraft.** The following table shows based aircraft data at OPF:

Aircraft Type	Based Aircraft OPF  Total
Jet	171
Multi-Engine Aircraft	13
Single Engine Aircraft	35
Military	5
Helicopters	3
Total	227

Sources: Jet data from JETNET as of 2021. All other data as of 2018 from AirNav.

**Aircraft Operations.** Between 2018 and 2019, OPF experienced a 10.31% increase in overall operations. Total general aviation operations increased 3.94%, and local civil operations increased 25.72%. The effects of the COVID-19 pandemic can be seen in the change from 2019 to 2020: total operations at OPF decreased 20.81%, general aviation declined 19.97%, and civil operations declined 32.41%. The significant increase in projected operations from 2020 to 2021 is largely attributable to the fact that TAF forward-looking data was produced prior to the pandemic, and does not consider its ongoing effects. As illustrated in the table below, nominal growth is projected in overall operations through 2037.

**HISTORICAL AND PROJECTED AIRCRAFT OPERATIONS  
OPF**

Fiscal Year	Itinerant Operations					Local Operations			TOTAL OPS
	Air Carrier	Air Taxi & Commuter	General Aviation	Military	TOTAL	Civil	Military	TOTAL	
2018	69	12,036	85,551	5,195	102,851	47,631	3,685	51,316	<b>154,167</b>
2019	76	13,982	88,923	4,767	107,748	59,882	2,437	62,319	<b>170,067</b>
2020	47	15,374	71,164	4,833	91,418	40,476	2,789	43,265	<b>134,683</b>
2021	127	24,771	88,486	4,399	117,783	43,314	2,118	45,432	<b>163,215</b>
2022*	85	13,814	92,606	4,887	111,392	65,255	2,909	68,164	<b>179,556</b>
2023*	85	14,074	93,069	4,887	112,115	65,271	2,909	68,180	<b>180,295</b>
2024*	85	14,337	93,534	4,887	112,843	65,287	2,909	68,196	<b>181,039</b>
2025*	85	14,609	94,002	4,887	113,583	65,303	2,909	68,212	<b>181,795</b>
2026*	85	14,889	94,472	4,887	114,333	65,319	2,909	68,228	<b>182,561</b>
2027*	85	15,174	94,944	4,887	115,090	65,335	2,909	68,244	<b>183,334</b>
2028*	85	15,463	95,418	4,887	115,853	65,351	2,909	68,260	<b>184,113</b>
2029*	85	15,758	95,895	4,887	116,625	65,367	2,909	68,276	<b>184,901</b>
2030*	85	16,067	96,375	4,887	117,414	65,383	2,909	68,292	<b>185,706</b>
2031*	85	16,378	96,857	4,887	118,207	65,399	2,909	68,308	<b>186,515</b>
2032*	85	16,691	97,342	4,887	119,005	65,415	2,909	68,324	<b>187,329</b>
2033*	85	17,011	97,829	4,887	119,812	65,431	2,909	68,340	<b>188,152</b>
2034*	85	17,336	98,318	4,887	120,626	65,447	2,909	68,356	<b>188,982</b>
2035*	85	17,667	98,810	4,887	121,449	65,463	2,909	68,372	<b>189,821</b>
2036*	85	18,008	99,304	4,887	122,284	65,479	2,909	68,388	<b>190,672</b>
2037*	85	18,357	99,800	4,887	123,129	65,495	2,909	68,404	<b>191,533</b>

Sources: Historic data derived from FAA OPSNET.

\* Forecast data via FAA TAF.

**Regional Airport Competition.** The following four airports, each accommodating business jet service and providing a minimum runway length of 5,000 feet, have been identified as alternate locations within the OPF service area.

MIA is operated by the Miami-Dade Aviation Department and is the property of Miami-Dade County. MIA now offers more flights to Latin America and the Caribbean than any other United States airport, is the United States’ third-busiest airport for international passengers, with over 80 airlines serving 150 destinations, and is the nation’s top airport for international freight. MIA is also the leading economic engine for Miami-Dade County and the State of Florida. MIA’s vision is to grow from a recognized hemispheric hub to a global airport of choice that offers customers a world-class experience and an expanded route network with direct passenger and cargo access to all world regions. Signature Flight Support is the only FBO onsite at MIA, offering a 20,000-square foot community hangar. No private hangar space is available.

Miami-Executive Airport (“TMB”) is a public airport in unincorporated Miami-Dade County, Florida, 13 miles southwest of downtown Miami. TMB is operated by the Miami-Dade Aviation Department and is a designated reliever airport for MIA. TMB’s property is composed of 1,360 acres and includes three active runways. Facilities at TMB include FBOs, T-hangar bays, business hangars, an aviation museum and office space. TMB also has a Customs and Border Patrol facility to service international traffic. Among TMB’s major tenants are several aircraft maintenance businesses, FBOs, air taxi/charter operators and flight schools. With its on-site aviation-related schools and the airport’s proximity to businesses in the South Florida region, TMB has a significant amount of flight training, business and charter operations. The airport includes three FBOs: Reliance Aviation, Signature Flight Support and Air Sal Aviation. No private hangar space is available among the FBOs at TMB, and certain community hangars cannot accommodate larger aircraft.

Fort Lauderdale-Hollywood International Airport (“FLL”) is in unincorporated Broward County, Florida, located in Fort Lauderdale, 21 miles north of Miami. FLL is one of the fastest-recovering U.S. airports, with passenger traffic approaching 2019 pre-pandemic levels. Despite the impact of COVID-19 on the aviation industry in 2020, FLL ranked 6th in total passenger traffic recovery and 4th in international traffic recovery amongst U.S. airports. In 2020, the airport served 16.5 million passengers. In 2019, FLL ranked 18th in total traffic and 10th in total international traffic among U.S. airports. The airport lacks any vacant developable land, providing significant barriers to entry. There are four FBOs at FLL: Jetscape, Sheltair, National Jets and Signature Flight Support. Among these, Sheltair offers a private 15,000-square foot hangar, which is fully occupied.

Palm Beach International Airport (“PBI”) is located 2.5 miles west of downtown West Palm Beach and 3.5 miles west of Palm Beach. PBI serves both air commercial airlines and general aviation aircraft. The airport has a 24-hour control tower and a U.S. Customs & Immigration port of entry facility. PBI’s general aviation interest is served by three full service FBOs: Atlantic Aviation, JetAviation and Signature Flight Support. Available hangar space is limited to community hangars.

Based Aircraft—Regional Airports. The following chart identifies the latest available information on the number of aircraft based at OPF and alternative general aviation airports in OPF’s service area.

**Aircraft Based on the Field  
OPF and Alternatives**

<b>Location</b>	<b>Single Engine</b>	<b>Multi Engine</b>	<b>Jet*</b>	<b>Helicopters</b>	<b>Military</b>	<b>Total</b>
Miami International (MIA)**	0	13	5	0	0	18
Miami Executive (TMB)**	104	17	45	6	3	175
Fort Lauderdale-Hollywood International (FLL)***	23	13	88	1	0	125
Palm Beach International (PBI)***	7	10	122	13	1	153
<b>Miami-Opa Locka Executive (OPF)*</b>	<b>35</b>	<b>13</b>	<b>171</b>	<b>3</b>	<b>5</b>	<b>227</b>
TOTAL	169	66	431	23	9	698
<b>OPF as a % of Total</b>	<b>21%</b>	<b>20%</b>	<b>40%</b>	<b>13%</b>	<b>56%</b>	<b>33%</b>

Source: JETNET and AirNav.

\* Jet data current as of 2021 from JETNET.

\*\* AirNav data current as of 2018.

\*\*\* AirNav data current as of 2021.

**On-Airport Hangar Services Competition.** The existing stock of hangar space at OPF comprises approximately 266,000 square feet of space, with an additional 350,000 square feet of new construction hangar space planned. There are six large, nested T-Hangar rows on the airport, capable of storing 99 aircraft. Aside from the proposed SHG Corporation Miami-Opa Locka development, no private hangar space for larger aircraft is available at OPF.

#### *Nashville Site*

**The Airport.** Nashville International Airport in Nashville, Tennessee (“BNA”) is the primary commercial air service facility serving the Nashville metropolitan area and is the largest airport in the State of Tennessee. As the only medium hub in the region, BNA serves as the primary commercial service airport for the air service area. BNA is one of the nation’s fastest-growing airports. The combination of Nashville’s robust economy and business and tourism appeal led to seven successive years of often double-digit growth, which ended with 18.3 million passengers that passed through the airport in 2019.

**Nashville Site Facilities.** We obtained lease rights to 15.15 acres of land at BNA. The facilities at BNA plan to consist of nine newly constructed individually-leased NFPA Group III hangars comprising 122,400 total square feet. Our Nashville campus also includes an existing facility, Hangar 14, with an area of 27,202 square feet. Groundbreaking on the new facilities at BNA occurred in July 2021.

Each of the hangars includes a ramp area for aircraft startup and shutdown in front of the hangar doors. Car parking is included in the hangar space, which can accommodate multiple cars. The adjoining office space includes high-end finishes with a kitchen, storage and a bathroom with a shower. Each unit is also assigned adjacent outdoor parking. The hangars are rented on long-term leases, with the Company including its own line crew and ground service equipment. The Company will offer fuel at a negotiated discounted price for our tenants.

**Nashville Facilities Construction Project.** The total cost of the Nashville facilities is estimated to be approximately \$27 million. A construction contract has been awarded for the Nashville facilities.



**SHG Corporation Nashville Tenant Leases/LOIs.** Currently, we have an executed lease for 100% of the existing facility at BNA. The subtenant, one of the largest charter operators in the United States with locations at 20 airports, is currently operating out of the hangar facility. The lease commenced January 1, 2021 for a three-year term, with one 3-year renewal option. The in-place lease reflects approximately 18% of the overall leasable area of the facilities at BNA. The remaining hangar units currently are being offered for lease.

**General Airport Facilities.** BNA has four runways, the longest of which is 11,030 feet. Berry Field Air National Guard Base is located on the premises of BNA, and since 1937, it has hosted the 118th Airlift Wing.

**Based Aircraft.** According to 2019 Tennessee Aviation System Plan data, BNA accommodated 116 based aircraft, as summarized in the following table:

<b>Based Aircraft BNA</b>	
<b>Aircraft Type</b>	<b>Total</b>
Jet	63
Multi-Engine Aircraft	15
Single Engine Aircraft	16
Helicopters	1
Military	21
<b>Total</b>	<b>116</b>

Sources: Jet data from JETNET as of 2021. All other data from 2019 Tennessee Aviation System Plan data.

**Aircraft Operations.** Between 2018 and 2019, BNA experienced a 7.51% increase in overall operations. Total general aviation operations increased 0.25%. The effects of the COVID-19 pandemic can be seen in the change from 2019 to 2020: total operations at BNA decreased 30.47% and general aviation declined 27.89%. Civil operations saw 26 total operations, where previously there had been none. The significant increase in projected operations from 2020 to 2021 is largely attributable to the fact that TAF forward-looking data was produced prior to the pandemic, and does not consider its ongoing effects.

As illustrated in the table below, growth in overall operations through 2037 is projected to range from 2.21% to 2.82%, averaging 2.48%. Actual 2019 FAA data for general aviation operations at BNA indicate that 15.7% of the airport's operations were dedicated to itinerant and based general aviation. This is typical for a commercial hub, as 71% of total operations for 2019 were attributable to air carrier operations.

### HISTORICAL AND PROJECTED AIRCRAFT OPERATIONS BNA

Fiscal Year	Itinerant Operations					Local Operations			TOTAL OPS
	Air Carrier	Air Taxi & Commuter	General Aviation	Military	TOTAL	Civil	Military	TOTAL	
2018	147,743	31,084	36,874	2,845	218,546	0	0	0	218,546
2019	167,153	27,607	36,966	3,238	234,964	0	0	0	234,964
2020	114,102	19,975	26,658	2,604	163,339	26	0	26	163,365
2021	153,990	26,236	36,475	2,726	219,427	0	0	0	219,427
2022*	197,614	25,294	38,211	3,019	264,138	0	0	0	264,138
2023*	206,176	23,376	38,592	3,019	271,163	0	0	0	271,163
2024*	213,300	23,089	38,977	3,019	278,385	0	0	0	278,385
2025*	220,070	23,298	39,366	3,019	285,753	0	0	0	285,753
2026*	226,858	23,509	39,759	3,019	293,145	0	0	0	293,145
2027*	233,714	23,723	40,156	3,019	300,612	0	0	0	300,612
2028*	240,738	23,940	40,557	3,019	308,254	0	0	0	308,254
2029*	247,771	24,159	40,962	3,019	315,911	0	0	0	315,911
2030*	254,862	24,381	41,371	3,019	323,633	0	0	0	323,633
2031*	262,093	24,606	41,784	3,019	331,502	0	0	0	331,502
2032*	269,427	24,833	42,201	3,019	339,480	0	0	0	339,480
2033*	276,790	25,062	42,622	3,019	347,493	0	0	0	347,493
2034*	284,162	25,293	43,047	3,019	355,521	0	0	0	355,521
2035*	291,581	25,527	43,477	3,019	363,604	0	0	0	363,604
2036*	299,106	25,764	43,911	3,019	371,800	0	0	0	371,800
2037*	306,632	26,003	44,349	3,019	380,003	0	0	0	380,003

Sources: Historic data derived from FAA OPSNET.

\* Forecast data via FAA TAF.

**Regional Airport Competition.** Primary alternate airports to BNA, which accommodate business jet service and provide a minimum runway length of 5,000 feet, include Smyrna Rutherford County Airport (“MQY”), John C. Tune Airport (“JWN”), Lebanon Municipal Airport (“M54”), Music City Executive Airport (“XNX”) and Murfreesboro Municipal Airport (“MBT”).

MQY is located 12 miles south of Nashville and serves private and general aviation. With more than 1,700 acres, MQY is the 3rd largest airport in Tennessee. MQY is located in the geographic center of Tennessee and the center of the eastern United States. The airport is served by two FBOs: Azure Flight Support and Hollingshead Aviation. The Azure Flight Support FBO operation is situated on 19 acres under lease with 50,000 square feet of heated hangar space for storage of aircraft, 20 T-Hangar units, and additional land available for development for business hangars. Azure Flight Support offers only community hangar space, whereas Hollingshead Aviation offers both community and private hangar space.

JWN is located eight miles from downtown Nashville and is the busiest general aviation airport in Tennessee. It serves the needs of regional and private aircraft, and is owned and managed by the Metropolitan Nashville Airport Authority. JWN serves the region’s growing private aircraft market and acts as a reliever for BNA.

M54 is a public-use, general aviation facility located 20 minutes from Nashville. M54 is Tennessee’s fourth largest general aviation airport, it covers 9,600 square feet and includes a state-of-the-art terminal facility located at the west ramp. Direct Flight Solutions is the sole FBO at M54 and the only hangar options on the field are community hangars.

XNX is a city-owned public-use general aviation airport located two miles east of the central business district of Gallatin, in Sumner County, Tennessee. Nashville Jet is the sole FBO at XNX and the only hangar options on the field are community hangars. A new 22,500-square foot community hangar is under construction at the airport.

MBT is a general aviation airport serving Middle Tennessee. MBT is one of the only general aviation airports in the state of Tennessee that is self-supporting. The revenue generated from leases and fuel sales funds the operations and capital improvement programs. Middle Tennessee State University trains professional pilots, aircraft mechanics, air traffic controllers, and airport administrators utilizing the airport. The university maintains a fleet of over 25 aircraft and has continued to maintain a ranking of one of the top five aviation programs in the nation. The FBO offers community and T-hangar space.

Based Aircraft—Regional Airports. The following chart identifies the latest available information on the number of aircraft based at each of BNA and the alternative general aviation airports identified above.

**Aircraft Based on the Field  
BNA and Alternatives**

Location	Single Engine	Multi Engine	Jet*	Helicopters	Military	Gliders	Ultralights	Total
Smyrna Airport (MQY)	107	61	36	2	0	0	0	206
John C Tune Airport (JWN)	114	23	13	10	0	0	0	160
Lebanon Municipal Airport (M54)	148	8	5	3	0	5	1	170
Music City Executive Airport (XNX)	74	12	4	2	0	0	0	92
Murfreesboro Municipal Airport (MBT)	130	23	2	1	0	1	0	157
<b>Nashville (BNA)</b>	<b>16</b>	<b>15</b>	<b>63</b>	<b>1</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>116</b>
<b>TOTAL</b>	<b>589</b>	<b>142</b>	<b>123</b>	<b>19</b>	<b>21</b>	<b>6</b>	<b>1</b>	<b>901</b>
<b>BNA as a % of Total</b>	<b>3%</b>	<b>11%</b>	<b>51%</b>	<b>5%</b>	<b>100%</b>	<b>0%</b>	<b>0%</b>	<b>13%</b>

Source: \* Jet data from JETNET as of 2021. All other data from 2019 Tennessee Aviation System Plan data.

**On-Airport Hangar Services Competition.** FBOs currently based at BNA include Atlantic Aviation and Signature Flight Support. Both FBOs offer the following amenities: pilot’s lounge, waiting area/lounge, weather station, restroom, showers, kitchenette, and conference rooms, flight instruction, rental car, aircraft maintenance and parts supply, hangar rental, aircraft tie-down parking, and aircraft fueling. In addition, BNA has several private hangars that generally provide storage for business aircraft, office space, maintenance space, and passenger/pilot lounges. Some of the private hangars are owned and built by individuals, while others are leased from one of the FBOs. Aside from the proposed SHG Corporation Nashville development, no private hangar space for larger aircraft is currently available at BNA.

**Centennial Site**

**The Airport.** Centennial Airport (“APA”) in Englewood, Colorado is owned and operated by the Arapahoe County Public Airport Authority. The airport serves Denver and surrounding areas, is classified as a National airport according to the FAA National Asset Report. APA is the largest general aviation airport in the system, and it is designated as a reliever to Denver International Airport (“DEN”). During the period September 2020 through August 2021, the airport recorded 44,888 domestic business jet operations, ranking it tenth busiest among all business airports in the United States.

**Centennial Site Facilities.** We obtained lease rights to approximately 20 acres of land in the Centennial InterPort master-planned business hangar development on the south side of APA. Our Centennial development at APA is located in a secluded, low-traffic area on the airfield. The campus will be constructed in two phases, and in total will consist of 18 individually leased NFPA Group III hangars comprising 233,210 total square feet. Our Centennial campus will include two hangar layouts, each including a ramp area for aircraft startup and shutdown in front of the hangar doors. Car parking is included in an attached two car garage and the hangar space. The adjoining office space includes high-end finishes with a kitchen, storage and a bathroom with a shower. Each unit is also assigned adjacent outdoor parking.

**Centennial Facilities Construction Project.** The total cost of the Centennial facilities is estimated to be approximately \$48 million. To date, the new facilities at the Centennial site are in the design and predevelopment phase, and a construction contract has not been awarded.

**SHG Corporation Centennial Tenant Leases/LOIs.** Currently, there are no LOIs executed at the Centennial site. The hangar units currently are being marketed for lease, pending permitting.

**General Airport Facilities.** APA covers approximately 1,315 acres and has three runways. Other facilities at the airport include hangars and tie-downs for aircraft parking and fuel services. Services available at APA include aircraft repair and maintenance services, including airframe, power plant and avionics repair. The airport includes a U.S. Customs facility on the airfield. FBO services at APA are provided by Denver jetCenter, TAC Air, Modern Aviation, Signature Flight Support, and The Heliplex.

**Based Aircraft  
APA**

Aircraft Type	Total
Jet	139
Multi-Engine Aircraft	100
Single Engine Aircraft	585
Helicopters	23
Military	0
Total	847

Source: Jet data from JETNET as of 2021. All other data from AirNav as of 2019.

**Aircraft Operations.** Between 2018 and 2019, APA experienced a 3.54% increase in overall operations. Total general aviation operations increased 5.65%, and local civil operations increased 2.30%. The effects of the COVID-19 pandemic can be seen in the change from 2019 to 2020: total operations at APA decreased 5.41%, general aviation declined 13.48%, and civil operations declined 0.66%. The significant increase in projected operations from 2020 to 2021 is largely attributable to the fact that TAF forward-looking data was produced prior to the pandemic, and does not consider its ongoing effects. As illustrated in the table on the following page, nominal growth is projected in overall operations through 2037.

**HISTORICAL AND PROJECTED AIRCRAFT OPERATIONS  
APA**

Fiscal Year	Itinerant Operations					Local Operations			TOTAL OPS
	Air Carrier	Air Taxi & Commuter	General Aviation	Military	TOTAL	Civil	Military	TOTAL	
2018	97	32,045	137,653	3,836	173,631	163,040	1,327	164,367	337,998
2019	171	32,904	145,435	3,568	182,078	166,795	1,076	167,871	349,949
2020	54	35,713	125,835	2,991	164,593	165,687	721	166,408	331,001
2021	29	48,286	122,114	3,771	174,200	136,146	515	136,661	310,861
2022*	137	33,755	145,986	3,577	183,455	168,710	1,059	169,769	353,224
2023*	137	34,127	146,424	3,577	184,265	169,230	1,059	170,289	354,554
2024*	137	34,503	146,864	3,577	185,081	169,751	1,059	170,810	355,891
2025*	137	34,883	147,305	3,577	185,902	170,274	1,059	171,333	357,235
2026*	137	35,266	147,747	3,577	186,727	170,798	1,059	171,857	358,584
2027*	137	35,651	148,191	3,577	187,556	171,324	1,059	172,383	359,939
2028*	137	36,042	148,636	3,577	188,392	171,851	1,059	172,910	361,302
2029*	137	36,436	149,082	3,577	189,232	172,380	1,059	173,439	362,671
2030*	137	36,838	149,529	3,577	190,081	172,910	1,059	173,969	364,050
2031*	137	37,241	149,978	3,577	190,933	173,442	1,059	174,501	365,434
2032*	137	37,650	150,428	3,577	191,792	173,976	1,059	175,035	366,827
2033*	137	38,061	150,880	3,577	192,655	174,511	1,059	175,570	368,225
2034*	137	38,482	151,333	3,577	193,529	175,049	1,059	176,108	369,637
2035*	137	38,905	151,788	3,577	194,407	175,587	1,059	176,646	371,053
2036*	137	39,333	152,244	3,577	195,291	176,128	1,059	177,187	372,478
2037*	137	39,764	152,701	3,577	196,179	176,670	1,059	177,729	373,908

Sources: Historic data derived from FAA OPSNET.

\* Forecast data via FAA TAF.

**Regional Airport Competition.** Alternate general aviation airports offering business jet service and a minimum runway length of 5,000 feet in APA’s service area include Denver International Airport (“DEN”), Greeley-Weld County Airport (“GXY”), Rocky Mountain Metropolitan (“BJC”) and Colorado Air & Space Port (“CFO”). Although there are other general aviation airports across the State of Colorado, these facilities are the most likely to compete with Sky Centennial for tenants and users of hangars space.

DEN is a commercial service airport located 16 miles northeast of downtown Denver. The airport is owned and operated by the City of Denver and was opened as a new airport in February 1995. DEN is the primary commercial service airport for the Denver metropolitan area and acts as an international hub for Colorado and the surrounding states. The airport has six runways including one at 16,000 feet long, which is the longest commercial service runway in North America. In addition to air carrier passenger operations, DEN supports large scale air cargo and charter activities. DEN is the 20th-busiest airport in the world and the 5th-busiest airport in the United States. As a major international airport, DEN does not feature a large general aviation operation. There is one FBO serving the airport - Signature Flight Support. According to the Colorado Aviation System, as of 2020, DEN provides hangars for 80% of based aircraft fleet and 50% of weekly average overnight transient storage. The airport includes three hangar spaces for based aircraft, with two based aircraft representing 80% of the fleet. Hangar space at DEN is limited to community space.

GXY is a general aviation airport in northern Colorado, located approximately three miles east of Greeley’s central business district. The airport is owned and operated by the Greeley-Weld County Airport Authority and has two runways, which are 10,501 feet long and 5,502 feet long, respectively. The airport is primarily used by recreational aircraft, flight schools, and business aircraft visiting businesses in Greeley, the University of Northern Colorado or oil extraction operations in the surrounding region. Other activities at GXY include aerial crop application, aerial inspections and flight testing. According to the Colorado Aviation System, as of 2020, GXY provides hangars for 50% of based aircraft fleet and 50% of weekly average overnight transient storage. The airport includes 218 hangar spaces for based aircraft, with 121 based aircraft representing 60% of the fleet. Hangar space is limited to community space, with no facilities able to accommodate larger aircraft.

BJC is a general aviation airport located nine miles northwest of downtown Denver along the U.S. Highway 36 corridor. The airport is owned and operated by Jefferson County. BJC has three runways, including one of which is 9,000 feet long. The airport is used heavily for flight training, recreational flying, business activities and aerial wildland/firefighting. Additionally, the airport frequently receives large corporate and college charter aircraft visiting the University of Colorado. BJC is also home to a U.S. Forest Service heavy tanker base and the National Center for Atmospheric Research Aviation Facility. BJC is the second busiest general aviation airport in Colorado and is home to several large aviation and aerospace businesses. According to the Colorado Aviation System, as of 2020, BJC provides hangars for 60% of based aircraft fleet and 50% of weekly average overnight transient storage. The airport includes 199 hangar spaces for based aircraft, with 255 based aircraft representing 60% of the fleet. Sheltair Aviation and Signature Flight Support provide FBO services at BJC.

CFO is a general aviation airport in the Denver area. The airport is owned and operated by Adams County. CFO has two runways that measure 8,000 feet in length. The airport is used for flight training, recreational flying, aerospace manufacturing, and business/corporate activity. CFO is home to a rocket engine testing facility, an Army National Guard armory and the Colorado Department of Transportation Division of Aeronautics’ office. CFO earned its spaceport license in 2018, making the facility the first and only licensed public-use spaceport in Colorado and the FAA Northwest Mountain region. CFO is located on 3,200 acres of land, less than eight miles southeast of DEN, enabling users to quickly access aerospace companies on the Front Range and around the world. CFO is already home to several aerospace companies, including Reaction Engines, which is conducting research on hypersonic propulsion solutions. According

to the Colorado Aviation System, as of 2020, CFO provides hangars for 60% of based aircraft fleet and 50% of weekly average overnight transient storage. The airport includes 291 hangar spaces for based aircraft, with 261 based aircraft representing 60% of the fleet. These are community hangars, able to accommodate only small aircraft and mid-sized jets.

**Based Aircraft—Regional Airports.** The following chart identifies the latest available information on the number of aircraft based at APA and the alternative general aviation airports described above. As illustrated, APA is ranked first in total number of based aircraft, according to the most recent data available. APA garners 47% of the overall based aircraft market share. Moreover, APA also is first in total number of based jets. The facility garners 44% of the based multi-engine market and 65% of the based jet aircraft market.

**Aircraft Based on the Field  
APA and Alternatives**

Location	Single Engine	Multi Engine	Jet*	Helicopters	Ultralights	Total
Denver International (DEN)**	0	1	1	0	0	2
Greeley Weld County (GXY)**	127	18	5	3	0	153
Rocky Mountain Metropolitan (BJC)***	341	70	67	21	1	500
Colorado Air & Space Port (CFO)***	247	38	2	4	1	292
<b>Centennial (APA)**</b>	<b>585</b>	<b>100</b>	<b>139</b>	<b>23</b>	<b>0</b>	<b>847</b>
TOTAL	1,300	227	214	51	2	1,794
<b>APA as a % of Total</b>	<b>45%</b>	<b>44%</b>	<b>65%</b>	<b>45%</b>	<b>0%</b>	<b>47%</b>

Source: JETNET and AirNav.

\* Jet data current as of 2021 from JETNET.

\*\* Data current as of 2018.

\*\*\* Data current as of 2019.

**On-Airport Hangar Services Competition.** Nine providers of hangar services have been identified at APA, as illustrated in the table below.

**Summary of APA Hangar Rentals**

No.	Property Name	Type	NRA (SF)	Avail SF	Occupancy	Ask Rent \$/SF	Actual Rent \$/SF	% Diff Ask-Actual
1	Denver jetCenter	FBO	200,000	0	100.00%	\$ 23.00	\$ 21.00	-8.70%
2	TACAir	FBO	139,271	0	100.00	20.00	19.00	-5.00
3	Signature Flight Support	FBO	25,643	5,000	80.50	26.00	24.00	-7.69
4	Modern Aviation	FBO	48,000	5,000	89.58	27.00	25.00	-7.41
5	Cloud 7	Private	21,741	0	100.00	26.00	26.00	0.00
6	Willowbrook Park	Private	121,181	0	100.00	17.50	16.00	-8.57
7	SunBorne XVI, Ltd.	Private	75,804	0	100.00	26.00	24.50	-5.77
8	Aero Colorado	Private	30,000	0	100.00	26.00	23.00	-11.54
9	Floors & Doors	Private	21,850	0	100.00	27.00	27.00	0.00
TOTAL/AVERAGE			683,490	10,000	96.68%	\$ 24.28	\$ 22.83	-5.97%

Source: July 30, 2020 Market Conditions Report completed by Stijgend Real Estate, LLC

**On-Airport Hangar Services Competition.** FBO services at APA are provided by Denver Jet Center, TAC Air, Modern Aviation, Signature Flight Support, and The Heliplex. The FBOs offer standard amenities such as pilot’s lounge, waiting area/lounge, weather station, restroom, showers, kitchenette, and conference rooms, flight instruction, rental car, aircraft maintenance and parts supply, hangar rental, aircraft tie-down parking, and aircraft fueling. APA has several private hangars that provide storage for business aircraft, office space, maintenance space, and passenger/pilot lounges. Some of the private hangars are owned and built by individuals or corporations based locally.

**Deer Valley Site**

**The Airport.** The Phoenix Deer Valley Airport in Phoenix, Arizona (“DVT”) is a medium sized, predominantly business and general aviation airport that is owned and operated by the City of Phoenix. DVT is located on 914 acres within Phoenix’s northern limits, approximately 20 miles north of downtown and approximately 17 miles north of Phoenix Sky Harbor International Airport (“PHX”). DVT serves to relieve general aviation air traffic from PHX and is a convenient alternative to the larger and more congested airport. This convenience has led DVT to become one of the busiest general aviation airports in the country, ranking second in the FAA’s Top 10 Busiest General Aviation Airports, as of 2017. The airport is also home to several flight schools. No commercial passenger service operations are available; however, air taxi service is available.

**Deer Valley Site Facilities.** We obtained lease rights to approximately 15 acres of land at DVT on the southeast side of the airport. Our Deer Valley development at DVT is located in a secluded, low-traffic area on the airfield. The campus will consist of 18 individually leased NFPA Group III modular hangars comprising 218,600 total square feet. Ground-breaking for the first phase is projected to commence by the second quarter of 2022. Every hangar includes a ramp area for aircraft startup and shutdown in front of the hangar doors. Car parking is included in the hangar space, which can accommodate multiple cars. The adjoining office space includes high-end finishes with a kitchen, storage and a bathroom with a shower. Each unit is also assigned adjacent outdoor parking.

The hangars are rented on long-term leases, with the Company including its own line crew and ground service equipment.

**Deer Valley Facilities Construction Project.** The total cost of the Deer Valley facilities is estimated to be approximately \$40 million. To date, the new facilities at the Deer Valley Site are in the design and predevelopment phase, and a construction contract has not been awarded.

**SHG Corporation Deer Valley Tenant Leases/LOIs.** Currently, we have five executed LOIs.

The remaining hangar units currently are being offered for lease. Currently, the property is exempt from real estate tax.

**General Airport Facilities.** DVT has two parallel runways. The airport offers a complete range of services including fueling, avionics repair, maintenance, parts, flight training, new and used aircraft sales, aircraft rentals, a pilot shop, and a restaurant. The landside facilities at DVT include the terminal building, the Cutter Aviation FBO, Westwind School of Aeronautics and TransPac Aviation Academy flight schools, fueling facilities, major utilities, and support facilities.

**Based Aircraft.** The airport has 884 based aircraft, as summarized in the following table:

<b>Based Aircraft DVT</b>	
<b>Aircraft Type</b>	<b>Total</b>
Jet	15
Multi-Engine Aircraft	87
Single Engine Aircraft	753
Helicopters	15
Military	2
Gliders	10
Ultralights	2
Total	884

Source: Jet data from JETNET as of 2021. All other data from AirNav as of 2020.

**Aircraft Operations.** Between 2018 and 2019, DVT experienced a 10.03% increase in overall operations. Total general aviation operations decreased 30.59%, and local civil operations increased 14.07%. The effects of the COVID-19 pandemic can be seen in the change from 2019 to 2020: total operations at DVT decreased 11.9%, general aviation declined 16.44%, and civil operations declined 12.87%. The significant increase in projected operations from 2020 to 2021 is largely attributable to the fact that TAF forward-looking data was produced prior to the pandemic, and does not consider its ongoing effects. As illustrated in the table on the following page, nominal growth is projected in overall operations through 2037.

**HISTORICAL AND PROJECTED AIRCRAFT OPERATIONS  
DVT**

Fiscal Year	Itinerant Operations					Local Operations			TOTAL OPS
	Air Carrier	Air Taxi & Commuter	General Aviation	Military	TOTAL	Civil	Military	TOTAL	
2018	13	4,600	140,700	117	145,430	269,689	47	269,736	415,166
2019	42	51,326	97,666	92	149,126	307,645	19	307,664	456,790
2020	20	52,662	81,608	50	134,340	268,064	40	268,104	402,444
2021	15	26,154	70,206	54	96,429	175,548	2	175,550	271,979
2022*	18	37,444	113,489	96	151,047	327,563	19	327,582	478,629
2023*	18	37,444	113,603	96	151,161	328,547	19	328,566	479,727
2024*	18	37,444	113,717	96	151,275	329,534	19	329,553	480,828
2025*	18	37,444	113,831	96	151,389	330,523	19	330,542	481,931
2026*	18	37,444	113,945	96	151,503	331,515	19	331,534	483,037
2027*	18	37,444	114,059	96	151,617	332,509	19	332,528	484,145
2028*	18	37,444	114,173	96	151,731	333,508	19	333,527	485,258
2029*	18	37,444	114,287	96	151,845	334,509	19	334,528	486,373
2030*	18	37,444	114,401	96	151,959	335,513	19	335,532	487,491
2031*	18	37,444	114,515	96	152,073	336,519	19	336,538	488,611
2032*	18	37,444	114,629	96	152,187	337,529	19	337,548	489,735
2033*	18	37,444	114,743	96	152,301	338,542	19	338,561	490,862
2034*	18	37,444	114,858	96	152,416	339,557	19	339,576	491,992
2035*	18	37,444	114,973	96	152,531	340,577	19	340,596	493,127
2036*	18	37,444	115,088	96	152,646	341,599	19	341,618	494,264
2037*	18	37,444	115,203	96	152,761	342,624	19	342,643	495,404

Sources: Historic data derived from FAA OPSNET.

\* Forecast data via FAA TAF.

**Regional Airport Competition.** Primary alternate airports to DVT that accommodate corporate jet service and offer a minimum runway length of 5,000 feet include PHX, Scottsdale International Airport (“SDL”), Glendale Municipal Airport (“GEU”) and Goodyear Airport (“GYR”).

PHX has been owned and operated by the City of Phoenix since 1935. PHX occupies approximately 3,400 acres of land located about four miles east of the downtown Phoenix area. It is the only Arizona airport designated as a large hub by the FAA and is the principal commercial service airport serving metropolitan Phoenix and most of Arizona’s population. There are no other U.S. large-hub commercial service airports within a five-hour drive of Phoenix, with the closest being Las Vegas’ McCarran International Airport (approximately 290 miles to the northwest). PHX served over 17.3 million enplaned passengers in fiscal year 2020 and over 22.8 million enplaned passengers in fiscal year 2019. PHX has two FBOs, only one of which offers hangar space for lease. Cutter Aviation provides community hangar space in a 24,000 square foot of hangar that can accommodate aircraft sizes up to a Gulfstream G-550 or Bombardier Global Express. No private hangar space is available.

SDL is located in the northeastern portion of the Phoenix Metropolitan Area, within the City of Scottsdale. The airport consists of approximately 282 acres and is situated between the McDowell Mountains to the north and the Camelback Mountain to the south. The airport is surrounded by commercial and industrial developments within the Scottsdale Industrial Airpark and Scottsdale Business Center. SDL is a public-use, general aviation reliever facility. Facilities at the airport include a runway, which is 8,249 feet and includes fuel services, aircraft storage in hangars and tie-downs. SDL includes three FBOs offering hangar space for lease: Jet Aviation, Ross Aviation, and Signature Flight Support. Neither offer private hangar space. Jet Aviation’s 30,000-square foot hangar is a community hangar. Ross Aviation has approximately 156,000 square foot of community hangar. Signature Flight Support has approximately 150,000-square foot of community hangar.

GEU is a general aviation airport that is owned by the City of Glendale and is operated on a daily basis by a fulltime Airport Administrator who reports to the Deputy Public Works Director – Transportation. GEU is a public-use, general aviation reliever facility. Facilities at the airport include one runway, which is 7,150 feet. Glendale Hangars provides private hangar rentals at GEU, which consist of “bare bones” facilities, with no office space or onsite amenities. The sole FBO on the airport is Glendale Aero Services.

GYR is a general aviation airport located in Goodyear, Arizona, approximately twenty miles west of downtown Phoenix. The airport is designated as a general aviation reliever airport to PHX. GYR has no commercial airline activity and is a center for flight training, aircraft maintenance, repair and overhaul, and aircraft storage. GYR is owned and operated by the City of Phoenix. Facilities at the airport include one runway at 8,500 feet, as well as fuel services, and aircraft storage in box and T-hangars. Several long-standing tenants of GYR include an aircraft maintenance, repair and overhaul company, flight schools, and Lux Air Jet Center, an FBO that offers rentals within community hangars. Such hangars are “bare bones” facilities, with no office space or onsite amenities.

**Based Aircraft—Regional Airports.** The following chart identifies the latest available information on the number of aircraft based at each of DVT and the four primary alternate general aviation airports in DVT’s service area.



**Aircraft Based on the Field  
DVT and Alternatives**

Location	Single Engine	Multi Engine	Jet*	Helicopters	Military	Gliders	Ultralights	Total
Phoenix Sky Harbor (PHX)**	14	10	29	11	8	0	0	72
Scottsdale Airport (SDL)***	167	26	155	26	0	0	0	374
Glendale Municipal Airport (GEU)***	82	8	0	2	0	1	1	94
Phoenix Goodyear Airport (GYR)***	188	7	5	1	6	0	0	207
<b>Deer Valley (DVT)*</b>	<b>753</b>	<b>87</b>	<b>15</b>	<b>15</b>	<b>2</b>	<b>10</b>	<b>2</b>	<b>884</b>
TOTAL	1,204	138	204	55	16	11	3	1,631
<b>DVT as a % of Total</b>	<b>63%</b>	<b>63%</b>	<b>7%</b>	<b>27%</b>	<b>13%</b>	<b>91%</b>	<b>67%</b>	<b>54%</b>

Source: JETNET and AirNav

\* Jet data current as of 2021 from JETNET.

\*\* Data current as of 2019.

\*\*\*Data current as of 2020.

**On-Airport Hangar Services Competition.** Currently, the only aircraft hangar rental providers at DVT are the DVT Airport Authority and Cutter Aviation. According to the DVT Airport Authority, they do not have any corporate/executive hangars, but they have available land to build hangars. Cutter Aviation is currently based in two locations at DVT and its future plans at the Airport include the construction of new hangars as well as a modern FBO facility.

#### **Addison Airport Site**

On October 15, 2021, we entered into a binding letter of intent with the Town of Addison for a ground lease of approximately 6 acres on the Northeast side of the primary runway at Addison Airport (KADS) in Addison, Texas. The anticipated lease term is 40 years with no additional options, which is the maximum allowable term permitted by the Town of Addison. As part of our development plan, the existing facilities on the site, including a terminal, ramp and automobile parking, will be demolished. We then anticipate developing six hangars with adjoining office and support space constituting approximately 100,000 square feet. Anticipated occupancy for the Addison Airport site is in the third calendar quarter of 2023.

Sky pursued land for development at the Addison Airport via a competitive request for proposal process and was ultimately selected by the Town of Addison to enter into a binding letter of intent and exclusive lease negotiations, as well as due diligence, which is currently underway. Addison Airport is attractive to us because there is virtually no developable land available with airside access. We value a presence on the Addison Airport as we believe it is one of the most prominent business and general aviation airports in the Dallas market and is in close proximity to the residential and business districts where aircraft owners live and work, located only nine miles north of the central business district of Dallas. Additionally, KADS does not cater to commercial flights, making it preferable for basing business aircraft as it provides for the quickest “time-to-wheels-up” in the Dallas area. The existing hangar facilities at KADS are overcapacity and predominantly older with low door heights, which creates little opportunity for attracting newer larger private jet aircraft to the market. We believe these conditions make for an attractive target for our private and exclusive home-base solution.

#### **Customers, Sales and Marketing**

We seek to maximize hangar rental charges consistent with capacity utilization at our existing and future facilities. Rental hangar space is open to the public on a non-discriminatory basis, and prospective tenants are reviewed for credit quality and nature of intended use of the facilities. We focus our operations on various types of tenants, including, individuals (directly or through personally- or family-owned LLCs), charter operations, flight schools, corporate fleets, government entities and aviation service providers.

In general, we will execute a letter of intent with the tenant during the construction phase of the project and will execute a final tenant lease before the construction project is completed. Terms of the tenant leases typically range from three to ten years, with most leases having a five-year term. We intend to develop a diversified portfolio of tenants in terms of geography, type of tenant and length of lease term.

While the business currently is dependent on its two largest tenants, longer term, the business does not expect to depend on a single customer, the loss of which would have a material adverse effect on the business. The business expects to diversify its risk by having multiple types of tenants across multiple locations across the country. See “*Risk Factors – Our rental income will initially be concentrated within a small number of tenants and the loss of or default by one or more significant tenants could have a material adverse effect on our business and results of operations*” of this proxy statement.

#### **Overview of Our Leases with Tenants**

Tenant lease terms are generally 3-10 years, with maturity dates staggered for purposes of risk management. Base lease rents vary by location, but all leases feature 3% annual rent escalation. Leases are triple-net, with tenants covering insurance, taxes and utilities. Leases include all line services and exclude the cost of fuel. The tenant leases do not have early termination options, and renewals are generally reset to fair market value. Under the terms of our existing leases, the average rent per square foot is \$27.17.

## **Competition**

The hangar space rental segment of the aviation services industry in which we operate is very competitive. We compete with national, regional and local FBOs and other hangar real estate companies. Our competitors may include FBOs currently operating at certain airports that may have financial or other resources and/or lower cost structure than us. Other competitors have been in business longer than us and may have greater financial resources available.

We compete with other operators, including FBOs, at all of our current locations, and our hangar campuses may also face indirect competition from operators located at nearby airports. In addition, We may be adversely affected by competition from other facilities within or outside the airports where the facilities are located, including construction of new facilities at the airports at which we operate or the expansion of hangar facilities by competitors at nearby airports. We must compete with other operators based on the location of the facility relative to runways and street access, quality of customer service, safety, reliability, value-added features, and price. See “*Investment Criteria*” of this section for additional information regarding SHG Corporation’s competitors with respect to each particular facility.

## **Government Regulation**

### *FAA Regulation*

The industry is overseen primarily by the FAA. In addition, the Department of Homeland Security, Department of Transportation, Environmental Protection Agency, state and local environmental agencies, and local airport authorities contribute to the regulation of our HBS hangar campuses. The business must comply with federal, state, and local environmental statutes, and regulations, including those associated in part with the operation of fuel storage tank systems and fuel trucks. These requirements include, among others, tank and pipe testing for tightness, soil sampling for evidence of leaking, and remediation of detected leaks and spills.

### *Environmental and Related Matters*

Our HBS hangar campuses are subject to regular inspection by local environmental agencies, as well as local fire marshals and other agencies. The business does not expect that compliance and related remediation work, if any, will have a material negative impact on our business. The business has not received notice requiring it to cease operations at any location or of any abatement proceeding by any government agency for failure to comply with applicable environmental laws and regulations.

### *Americans with Disabilities Act*

Under Title III of the Americans with Disabilities Act (“ADA”), and rules promulgated thereunder, in order to protect individuals with disabilities, public accommodations must remove architectural and communication barriers that are structural in nature from existing places of public accommodation to the extent “readily achievable.” In addition, under the ADA, alterations to a place of public accommodation or a commercial facility are to be made so that, to the maximum extent feasible, such altered portions are readily accessible to and usable by disabled individuals. The “readily achievable” standard takes into account, among other factors, the financial resources of the affected site and the owner, lessor or other applicable person.

Compliance with the ADA, as well as other federal, state and local laws, may require modifications to properties we currently own or may purchase, or may restrict renovations of those properties. Failure to comply with these laws or regulations could result in the imposition of fines or an award of damages to private litigants, as well as the incurrence of the costs of making modifications to attain compliance, and future legislation could impose additional obligations or restrictions on our properties. Although our tenants are generally responsible for all maintenance and repairs of the property pursuant to our leases, including compliance with the ADA and other similar laws or regulations, we could be held liable as the owner of the property for a failure of one of our tenants to comply with these laws or regulations.

## **Environmental Matters**

Our business is subject to numerous statutes, rules and regulations relating to environmental protection and is exposed to various environmental risks, hazards, and environmental protection requirements, including those related to the storage and handling of jet fuel and compliance with firefighting regulations. See “*Risk Factors – Our businesses are subject to environmental risks that may impact its future profitability*” of this Form 10-K.

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We endeavor to be a leader of the industry's initiatives to address environmental issues, and it is increasingly focused on how it can reduce its carbon footprint in a sustainable way. As part of this, our HBS hangar campuses are designed to reduce the need to reposition private jets, which reduces the use of fuel as well as air emissions and noise pollution. We operate a fleet of electric ground support equipment which have a low cost to operate and maintain. In addition, our HBS hangar campuses are designed to be electric vehicle charger-equipped and electric airplane charger-ready. In addition, our hangar design contains environmentally friendly aspects such as no-foam fire suppression. Moreover, our hangars are designed to be both solar and wind energy capable for future installation.

### **Insurance**

We maintain the following insurance:

During construction:

- Builder's Risk
- Owner's Interest
  - General Liability
  - Excess Liability
- Contractor's Pollution Liability

Once operational, each campus maintains:

- Commercial Property Insurance
  - Flood Insurance
  - Earthquake Insurance
  - Boiler & Machinery Insurance
  - Business Income/Loss of Rent Insurance
- Automobile Liability Insurance
- General Liability/Products/Hangar Keepers Insurance
- Environmental Insurance
- Worker's Compensation and Employer's Liability

Tenants at our campuses are required to maintain the following types of insurance:

- Aircraft Physical Damage and Aircraft Legal Liability
- General Liability Insurance
- Worker's Compensation and Employer's Liability
- Automobile Liability Insurance
- Pollution Liability Insurance

### **Human Capital**

As of December 31, 2021, we had 11 employees and 9 contractors, none of which were subject to collective bargaining agreements. We also engage consultants to supplement our permanent workforce. Our operations are overseen by senior personnel with experience in business aviation and real estate, and includes top-level design, construction, operations, and finance expertise. We consider our employee relations to be in good standing. We are committed to keeping our employees informed and supported through regular communication and events, including our monthly town hall meetings.

We strive to recruit from amongst the best talent in the industry and reward them appropriately. Our success depends in large part on our ability to attract, retain and develop high-quality management, operations, and other personnel who are in high demand, are often subject to competing employment offers, and are attractive recruiting targets for our competitors in fields such as aviation and real estate.

We believe we offer competitive compensation (including base salary, incentive bonus, and in the future, long-term equity awards) and benefits packages designed to attract and reward talented individuals who possess the skills necessary to support our business objectives and assist in the achievement of our strategic goals and development plans. All employees are eligible for health insurance, a retirement plan, and life/disability coverage.

Human capital strategies are developed and managed by our Chief Operating Officer, who reports to the Chief Executive Officer, and are overseen by the compensation committee and the Board. Our executive management team regularly review and update our talent strategy, monitoring a variety of data, including turnover, diversity, and tenure, to design and implement effective recognition, training, development, succession, and benefit programs to meet the needs of our business and our employees.

## **Periodic Reporting and Financial Information**

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and all amendments to those reports, filed with or furnished to the Securities and Exchange Commission (the “SEC”), are available free of charge through the investor relations sections of the Company’s website, [www.skyharbour.group](http://www.skyharbour.group), as soon as reasonably practicable after we have electronically filed such material with, or furnished it to, the SEC. In addition, the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at [www.sec.gov](http://www.sec.gov).

Pursuant to a Continuing Disclosure Agreement in connection with the PABs, SHC is required to publish (i) Monthly Construction Reports, (ii) quarterly reports containing quarterly financial information of SHC and (iii) annual reports containing audited consolidated financial statements of SHC, all of which are available through the website of the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access (“EMMA”) system at [www.msrb.org](http://www.msrb.org) and on the investor relations section of our website.

The information on our website is not, and shall not be deemed to be, part of this Report or incorporated into any other filings we make with the SEC, except as shall be expressly set forth by specific reference in any such filings.

## ITEM 1A. RISK FACTORS

*Certain factors may have a material adverse effect on our business, financial condition and results of operations. You should consider carefully the risks and uncertainties described below, in addition to other information contained in this Annual Report on Form 10-K, including our financial statements and related notes. If any of the following events occur, our business, financial condition and operating results may be materially adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business, financial condition and operating results.*

### **Risks Relating to Our Business**

***Our growth depends in part upon our ability to enter into new ground leases at airports, and we may be unsuccessful in identifying and consummating attractive new ground leases or taking advantage of other investment opportunities, which would impede our growth and materially and adversely affect our business and results of operation.***

Our ability to expand through new ground leases at airports is integral to our long-term business strategy and requires that we identify and consummate suitable new ground leases or investment opportunities in real estate properties for our portfolio that meet our investment criteria and are compatible with its growth strategy. Our ability to enter into new ground leases on favorable terms, or at all, may be adversely affected by the following significant factors:

- we may not be able to negotiate new ground leases with airport authorities on attractive terms or at all;
- competition from other potential ground lessors, which could significantly increase the lease rate for properties we seek to lease;
- we may incur significant costs and divert management attention in connection with evaluating and negotiating potential new ground leases, including ones that we are subsequently unable to complete;
- even if we enter into letters of intent or conditional agreements for new ground leases of airport properties, these agreements are subject to customary closing conditions, including, but not limited to, the satisfactory results of our due diligence investigations and local government and municipal authority approvals;
- we may be unable to obtain financing for the development of additional sites on favorable terms, or at all, as a result of our existing indebtedness, market conditions or other factors

***Our ability to meet our obligations under our ground leases and our indebtedness is dependent on our ability to enter into and collect lease payments from tenants.***

Our ability to meet our obligations under the ground leases and our debt service obligations will depend on our ability to generate revenues sufficient in the aggregate to make our payments under the ground leases and our debt service obligations under our outstanding indebtedness and any other indebtedness incurred in the future. Our ability to generate revenues may be adversely affected by a wide variety of unforeseen or unforeseeable events and conditions, including, without limitation, economic changes affecting the HBS industry generally, the airports or the tenants specifically, any of which could result in a default under the tenant leases. In addition, the ability of tenant leases to generate revenues may be adversely affected by competition from other facilities within or outside the airports where the facilities are located, including construction of new facilities at the airports at which we operate or the expansion of hangar facilities by competitors at nearby airports. There can be no assurances that the airports or their competitors will not undertake future improvements that may adversely impact the ability of tenant leases to generate revenues.

Moreover, the terms of our tenant leases currently in place do not extend past the final maturity date of our bond debt. Our ability to make payments under the ground leases or under our debt service obligations through their final maturity will depend upon our success in renewing current tenants or in re-leasing these facilities. The loss of one or more of tenants may (without a similar tenant or tenants to replace such tenant or tenants) have a material adverse effect on our ability to collect rents sufficient to meet our obligations.

***We have a substantial amount of indebtedness outstanding, which may expose us to the risk of default under its debt obligations, restrict our operations and our ability to grow our business and revenues.***

Our outstanding indebtedness is secured under the terms of the PABs. We intend to incur additional debt in connection with new hangar projects at new airport locations, refinancing of existing indebtedness, future acquisitions or for other purposes.

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In addition, the PABs include, and we expect any other indebtedness we incur in the future to include, customary events of default, the occurrence of any of which, after any applicable cure period, would permit the holders of such indebtedness, among other things, to accelerate payment of all amounts outstanding under such indebtedness and to exercise their remedies with respect to the collateral, including foreclosure and sale of the real estate securing the loans. If any one of these events were to occur, our business and results of operations could be materially and adversely affected.

***Secured debt obligations, including those under the PABs, expose us to the possibility of defaults and cross-defaults, as well as foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt.***

Each facility in our portfolio is subject to secured indebtedness under the PABs. Secured debt obligations increase the risk of property losses because defaults on indebtedness secured by properties may result in foreclosure actions initiated by holders of the PABs, its trustee, or other lenders and ultimately our loss of the property securing any loans for which it is in default. As described above, our current tenant leases do not extend past the maturity date of the PABs, and as a result we will be required to release each of our sites in order to continue to generate revenue to meet our debt service obligations under the PABs. If any of our facilities are foreclosed upon due to a default, it could materially and adversely affect our business and results of operations.

In addition, the agreements that govern our current indebtedness contain, and the agreements that may govern any future indebtedness that we may incur may contain, financial and other restrictive covenants, which may limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default that, if not cured or waived, could result in the acceleration of our debt and loss of any collateral securing such debt.

***Our growth will depend on our access to external sources of capital, and our ability to obtain financing or access capital markets may be limited.***

Our growth will depend on external sources of capital in order to finance the development of new properties. We may not be able to obtain such financing on favorable terms, in the time period we desire or at all. There are a number of factors that may limit our ability to raise financing or access capital markets in the future, including future debt and future contractual obligations, our liquidity and credit status, our operating cash flows, the trading price of our Class A common stock, the market conditions in the aviation and/or real estate industries, U.S. and global economic conditions, and the general state of the capital markets. We cannot assure you that we will be able to source external financing for our capital needs, and if we are unable to source financing on acceptable terms, or unable to source financing at all, our business could be materially adversely affected. If we cannot obtain capital from third-party sources, we may not be able to grow our business when strategic opportunities exist, meet the capital and operating needs of our existing properties or satisfy our debt service obligations. To the extent we finance our activities with additional debt, we may become subject to financial and other covenants that may restrict our ability to pursue our business strategy or otherwise constrain our growth and operations.

***Increases in market interest rates or unavailability of additional indebtedness may make it difficult for us to finance or refinance our debt, which could have a material adverse effect on our financial condition, results of operations and growth prospects.***

If additional indebtedness is unavailable to us at reasonable rates or at all, we may not be able to finance additional projects or refinance existing debt when it becomes due. If interest rates are higher when we refinance our debt, our income and cash flow could be reduced, which may hinder our ability to raise more capital by issuing more stock or by borrowing money.

***The aviation industry generally, and our business specifically, have been and may continue to be materially adversely affected by the global COVID-19 pandemic.***

*General.* COVID-19, a highly contagious upper respiratory tract illness caused by a novel strain of coronavirus, is causing significant adverse health and financial impacts throughout the world and has caused significant disruptions to domestic and international air travel. The World Health Organization declared the outbreak of COVID-19 to be a pandemic, and many state and local governments in the United States issued “stay at home” or “shelter in place” orders as well as travel advisories requiring all travelers coming from states with significant rates of transmission of COVID-19 to quarantine for a 14-day period from the time of their last contact. Such measures severely restricted movement and limited businesses and activities to essential functions. In addition, a number of nations have effectively closed their borders by restricting entry and exit to only essential travel and/or requiring travelers to self-isolate for up to 14 days, further depressing demand for passenger air travel.

Airports and the aviation industry in the United States and the rest of the world have been acutely impacted by the reductions in passenger volumes and flights, as well as by the broader economic shutdown resulting from the COVID-19 outbreak. The ongoing outbreak and associated mandated and voluntary restrictions on travel may adversely affect domestic and international travel and travel-related industries.

*Federal Relief Efforts.* The United States government, the Federal Reserve Board and foreign governments are taking legislative and regulatory actions and implementing other measures to mitigate the broad disruptive effects of the COVID-19 outbreak on the United States and global economies. The Coronavirus Aid, Relief, and Economic Security Act (which we refer to as the “CARES Act”), approved by the United States Congress and signed by President Trump on March 27, 2020, is one of the actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid for airports as well as direct aid, loans, and loan guarantees for passenger and cargo airlines. Provisions of the CARES Act, which provides \$10 billion of grant assistance to airports, generally include the following: (1) \$3.7 billion to be allocated among all U.S. commercial service airports based on number of enplanements in calendar year 2018; (2) \$3.7 billion to be allocated among all U.S. commercial service airports based on formulas that consider fiscal year 2018 debt service relative to other airports, and cash-to-debt service ratios; (3) \$2 billion to be apportioned in accordance with FAA’s Airport Improvement Program (which we refer to as “AIP”) entitlement formulas, subject to CARES Act formula revisions; (4) \$500 million to increase the federal share to 100% for grants awarded in federal fiscal year 2020 under certain grant programs including the AIP; and (5) \$100 million reserved for general aviation airports.

On December 27, 2020, President Trump signed the Consolidated Appropriations Act, 2021. Division M of that Act is the Coronavirus Response and Relief Supplemental Appropriation Act, 2021 (which we refer to as “CRRSA”). Title IV of CRRSA provides approximately \$2 billion in economic relief to

airports to mitigate, prepare for, and respond to the COVID-19 pandemic, including relief from rent and minimum annual guarantees. The \$2 billion generally includes the following: (1) \$1.75 billion to be apportioned in accordance with AIP entitlement formulas, subject to CARES Act formula revisions with the balance allocated among all U.S. commercial service airports based on number of enplanements in calendar year 2018, (2) \$45 million for general aviation and non-primary commercial service airports, (3) \$200 million to be provided to commercial services airports to provide relief for rent and minimum annual guarantees for on-airport parking, on-airport rental car and in-terminal airport concessions located at primary airports, and (4) \$5 million to the Small Community Air Service Development Program.

The American Rescue Plan Act of 2021, signed into law by President Biden on March 11, 2021, includes \$8 billion in funds to be awarded as economic assistance to eligible U.S. airports to prevent, prepare for, and respond to the COVID-19 pandemic. To distribute these funds, the FAA has established the Airport Rescue Grants. The FAA will make grants to all airports that are part of the national airport system, including all commercial service airports.

CARES Act funding, CRRSA funding and American Rescue Plan funding are not sources of revenue of us, and there can be no assurances that any future relief efforts would be available to us.

***The industry in which we operate is subject to significant competition and our failure to effectively compete could have a material adverse effect on our business and results of operations.***

The hangar space rental segment of the aviation services industry in which we operate is very competitive. We compete with national, regional and local FBO and other hangar real estate companies. Competitor aircraft hangar operators at an airport compete based on various factors, including location of their facilities relative to runways and street access, service, value added features, reliability, and price. Our HBS hangar campuses compete with one or more hangar operators at their respective airports and with operators at nearby airports. Furthermore, ground leases related to HBS and FBO operations may be subject to competitive bidding at the end of their term.

Our competitors may include hangar operators currently operating at certain airports, as well as possible entrants into our market due to new entrants, consolidation, merger, modification of airport master plans, or any other number of factors. These entrants may have additional financial or other resources and/or lower cost structures than us. Other competitors have been in business longer than us. Having greater financial resources may make it easier for these competitors to absorb higher construction costs and other increases in expenses. This could impact our business and results of operations.

Our HBS hangar campuses do not have the right to be the sole provider of services at any airport. Furthermore, despite limited space for further development at certain airports, existing competitors with FBO facilities located at our current or future airports could expand their hangar facilities and additional operators of HBS could begin operations at such airports. Competitors might seek acquisitions in regions and markets competitive to us. Given the variety of factors that impact competitiveness within the HBS industry, we can give no assurance that we will be able to successfully compete, which could, in turn, result in a decline in the trading price of our securities.

***The growth and success of our business is subject to our ability to market and to attract and retain tenants.***

Our future success depends upon our ability to attract and retain tenants for hangars at our HBS campuses. The extent to which we achieve growth in our customer base materially influences our business and results of operation. Any number of factors could affect our ability to grow its customer base, including tenant preferences for hangar space and related services, including size and location of the hangar, as well as general economic conditions. The level and volatility of fuel prices may also impact the general aviation industry and our ability to attract and retain tenants. In addition, our ability to attract and retain customers may be dependent on other factors outside of our control, including the future trend of private aircraft sizes, the availability of alternative hangars, including size, location and/or services provided, as well as the external perception of us. Any significant decline in our customer base, or in our rate of growth, could have a material adverse effect on our business and results of operations, which could, in turn, result in a decline in the trading price of our securities.

***Our rental income is initially concentrated within a small number of tenants and the loss of or default by one or more significant tenants could have a material adverse effect on our business and results of operations.***

Our two largest tenants contributed a substantial portion of our revenues thus. Both of these tenants have ongoing leases with us that expire in December 2023 and November 2025, respectively (assuming no exercise of tenant option extensions). If any of our most significant tenants, currently or in the future, were to discontinue or otherwise reduce their use of our HBS hangar campuses or other services, our business and results of operation would be materially and adversely affected.

***Our capital projects are subject to uncertainties, including the possibility of delays and cost overruns, which could have a material adverse effect on our business, results of operation and market reputation.***

The estimated costs of, and the projected schedule for, our capital projects are subject to a number of uncertainties. Our ability to complete these projects within budgets and on expected schedules may be adversely affected by various factors including:

- estimating errors;
- design and engineering errors;



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- cost increases because of demand for labor and materials;
- contractors' difficulty in predicting costs over a lengthy construction period;
- the need to estimate costs of unbid project elements;
- changes to the scope of the projects;
- delays in contract awards;
- material and/or labor shortages;
- unforeseen site conditions;
- adverse weather conditions;
- contractor defaults and bankruptcy;
- labor disputes;
- unanticipated levels of inflation;
- litigation; and
- environmental issues.

No assurance can be given that the costs of our projects will not exceed budgets or the guaranteed maximum price for such projects or that the completion will not be delayed beyond the projected completion dates. Any such cost overruns or delays could have a material adverse effect on our business, results of operations or market reputation, which could, in turn, result in a decline in the value of our common stock.

***Failure to adequately maintain our HBS hangar campuses or the integrity of our fuel supplies may have a material adverse impact on the revenue or market share of one or more of our hangar campuses resulting in a decline in operations of the business.***

HBS and FBO operators compete, in part, based on the overall quality and attractiveness of their facilities. Inadequate maintenance of any of the hangars or other assets comprising our HBS hangar campuses could result in customers' electing not to utilize us where another provider operates, or to elect not to use a particular airport where an alternative operator in the same market exists. The resulting decline in tenants or negative impact on our reputation could adversely impact revenue, including from more than one facility, which would have a material adverse effect on our business and results of operation.

Aircraft owners and operators rely on HBS and FBO operators to control the quality of the fuel they provide. Failure to maintain the integrity of fuel supplies as a result of inadequate or inappropriate procedure or maintenance of fuel storage facilities, fuel trucks or related equipment on our part or our suppliers, including FBOs, could result in the introduction of contaminants and could lead to damage or failure of aircraft and could adversely impact the reputation, revenue, and/or profitability of our business.

***The growth and success of our business is dependent on the continued service of certain key employees and the ability to recruit and retain new employees.***

We are dependent on the continued availability of the services of our employees, many of whom are individually key to our current and future success, as well as the availability of new employees to implement our development plans. Because our management team and key employees are not obligated to provide us with continued service, they could terminate their employment with us at any time.

In addition, the market for employees is highly competitive, especially for employees in fields such as aviation and real estate. While our compensation programs are intended to attract and retain the employees required for us to be successful, ultimately, we may not be able to retain the services of all of our key employees or a sufficient number to execute our development plans. In addition, we may not be able to continue to attract new employees as required. In the event we are unable to attract and retain talent sufficient to support our development plans, our business and results of operations may be adversely affected.

***Our management team has no prior experience operating a public company, and we cannot assure you that the past experience of our senior management team will be sufficient to successfully operate as a public company.***

While certain members of our senior management team and directors have extensive experience in real estate, aviation, development, management and finance, no members of our senior management team and board of directors have prior experience in operating a public company. As a public company, we are required to develop and implement substantial control systems, policies and procedures in order to satisfy the company's periodic SEC reporting. We cannot assure you that management's past experience will be sufficient to successfully develop and implement these systems, policies and procedures and to operate a public company, which could have a material adverse effect on our business, results of operation, and value of its common stock.

***We will not be required to have our outside auditor attest to the effectiveness of our internal controls for several years. If we fail to maintain effective internal control over financial reporting, we may not be able to accurately report our financial results, which may adversely affect investor confidence in the Company and, as a result, the value of our common stock.***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Substantial work on our part is required to implement appropriate processes, document the system of internal control over key processes, assess their design, remediate any deficiencies identified and test their operation. This process is expected to be both costly and challenging. As of such time that we are no longer an emerging growth company or a non-accelerated filer and smaller reporting company, Section 404 of the Sarbanes-Oxley Act will require our auditors to deliver an attestation report on the effectiveness of our internal control over financial reporting in conjunction with their opinion on our audited financial statements. As a result, there would likely be no outside auditor attestation report on our internal controls over financial reporting for the fiscal years through 2024. We will be required to evaluate our status as a smaller reporting company on an annual basis.

We cannot give any assurances that material weaknesses will not be identified in the future in connection with our compliance with the provisions of Section 404 of the Sarbanes-Oxley Act. The existence of any material weakness would preclude a conclusion by management and our independent auditors that we maintained effective internal control over financial reporting. Our management may be required to devote significant time and expense to remediate any material weaknesses that may be discovered and may not be able to remediate any material weakness in a timely manner. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause investors to lose confidence in our reported financial information, all of which could lead to a decline in the value of our common stock.

***We conduct substantially all of our operations under ground leases, which grant significant rights to airport authorities as our direct or ultimate landlord. The termination for cause of one or more of the ground leases would affect our business and results of operations significantly.***

We do not directly own the sites we develop and lease to tenants. Instead, we enter into ground leases at each site directly or indirectly (thru a sub-lessor) from airport authorities and other governmental agencies that regulate local airports. Airport authorities may choose not to renew a lease at all or to only renew the lease on terms that are unfavorable to us. In addition, airport authorities may require us to participate in a bidding process to renew a lease, which could require unanticipated capital spending and could divert management's attention during the pendency of the process. The loss or modification of any of our airport ground leases could adversely impact our business and results of operations.

***Because we do not directly own the sites we lease, we will not be able to liquidate real estate investments in order to meet liquidity needs.***

Unlike other real estate companies that lease space to tenants, we do not directly own the sites we lease. Instead, the sites are subject to long-term ground leases with airport authorities. As a result, we will not be able to sell underlying real estate assets in order to meet liquidity requirements, including our debt service obligations, which could have a material and adverse impact on our liquidity position and ability to meet our obligations.

***We may be unable to renew ground leases, lease vacant space or re-lease space as leases expire, or renewing existing leases may require significant concession, inducements and/or capital expenditures.***

We cannot assure you that our airport ground leases will be renewed or that our hangars will be re-leased at rental rates equal to or above the current average rental rates or that we will not offer substantial concessions or below-market renewal options to attract new tenants or retain existing tenants.

If the rental rates for our hangar campuses decrease, or if our existing tenants do not renew their leases or we do not re-lease a significant portion of our available space and space for which leases will expire, our business and results of operations could be adversely affected. In order to attract and retain tenants, we may be required to make rent or other concessions to tenants, accommodate requests for renovations and other improvements or provide additional services to our tenants. Additionally, we may need to raise capital to make such expenditures. If we are unable to do so or if capital is otherwise unavailable, we may be unable to make the required expenditures. This could result in non-renewals by tenants upon expiration of their leases and/or an inability to attract new tenants, which would have a material adverse effect on our business and results of operation.

***Failure to succeed in new markets may have adverse consequences.***

We intend to continue to develop properties across the United States. When we develop properties located in new geographic areas in the United States, we may face risks associated with a lack of market knowledge or understanding of the local market, including the availability and identity of quality tenants, forging new business relationships in the area, and developing an understanding of local government requirements and procedures. Furthermore, the negotiation of a potential expansion into new markets may divert management time and other resources. As a result, we may have difficulties executing our business strategy in these new markets, which could have a negative impact on our business and results of operations.

***Our business and results of operations will be dependent on tenants satisfying their obligations under tenant leases, which may be subject to default or termination.***

We are subject to tenant credit risk. Our HBS hangars are generally leased to single or multi hangar tenants, and certain of our tenants constitute a significant percentage of our revenues. Therefore, the financial failure of, or other default by, a single tenant under its lease is likely to cause a significant or complete reduction in the operating cash flow generated by the property leased to that tenant. For instance, any of our tenants could experience a downturn in their businesses as a result of the ongoing COVID-19 pandemic or otherwise, which may weaken their financial condition and liquidity and result in their failure to make timely payments to us or otherwise default under their contracts.

If a tenant defaults under its lease, we may be forced to pursue alternative arrangements with those tenants in order to recover amounts due under the leases or pursue litigation in order to collect payments from tenants who are unable to make their lease payments as they come due. We can provide no assurance that we will be able to collect the full amount due under a particular lease if we are forced to pursue alternative payment arrangements or litigation with any of our tenants. If the tenant represents a significant portion of our rental revenues, the impact on our business and results of operations would be material if it impacts the company's ability to pay ground lease rent payments on a timely basis.

If a bankrupt tenant rejects a lease with us, any claim we might have for breach of the lease, excluding a claim against collateral securing the lease, would be treated as a general unsecured claim. In the event of a tenant's default under its lease or its rejection of the lease in bankruptcy proceedings, we may be unable to locate a replacement tenant in a timely manner or on comparable or better terms. As a result, our financial condition and results of operations could be adversely affected.

***Our business and results of operations may be materially adversely affected by a default under a ground lease or the bankruptcy of a subsidiary.***

We are a holding company with no independent operations and, as such, will be dependent upon the operations of our subsidiaries. Our subsidiaries' operations rely upon the authority granted under certain ground leases to operate project sites. Each operating subsidiary with bond debt is structured as a special purpose entity. In the event of the bankruptcy of one or more of these subsidiaries, delays in the payment of rent, fees or loan payments may occur under the automatic stay provisions of the United States Bankruptcy Code. Moreover, a subsidiary debtor as lessee or a trustee in bankruptcy may reject a ground lease altogether, thereby extinguishing the respective subsidiary's duty to pay rent and its right to use the leased property. In addition, a subsidiary lessee may fail to make rental or fee payments when due to the respective airport landlord, regardless of its financial situation. Such bankruptcy or default of a subsidiary lessee could result in the loss of the leased property, which is critical to the operation of our business. A loss of any leased property could have a material adverse effect on our business and results of operations.

To the extent a ground lease constitutes a "true lease," a subsidiary that has executed its applicable ground lease, or other executory contract, with an airport landlord and seeks protection under the U.S. bankruptcy laws must, subject to the bankruptcy court's approval, assume or reject (a) its ground lease within 120 days after the bankruptcy filing (subject to court approval, a one-time 90-day extension is allowed (further extensions are subject to the consent of the relevant airport landlords)), and (b) its other executory contracts with the airport landlord no later than the confirmation of a plan of reorganization.

In the event of assumption and/or assumption and assignment of any executory contract with a third party, the subsidiary would be required to cure any pre- and post-petition monetary defaults and provide adequate assurance of future performance under the ground lease or other applicable agreements.

Rejection of a ground lease or other executory contract, in general, is treated as a pre-petition breach of contract. Subject to certain exceptions, this rejection relieves the subsidiary of performing future obligations under the contract, but will give rise to the tenant's loss of use of the leased property and a pre-petition general unsecured claim of the airport landlord for rejection damages, the amount of which in the case of a ground lease or other agreement is limited by the United States Bankruptcy Code generally to any amounts due and payable prior to the bankruptcy plus the greater of (a) the rent reserved by such lease, without acceleration, for one year of rent; or (b) 15% of the total remaining rent payments, not to exceed three years. However, the amount ultimately received in the event of a rejection of a ground lease or other agreement could be considerably less than the maximum amounts allowed under the United States Bankruptcy Code. In addition, payments made by a subsidiary in bankruptcy within 90 days of filing a bankruptcy case could be deemed to be an "avoidable preference" under the United States Bankruptcy Code and thus subject to recapture by the debtor-in-possession or its trustee in bankruptcy. In general, risks associated with bankruptcy include risks of substantial delay in payment or of non-payment and the risk that the airport landlord may not be able to enforce any of its remedies under the agreements with a bankrupt borrower.

During the pendency of a bankruptcy proceeding, a debtor subsidiary may not, absent a court order, make any payments to the airport landlord to us on account of goods and services provided prior to the bankruptcy. Thus, the airport landlord or our stream of payments from a debtor subsidiary would be interrupted to the extent of pre-petition goods and services, including accrued loan and lease payments, which would have a material adverse effect on our business and results of operation.

In addition, with respect to tenant leases, under current bankruptcy law, in the event of a bankruptcy of such tenant, the tenant can generally assume or reject a lease within a certain number of days of filing its bankruptcy petition. If a tenant rejects the lease, our damages as a landlord, subject to availability of funds from the bankruptcy estate, are generally limited to the greater of (1) one year's rent and (2) the rent for 15% of the remaining term of the lease, not to exceed three years. Any such event could have a material adverse effect on our business and results of operations.

***The lack of accurate and reliable industry data can result in unfavorable strategic planning, mergers and acquisitions, and macro pricing decisions.***

We use industry and airport-specific general aviation traffic data published by the FAA, as well as data from private sources, to identify trends in the aircraft hangar industry. We also use this data as an input to decision-making, including in strategic planning and pricing matters. Both the public and private data, however, has several limitations and challenges. As a result, the use of such data may result in decisions in strategic planning or pricing that are incorrect or inefficient, which could have a material adverse effect on our business and results of operation.

***We are subject to extensive governmental regulations that could require significant expenditures. Regulators, such as the TSA, have and may again consider regulations that could impair the relative convenience of general aviation and adversely affect demand for our services.***

We are subject to extensive regulatory requirements and compliance with those requirements could result in significant costs. For example, the FAA, from time to time, issues directives and other regulations relating to the management, maintenance, and operation of airport facilities. Compliance with those requirements may cause us to incur significant expenditures.

In addition, the proposal and enactment of additional laws and regulations, including by the TSA, as well as any failure to comply with such laws and regulations, could significantly increase the cost of our operations and reduce overall revenue. Moreover, certain new regulations, if implemented, could decrease the convenience and attractiveness of general aviation travel relative to commercial air travel and may adversely impact demand for our services.

***Compliance or failure to comply with the ADA and other regulations could result in substantial costs.***

Under the ADA, places of public accommodation must meet certain federal requirements related to access and use by disabled persons. Noncompliance with these requirements could result in additional costs to attain compliance, the imposition of fines by the federal government or the award of damages or attorney's fees to private litigants. If we are required to make unanticipated expenditures to comply with the ADA or other regulations, including removing access barriers, then our business and results of operations may be adversely affected.

***Potential limitation of tax-exemption of interest on private activity bonds could impact the debt funding of Sky for future projects or significantly increase our cost.***

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on PABs to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation. Clarifications of the Internal Revenue Code of 1986, as amended, or court decisions may also cause interest on PABs to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Internal Revenue Code of 1986, as amended, or court decisions may also affect the market price for, or marketability of, PABs. We expect to issue PABs in the future to partially fund our expansion of hangar campuses at new airport sites. Lack of access to PABs due to change in law or market access would have an increase in the cost of our debt and our future financial results.

***We have been and may in the future be adversely impacted by emergency regulations adopted in response to significant events, such as natural disasters or public health crises, which could adversely impact our operations.***

In response to significant events, local, state and federal governments have and may in the future adopt regulations that could impact our operations. For example, as noted above, in response to the COVID-19, certain localities adopted restrictions on the use of certain of our services facilities and limited our ability to complete development projects. Similar restrictions could be imposed in the future in response to significant events and these restrictions could adversely impact our business and results of operations.

***Uninsured losses or a loss in excess of insured limits could adversely affect our business and results of operations.***

We carry comprehensive liability, fire, property damage, and business interruption insurance on our HBS hangar campuses, with policy specifications and insured limits that we believe are customary for similar properties. An unanticipated number of claims under the insurance policy or policies, however, could result in payment of unanticipated deductibles and increased premiums, which could result in a material adverse effect on our business and results of operations.

As with all real estate, if reconstruction (for example, following fire or other casualty) or any major repair or improvement is required to the damaged property, changes in laws and governmental regulations may be applicable and may materially affect the cost to, or ability of, us to affect such reconstruction major repair or improvement. In addition, there can be no assurance that the amount of insurance required or provided would be sufficient to cover damages caused by any casualty, or that such insurance will be commercially available in the future.

There can also be no assurance that any loss incurred will be of a type covered by such insurance and will not exceed the limits of such insurance. For instance, there are certain types of losses, such as losses resulting from wars, terrorism or certain acts of God, that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, we could suffer disruption of rental income, potentially for an extended period of time, while remaining responsible for any financial obligations relating to the applicable HBS hangar campus, which would have a material adverse effect on our business and results of operations.

***We may not be able to rebuild our properties to their existing specifications if we experience a substantial or comprehensive loss of such properties.***

In the event that we experience a substantial or comprehensive loss of one of our properties, we may not be able to rebuild such property to its existing specifications. Further, reconstruction or improvement of such a property may require significant upgrades to meet zoning and building code requirements. Environmental and legal restrictions could also restrict the rebuilding of properties.

***Our businesses are subject to environmental risks that may impact our future profitability.***

Our businesses are subject to numerous statutes, rules and regulations relating to environmental protection and we are exposed to various environmental risk and hazards, including the environmental protection requirements related to the storage and handling of jet fuel and compliance with firefighting regulations. Materialization of these risks could result in substantial losses including personal injury, loss of life, damage or destruction of property and equipment, and environmental damage. Any losses we face could be greater than insurance levels maintained by our businesses and could have an adverse effect on us and our businesses and results of operations. We also could be subject to fines and penalties for violation of applicable environmental regulations, which could be substantial. In addition, disruptions to physical assets could reduce our ability to serve customers and adversely affect future rentals, services and cash flows.

Failure to comply with regulations or other claims may interrupt operations and result in civil or criminal penalties, significant unexpected compliance costs and liabilities that could adversely affect the profitability of our business. These rules and regulations are subject to change, and compliance with any changes could result in a restriction of the activities of our businesses, significant capital expenditures, and/or increased ongoing operating costs.

We may also be required to address other prior or future environmental contamination, including soil and groundwater contamination that results from the spillage of fuel, hazardous materials, or other pollutants. Any past contamination of the properties could result in remediation obligations, personal injury, property damage, environmental damage, or similar claims by third parties.

Under various federal, state, and local environmental statutes, rules and regulations, a current or previous owner or operator of real property may be liable for noncompliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability, whether the current owner or operator knew of, or was responsible for, the presence of hazardous materials. Persons who arrange for the disposal or treatment of hazardous materials may also be liable for the costs of removal or remediation of those materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by that person and whether or not the original disposal or treatment activity accorded with all regulatory requirements. The presence of hazardous materials on a property could result in personal injury, loss of life, damage or destruction of property and equipment, environmental damage and/or claims by third parties that could have a material adverse effect on our business and results of operations.

***We are exposed to the potential impacts of future climate change and climate change-related risks.***

Our properties may be exposed to rare catastrophic weather events, such as severe storms, floods or wildfires. If the frequency of extreme weather events increases due to climate change, our exposure to these events could increase. In addition, in connection with any development project, we may be harmed by potential changes to the supply chain or stricter energy efficiency standards for industrial buildings. To the extent climate change causes shifts in weather patterns, our markets could experience negative consequences, including declining demand for hangar space and an inability to operate our hangar campuses. Climate change may also have indirect negative effects on our business by increasing the cost of, or decreasing the availability of, property insurance on terms we find acceptable and increasing the cost of, among other things, energy, aircraft fuel and building materials.

In addition, compliance with new laws or regulations relating to climate change, including compliance with “green” building codes, may require us to make improvements to our existing properties or result in increased operating costs that we may not be able to effectively pass on to our tenants. Any such laws or regulations could also impose substantial costs on our tenants, thereby impacting the financial condition of our tenants and their ability to meet their lease obligations.

***Cybersecurity risks and cyber incidents may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information, misappropriation of assets and/or damage to our business relationships, all of which could negatively impact our business and results of operations.***

Cyber incidents may result in disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs and litigation and damage to our tenants. As our reliance on technology has increased, so have the risks posed to our information systems, both internal and those we have outsourced. Any processes, procedures and internal controls that we implement, as well as our increased awareness of the nature and extent of a risk of a cyber-incident, do not guarantee that our financial results, operations, business relationships, confidential information or common stock price will not be negatively impacted by such an incident.

Insider or employee cyber and security threats are increasingly a concern for all companies, including us. In addition, social engineering and phishing are a particular concern for companies with employees. As a landlord, we are also susceptible to cyber-attacks on our tenants and their payment information. We are continuously working to deploy information technology systems and to provide employee awareness training around phishing, malware and other cyber risks to ensure that we are protected against cyber risks and security breaches. Such technology and training, however, may not be sufficient to protect us and our tenants from all risks.

As a smaller company, we use third-party vendors to assist us with our network and information technology requirements. While we carefully select these third-party vendors, we cannot control their actions. Any problems caused by these third parties, including those resulting from breakdowns or other disruptions in communication services provided by a vendor, failure of a vendor to handle current or higher volumes, cyber-attacks and security breaches at a vendor could adversely affect our business and results of operations.

We may not be able to adequately address these additional risks. If we were unable to do so, our operations might suffer, which may adversely impact our results of operations and financial condition.

**Risks Relating to Our Organization and Structure**

***We are a “controlled company” within the meaning of The NYSE American listing standards and, as a result, qualify for, and rely on, exemptions from certain corporate governance requirements. You do not have the same protections afforded to stockholders of companies that are subject to such requirements.***

We qualify as a “controlled company” within the meaning of the corporate governance standards of The NYSE American. Under these rules, a listed company of which more than 50% of the voting power is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance requirements, including the requirement that (i) a majority of the our Board consist of independent directors, (ii) our compensation committee is composed entirely of independent directors and (iii) director nominees be selected or recommended to our Board by independent directors.

We rely on certain of these exemptions. As a result, we do not have a compensation committee consisting entirely of independent directors and our directors are not nominated or selected solely by independent directors. We may also rely on the other exemptions so long as we qualify as a controlled company. To the extent we rely on any of these exemption, holders of Class A Common Stock will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of The NYSE American.

***The Existing Sky Equityholders control the direction of SHG Corporation's business, and the concentrated ownership of Common Stock prevent you and other stockholders from influencing significant decisions.***

In connection with the Business Combination, we, the Existing Sky Equityholders, and the Sponsor (collectively the "Stockholder Parties") entered into the Stockholders' Agreement. Pursuant to the terms of the Stockholders' Agreement, each of the parties thereto are required to take all necessary action to cause the specified designees of the Existing Sky Equityholders to be nominated to serve on our Board, and each of the holders are required, among other things, to vote all of the securities of SHG Corporation held by such party in a manner necessary to elect the individuals designated by such holders. For so long as these parties hold a majority of Common Stock, they will be able to control the composition of our Board, which in turn will be able to control all matters affecting us, subject to the terms of the Stockholders' Agreement, including:

- any determination with respect to our business direction and policies, including the appointment and removal of officers and, in the event of a vacancy on our Board, additional or replacement directors;
- any determinations with respect to mergers, business combinations or disposition of assets;
- determination of our management policies;
- our financing policy;
- our compensation and benefit programs and other human resources policy decisions; and
- the payment of dividends on Common Stock.

Because the interests of these stockholders may differ from our interests or the interests of our other stockholders, actions that these stockholders take with respect to us may not be favorable to us or our other stockholders.

***Provisions in our Bylaws and Delaware law may have the effect of discouraging lawsuits against our directors and officers.***

Our Bylaws provide that, to the fullest extent permitted by law, and unless we provide notice in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of SHG Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of SHG Corporation's directors, officers, employees or agents to SHG Corporation or its stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, the A&R Certificate of Incorporation or SHG Corporation Bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (iv) any action asserting a claim governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Our Bylaws further provide that the federal district courts of the United States is the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. There is uncertainty as to whether a court would enforce such a provision relating to causes of action arising under the Securities Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. The clauses described above do not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, a court may determine that this provision is unenforceable, and to the extent it is enforceable, the provision may have the effect of discouraging lawsuits against our directors and officers, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder.

***We qualify as an "emerging growth company" within the meaning of the Securities Act, and we take advantage of certain exemptions from disclosure requirements available to emerging growth companies, and as such, it could make our securities less attractive to investors and may make it more difficult to compare our performance to the performance of other public companies.***

We qualify as an "emerging growth company" as defined in Section 2(a)(19) of the Securities Act, as modified by the JOBS Act. As such, we are eligible for and we take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies for as long as it continues to be an emerging growth company, including, but not limited to, (i) not being required to comply with the auditor attestation requirements of Section 404 of the SOX, (ii) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and (iii) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, our stockholders may not have access to certain information they may deem important. We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year (a) following the fifth anniversary of the completion of our IPO, (b) in which we have total annual gross revenue of at least \$1.07 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30th, and (ii) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the prior three year period. We cannot predict whether investors will find our securities less attractive because it will rely on these exemptions. If some investors find our securities less attractive as a result of its reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices of our securities may be more volatile.

***Because members of our senior management team will hold most or all of their economic interest in Sky through other entities, conflicts of interest may arise between them and holders of shares of Class A Common Stock or us.***

Because members of our senior management team hold most or all of their economic interest in Sky directly through holding companies, they may have interests that do not align with, or conflict with, those of the holders of Class A Common Stock or with us. For example, members of our senior management team may have different tax positions from those of SHG Corporation and/or holders of Class A Common Stock, which could influence their decisions regarding whether and when to enter into certain transactions or dispose of assets, whether and when to incur new or refinance existing indebtedness, and whether and when we should terminate the Tax Receivable Agreement and accelerate the obligations thereunder. In addition, the structuring of future transactions and investments may take into consideration the members' tax considerations even where no similar benefit would accrue to SHG Corporation.

***The requirements of being a public company may strain our resources and divert management's attention.***

As a public company, we are subject to the reporting requirements of the Exchange Act, the SOX, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the NYSE and other applicable securities rules and regulations. Compliance with these rules and regulations increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources, particularly after we are no longer an "emerging growth company." The SOX requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. We may need to hire more employees in the future or engage outside consultants to comply with these requirements, which will increase our costs and expenses.

### **Risks Relating to Tax**

***Our only principal asset is our interest in Sky, and accordingly we will depend on distributions from Sky to pay dividends, taxes, other expenses, and make any payments required to be made by us under the Tax Receivable Agreement.***

We are a holding company and have no material assets other than our ownership of Sky Common Units. We are not expected to have independent means of generating revenue or cash flow, and our ability to pay our taxes, operating expenses, and pay any dividends in the future will be dependent upon the financial results and cash flows of Sky. There can be no assurance that Sky will generate sufficient cash flow to distribute funds to us or that applicable state law and contractual restrictions, including negative covenants under debt instruments will permit such distributions. If Sky does not distribute sufficient funds to us to pay our taxes or other liabilities, we may default on contractual obligations or have to borrow additional funds. In the event that we are required to borrow additional funds it could adversely affect our liquidity and subject us to additional restrictions imposed by lenders.

Sky will continue to be treated as partnership for U.S. federal income tax purposes and, as such, generally will not be subject to any entity-level U.S. federal income tax. Instead, taxable income will be allocated, for U.S. federal income tax purposes, to the holders Sky Common Units. Under the terms of the A&R Operating Agreement, Sky is obligated to make pro rata tax distributions to holders of Sky Common Units calculated at certain assumed rates. In addition to tax expenses, we will also incur expenses related to our operations, including payment obligations under the Tax Receivable Agreement, which could be significant and some of which will be reimbursed by Sky (excluding payment obligations under the Tax Receivable Agreement). For so long as we are Managing Member (as defined in the A&R Operating Agreement) of Sky, we intend to cause Sky to make ordinary distributions and tax distributions to the holders of Sky Common Units on a pro rata basis in amounts sufficient to enable us to cover all applicable taxes, relevant operating expenses, payments under the Tax Receivable Agreement and dividends, if any, declared by us. However, Sky's ability to make such distributions may be subject to various limitations and restrictions, including, but not limited to, retention of amounts necessary to satisfy the obligations of Sky and its subsidiaries and restrictions on distributions that would violate any applicable restrictions contained in Sky's debt agreements, or any applicable law, or that would have the effect of rendering Sky insolvent. To the extent we are unable to make payments under the Tax Receivable Agreement for any reason, such payments will be deferred and will accrue interest until paid. Additionally, nonpayment for a specified period and/or under certain circumstances may constitute a material breach of a material obligation under the Tax Receivable Agreement and therefore accelerate payments under the Tax Receivable Agreement, which could be substantial.

We anticipate that the distributions received from Sky may, in certain periods, exceed our actual tax liabilities and obligations to make payments under the Tax Receivable Agreement. The board, in its sole discretion, will make any determination from time to time with respect to the use of any such excess cash so accumulated, which may include, among other uses, to pay dividends on our Class A Common Stock. We will have no obligation to distribute such cash (or other available cash other than any declared dividend) to our stockholders.



*The Tax Receivable Agreement requires us to make cash payments to the TRA Holders in respect of certain tax benefits and such payments may be substantial. In certain cases, payments under the Tax Receivable Agreement may (i) exceed any actual tax benefits the Tax Group realizes or (ii) be accelerated.*

Following closing of the Business Combination, we, Sky, the Existing Sky Equityholders and Tal Keinan (in the capacity of “TRA Holder Representative”) entered into the Tax Receivable Agreement. Pursuant to the Tax Receivable Agreement, we are generally required to pay the TRA Holders 85% of the amount of savings, if any, in U.S. federal, state, local, and foreign taxes that are based on, or measured with respect to, net income or profits, and any interest related thereto that the Tax Group (i.e., SHG Corporation and applicable consolidated, unitary, or combined Subsidiaries) realizes, or is deemed to realize, as a result of certain Tax Attributes, which include:

- existing tax basis in certain assets of Sky and certain of its direct or indirect Subsidiaries, including assets that will eventually be subject to depreciation or amortization, once placed in service, attributable to Sky Common Units acquired by SHG Corporation from a TRA Holder, as determined at the time of the relevant acquisition;
- tax basis adjustments resulting from taxable exchanges of Sky Common Units (including any such adjustments resulting from certain payments made by SHG Corporation under the Tax Receivable Agreement) acquired by SHG Corporation from a TRA Holder pursuant to the terms of the A&R Operating Agreement; and
- tax deductions in respect of portions of certain payments made under the Tax Receivable Agreement.

Payments under the Tax Receivable Agreement generally will be based on the tax reporting positions that we determine (with the amount of subject payments determined in consultation with an advisory firm and subject to the TRA Holder Representative’s review and consent), and the IRS or another taxing authority may challenge all or any part of a position taken with respect to Tax Attributes or the utilization thereof, as well as other tax positions that we take, and a court may sustain such a challenge. In the event that any Tax Attributes initially claimed or utilized by the Tax Group are disallowed, the TRA Holders will not be required to reimburse us for any excess payments that may previously have been made pursuant to the Tax Receivable Agreement, for example, due to adjustments resulting from examinations by taxing authorities. Rather, any excess payments made to such TRA Holders will be applied against and reduce any future cash payments otherwise required to be made by us to the applicable TRA Holders under the Tax Receivable Agreement, after the determination of such excess. However, a challenge to any Tax Attributes initially claimed or utilized by the Tax Group may not arise for a number of years following the initial time of such payment and, even if challenged earlier, such excess cash payment may be greater than the amount of future cash payments that we might otherwise be required to make under the terms of the Tax Receivable Agreement. As a result, there might not be future cash payments against which such excess can be applied and we could be required to make payments under the Tax Receivable Agreement in excess of the Tax Group’s actual savings in respect of the Tax Attributes.

Moreover, the Tax Receivable Agreement will provide that, in certain Early Termination Events, we will be required to make a lump-sum cash payment to all the TRA Holders equal to the present value of all forecasted future payments that would have otherwise been made under the Tax Receivable Agreement, which lump-sum payment would be based on certain assumptions, including those relating to there being sufficient future taxable income of the Tax Group to fully utilize the Tax Attributes over certain specified time periods and that all Sky Common Units that had not yet been exchanged for Class A Common Stock or cash are deemed exchanged for cash. The lump-sum payment could be material and could materially exceed any actual tax benefits that the Tax Group realizes subsequent to such payment.

Payments under the Tax Receivable Agreement will be our obligations and not obligations of Sky. Any actual increase in our allocable share of Sky and its relevant subsidiaries’ tax basis in relevant assets, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of exchanges, the market price of the Class A Common Stock at the time of an exchange of Sky Common Units by a TRA Holder pursuant to the terms of the A&R Operating Agreement and the amount and timing of the recognition of the Tax Group’s income for applicable tax purposes. While many of the factors that will determine the amount of payments that we will be required to make under the Tax Receivable Agreement are outside of our control, we expect that the aggregate payments we will be required to make under the Tax Receivable Agreement could be substantial and, if those payments substantially exceed the tax benefit we realize in a given year or in the aggregate, could have an adverse effect on our financial condition, which may be material.

Any payments made by us under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to us. To the extent that we are unable to make timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid. Additionally, nonpayment for a specified period and/or under certain circumstances may constitute a material breach of a material obligation under the Tax Receivable Agreement and therefore accelerate payments due under the Tax Receivable Agreement. Furthermore, our future obligation to make payments under the Tax Receivable Agreement could make us a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the Tax Attributes that may be deemed realized under the Tax Receivable Agreement.

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*We could be adversely affected by changes in applicable tax laws, regulations, or administrative interpretations thereof in the United States or other jurisdictions.*

We could also be adversely affected by changes in applicable tax laws, regulations, or administrative interpretations thereof in the United States or other jurisdictions and changes in tax law could reduce our after-tax income and adversely affect our business and financial condition. For example, the U.S. federal tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “**Tax Act**”), enacted in December 2017, resulted in fundamental changes to the U.S. Internal Revenue Code of 1986 (the “**Code**”), as amended, including, among many other things, a reduction to the federal corporate income tax rate, a partial limitation on the deductibility of business interest expense, a limitation on the deductibility of certain director and officer compensation expense, limitations on net operating loss carrybacks and carryovers and changes relating to the scope and timing of U.S. taxation on earnings from international business operations. Subsequent legislation, the Coronavirus Aid, Relief, and Economic Security Act (the “**CARES Act**”) enacted on March 27, 2020, relaxed certain of the limitations imposed by the Tax Act for certain taxable years, including the limitation on the use and carryback of net operating losses and the limitation on the deductibility of business interest expense. The exact impact of the Tax Act and the CARES Act for future years is difficult to quantify, but these changes could materially affect SHG Corporation, Sky, or its subsidiaries. In addition, other changes could be enacted in the future to increase the corporate tax rate, limit further the deductibility of interest, or effect other changes that could have a material adverse effect on SHG Corporation’s financial condition. Such changes could also include increases in state taxes and other changes to state tax laws to replenish state and local government finances depleted by costs attributable to the COVID-19 pandemic and the reduction in tax revenues due to the accompanying economic downturn.

In addition, our effective tax rate and tax liability are based on the application of current income tax laws, regulations and treaties. These laws, regulations and treaties are complex and often open to interpretation. In the future, the tax authorities could challenge our interpretation of laws, regulations and treaties, resulting in additional tax liability or adjustment to our income tax provision that could increase our effective tax rate. Changes to tax laws may also adversely affect our ability to attract and retain key personnel.

### **Risks Relating to Our Common Stock and Warrants**

*The market price of Class A Common Stock and Public Warrants has been and may continue to be extremely volatile, which could cause purchasers of our securities to incur substantial losses.*

The market prices and trading volume that our shares of Class A Common Stock have recently experienced, and may continue to experience, extreme volatility, which could cause purchasers of our Class A Common Stock and Public Warrants to incur substantial losses. Since the closing of the Business Combination, our Class A Common Stock has traded as low as \$5.60 and as high as \$43.41 as of March 25, 2022. In addition, the volume of trading of our Class A Common Stock has been inconsistent. For example, on February 16, 2022 our Class A Common Stock had trading volume of 13,800 shares and on February 18, 2022 our Class A Common Stock had trading volume of 19,692,800. Our Public Warrants have not traded in tandem with our Class A Common Stock, and since the closing of the Business Combination has traded within a range of \$0.33 to \$2.75 as of March 25, 2022.

We believe that the recent volatility and our current market prices reflect market and trading dynamics unrelated to our underlying business, or macro or industry fundamentals, and we do not know how long these dynamics will last. Under the circumstances, investors in our Class A Common Stock and Warrants are subject to the the risk of losing all or a substantial portion of their investment.

Extreme fluctuations in the market price of our Common Stock have been accompanied by reports of strong and atypical retail investor interest, including on social media and online forums. The market volatility and trading patterns we have experienced create several risks for investors, including the following:

- the market price of our Class A Common Stock has experienced and may continue to experience rapid and substantial increases or decreases unrelated to our operating performance or prospects, or macro or industry fundamentals, and substantial increases may be significantly inconsistent with the risks and uncertainties that we continue to face;
- factors in the public trading market for our Common Stock may include the sentiment of retail investors, the direct access by retail investors to broadly available trading platforms, the amount and status of short interest in our securities, access to margin debt, trading in options and other derivatives on our Common Stock and any related hedging and other trading factors;
- to the extent volatility in our Common Stock is caused by a “short squeeze” in which coordinated trading activity causes a spike in the market price of our Common Stock as traders with a short position make market purchases to avoid or to mitigate potential losses, investors purchase at inflated prices unrelated to our financial performance or prospects, and may thereafter suffer substantial losses as prices decline once the level of short-covering purchases has abated; and
- if the market price of our Class A Common Stock declines, you may be unable to resell your shares at or above the price at which you acquired them, and the Warrant you own may become out of the money.

The trading price of Class A Common Stock and Public Warrants depends on many factors, including those described in this “*Risk Factors*” section, many of which are beyond our control and may not be related to our operating performance. Any of the factors listed below could have a material adverse effect on investment in Class A Common Stock and Public Warrants, and Class A Common Stock and Public Warrants may trade at prices significantly below the price paid for them. In such circumstances, the trading price of Class A Common Stock and Public Warrants may not recover and may experience a further decline. Factors affecting the trading price of Class A Common Stock and Public Warrants may include:

- actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in the market’s expectations about our operating results;
- the public’s reaction to our press releases, our other public announcements and our filings with the SEC;
- speculation in the press or investment community;

- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- our operating results failing to meet the expectation of securities analysts or investors in a particular period;
- changes in financial estimates and recommendations by securities analysts concerning us or the market in general;
- operating and stock price performance of other companies that investors deem comparable to us;
- publications of research reports by securities analysts about us, our competitors, or the industry we operate in;
- changes in laws and regulations affecting our business;
- commencement of, or involvement in, litigation involving us;

- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of Class A Common Stock available for public sale;
- any major change in the Board or management;
- sales of substantial amounts of Class A Common Stock by directors, officers or significant stockholders or the perception that such sales could occur;
- general economic and political conditions such as recessions, interest rates, fuel prices, trade wars, pandemics (such as COVID-19), epidemics, currency fluctuations and acts of war (such as the conflict between Russia and Ukraine) or terrorism; and
- other risk factors listed under this “*Risk Factors*” section.

***We cannot predict the impact our dual class structure may have on the stock price of Class A Common Stock.***

We cannot predict whether our dual class structure will result in a lower or more volatile market price of Class A Common Stock or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indexes. Under these policies, our dual class capital structure would make us ineligible for inclusion in certain indices, and as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track those indices will not be investing in our stock. It is unclear what effect, if any, these policies will have on the valuations of publicly traded companies excluded from such indices, but it is possible that they may depress valuations, as compared to similar companies that are included. As a result, the market price of shares of Class A Common Stock could be adversely affected.

***The outstanding Warrants will become exercisable for shares of Class A Common Stock no later than April 21, 2022 and common units in Sky may be redeemed for Class A common stock upon expiration of the applicable lock-up period. The exercise of these outstanding warrants will increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders.***

As of March 25, 2022, there were 6,799,439 outstanding Public Warrants to purchase 6,799,439 shares of Class A Common Stock at an exercise price of \$11.50 per share, which warrants will become exercisable upon the earlier of the effectiveness of a resale registration statement registering the shares of Class A Common Stock underlying the Public Warrants and Private Placement Warrants and April 21, 2022. In addition, as of March 25, 2022, there were 7,719,779 Private Placement Warrants outstanding exercisable for 7,719,779 shares of Class A Common Stock at an exercise price of \$11.50 per share. Beginning on April 21, 2022, the Public Warrants and Private Placement Warrants may be exercised on a cashless basis. To the extent such warrants are exercised, additional shares of Class A Common Stock will be issued, which will result in dilution to the holders of Class A Common Stock and increase the number of shares eligible for resale in the public market.

In addition, as of March 25, 2022, we had 42,192,250 Sky common units outstanding, which upon expiration of the lock-up period may be redeemed for shares of our Class A common stock on a one-for-one basis. The lock-up period for the outstanding Sky common units, and for the shares of Class A Common Stock underlying the Private Placement Warrants, expires upon the earlier of (a) January 25, 2023 and (b) if the last sale price of our Class A Common Stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing on or after June 24, 2022. Furthermore, we are required to register for resale all of the Class A common stock underlying such outstanding units. Sales of substantial numbers of such shares in the public market, or the perception that such sales may occur, could adversely affect the market price of Class A Common Stock, the impact of which is increased as the value of our stock price increases.

***There is no guarantee that the Warrants will be in the money, and they may expire worthless and the terms of our Warrants may be amended.***

The exercise price for the Warrants is \$11.50 per share of Class A Common Stock. There is no guarantee that the Warrants will be in the money at any given time prior to their expiration. If the trading price of Class A Common Stock declines, the Warrants may expire worthless. As described above, the Warrants will become exercisable upon the earlier of the effectiveness of a resale registration statement registering the shares of Class A Common Stock underlying the Public Warrants and Private Placement Warrants and April 21, 2022. We intend to seek to go effective on such resale registration statement as soon as possible, but we may not be able to go effective on that registration statement prior to April 21, 2022. We can provide no assurances that the trading price of our Class A Common Stock will remain at levels where it would be attractive to exercise our outstanding Warrants until the time that such warrants become exercisable.

***We may redeem unexpired Warrants prior to their exercise at a time that is disadvantageous to the holders of such Warrants, thereby making such Warrants worthless.***

We have the ability to redeem outstanding Warrants at any time after they become exercisable and prior to their expiration, at a price of \$0.01 per warrant, provided that the last reported sales price of our Class A Common Stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading-day period ending on the third trading day prior to the date on which we give proper notice of such redemption and provided certain other conditions are met. Our Class A Common Stock has recently been trading at such levels, and we may seek to exercise this right after the Warrants become exercisable. If and when such Warrants become redeemable by us, we may not exercise our redemption rights if the issuance of shares of Class A Common Stock upon exercise of the Warrants is not exempt from registration or qualification under applicable state blue sky laws or we are unable to effect such registration or qualification. We will use our best efforts to register or qualify such shares of common stock under the blue sky laws of the state of residence in those states in which the Warrants were offered by Yellowstone in its initial public offering. Redemption of the outstanding Warrants could force the holders of such Warrants (i) to exercise the Warrants and pay the exercise price therefor at a time when it may be disadvantageous for such holder to do so, (ii) to sell the Warrants at the then-current market price when you might otherwise wish to hold the Warrants or (iii) to accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, is likely to be substantially less than the market value of the Warrants. None of the Private Placement Warrants will be redeemable by us so long as they are held by our Sponsor or its permitted transferees.

***We will have broad discretion over the use of proceeds from the exercise of the Warrants, and we may invest or spend the proceeds in ways with which investors do not agree and in ways that may not yield a return.***

We will have broad discretion over the use of proceeds from the exercises of the Warrants. Investors may not agree with our decisions, and our use of the proceeds may not yield a return on investment. We intend to use these net proceeds for general corporate purposes, which may include capital expenditures and working capital. Our use of these proceeds may differ substantially from our current plans. Our failure to apply the net proceeds from the exercises of Warrants and options effectively could impair our ability to pursue our growth strategy or could require us to raise additional capital.

***The Warrants may be amended in a manner adverse to a holder if holders of 50% of the then outstanding Warrants approve of such amendment.***

The Public Warrants were issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision or correct any mistake, but requires the approval by the holders of 50% of the then-outstanding Public Warrants to make any change that adversely affects the interests of the registered holders of Warrants; provided that if an amendment adversely affects the Private Placement Warrants in a different manner than the Public Warrants or vice versa, then the vote or written consent of the holders of 65% of the Public Warrants and 65% of the Private Placement Warrants, voting as separate classes, is required. Accordingly, we may amend the terms of the Public Warrants in a manner adverse to a holder if holders of 50% of the then-outstanding Public Warrants approve of such amendment and, solely with respect to any amendment adversely affecting the Private Placement Warrants in a different manner than the Public Warrants or vice versa, if holders of 65% of the Public Warrants and 65% of the Private Placement Warrants, voting as separate classes, approve of such amendment. Although our ability to amend the terms of the Public Warrants with the consent of 50% of the then-outstanding Public Warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the warrants, convert the warrants into cash, shorten the exercise period or decrease the number of shares of Class A Common Stock purchasable upon exercise of a warrant.

***We do not intend to pay cash dividends for the foreseeable future.***

We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board and will depend on our financial condition, results of operations, capital requirements, restrictions contained in future agreements and financing instruments, business prospects and such other factors as our Board deems relevant.

***If analysts do not publish research about our business or if they publish inaccurate or unfavorable research, our stock price and trading volume could decline.***

The trading market for Class A Common Stock will depend in part on the research and reports that analysts publish about our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our Class A Common Stock or publish inaccurate or unfavorable research about our business, the price of Class A Common Stock would likely decline. If few analysts cover us, demand for Class A Common Stock could decrease and our Class A Common Stock price and trading volume may decline. Similar results may occur if one or more of these analysts stop covering us in the future or fail to publish reports on us regularly.

***You may experience future dilution as a result of future equity offerings.***

In order to raise additional capital, we may in the future offer additional shares of our common stock or other securities convertible into or exchangeable for our common stock at prices that may not be the same as the price per share paid by any investor. We may sell shares or other securities in any other offering at a price per share that is less than the price per share paid by any investor, and investors purchasing shares or other securities in the future could have rights superior to you. The price per share at which we sell additional shares of our common stock, or securities convertible or exchangeable into common stock, in future transactions may be higher or lower than the price per share paid by any investor.

***We may be subject to securities litigation, which is expensive and could divert management attention.***

The market price of Class A Common Stock may be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert management's attention from other business concerns, which could seriously harm our business.

**ITEM 1B. UNRESOLVED STAFF COMMENTS.**

None.

**ITEM 2. PROPERTIES**

The information set forth under the caption "Our Properties" in Item 1 of this Annual Report on Form 10-K is incorporated by reference herein.

**ITEM 3. LEGAL PROCEEDINGS**

We are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us or any of our officers or directors in their corporate capacity.

**ITEM 4. MINE SAFETY DISCLOSURES**

None.

**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

***Market Information***

**(a) Market Information**

Prior to the Closing Date, the Company's publicly traded units, common stock and warrants were listed on The New York Stock Exchange ("NYSE") under the symbols "YSACU," "YSAC," and "YSACW," respectively. Upon the closing, the Company's Class A Common Stock and warrants were listed on the NYSE American under the symbols "SKYH" and "SKYH WS," respectively. The Company's publicly traded units automatically separated into their component securities upon the closing of the Business Combination, and as a result, no longer trade as a separate security and were delisted from NYSE.

As of March 25, 2022, there were four holders of record of Class A Common Stock and three holders of record of Warrants. However, because many of the shares of Class A Common Stock and the Warrants are held by brokers and other institutions on behalf of stockholders, the Company believes there are substantially more beneficial holders of Class A Common Stock and Warrants than record holders.

**(b) Dividends**

We have not paid any cash dividends on our common stock to date and do not intend to pay cash dividends in the foreseeable future. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and general financial condition subsequent to completion of any Business Combination. The payment of any cash dividends subsequent to our Business Combination will be within the discretion of our Board at such time. In addition, our Board is not currently contemplating and does not anticipate declaring any stock dividends in the foreseeable future. Further, if we incur any indebtedness in connection with our Business Combination, our ability to declare dividends may be limited by restrictive covenants we may agree to in connection therewith.

**(c) Securities Authorized for Issuance Under Equity Compensation Plans**

None.

**(d) Recent Sales of Unregistered Securities, Use of Proceeds from Registered Public Offering**

Except as previously disclosed in our Quarterly Reports on Form 10-Q during 2021, we did not sell any securities that were not registered under the Securities Act during the period covered by this Annual Report on Form 10-K.

On January 25, 2022, in connection with the completion of the Business Combination and as contemplated by the Equity Purchase Agreement and the Subscription Agreements, the Company made the following issuances of unregistered securities, as further described in the disclosure set forth under the Introductory Note above:

- 4,500,000 shares of Class A common stock to Boston Omaha for aggregate consideration of \$45.0 million;
- 5,500,000 shares of Class A common stock to BOC YAC Funding LLC upon conversion of series B preferred units in Sky for aggregate consideration of \$55.0 million; and
- 42,192,250 shares of Class B Common Stock to the Existing Sky Equityholders.

The Sky Common Units are redeemable for shares of Class A Common Stock at each Sky Common Unit holder's election. Up to 42,192,250 shares of Class A Common Stock are issuable upon the redemption of the Sky Common Units. The Company issued the foregoing securities in transactions not involving an underwriter and not requiring registration under Section 5 of the Securities Act of 1933, as amended, in reliance on the exemption afforded by Section 4(a)(2) thereof.

***Purchases of Equity Securities by the Issuer and Affiliated Purchasers***

None.

**ITEM 6. [RESERVED]**



## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*Unless otherwise indicated, references in this section to the terms "YAC," the "Company," "we," "our" and "us" refer to Yellowstone Acquisition Company prior to the Business Combination. The term "Sky" refers to Sky Harbour LLC. The financial information included in this Management's Discussion and Analysis of Financial Condition and Results of Operations is that of YAC prior to the Business Combination because the Business Combination was consummated after the period covered by the financial statements included in this Annual Report on Form 10-K. Accordingly, the historical financial information included in this Annual Report on Form 10-K, unless otherwise indicated or as the context otherwise requires, is that of YAC prior to the Business Combination.*

*The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with our audited financial statements and the notes related thereto which are included in "Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. Certain information contained in the discussion and analysis set forth below includes forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under "Special Note Regarding Forward-Looking Statements," "Item 1A. Risk Factors" and elsewhere in this Annual Report on Form 10-K.*

### Overview

We are an aviation infrastructure development company building the first nationwide network of Home-Basing Solutions ("HBS") for business aircraft. We develop, lease and manage general aviation hangars across the United States, targeting airfields in markets with significant aircraft populations and high hangar demand. Our HBS campuses feature exclusive private hangars and a full suite of dedicated services specifically designed for home-based aircraft.

As the fleet of private jets in the United States continues to grow, with recent new aircraft deliveries exceeding retirements, demand for hangar space is at a premium in part because new jets require more square footage of hangar space and the pace of new hangar construction has lagged behind the demand. The cumulative square footage of the business aircraft fleet in the United States increased 42% between 2010 and 2020. Moreover, over that same period, there was a 70% increase in the square footage of larger private jets – those with greater than a 24-foot tail height. The larger footprint aircraft impose stacking challenges and constraints in the traditional shared or community hangars operated by fixed-base operators ("FBO"). The addition of winglets (the vertical extensions on aircraft wingtips) on most modern business jets inhibits wing-over-wing storage. Aircraft hangars are in high demand and short supply, with some airports compiling waiting lists that can exceed several years.

Our scalable business strategy addresses the increased imbalance between the supply and demand for private jet storage, including the lack of hangar facilities able to accommodate larger aircraft, by growing our portfolio of HBS campuses at key airports across the United States. We target airports with excess demand for private hangar space, typically near metropolitan areas, which include both established and growing markets. We intend to capitalize on the existing hangar supply constraints, particularly for high-end tenants.

We were a former blank check company incorporated as a Delaware corporation and formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. We are an emerging growth company and, as such, we are subject to all of the risks associated with emerging growth companies. We completed our initial public offering on October 26, 2020 and Business Combination on January 25, 2022. We had no substantive operations prior to the completion of the Business Combination.

### Results of Operations

Prior to the completion of the Business Combination on January 25, 2022, we neither engaged in any operations nor generated any revenues to date. Our only activities from inception to December 31, 2021 were organizational activities, those necessary to prepare for the IPO, and identifying a target company for a Business Combination and the completion of the Business Combination. We expect to generate non-operating income in the form of interest income on cash and marketable securities held after the IPO.

For the year ended December 31, 2021, and for the period from August 25, 2020 (date of inception) through December 31, 2020, we had net income/(loss) of \$2,946,919 and (\$3,024,804), respectively. We recognized \$6,095,170 and (\$2,070,328) of income/(loss) related to the change in fair value of our warrants liabilities for the calendar year ended December 31, 2021 and for the period from August 25, 2020 (date of inception) through December 31, 2020, respectively.

## Liquidity and Capital Resources

### Overview

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund the construction of new assets, fund working capital and other general business needs. Our primary sources of cash include the issuance of equity and debt securities and operating cash flows. Our long-term liquidity requirements include lease payments under our ground leases with airport authorities, repaying principal and interest on outstanding borrowings, funding our operations and paying accrued expenses. Yellowstone did not have any long-term contractual obligations as of December 31, 2021.

We believe that following the Business Combination, as a publicly traded company, we will have access to multiple sources of capital to fund our long-term liquidity requirements, including the incurrence of additional debt and the issuance of additional equity securities. However, as a new public company, we cannot assure you that we will have access to these sources of capital or that, even if such sources of capital are available, that these sources of capital will be available on favorable terms. Our ability to incur additional debt will depend on multiple factors, including our degree of leverage, the value of our unencumbered assets and borrowing restrictions that are or may be imposed by future lenders. Our ability to access the equity and debt capital markets will depend on multiple factors as well, including general market conditions for real estate companies, our degree of leverage, the trading price of our common stock and market perceptions about our company.

### Yellowstone Activity and Business Combination

The registration statement for our IPO was declared effective on October 21, 2020. On October 26, 2020, we consummated our IPO of 12,500,000 Units, at \$10.00 per Unit, generating gross proceeds of \$125.0 million, and incurring offering costs of approximately \$7.3 million (including \$6.9 million in underwriters' fees). The underwriters were granted a 45-day option from the October 21, 2020 IPO to purchase up to 1,875,000 additional Units to cover over-allotments, if any, at \$10.00 per Unit. On December 1, 2020, the underwriters' over-allotment option was exercised resulting in the purchase of an additional 1,098,898 Units.

Simultaneously with the closing of the IPO, we consummated the private placement of 7,500,000 Private Placement Warrants to our sponsor, each exercisable to purchase one share of Class A common stock at \$11.50 per share, at a price of \$1.00 per Private Placement Warrant, generating gross proceeds to us of \$7.5 million. In connection with the partial exercise of the underwriter's over-allotment option, our sponsor purchased an additional 219,779 Private Placement Warrants at a price of \$1.00 per Private Placement Warrant, generating additional gross proceeds of \$219,779.

Upon the closing of the IPO, \$127,500,000 (\$10.20 per Unit) of the net proceeds of the sale of the Units in the IPO, including proceeds of the sale of the private placement warrants, were placed in a trust account located in the United States at JP Morgan Chase Bank, N.A. with Continental Stock Transfer & Trust Company acting as trustee, and are invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less, or in any open-ended investment company that holds itself out as a money market fund meeting certain conditions of Rule 2a-7 of the Investment Company Act, as determined by us (or our management), until the earlier of: (i) the completion of a Business Combination and (ii) the distribution of the funds in the trust account to our stockholders, as described below. Upon the closing of the underwriter's over-allotment option, an additional \$11,208,760 in proceeds from the exercise of the over-allotment and the sale of the additional private placement warrants were placed in the trust account, resulting in total funds held in the trust account of \$138,716,226, inclusive of earned interest on investments held in the trust account.

On September 27, 2021, the Sponsor agreed to loan the Company an aggregate of up to \$1,000,000 to cover expenses related to the Proposed Business Combination pursuant to a promissory note (the "Note"). This loan bears interest at the Federal Short Term Rate published pursuant to Section 1274(d) of the Internal Revenue Code, compounded annually. The loan is payable on the earlier of the date on which the Company consummates its Business Combination or the date that the Company's winding up is effective. The principal balance, together with all accrued interest thereon, may be prepaid at any time at the election of the Company. As of December 31, 2021, there was \$1,000,000 outstanding under the Note. The Note was fully repaid in connection with the Business Combination.

As of December 31, 2021, we had assets held in the trust account of \$138,760,121 consisting of \$69,378,000 in U.S. treasury securities with a maturity of 185 days or less as well as \$69,382,121 of money market funds. Investment income on the trust account may be used by us to pay taxes. Through December 31, 2021, we did not withdraw any funds from the investment income on the trust account. In addition, \$114,626 of cash was held outside of the trust account and is available for working capital purposes as of December 31, 2021. At the closing of the Business Combination, we received an aggregate of \$46 million of net proceeds to us, consisting primarily of the BOC PIPE, and the amount held in the Yellowstone trust account, net of redemptions and transaction costs, including \$4,759,615 paid to the underwriters of the Yellowstone IPO as a deferred underwriting commission. Following the Business Combination, we had cash and cash equivalents of approximately \$53.2 million and restricted cash and cash equivalents of approximately \$197.1 million.

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For the year ended December 31, 2021, and for the period from August 25, 2020 (date of inception) through December 31, 2020, cash used in operating activities was \$1,965,292 and \$708,213, respectively, consisting of formation and operating costs.

**Private Activity Bonds**

On September 14, 2021, a subsidiary of Sky completed an issuance through the Public Finance Authority (Wisconsin) of \$166,340,000 of Senior Special Facility Revenue Bonds (Aviation Facilities Project), Series 2021 (the “PABs”). The PABs are comprised of three maturities: \$21,085,000 bearing interest at 4.00%, due July 1, 2036; \$30,435,000 bearing interest at 4.00%, due July 1, 2041; and \$114,820,000 bearing interest at 4.25%, due July 1, 2054. The Series 2021 Bond that has a maturity date of July 1, 2036 was issued at a premium, and Sky received bond proceeds that were \$249,436 above its face value. The net proceeds from the issuance of the PABs proceeds are being used to (a) finance or refinance the construction of various aviation facilities consisting of general aviation aircraft hangars and storage facilities located and to be located on the SGR site, the OPF site, the BNA site, the APA site, and the DVT site; (b) fund debt service and other operating expenses such as ground lease expense during the initial construction period; (c) fund deposits to the Debt Service Reserve Fund; and (d) pay certain costs of issuance related to the PABs.

**Debt Covenants**

The PABs contain financial and non-financial covenants, including a debt service coverage ratio, a restricted payments test and limitations on the sale, lease, or distribution of assets. To the extent that SHC does not comply with these covenants, an event of default or cross-default may occur under one or more agreements, and we or our subsidiaries may be restricted in our ability to pay dividends, issue new debt or access our leased facilities. The PABs are collateralized on a joint and several basis with the property and revenues of all SHC subsidiaries and their assets financed or to be financed from the proceeds of the PABs.

Covenants in the PABs require SHC to maintain a debt service coverage ratio (as defined in the relevant documents) of at least 1.25 for each applicable test period, commencing with the quarter ending December 31, 2024. The PABs are subject to a Continuing Disclosure Agreement whereby SHC is obligated to provide electronic copies of (i) monthly construction reports, (ii) quarterly reports containing quarterly financial information of SHC and (iii) annual reports containing audited consolidated financial statements of SHC to the Municipal Securities Rulemaking Board.

**Lease Commitments**

The table below sets forth certain information with respect to Sky’s future minimum lease payments required under operating leases as of December 31, 2021 (all of which were assumed by us in connection with the Business Combination):

	<b>Amount Due</b>
2022	\$ 2,031,193
2023	2,389,784
2024	2,427,720
2025	2,462,337
2026	2,521,865
Thereafter	216,532,960
Total lease payments	228,365,859
Less imputed interest	(167,076,824)
Total	<u>\$ 61,289,035</u>

**Contractual Obligations**

The following table sets forth the contractual obligations of Sky as of December 31, 2021 (dollars in thousands):

	<b>Less than 1 Year</b>	<b>More than 1 year and less than 3</b>	<b>More than 3 years and less than 5</b>	<b>More than 5 Years</b>	<b>Total</b>
Principal Payments of Long-Term Indebtedness	\$ 0	0	0	166,340	166,340
Interest Payments on Long-Term Indebtedness	\$ 5,533	13,881	13,881	132,950	166,245
Lease Commitments	\$ 2,031	4,818	4,984	216,533	228,366
Total	<u>\$ 7,564</u>	<u>18,699</u>	<u>18,865</u>	<u>515,823</u>	<u>560,951</u>

Interest payments due on the Series 2021 PABs is held in reserve as restricted cash for the first three years.

### **Critical Accounting Policies**

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following as our critical accounting policies:

#### *Net Loss Per Common Share*

Net (loss) income per share of common stock is computed by dividing net (loss) income by the weighted average number of common shares outstanding during the period. We apply the two-class method in calculating earnings per share. Accretion associated with the redeemable shares of Class A common stock is excluded from earnings per share as the redemption value approximates fair value.

As of December 31, 2021 and December 31, 2020, we had outstanding warrants to purchase up to 14,519,228 shares of Class A common stock. The weighted average of these shares was excluded from the calculation of diluted net (loss) income per share of common stock since the exercise of the warrants is contingent upon the occurrence of future events. As of December 31, 2021, we did not have any dilutive securities or other contracts that could, potentially, be exercised or converted into shares of common stock and then share in our earnings. As a result, diluted net (loss) income per common share is the same as basic net (loss) income per common share for the periods presented.

#### *Redeemable Shares of Class A Common Stock*

All of the 13,598,898 shares of Class A common stock sold as parts of the Units in the Public Offering contain a redemption feature. In accordance with the Accounting Standards Codification 480-10-S99-3A (“ASC 480”), “Classification and Measurement of Redeemable Securities”, redemption provisions not solely within the control of the Company require the security to be classified outside of permanent equity. Ordinary liquidation events, which involve the redemption and liquidation of all of the entity’s equity instruments, are excluded from the provisions of ASC 480. The Company classifies all shares of Class A common stock as redeemable.

#### *Warrants Liability*

We account for the warrants in accordance with the guidance contained in Accounting Standards Codification 815 (“ASC 815”), “Derivatives and Hedging”, under which the warrants do not meet the criteria for equity treatment and must be recorded as derivative liabilities. Accordingly, we classify the warrants as liabilities at their fair value and adjust the warrants to fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until the warrants are exercised, and any change in fair value is recognized in our statement of operations. The fair value of the Private Placement Warrants and the Public Warrants issued in connection with the Public Offering have been measured based on the listed market price of such Warrants.

#### *Recently issued accounting pronouncements not yet adopted*

Management does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company’s financial statements based on current operations of the Company. The impact of any recently issued accounting standards will be re-evaluated on a regular basis or if a Business Combination is completed where the impact could be material.

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The net proceeds of our IPO and the sale of the private placement warrants held in the trust account are invested in U.S. government treasury bills with a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 under the Investment Company Act which invest only in direct U.S. government treasury obligations. Due to the short-term nature of these investments, we believe there will be no associated material exposure to interest rate risk.

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**Report of Independent Registered Public Accounting Firm**

To the Stockholders and Board of Directors  
Sky Harbour Group Corporation:

*Opinion on the Financial Statements*

We have audited the accompanying balance sheets of Sky Harbour Group Corporation (formerly Yellowstone Acquisition Company) (the Company) as of December 31, 2021 and 2020, the related statements of operations, changes in stockholders' equity, and cash flows for the year ended December 31, 2021 and for the period from August 25, 2020 (inception) to December 31, 2020, and the related notes (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the year ended December 31, 2021 and for the period August 25, 2020 (inception) to December 31, 2020, in conformity with U.S. generally accepted accounting principles.

*Basis for Opinion*

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2020.

/s/ KPMG

Omaha, Nebraska

March 28, 2022

**SKY HARBOUR GROUP CORPORATION (f/k/a YELLOWSTONE ACQUISITION COMPANY)**  
**BALANCE SHEETS**

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets:</b>		
Current assets:		
Cash	\$ 114,626	\$ 1,122,194
Assets held in Trust	138,760,121	138,716,226
Prepaid expenses	239,660	403,186
<b>Total Assets</b>	<b>139,114,407</b>	<b>140,241,606</b>
<b>Liabilities and Stockholders' Equity:</b>		
Current liabilities:		
Accounts payable and accrued expenses	1,174,980	153,928
Note payable to Sponsor	1,000,000	-
Deferred underwriting fee payable	4,759,615	4,759,615
Total current liabilities	6,934,595	4,913,543
Warrants liability	11,908,671	18,003,841
<b>Total Liabilities</b>	<b>18,843,266</b>	<b>22,917,384</b>
<b>Commitments and Contingencies:</b>		
Class A common stock, \$0.0001 par value; 13,598,898 shares subject to possible redemption at \$10.20 per share	138,708,760	138,708,760
<b>Stockholders' Equity:</b>		
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized; none issued and outstanding	-	-
Class A common stock, \$0.0001 par value; 200,000,000 shares authorized	-	-
Class B common stock, \$0.0001 par value; 20,000,000 shares authorized; 3,399,724 shares issued and outstanding	340	340
Additional paid-in capital	-	-
Accumulated deficit	(18,437,959)	(21,384,878)
<b>Total Stockholders' Equity</b>	<b>(18,437,619)</b>	<b>(21,384,538)</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 139,114,407</b>	<b>\$ 140,241,606</b>

See accompanying notes to financial statements.

**SKY HARBOUR GROUP CORPORATION (f/k/a YELLOWSTONE ACQUISITION COMPANY)**  
**STATEMENTS OF OPERATIONS**

## STATEMENT OF OPERATIONS

	<b>For the Year Ended December 31, 2021</b>	<b>For the period from August 25, 2020 (inception) through December 31, 2020</b>
Professional fees and other expenses	\$ (2,345,854)	\$ (656,563)
State franchise taxes, other than income tax	(200,000)	(70,542)
General and administrative costs	(639,439)	(241,749)
Change in fair value of warrant liability	6,095,170	(2,070,328)
<b>Net income (loss) income from operations</b>	<u>2,909,877</u>	<u>(3,039,182)</u>
Other income - interest and dividend income	35,423	-
Gain on disposition of investments	-	12,297
Unrealized gain on marketable securities held in Trust	1,619	2,081
Income (loss) before income taxes	2,946,919	(3,024,804)
Income tax (provision) benefit	-	-
Net income (loss) attributable to common shares	<u>\$ 2,946,919</u>	<u>\$ (3,024,804)</u>
Net income (loss) per common share:		
Class A common stock - basic and diluted	<u>\$ 0.17</u>	<u>\$ (0.27)</u>
Class B common stock - basic and diluted	<u>\$ 0.17</u>	<u>\$ (0.27)</u>

See accompanying notes to financial statements.



**SKY HARBOUR GROUP CORPORATION (f/k/a YELLOWSTONE ACQUISITION COMPANY)**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**For the Period from August 25, 2020 (inception) to December 31, 2021**

	Common Stock				Additional Paid-In Capital	Accumulated Deficit	Total Stockholder's Equity
	Class A		Class B				
	Shares	Amount	Shares	Amount			
<b>Balance – August 25, 2020 (inception)</b>	-	\$ -	-	\$ -	-	\$ -	-
Issuance of Class B common stock to Sponsor	-	-	3,593,750	359	24,641	-	25,000
Sale of units in initial public offering, gross	-	-	-	-	135,988,980	-	135,988,980
Offering costs	-	-	-	-	(7,451,220)	-	(7,451,220)
Over-allotment reduction of Class B common stock	-	-	(194,026)	(19)	19	-	-
Sale of private placement warrants to Sponsor	-	-	-	-	7,719,779	-	7,719,779
Reclassification of warrants to liabilities	-	-	-	-	(15,933,513)	-	(15,933,513)
Common stock subject to possible redemption	-	-	-	-	(120,348,686)	(18,360,074)	(138,708,760)
Net loss	-	-	-	-	-	(3,024,804)	(3,024,804)
<b>Balance – December 31, 2020</b>	-	\$ -	3,399,724	\$ 340	\$ -	\$ (21,384,878)	\$ (21,384,538)
Net income	-	-	-	-	-	2,946,919	2,946,919
<b>Balance – December 31, 2021</b>	-	\$ -	3,399,724	\$ 340	\$ -	\$ (18,437,959)	\$ (18,437,619)

See accompanying notes to financial statements.

**SKY HARBOUR GROUP CORPORATION (f/k/a YELLOWSTONE ACQUISITION COMPANY)**  
**STATEMENTS OF CASH FLOWS**

	<b>For the Year Ended December 31, 2021</b>	<b>For the period from August 25, 2020 (inception) through December 31, 2020</b>
<b>Cash Flows from Operating Activities:</b>		
Net Income (Loss)	\$ 2,946,919	\$ (3,024,804)
<b>Adjustments to reconcile net income (loss) to net cash used in operating activities:</b>		
Unrealized gain on marketable securities held in Trust	(1,619)	(2,081)
Gain on disposition of investments	-	(12,297)
Issuance costs related to warrant liability	-	509,899
Change in fair value of warrant liability	(6,095,170)	2,070,328
Changes in operating assets and liabilities:		
Prepaid expenses	163,526	(403,186)
Accounts payable and accrued expenses	1,021,052	153,928
<b>Net cash used in operating activities</b>	<b>(1,965,292)</b>	<b>(708,213)</b>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sales of investments	1,179,227,029	266,000,000
Purchase of investments	(1,179,269,305)	(404,701,848)
<b>Net cash used in investing activities</b>	<b>(42,276)</b>	<b>(138,701,848)</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from issuance of Class A common stock, gross	-	135,988,980
Proceeds from issuance of Class B common stock to Sponsor	-	25,000
Proceeds from issuance of Private Placement Warrants	-	7,719,779
Proceeds from note payable to Sponsor	1,000,000	-
Offering costs	-	(3,201,504)
<b>Net cash provided by financing activities</b>	<b>1,000,000</b>	<b>140,532,255</b>
<b>Net (decrease) increase in cash</b>	<b>(1,007,568)</b>	<b>1,122,194</b>
<b>Cash – beginning of the period</b>	<b>1,122,194</b>	<b>-</b>
<b>Cash – end of the period</b>	<b>\$ 114,626</b>	<b>\$ 1,122,194</b>
Interest Paid in Cash	\$ -	\$ -
Income Taxes Paid in Cash	\$ -	\$ -

See accompanying notes to financial statements.

**SKY HARBOUR GROUP CORPORATION (f/k/a YELLOWSTONE ACQUISITION COMPANY)**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Organization and Business Operations**

*Organization and General*

Yellowstone Acquisition Company (the “Company”) was incorporated in Delaware on August 25, 2020. The Company was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar Business Combination with one or more businesses (the “Business Combination”). The Company has neither engaged in any operations nor generated any revenue to date. The Company’s management has broad discretion with respect to the Business Combination, but intends to focus its search for a target business in the homebuilding, manufacturing serving the homebuilding market, financial services and commercial real estate industries. The Company’s Sponsor is BOC Yellowstone LLC, a Delaware limited liability company (the “Sponsor”). The Company has selected December 31 as its year-end.

The Company completed its initial public offering (“IPO”) on October 26, 2020 as further described below. The Company will not generate any operating revenues until after the completion of its Business Combination, at the earliest. Subsequent to the IPO, the Company has generated and will continue to generate non-operating income in the form of investment income on cash and cash equivalents from the proceeds derived from the IPO and the sale of the Private Placement Warrants (as defined below) held in the Trust Account (as defined below).

*Sky Harbour Business Combination*

On August 1, 2021, Yellowstone Acquisition Company (the “Company”) and Sky Harbour LLC (“SHG”), a Delaware limited liability company, entered into a definitive equity purchase agreement (the “Equity Purchase Agreement”), which was subsequently announced on August 2, 2021. Immediately thereafter, BOC YAC Funding LLC (“BOC YAC”), a Delaware limited liability company and wholly owned subsidiary of Boston Omaha Corporation (“Boston Omaha”), entered into a Series B Preferred Unit Purchase Agreement (the “Series B Purchase Agreement”) with SHG, which was also subsequently announced.

On August 25, 2021, SHG announced that its subsidiary, Sky Harbour Capital LLC (“SH Capital”), entered into an agreement for \$166 million in financing through the sale of Series 2021 private activity tax-exempt senior bonds through municipal conduit issuer, Public Finance Authority (“PFA”). SH Capital and its subsidiaries Sky Harbour Sugar Land Airport, LLC, Sky Harbour Opa Locka Airport, LLC, Nashville Hangars LLC, APA Hangars LLC, and DVT Hangars LLC constitute an Obligated Group, the property and revenues of which secure the bonds on a joint and several basis. The bond issuance consists of unrated senior fixed rate tax-exempt bonds with three term maturities, in 2036, 2041 and 2054, with principal amortization from 2032 thru 2054 (average life of 24 years). The term bonds were priced to yield 3.80% (2036), 4.00% (2041) and 4.25% (2054). This bond financing was completed on September 14, 2021.

On December 22, 2021, Boston Omaha Corporation, through its subsidiary BOC YAC, LLC, agreed to provide \$45 million of PIPE financing through the purchase of Yellowstone Class A common stock at a price of \$10.00 per share immediately prior to the closing of the business combination. In consideration of the investment, SHG agreed to waive the \$150 million minimum financing condition which required that the Company deliver cash proceeds of at least \$150 million (after payment of certain expenses) to SHG as a condition precedent to consummating the business combination.

The Business Combination with SHG closed on January 25, 2022. The cash proceeds are expected to be used to fund the development of several new hangar campuses.

*Financing*

Upon the closing of the IPO, \$127,500,000 (\$10.20 per Unit) of the net proceeds of the sale of the Units in the IPO, including proceeds of the sale of the Private Placement Warrants, were placed in a trust account (“Trust Account”) located in the United States at JP Morgan Chase Bank, N.A. with Continental Stock Transfer & Trust Company acting as trustee. In connection with the exercise of the underwriters’ overallotment option on December 1, 2020, \$10,988,980 of the net proceeds of the sale of the additional Units sold, inclusive of the proceeds from the sale of the additional Private Placement Warrants to our Sponsor, were placed in the Trust Account. Upon the closing of the Business Combination, the funds remaining in the Trust Account following were distributed to the Company.

*Trust Account*

Prior to the closing of the Business Combination, funds held in the Trust Account were invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less, or in any open-ended investment company that holds itself out as a money market fund meeting certain conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company.

### *Business Combination*

The Company's management had broad discretion with respect to the specific application of the net proceeds of the IPO and the sale of the Private Placement Warrants, although substantially all of the net proceeds were intended to be applied generally toward completing a Business Combination. The Company was required to complete its initial Business Combination with one or more target businesses that together have a fair market value equal to at least 80% of the net assets held in the Trust Account (excluding the amount of any deferred underwriting commissions held in the Trust Account) at the time of the agreement to enter into a Business Combination. The Company would have only completed a Business Combination if the post-Business Combination company owns or acquires 50% or more of the issued and outstanding voting securities of the target or otherwise acquires a controlling interest in the target business sufficient for it not to be required to register as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act").

The Company, after signing a definitive agreement for a business combination, was required to provide its stockholders with the opportunity to redeem all or a portion of their Public Shares upon the completion of a Business Combination either (i) in connection with a stockholder meeting called to approve the Business Combination or (ii) by means of a tender offer. The stockholders were entitled to redeem their shares for a pro rata portion of the amount held in the Trust Account (initially \$10.20 per share), calculated as of two business days prior to the completion of a Business Combination, including any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations. There are no redemption rights upon the completion of a Business Combination with respect to the Company's warrants. The shares of Class A common stock are recorded at redemption value and classified as temporary equity, in accordance with Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity."

On January 25, 2022, the Company held a special meeting of the Company's stockholders (the "Special Meeting"), held in lieu of the 2021 annual meeting of the Company's stockholders, at which stockholders representing a majority of the outstanding shares of common stock approved the SHG business combination. The actual redemptions of common stock by Company stockholders in conjunction with the stockholder vote was 12,061,041 shares.

### *Emerging Growth Company*

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart our Business Startups Act of 2012 (the "JOBS Act"), and it has opted to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has not elected to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, will adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statement with another emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

## **2. Significant Accounting Policies**

### *Basis of Presentation*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the accounting and disclosure rules and regulations of the Securities and Exchange Commission.

### *Net Loss Per Common Share*

Net (loss) income per share of common stock is computed by dividing net (loss) income by the weighted average number of common shares outstanding during the period. We apply the two-class method in calculating earnings per share. Accretion associated with the redeemable shares of Class A common stock is excluded from earnings per share as the redemption value approximates fair value.

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As of December 31, 2021 and December 31, 2020, we had outstanding warrants to purchase up to 14,519,228 shares of Class A common stock. The weighted average of these shares was excluded from the calculation of diluted net (loss) income per share of common stock since the exercise of the warrants is contingent upon the occurrence of future events. As of December 31, 2021, we did not have any dilutive securities or other contracts that could, potentially, be exercised or converted into shares of common stock and then share in our earnings. As a result, diluted net (loss) income per common share is the same as basic net (loss) income per common share for the periods presented.

*Reconciliation of Net Earnings (Loss) per common share*

Basic and diluted loss per common share is calculated as follows:

	For the Year Ended December 31, 2021		For the Period from August 25, 2020 (inception) through December 31, 2020	
	Class A	Class B	Class A	Class B
Basic and diluted net income (loss) per share				
Numerator:				
Allocation of net income (loss)	\$ 2,357,536	\$ 589,383	\$ (1,868,311)	\$ (1,156,493)
Denominator:				
Weighted-average shares outstanding	13,598,898	3,399,724	6,975,341	4,317,769
Basic and diluted net income (loss) per share	\$ 0.17	\$ 0.17	\$ (0.27)	\$ (0.27)

*Cash and Cash Equivalents*

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

*Concentration of Credit Risk*

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash accounts in a financial institution, which, at times, may exceed the Federal Depository Insurance Coverage of \$250,000. At December 31, 2021, the Company has not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts.

*Financial Instruments*

The fair value of the Company's assets and liabilities, which qualify as financial instruments under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, "Fair Value Measurements and Disclosures," approximates the carrying amounts presented in the balance sheet.

*Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Warrants Liability*

We account for the warrants in accordance with the guidance contained in Accounting Standards Codification 815 ("ASC 815"), "Derivatives and Hedging", under which the warrants do not meet the criteria for equity treatment and must be recorded as derivative liabilities. Accordingly, we classify the warrants as liabilities at their fair value and adjust the warrants to fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until the warrants are exercised, and any change in fair value is recognized in our statement of operations. The fair value of the Private Placement Warrants and the Public Warrants issued in connection with the Public Offering have been measured based on the listed market price of such Warrants.

### *Income Taxes*

The Company follows the asset and liability method of accounting for income taxes under ASC 740, “Income Taxes.” Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

For those liabilities or benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to uncertain tax positions as income tax expense. At December 31, 2021, management has not identified any uncertain tax positions that are not more likely than not to be sustained.

The Company may be subject to potential examination by U.S. federal, states or foreign jurisdiction authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income amounts in various tax jurisdictions and compliance with U.S. federal, states or foreign tax laws.

The Company is incorporated in the State of Delaware and is required to pay franchise taxes to the State of Delaware on an annual basis.

### *Redeemable Shares of Class A Common Stock*

All of the 13,598,898 shares of Class A common stock sold as parts of the Units in the Public Offering contain a redemption feature. In accordance with the Accounting Standards Codification 480-10-S99-3A (“ASC 480”), “Classification and Measurement of Redeemable Securities”, redemption provisions not solely within the control of the Company require the security to be classified outside of permanent equity. Ordinary liquidation events, which involve the redemption and liquidation of all of the entity’s equity instruments, are excluded from the provisions of ASC 480. The Company classifies all shares of Class A common stock as redeemable.

### *Recently issued accounting pronouncements not yet adopted*

Management does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company’s financial statements based on current operations of the Company. The impact of any recently issued accounting standards will be re-evaluated on a regular basis or if a Business Combination is completed where the impact could be material.

## **3. Initial Public Offering**

### *Public Units*

On October 26, 2020, the Company consummated its IPO of 12,500,000 units at \$10.00 per Unit, generating gross proceeds of \$125,000,000. Each unit issued in the offering consisted of one share of Yellowstone’s Class A common stock and one-half of one warrant, each whole warrant entitling the holder thereof to purchase one share of Class A common stock at an exercise price of \$11.50 per share, subject to adjustment (see Note 6). The underwriters were granted a 45-day option from the date of the final prospectus to the Initial Public Offering to purchase up to 1,875,000 additional Units to cover over-allotments, if any, at \$10.00 per Unit. On December 1, 2020, the underwriters’ over-allotment option was exercised resulting in the purchase of an additional 1,098,898 Units.

## **4. Related Party Transactions**

### *Founder Shares*

On August 31, 2020, the Sponsor purchased 5,750,000 shares (the “Founder Shares”) of the Company’s Class B common stock, par value \$0.0001 per share (the “Class B common stock”), for an aggregate price of \$25,000. Between October 9, 2020, and December 31, 2020, the Sponsor surrendered 2,350,276 Founder Shares to the Company for no consideration, resulting in an aggregate of 3,399,724 Founder Shares outstanding as of December 31, 2021 and December 31, 2020. The Founder Shares will automatically convert into Class A common stock on a one-for-one basis at the time of the Company’s initial Business Combination and are subject to certain transfer restrictions.

The sale of the Founders Shares is in the scope of ASC Topic 718, “Compensation-Stock Compensation.” Under ASC Topic 718, stock-based compensation associated with equity-classified awards is measured at fair value upon the grant date. The Founders Shares were granted subject to a performance condition (i.e., the occurrence of a Business Combination). Compensation expense related to the Founders Shares is recognized only when the performance condition is probable of occurrence. Stock-based compensation would be recognized at the consummation of a Business Combination in an amount equal to the number of Founders Shares that ultimately vest multiplied times the grant date fair value per share (unless subsequently modified) less the amount initially received for the purchase of the Founders Shares.

[Table of Contents](#)*Private Placement Warrants*

The Sponsor purchased an aggregate of 7,500,000 Private Placement Warrants at a price of \$1.00 per Private Placement Warrant from the Company in a private placement that closed simultaneously with the closing of the IPO. In connection with the underwriter's exercise of the over-allotment option on December 1, 2020, the Sponsor purchased an additional 219,779 private placement warrants at a price of \$1.00 per whole warrant. Each Private Placement Warrant is exercisable for one share of Class A common stock at a price of \$11.50 per share, subject to adjustment (see Note 6). Of the total \$7,500,000 in initial proceeds from the sale of the Private Placement Warrants, \$5,000,000 was added to the net proceeds from the IPO held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the proceeds from the sale of the Private Placement Warrants held in the Trust Account will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law) and the Private Placement Warrants will expire worthless.

*Related Party Reimbursement and Loans*

In addition, in order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors may, but are not obligated to, loan the Company funds as may be required ("Working Capital Loans"). Any Working Capital Loans made by the Sponsor may be converted into warrants, at the price of \$1.50 per warrant at the option of the lender. Such warrants would be identical to the Private Placement Warrants, including as to exercise price, exercisability and exercise period. If the Company completes a Business Combination, the Company would repay the Working Capital Loans out of the proceeds held in the Trust Account released to the Company. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. In the event that a Business Combination is not completed, the Company may use a portion of the proceeds held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans.

On September 27, 2021, the Sponsor agreed to loan the Company an aggregate of up to \$1,000,000 to cover expenses related to the Proposed Business Combination pursuant to a promissory note (the "Note"). This loan bears interest at the Federal Short Term Rate published pursuant to Section 1274(d) of the Internal Revenue Code, compounded annually. The loan is payable on the earlier of the date on which the Company consummates its Business Combination or the date that the Company's winding up is effective. The principal balance, together with all accrued interest thereon, may be prepaid at any time at the election of the Company.

As of December 31, 2021, there was \$1,000,000 outstanding under the Note. The Sponsor may elect to convert all or any portion of the unpaid principal balance of the Note, together with all accrued and unpaid interest thereon, into that number of warrants, each whole warrant exercisable for one ordinary share of the Company (the "Conversion Warrants"), equal to: (x) the portion of the principal amount of the Note, together with all accrued and unpaid interest thereon, being converted, divided by (y) \$1.50, rounded up to the nearest whole number of warrants.

**5. Income Taxes***Effective Tax Rate Reconciliation*

We are subject to taxation in all jurisdictions in which we operate that impose an income tax on our business activities. The components of the income tax expense for the years ended December 31, and the tax effects of temporary differences that give rise to deferred taxes at December 31, are as follows:

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Income tax expense (benefit):</b>		
Deferred federal income tax expense (benefit)	(767,176)	(93,745)
Deferred state income tax expense (benefit)	(225,399)	(32,634)
<b>Total Income Tax Benefit Before Valuation Allowance</b>	<b>(992,575)</b>	<b>(126,379)</b>
Valuation allowance	992,575	126,379
<b>Total Income Tax Expense (Benefit)</b>	<b>\$ -</b>	<b>\$ -</b>

A reconciliation of the statutory federal income tax expense to the income tax expense (benefit) from continuing operations provided at December 31, 2021 and December 31, 2020 is as follows:

	<b>For the Year Ended December 31, 2021</b>	<b>For the Period from August 25, 2020 (inception) through December 31, 2020</b>
Income tax expense (benefit) at the federal statutory rate	\$ 618,853	\$ (93,745)
State income taxes (benefit) - net of federal income tax benefits	182,709	(32,634)
Unrealized gain on warrants	(1,657,887)	-
Unrealized gain on securities	(440)	-
Other, net	(9,431)	-
Change in valuation allowance	866,196	126,379

Total income tax expense (benefit)

\$ - \$ -



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Components of the Company's deferred tax assets at December 31, 2021 and December 31, 2020 are as follows:

Net operating loss carryforwards	\$	455,199	\$	126,379
Start-up costs		537,376		-
Valuation allowance		(992,575)		(126,379)
Total deferred tax asset	\$	-	\$	-

The realization of deferred tax assets, including net operating loss carryforwards, is dependent on the generation of future taxable income sufficient to realize the tax deductions, carryforwards, and credits. Valuation allowances on deferred tax assets are recognized if it is determined that it is more likely than not that the asset will not be realized. For the years ended December 31, 2021 and 2020, we recorded a full valuation allowance due to historical losses before income taxes which reduced management's ability to rely on future expectations of income.

As of December 31, 2021, we have available federal tax operating loss carry forwards of approximately \$1.7 million, which arose in tax years 2021 and 2020. Tax operating loss carryovers arising in years after 2017 may be carried forward indefinitely but are only available to offset 80% of future taxable income. We have available state tax operating loss carryforwards of approximately \$1.7 million, which are available to reduce future state taxable income and would begin to expire in tax year 2040 in various amounts.

#### *Uncertain Tax Positions*

We believe that there are no tax positions taken or expected to be taken that would significantly increase or decrease unrecognized tax benefits within 12 months of the reporting date.

The federal and state statutes of limitation for assessment of tax liability generally lapse within three years after the date the tax returns are filed. However, income tax attributes that are carried forward, such as net operating loss carryforwards, may be challenged and adjusted by taxing authorities at any time prior to the expiration of the statute of limitations for the tax year in which they are utilized. As of December 31, 2021, we do not have any open exams; however, all tax years are subject to examination by the Internal Revenue Service.

## 6. Stockholders' Equity

### *Common Stock*

**Class A common stock** — The Company is authorized to issue 200,000,000 shares of Class A common stock with a par value of \$0.0001 per share. As of December 31, 2021, there were 13,598,898 shares of Class A common stock issued and outstanding, all of which is subject to possible redemption.

**Class B common stock** — The Company is authorized to issue 20,000,000 shares of Class B common stock with a par value of \$0.0001 per share. As of December 31, 2021, there were 3,399,724 shares of Class B common stock outstanding.

Common stockholders of record are entitled to one vote for each share held on all matters to be voted on by stockholders. Holders of the Class A common stock and holders of the Class B common stock will vote together as a single class on all matters submitted to a vote of the Company's stockholders, except as required by law.

The shares of Class B common stock are identical to the shares of Class A common stock included in the units sold in the offering, and holders of Class B common stock have the same stockholder rights as public stockholders, except that (i) the shares of Class B common stock are subject to certain transfer restrictions, as described in more detail below, (ii) the Sponsor, officers and directors have entered into a letter agreement with the Company, pursuant to which they have agreed (A) to waive their redemption rights with respect to any Class B common stock and any public shares held by them in connection with the completion of the Business Combination and (B) to waive their rights to liquidating distributions from the Trust Account with respect to any Class B common stock held by them if the Company fails to complete the Business Combination within the prescribed time period, although they will be entitled to liquidating distributions from the Trust Account with respect to any public shares they hold if the Company fails to complete the Business Combination within such time period, (iii) the Class B common stock are shares that will automatically convert into shares of the Class A common stock at the time of the initial Business Combination, on a one-for-one basis, subject to adjustment pursuant to certain anti-dilution rights and (iv) are subject to registration rights. If the Company submits the Business Combination to the public stockholders for a vote, the Sponsor has agreed to vote any Class B common stock held by it and any public shares purchased during or after the offering in favor of the initial Business Combination.

With certain limited exceptions, the shares of Class B common stock are not transferable, assignable or saleable (except to the officers and directors and other persons or entities affiliated with the Sponsor and other permitted transferees, each of whom will be subject to the same transfer restrictions) until the earlier of (A) one year after the completion of the initial Business Combination or (B) subsequent to the initial Business Combination, (x) if the last sale price of the Class A common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after the initial Business Combination, or (y) the date on which the Company completes a liquidation, merger, capital stock exchange, reorganization or other similar transaction that results in all of the stockholders having the right to exchange their shares of common stock for cash, securities or other property.

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On November 16, 2020, BOC Yellowstone LLC transferred to BOC Yellowstone II LLC 206,250 shares of Class B common stock for no consideration. All other shares of Class B common stock are owned by BOC Yellowstone LLC. BOC Yellowstone LLC sold to the lead investor in the Company's IPO a membership interest in BOC Yellowstone II LLC for a purchase price of \$309,375. Upon the completion of any Business Combination, BOC Yellowstone LLC has agreed to transfer the 206,250 shares of Class B common stock to this investor. Any Class B common stock ultimately distributed to the investor is subject to all restrictions imposed on the Sponsor, including but not limited to, waiver of redemption rights in connection with completion of any initial Business Combination and rights to liquidating distributions from the trust account if the Company fails to complete the initial Business Combination. Any shares held by such investor will be subject to the anti-dilution provisions for the Class B common stock and the impact thereof. BOC Yellowstone LLC is the sole managing member of BOC Yellowstone II LLC.

### *Preferred Stock*

The Company is authorized to issue 1,000,000 shares of preferred stock, with such designations, voting and other rights and preferences as may be determined from time to time by the Company's board of directors. As of December 31, 2021, there were no shares of preferred stock issued or outstanding.

## **7. Commitments**

### *Registration Rights*

The holders of the Founder Shares, Private Placement Warrants, Conversion Warrants that may be issued upon conversion of the Note, and any additional warrants that may be issued in connection with any further Working Capital Loans (and any shares of Class A common stock issuable upon the exercise of the Private Placement Warrants, the Conversion Warrants that may be issued upon conversion of the Note and any additional warrants that may be issued in connection with any further Working Capital Loans and upon conversion of the Founder Shares) will be entitled to registration rights pursuant to a registration rights agreement. The holders of these securities will be entitled to make up to three demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to the completion of a Business Combination. However, the registration rights agreement provides that the Company will not permit any registration statement filed under the Securities Act to become effective until termination of the applicable lockup period. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

### *Underwriting Agreement*

The underwriters were entitled to a cash underwriting discount of \$0.20 per Unit, or \$2,500,000 in the aggregate, which amount was paid upon the closing of the Initial Public Offering. In addition, the underwriters are entitled to a deferred fee of \$0.35 per Unit, or \$4,759,615 (including over-allotment units) in the aggregate. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

## **8. Fair Value Measurements**

The Company follows the guidance in ASC 820 for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3: Unobservable inputs based on our assessment of the assumptions that market participants would use in pricing the asset or liability.

The Company's assets that are measured at fair value on a recurring basis at December 31, 2021 are comprised of \$69,378,000 of marketable U.S. treasury securities and \$69,382,121 of money market funds, both of which are held in the Trust Account, and \$11,908,671 of Public and Private Placement warrants issued in connection with our Initial Public Offering, all of which are classified as Level 1 within the fair value hierarchy and are measured using quoted prices in active markets for identical assets or liabilities. For the year ended December 31, 2021, the Company recognized a gain in the statement of operations resulting from a decrease in the fair value of the warrant liability of \$6,095,170 presented as change in fair value of warrant liability.

## **9. Subsequent Events**

### *Business Combination with Sky*

As described in Note 1, the Company completed the business combination with Sky on January 25, 2022, following stockholder approval. Prior to the completion of the business combination, the Company entered into subscription agreements with BOC YAC, LLC, a subsidiary of Boston Omaha Corporation, pursuant to which the Company issued 4,500,000 shares of Class A common stock at \$10 per share, for gross proceeds to the Company of \$45,000,000, immediately prior to the completion of the business combination.

Following this transaction, Sky became a consolidated subsidiary of the Company, which was renamed Sky Harbour Group Corporation, shares of which listed for trading on the New York Stock Exchange under the symbol "SKYH" on January 25, 2022. The Company's financial statement presentation to be included in quarterly and annual filings with the SEC on Forms 10-Q and 10-K with respect to periods subsequent to the business combination with Sky will include the consolidated financial statements of Sky and its subsidiaries for periods prior to the completion of the Business Combination and of the Company for periods from and after the Business Combination.

The Company paid the deferred underwriting discount totaling \$4,759,615 or 3.50% of the gross offering proceeds of the Public Offering which was accrued as of December 31, 2021, to the underwriter on January 25, 2022 upon the Company's consummation of the business combination with Sky.

Also in connection with the closing of the business combination on January 25, 2022, the Company repaid the outstanding note payable to Sponsor of \$1,000,000 in full.

### *OPF Lease Transaction*

The Company's ground lease at OPF was entered into in May 2019 through its wholly owned subsidiary, Sky Harbour Opa Locka Airport LLC ("SHOLA"), with AA Acquisitions LLC ("AA"), the master ground lessee of Miami Dade County ("MDC"), the ultimate landowner. On March 2, 2022, the Company, through a wholly-owned subsidiary outside the Obligated Group, entered into an agreement for the Company to purchase AA's underlying ground lease for approximately \$8.5 million and lease the OPF property directly from MDC. The transaction will also require the Company to pay approximately \$1.0 million in transfer fees to MDC and is expected to close in early April 2022. After such closing, SHOLA will continue to be obligated under the existing sublease but to an affiliate within the Company. The transaction would extend the term of the lease at OPF for the Company for an additional 10 years.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES**

Information required by this item is set forth under Item 4.01 of our Current Report on Form 8-K filed with the SEC on January 31, 2022.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Disclosure Controls and Procedures**

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, the Chief Executive Officer and Chief Financial Officer of YAC carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2021. Based upon their evaluation, our former Co-Chief Executive Officers and Chief Financial Officer determined that our disclosure controls and procedures were effective at a reasonable level of assurance as of December 31, 2021..

**Internal Control over Financial Reporting**

**Management's Report on Internal Controls over Financial Reporting**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. In our amended 2020 Annual Report, filed on May 24, 2021, our former management identified a material weakness existing as of December 31, 2020. Our former management, including the Co-Chief Executive Officers and the Chief Financial Officer of Yellowstone Acquisition Company, had concluded, and certified to the Company, that they had remediated the previously disclosed material weakness related to the design and implementation of controls addressing the industry-wide issues and related insufficient risk assessment of the underlying accounting for certain instruments. The remediation efforts involved designing and implementing enhancements to internal control over financial reporting including those related to special purpose acquisition companies and expanding the use of specialist involvement in highly complex and technical areas of accounting, including transactions related to special purpose acquisition companies. Our former management performed testing to verify the effective design and successful operating effectiveness of the new or enhanced controls, based upon criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). As a result, our former management determined that our internal controls over financial reporting were effective as of December 31, 2021.

**Changes in Internal Control over Financial Reporting**

Except with respect to the remediated material weakness described above, there have not been any changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the fiscal quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

None.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not Applicable.

**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The required information is incorporated by reference from our Proxy Statement to be filed with respect to our 2022 Annual Meeting of Stockholders.

**ITEM 11. EXECUTIVE COMPENSATION**

The required information is incorporated by reference from our Proxy Statement to be filed with respect to our 2022 Annual Meeting of Stockholders.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.**

The required information is incorporated by reference from our Proxy Statement to be filed with respect to our 2022 Annual Meeting of Stockholders.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The required information is incorporated by reference from our Proxy Statement to be filed with respect to our 2022 Annual Meeting of Stockholders.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The required information is incorporated by reference from our Proxy Statement to be filed with respect to our 2022 Annual Meeting of Stockholders.

## PART IV

## ITEM 15. EXHIBITS, AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report on Form 10-K:

Financial Statements: The financial statements listed in “Index to the Financial Statements” at “Item 8. Financial Statements and Supplementary Data” are filed as part of this Annual Report on Form 10-K. Financial statement schedules have been omitted since they are either not required, not applicable, or the information is otherwise included.

(b) Exhibits: The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Annual Report on Form 10-K.

Exhibit Number	Description	Schedule/ Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
2.1 (+)	<a href="#">Equity Purchase Agreement, dated as of August 1, 2021, by and among Yellowstone Acquisition Company and Sky Harbour LLC.</a>	8-K	001-39648	2.1	August 3, 2021
3.1	<a href="#">Second Amended and Restated Certificate of Incorporation of Yellowstone Acquisition Company.</a>	8-K	001-39648	3.1	January 31, 2022
3.2	<a href="#">Bylaws of Sky Harbour Group Corporation.</a>	8-K	001-39648	3.2	January 31, 2022
4.1	<a href="#">Specimen Class A Common Stock Certificate.</a>	S-1	333-249035	4.2	September 25, 2020
4.2	<a href="#">Specimen Warrant Certificate.</a>	S-1	333-249035	4.3	September 25, 2020
4.3	<a href="#">Warrant Agreement, dated October 21, 2020, between Yellowstone Acquisition Company and Continental Stock Transfer &amp; Trust Company, as warrant agent.</a>	8-K	001-39648	4.1	October 26, 2020
4.4 (#)	<a href="#">Description of Securities.</a>				
10.1 (+)	<a href="#">Stockholders' Agreement, dated as of January 25, 2022, by and among Sky Harbour Group Corporation, Tal Keinan, Due West Partners LLC, Center Sky Harbour LLC, BOC Yellowstone I LLC, and BOC Yellowstone II LLC.</a>	8-K	001-39648	10.1	January 31, 2022
10.2 (+)	<a href="#">Registration Rights Agreement, dated as of September 14, 2021 by and among Sky Harbour LLC, the Existing Sky Equityholders, BOC YAC, the Sponsor and the BOC PIPE investors.</a>	8-K	001-39648	10.2	January 31, 2022
10.3 (#)	<a href="#">Amendment No. 1 to the Registration Rights Agreement, dated as of February 28, 2022 by and among Sky Harbour LLC, the Existing Sky Equityholders, BOC YAC, the Sponsor and the BOC PIPE investors.</a>				
10.4 (+)	<a href="#">Tax Receivable Agreement, dated as of January 25, 2022, by and among Sky Harbour Group Corporation, the Existing Sky Equityholders and the TRA Holder Representative.</a>	8-K	001-39648	10.3	January 31, 2022
10.5 (+)	<a href="#">Third Amended and Restated Operating Agreement of Sky Harbour LLC.</a>	8-K	001-39648	10.4	January 31, 2022
10.6 (*)	<a href="#">Sky Harbour Group Corporation 2022 Incentive Award Plan.</a>	8-K	001-39648	10.5	January 31, 2022
10.7 (*)	<a href="#">Sky Harbour Group Corporation 2022 Incentive Award Plan – Form of Restricted Stock Unit Agreement.</a>	8-K	001-39648	10.6	January 31, 2022
10.8 (*)	<a href="#">Form of Director and Officer Indemnification Agreement.</a>	8-K	001-39648	10.7	January 31, 2022
10.9 (*)	<a href="#">Employment Agreement with Francisco Gonzalez.</a>	8-K	001-39648	10.8	January 31, 2022



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10.10 (*)	<a href="#"><u>Employment Agreement with Alex Saltzman.</u></a>	8-K	001-39648	10.9	January 31, 2022
10.11	<a href="#"><u>Trust Indenture between the Public Finance Authority and The Bank of New York Mellon.</u></a>	8-K	001-39648	10.10	January 31, 2022
10.12	<a href="#"><u>Specimen Series 2021 Bonds (included as part of Exhibit 10.11).</u></a>	8-K	001-39648	10.11	January 31, 2022
10.13	<a href="#"><u>Loan Agreement by and between the Public Finance Authority, Sky Harbour Sugar Land Airport, LLC, Sky Harbour Opa Locka Airport, LLC, Nashville Hangars LLC, APA Hangars LLC and DVT Hangars LLC.</u></a>	8-K	001-39648	10.12	January 31, 2022
10.14	<a href="#"><u>Ground Sublease between Sunborne XVI, LTD. and APA Hangars LLC.</u></a>	8-K	001-39648	10.13	January 31, 2022
10.15 (+)	<a href="#"><u>Unsubordinated Ground Lease and Option to Lease Additional Land between City of Phoenix and DVT Hangars LLC.</u></a>	8-K	001-39648	10.14	January 31, 2022
10.16	<a href="#"><u>Lease Agreement by and between The Metropolitan Nashville Airport Authority and Sky Harbour, LLC.</u></a>	8-K	001-39648	10.15	January 31, 2022
10.17 (+)	<a href="#"><u>First Amendment to the Lease Agreement by and between The Metropolitan Nashville Airport Authority and Nashville Hangars LLC.</u></a>	8-K	001-39648	10.16	January 31, 2022
10.18 (+)	<a href="#"><u>Sublease Agreement by and between AA Acquisitions, LLC and Sky Harbour Opa Locka Airport, LLC.</u></a>	8-K	001-39648	10.17	January 31, 2022
10.19 (+)	<a href="#"><u>First Amendment to Sublease Agreement between AA Acquisitions, LLC and Sky Harbour Opa Locka Airport, LLC.</u></a>	8-K	001-39648	10.18	January 31, 2022
10.20	<a href="#"><u>Amended and Restated Standard Form Airport Corporate Hangar Land Lease between the City of Sugar Land and Sky Harbour Sugar Land Airport, LLC.</u></a>	8-K	001-39648	10.19	January 31, 2022
10.21	<a href="#"><u>Amendment No. 2 to the Standard Form Airport Corporate Hangar Land Lease between the City of Sugar Land and Sky Harbour Sugar Land Airport, LLC.</u></a>	8-K	001-39648	10.20	January 31, 2022
10.22	<a href="#"><u>BOC YAC PIPE Subscription Agreement dated December 22, 2021.</u></a>	8-K	001-39648	10.1	December 23, 2021
10.23	<a href="#"><u>Letter Agreement dated December 22, 2021.</u></a>	8-K	001-39648	10.2	December 23, 2021
10.24	<a href="#"><u>Forward Purchase Agreement dated January 17, 2022.</u></a>	8-K	001-39648	10.1	January 18, 2022
10.25 (#)	<a href="#"><u>Purchase and Sale Agreement by and between AA Acquisitions, LLC and OPF Hangars Landlord LLC.</u></a>				
16.1	<a href="#"><u>Letter from KPMG LLP to the SEC, dated January 31, 2022.</u></a>	8-K	001-39648	16.1	January 31, 2022
21.1 (#)	<a href="#"><u>List of Subsidiaries.</u></a>				
31.1 (#)	<a href="#"><u>Certification of the Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).</u></a>				
31.2 (#)	<a href="#"><u>Certification of the Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).</u></a>				



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32.1 (#)(##) [Certification of the Chief Executive Officer required by Rule 13a-14\(b\) or Rule 15d-14\(b\) and 18 U.S.C. 1350.](#)

32.2 (#)(##) [Certification of the Chief Financial Officer required by Rule 13a-14\(b\) or Rule 15d-14\(b\) and 18 U.S.C. 1350.](#)

101 (#) Inline XBRL (Extensible Business Reporting Language). The following materials from this Annual Report on Form 10-K for the period ended December 31, 2021, formatted in Inline XBRL: (i) consolidated balance sheets of Sky Harbour Group Corporation, (ii) consolidated statements of operations of Sky Harbour Group Corporation, (iii) consolidated statements of comprehensive income/(loss) of Sky Harbour Group Corporation, (iv) consolidated statements of changes in equity of Sky Harbour Group Corporation, (v) consolidated statements of cash flows of Sky Harbour Group Corporation, and (vi) notes to consolidated financial statements of Sky Harbour Group Corporation. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.

104 (#) Cover Page Interactive Data File (embedded within the Inline XBRL and contained in Exhibit 101)

(\*) Indicates a management contract or compensatory plan

(#) Filed herewith.

(##) The certifications attached as Exhibits 32.1, 32.2, and 32.3 that accompany this Report, are not deemed filed with the SEC and are not to be incorporated by reference into any filing of Yellowstone Acquisition Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Report irrespective of any general incorporation language contained in such filing.

(+) Certain schedules and exhibits to this Exhibit have been omitted pursuant to Item 601(a)(5) or Item 601(b)(10)(iv), as applicable, of Regulation S-K. The Registrant agrees to furnish supplemental copies of all omitted exhibits and schedules to the Securities and Exchange Commission upon its request.

**ITEM 16. FORM 10-K SUMMARY**

None.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SKY HARBOUR GROUP CORPORATION  
(Registrant)

By: /s/ Tal Keinan  
Tal Keinan  
Chief Executive (Principal Executive Officer)

March 28, 2022

By: /s/ Francisco Gonzalez  
Francisco Gonzalez  
Chief Financial Officer (Principal Financial Officer)

March 28, 2022

By: /s/ Michael W. Schmitt  
Michael W. Schmitt  
Chief Accounting Officer  
(Principal Accounting Officer)

March 28, 2022

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Name	Title	Date
<u>/s/ Tal Keinan</u> Tal Keinan	Chief Executive Officer, Chairman of the Board of Directors (Principal Executive Officer)	March 28, 2022
<u>/s/ Francisco Gonzalez</u> Francisco Gonzalez	Chief Financial Officer (Principal Financial Officer)	March 28, 2022
<u>/s/ Michael W. Schmitt</u> Michael W. Schmitt	Chief Accounting Officer (Principal Accounting Officer)	March 28, 2022
<u>/s/ Walter Jackson</u> Walter Jackson	Director	March 28, 2022
<u>/s/ Lysa Leiponis</u> Lysa Leiponis	Director	March 28, 2022
<u>/s/ Alethia Nancoo</u> Alethia Nancoo	Director	March 28, 2022
<u>/s/ Robert S. Rivkin</u> Robert S. Rivkin	Director	March 28, 2022
<u>/s/ Alex B. Rozek</u> Alex B. Rozek	Director	March 28, 2022
<u>/s/ Nick Wellmon</u> Nick Wellmon	Director	March 28, 2022

**DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

The following is a description of the capital stock of Sky Harbour Group Corporation ("Sky Harbour," the "Company," "we," "us," and "our") and certain provisions of our second amended and restated certificate of incorporation (the "Certificate of Incorporation"), our bylaws (the "Bylaws") and the General Corporation Law of the State of Delaware (the "DGCL"), as well as the terms of our warrants held by the public (the "Public Warrants") and warrants originally issued to BOC Yellowstone LLC in a private placement (the "Private Placement Warrants" and, together with the Public Warrants, the "Warrants"). This description is summarized from, and qualified in its entirety by reference to, our Certificate of Incorporation and Bylaws, the warrant agreement, dated as of October 21, 2020 (the "Warrant Agreement"), between the Company and Continental Stock Transfer & Trust Company, and the applicable provisions of the DGCL. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC"), of which this Exhibit 4.4 is a part.

**Authorized and Outstanding Stock**

Our Certificate of Incorporation authorizes the issuance of 260,000,000 shares of the Company, consisting of 200,000,000 shares of Class A Common Stock, par value \$0.0001 per share ("Class A Common Stock"), 50,000,000 shares of Class B Common Stock, par value \$0.0001 per share ("Class B Common Stock") and 10,000,000 shares of preferred stock, \$0.0001 par value per share ("Preferred Stock"). As of March 25, 2022, there were approximately 14,937,581 shares of Class A Common Stock, 42,192,250 shares of Class B Common Stock and no shares of Preferred Stock outstanding. The outstanding shares of Common Stock are duly authorized, validly issued, fully paid and non-assessable.

***Common Stock******Voting Power***

Pursuant to the Certificate of Incorporation, holders of Class A Common Stock and Class B Common Stock vote together as a single class on all matters submitted to the stockholders for their vote or approval, except as required by applicable law. Holders of Class A Common Stock and Class B Common Stock are entitled to one vote per share on all matters submitted to the stockholders for their vote or approval.

***Dividends***

The holders of Class A Common Stock are entitled to receive dividends, as and if declared by the Board out of legally available funds. With respect to stock dividends, holders of Class A Common Stock must receive Class A Common Stock. The holders of Class B Common Stock do not have any right to receive dividends other than stock dividends consisting of shares of Class B Common Stock, as applicable, in each case paid proportionally with respect to each outstanding share of Class B Common Stock.

***Liquidation or Dissolution***

Upon the Company's liquidation or dissolution, the holders of all classes of Common Stock are entitled to their respective par value, and the holders of Class A Common Stock will then be entitled to share ratably in those of the Company's assets that are legally available for distribution to stockholders after payment of liabilities and subject to the prior rights of any holders of preferred stock then outstanding. Other than their par value, the holders of Class B Common Stock will not have any right to receive a distribution upon a liquidation or dissolution of the Company.

***Conversion, Transferability and Exchange***

Subject to the terms of the third amended and restated operating agreement of Sky Harbour LLC ("Sky"), the members of Sky (other than the Company) may from time to time cause Sky to redeem any or all of their common units of Sky (the "Sky Common Units") in exchange for, at the Company's election (subject to certain exceptions), either cash (based on the market price for a share of the Class A Common Stock) (the "Existing Sky Equityholder Cash Out") or shares of Class A Common Stock (the "Existing Sky Equityholder Share Settlement"); provided that the Company's election to effect such redemption as an Existing Sky Equityholder Cash Out or an Existing Sky Equityholder Share Settlement must be approved by a committee of the Board comprised solely of directors who were not nominated pursuant to the Stockholders' Agreement or other contractual right by, and are not otherwise affiliated with, holders of Class B Common Stock. At the Company's election, such transaction may be effectuated via a direct exchange of Class A Common Stock or cash by the Company for the redeemed Sky Common Units (an "Existing Sky Equityholder Direct Exchange").

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The Certificate of Incorporation provides that if a holder of Class B Common Stock exercises either the Existing Sky Equityholder Cash Out, or the Existing Sky Equityholder Share Settlement or Existing Sky Equityholder Direct Exchange, then the number of shares of Class B Common Stock held by such holder equal to the number of Sky Common Units so redeemed, cashed out or exchanged will automatically be cancelled by the Company for no consideration.

The Company may not issue Class B Common Stock such that after the issuance of Class B Common Stock, the holder of such stock does not hold an identical number of Sky Common Units.

#### *Other Provisions*

None of the Class A Common Stock or Class B Common Stock has any pre-emptive or other subscription rights.

#### ***Preferred Stock***

The Certificate of Incorporation authorizes the Company to issue up to 10,000,000 shares of preferred stock. The Board is authorized, subject to limitations prescribed by Delaware law and the Certificate of Incorporation, to determine the terms and conditions of the preferred stock, including whether the shares of preferred stock will be issued in one or more series, the number of shares to be included in each series and the powers (including the voting power), designations, preferences and rights of the shares. The Board is also authorized to designate any qualifications, limitations or restrictions on the shares without any further vote or action by the stockholders. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of the Company and may adversely affect the voting and other rights of the holders of Class A Common Stock and Class B Common Stock, which could have a negative impact on the market price of the Class A Common Stock. The Company has no current plan to issue any shares of preferred stock.

#### ***Warrants***

##### *Public Warrants*

Each whole Public Warrant entitles the registered holder to purchase one whole share of Class A Common Stock at a price of \$11.50 per share, subject to adjustment as discussed below, at any time commencing 30 days after the closing of the initial public offering of Yellowstone Acquisition Company (the “Closing”). Pursuant to the Warrant Agreement, a holder of Public Warrants may exercise its Public Warrants only for a whole number of shares of Class A Common Stock. This means that only a whole Warrant may be exercised at any given time by a Warrant holder. The Public Warrants will expire five years after the Closing, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

The Company will not be obligated to deliver any shares of Class A Common Stock pursuant to the exercise of a Warrant and will have no obligation to settle such Warrant exercise unless a registration statement under the Securities Act with respect to the shares of Class A Common Stock underlying the Warrants is then effective and a prospectus relating thereto is current, subject to the Company satisfying its obligations described below with respect to registration. No Warrant will be exercisable and the Company will not be obligated to issue shares of Class A Common Stock upon exercise of a Warrant unless Class A Common Stock issuable upon such Warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the Warrants. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a Warrant, the holder of such Warrant will not be entitled to exercise such Warrant and such Warrant may have no value and expire worthless. In no event will the Company be required to net cash settle any Warrant. The Company will be obligated to file as soon as practicable, but in no event later than 15 business days after the Closing, and to use its best efforts to file with the SEC a registration statement covering the shares of Class A Common Stock issuable upon exercise of the Warrants, to cause such registration statement to become effective and to maintain a current prospectus relating to those shares of Class A Common Stock until the Warrants expire or are redeemed, as specified in the Warrant Agreement. If a registration statement covering the shares of Class A Common Stock issuable upon exercise of the Warrants is not effective by the 60th business day after the Closing (April 21, 2022), Warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise Warrants on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act or another exemption. If that exemption, or another exemption, is not available, holders will not be able to exercise their Warrants on a cashless basis. In no event will the Company be required to net cash settle any Warrant.

Once this registration statement is declared effective by the SEC, the Warrants will become exercisable and holders of the Warrant will be able to provide their instructions to their broker-dealers (DTC participants) to exercise such Warrants as provided in the Warrant Agreement.

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### *Redemption of Public Warrants for Cash*

Once the Public Warrants become exercisable, under certain conditions, the Company may call the Public Warrants for redemption:

- In whole and not in part;
- At a price of \$0.01 per Public Warrant;
- Upon not less than 30 days' prior written notice of redemption (the "30-day redemption period") to each Public Warrant holder; and
- If, and only if, the last reported sale price of the Class A Common Stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending three trading days before the Company sends the notice of redemption to the Public Warrant holders.

If and when the Public Warrants become redeemable by the Company, the Company may not exercise its redemption right if the issuance of shares of Class A Common Stock upon exercise of the Public Warrants is not exempt from registration or qualification under applicable state blue sky laws or the Company is unable to effect such registration or qualification.

The Company has established the last of the redemption criteria discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the Public Warrant exercise price. If the foregoing conditions are satisfied and the Company issues a notice of redemption of the Public Warrants, each Public Warrant holder will be entitled to exercise its Public Warrant prior to the scheduled redemption date. However, the price of the Class A Common Stock may fall below the \$18.00 redemption trigger price (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) as well as the \$11.50 Public Warrant exercise price after the redemption notice is issued. The Private Placement Warrants may only be redeemed for cash after they are transferred by the Sponsor to a third party other than a permitted transferee.

### *Redemption of Warrants for Class A Common Stock*

Commencing 90 days after the Warrants become exercisable, we may redeem the outstanding Warrants:

- in whole and not in part;
  - at a price equal to a number of shares of Class A Common Stock to be determined by reference to the table below, based on the redemption date and the "fair market value" of our Class A Common Stock except as otherwise described below;
  - upon a minimum of 30 days' prior written notice of redemption; and
  - if, and only if, the last reported sale price of our Class A Common Stock equals or exceeds \$10.00 per share (as adjusted per share splits, share dividends, reorganizations, reclassifications, recapitalizations and the like) on the trading day prior to the date on which we send the notice of redemption to the Warrant holders.
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The numbers in the table below represent the “redemption prices,” or the number of shares of Class A Common Stock that a Warrant holder will receive upon redemption by the Company pursuant to this redemption feature, based on the “fair market value” of our Class A Common Stock on the corresponding redemption date, determined based on the average of the last reported sales price for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of Warrants, and the number of months that the corresponding redemption date precedes the expiration date of the Warrants, each as set forth in the table below.

The share prices set forth in the column headings of the table below will be adjusted as of any date on which the number of shares issuable upon exercise of a Warrant is adjusted as set forth in the first three paragraphs under the heading “Anti-dilution adjustments” below. The adjusted stock prices in the column headings will equal the stock prices immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the number of shares deliverable upon exercise of a Warrant immediately prior to such adjustment and the denominator of which is the number of shares deliverable upon exercise of a Warrant as so adjusted. The number of shares in the table below shall be adjusted in the same manner and at the same time as the number of shares issuable upon exercise of a Warrant.

Redemption Date  (period to expiration of warrants)	Fair Market Value of Class A Common Stock								
	<\$10.00	\$11.00	\$12.00	\$13.00	\$14.00	\$15.00	\$16.00	\$17.00	>\$18.00
60 months	0.261	0.281	0.297	0.311	0.324	0.337	0.348	0.358	0.361
57 months	0.257	0.277	0.294	0.310	0.324	0.337	0.348	0.358	0.361
54 months	0.252	0.272	0.291	0.307	0.322	0.335	0.347	0.357	0.361
51 months	0.246	0.268	0.287	0.304	0.320	0.333	0.346	0.357	0.361
48 months	0.241	0.263	0.283	0.301	0.317	0.332	0.344	0.356	0.361
45 months	0.235	0.258	0.279	0.298	0.315	0.330	0.343	0.356	0.361
42 months	0.228	0.252	0.274	0.294	0.312	0.328	0.342	0.355	0.361
39 months	0.221	0.246	0.269	0.290	0.309	0.325	0.340	0.354	0.361
36 months	0.213	0.239	0.263	0.285	0.305	0.323	0.339	0.353	0.361
33 months	0.205	0.232	0.257	0.280	0.301	0.320	0.337	0.352	0.361
30 months	0.196	0.224	0.250	0.274	0.297	0.316	0.335	0.351	0.361
27 months	0.185	0.214	0.242	0.268	0.291	0.313	0.332	0.350	0.361
24 months	0.173	0.204	0.233	0.260	0.285	0.308	0.329	0.348	0.361
21 months	0.161	0.193	0.223	0.252	0.279	0.304	0.326	0.347	0.361
18 months	0.146	0.179	0.211	0.242	0.271	0.298	0.322	0.345	0.361
15 months	0.130	0.164	0.197	0.230	0.262	0.291	0.317	0.342	0.361
12 months	0.111	0.146	0.181	0.216	0.250	0.282	0.312	0.339	0.361
9 months	0.090	0.125	0.162	0.199	0.237	0.272	0.305	0.336	0.361
6 months	0.065	0.099	0.137	0.178	0.219	0.259	0.296	0.331	0.361
3 months	0.034	0.065	0.104	0.150	0.197	0.243	0.286	0.326	0.361
0 months	—	—	0.042						

The “fair market value” of our Class A Common Stock shall mean the average last reported sale price of our Class A Common Stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of Warrants.

The exact fair market value and redemption date may not be set forth in the table above, in which case, if the fair market value is between two values in the table or the redemption date is between two redemption dates in the table, the number of shares of Class A Common Stock to be issued for each Warrant redeemed will be determined by a straight-line interpolation between the number of shares set forth for the higher and lower fair market values and the earlier and later redemption dates, as applicable, based on a 365- or 366-day year, as applicable. For example, if the average last reported sale price of the share of Class A Common Stock for the 10 trading days ending on the third trading date prior to the date on which the notice of redemption is sent to the holders of the Warrants is \$11.00 per share, and at such time there are 60 months until the expiration of the Warrants, we may choose to, pursuant to this redemption feature, redeem the Warrants at a “redemption price” of 0.281 shares of Class A Common Stock for each whole Warrant. For an example where the exact fair market value and redemption date are not as set forth in the table above, if the average last reported sale price of the shares of Class A Common Stock for the 10 trading days ending on the third trading date prior to the date on which the notice of redemption is sent to the holders of the Warrants is \$13.50 per share, and at such time there are 38 months until the expiration of the Warrants, we may choose to, pursuant to this redemption feature, redeem the Warrants at a “redemption price” of 0.29845 shares of Class A Common Stock for each whole Warrant. Finally, as reflected in the table above, we can redeem the Warrants for no consideration in the event that the Warrants are “out of the money” (i.e., the trading price of shares of Class A Common Stock is below the exercise price of the Warrants) and about to expire.

Any Warrants held by our officers or directors will be subject to this redemption feature, except that such officers and directors shall only receive “fair market value” for such Warrants so redeemed (“fair market value” for such Warrants held by our officers or directors being defined as the last reported sale price of the Warrants on such redemption date).

This redemption feature differs from the typical Warrant redemption features used in other blank check offerings, which typically only provide for a redemption of Warrants for cash (other than the Private Placement Warrants) when the trading price for the Class A Common Stock exceeds \$18.00 per share for a specified period of time. This redemption feature is structured to allow for all of the outstanding Warrants (other than the Private Placement Warrants) to be redeemed when the shares of Class A Common Stock are trading at or above \$10.00 per share, which may be at a time when the trading price of our Class A Common Stock is below the exercise price of the Warrants. We have established this redemption feature to provide the Warrants with an additional liquidity feature, which provides us with the flexibility to redeem the Warrants for shares of Class A Common Stock, instead of cash, for “fair value” without the Warrants having to reach the \$18.00 per share threshold set forth above under “-Redemption of Warrants for cash.” Holders of the Warrants will, in effect, receive a number of shares representing fair value for their Warrants based on an option pricing model with a fixed volatility input. This redemption right provides us not only with an additional mechanism by which to redeem all of the outstanding Warrants, in this case, for Class A Common Stock, and therefore have certainty as to (a) our capital structure as the Warrants would no longer be outstanding and would have been exercised or redeemed and (b) to the amount of cash provided by the exercise of the Warrants and available to us, and also provides a ceiling to the theoretical value of the Warrants as it locks in the “redemption prices” we would pay to Warrant holders if we chose to redeem Warrants in this manner. We will effectively be required to pay fair value to Warrant holders if we choose to exercise this redemption right and it will allow us to quickly proceed with a redemption of the Warrants for Class A Common Stock if we determine it is in our best interest to do so. As such, we would redeem the Warrants in this manner when we believe it is in our best interest to update our capital structure to remove the Warrants and pay fair value to the Warrant holders. In particular, it would allow us to quickly redeem the Warrants for Class A Common Stock, without having to negotiate a redemption price with the Warrant holders. In addition, the Warrant holders will have the ability to exercise the Warrants prior to redemption if they should choose to do so.

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As stated above, we can redeem the Warrants when the shares of Class A Common Stock are trading at a price starting at \$10.00, which is below the exercise price of \$11.50, because it will provide certainty with respect to our capital structure and cash position while providing Warrant holders with fair value (in the form of Class A Common Stock). If we choose to redeem the Warrants when the Class A Common Stock is trading at a price below the exercise price of the Warrants, this could result in the Warrant holders receiving fewer Class A Common Stock than they would have received if they had chosen to wait to exercise their Warrants for Class A Common Stock if and when such shares of Class A Common Stock were trading at a price higher than the exercise price of \$11.50.

No fractional shares of Class A Common Stock will be issued upon redemption. If, upon redemption, a holder would be entitled to receive a fractional interest in a share, we will round down to the nearest whole number of the number of shares of Class A Common Stock to be issued to the holder.

#### *Redemption Procedures and Cashless Exercise*

If the Company calls the Warrants for redemption as described above, our management will have the option to require any holder that wishes to exercise its Warrant to do so on a “cashless basis.” In determining whether to require all holders to exercise their Warrants on a “cashless basis,” the Company’s management will consider, among other factors, the Company’s cash position, the number of Warrants that are outstanding and the dilutive effect on the Company’s stockholders of issuing the maximum number of shares of Class A Common Stock issuable upon the exercise of its Warrants. If the Company’s management takes advantage of this option, all holders of Warrants would pay the exercise price by surrendering their Warrants for that number of shares of Class A Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A Common Stock underlying the Warrants, multiplied by the difference between the exercise price of the Warrants and the “fair market value” (defined below) over the exercise price of the Warrants by (y) the fair market value. The “fair market value” shall mean the average reported last sale price of the Class A Common Stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of Warrants. If the Company’s management takes advantage of this option, the notice of redemption will contain the information necessary to calculate the number of shares of Class A Common Stock to be received upon exercise of the Warrants, including the “fair market value” in such case. Requiring a cashless exercise in this manner will reduce the number of shares to be issued and thereby lessen the dilutive effect of a Warrant redemption. The Company believes this feature is an attractive option to it if the Company does not need the cash from the exercise of the Warrants after the Closing. If the Company calls its Warrants for redemption and the Company’s management does not take advantage of this option, Sponsor and its permitted transferees would still be entitled to exercise their Private Placement Warrants for cash or on a cashless basis using the same formula described above that other Warrant holders would have been required to use had all Warrant holders been required to exercise their Warrants on a cashless basis, as described in more detail below.

A holder of a Warrant may notify the Company in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such Warrant, to the extent that after giving effect to such exercise, such person (together with such person’s affiliates), to the Warrant Agent’s actual knowledge, would beneficially own in excess of 4.9% or 9.8% (or such other amount as a holder may specify) of the shares of Class A Common Stock outstanding immediately after giving effect to such exercise.

#### *Anti-Dilution Adjustments*

If the number of outstanding shares of Class A Common Stock is increased by a stock dividend payable in shares of Class A Common Stock, or by a split-up of shares of Class A Common Stock or other similar event, then, on the effective date of such stock dividend, split-up or similar event, the number of shares of Class A Common Stock issuable on exercise of each Warrant will be increased in proportion to such increase in the outstanding shares of Class A Common Stock. A rights offering to holders of Class A Common Stock entitling holders to purchase shares of Class A Common Stock at a price less than the fair market value will be deemed a stock dividend of a number of shares of Class A Common Stock equal to the product of (i) the number of shares of Class A Common Stock actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for Class A Common Stock) and (ii) one minus the quotient of (x) the price per share of Class A Common Stock paid in such rights offering divided by (y) the fair market value. For these purposes (i) if the rights offering is for securities convertible into or exercisable for Class A Common Stock, in determining the price payable for Class A Common Stock, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (ii) fair market value means the volume weighted average price of Class A Common Stock as reported during the 10 trading day period ending on the trading day prior to the first date on which the shares of Class A Common Stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

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In addition, if the Company, at any time while the Warrants are outstanding and unexpired, pays a dividend or makes a distribution in cash, securities or other assets to the holders of Class A Common Stock on account of such shares of Class A Common Stock (or other shares of our capital stock into which the Warrants are convertible), other than (i) as described above, (ii) certain ordinary cash dividends (initially defined as up to \$0.50 per share in a 365 day period), (iii) to satisfy the redemption rights of the holders of Class A Common Stock in connection with the Closing, or (iv) to satisfy the redemption rights of the holders of Class A Common Stock in connection with a stockholder vote to amend the Certificate of Incorporation with respect to any provision relating to stockholders' rights, then the Warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each share of Class A Common Stock in respect of such event.

If the number of outstanding shares of our Class A Common Stock is decreased by a consolidation, combination, reverse stock split or reclassification of shares of Class A Common Stock or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of shares of Class A Common Stock issuable on exercise of each Warrant will be decreased in proportion to such decrease in outstanding shares of Class A Common Stock.

Whenever the number of shares of Class A Common Stock purchasable upon the exercise of the Warrants is adjusted, as described above, the Warrant exercise price will be adjusted by multiplying the Warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of shares of Class A Common Stock purchasable upon the exercise of the Warrants immediately prior to such adjustment, and (y) the denominator of which will be the number of shares of Class A Common Stock so purchasable immediately thereafter.

In case of any reclassification or reorganization of the outstanding shares of Class A Common Stock (other than those described above or that solely affects the par value of such shares of Class A Common Stock), or in the case of any merger or consolidation of the Company with or into another corporation (other than a consolidation or merger in which the Company is the continuing corporation and that does not result in any reclassification or reorganization of outstanding shares of Class A Common Stock), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of the Company as an entirety or substantially as an entirety in connection with which the Company is dissolved, the holders of the Warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the Warrants and in lieu of the shares of Class A Common Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the Warrants would have received if such holder had exercised their Warrants immediately prior to such event. If less than 70% of the consideration receivable by the holders of Class A Common Stock in such a transaction is payable in the form of Class A Common Stock in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the Warrant properly exercises the Warrant within 30 days following public disclosure of such transaction, the Warrant exercise price will be reduced as specified in the Warrant Agreement based on the Black-Scholes value (as defined in the Warrant Agreement) of the Warrant. The purpose of such exercise price reduction is to provide additional value to holders of the Warrants when an extraordinary transaction occurs during the exercise period of the Warrants pursuant to which the holders of the Warrants otherwise do not receive the full potential value of the Warrants in order to determine and realize the option value component of the Warrant. This formula is to compensate the Warrant holder for the loss of the option value portion of the Warrant due to the requirement that the Warrant holder exercise the Warrant within 30 days of the event. The Black-Scholes model is an accepted pricing model for estimating fair market value where no quoted market price for an instrument is available.

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The Warrants have been issued in registered form under the Warrant Agreement. The Warrant Agreement provides that the terms of the Warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 50% of the then outstanding Public Warrants to make any change that adversely affects the interests of the registered holders of Public Warrants.

The Warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the Warrant Agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price (or on a cashless basis, if applicable), by certified or official bank check payable to the Company, for the number of Warrants being exercised. The Warrant holders do not have the rights or privileges of holders of Class A Common Stock and any voting rights until they exercise their Warrants and receive shares of Class A Common Stock. After the issuance of shares of Class A Common Stock upon exercise of the Warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders.

No fractional shares will be issued upon exercise of the Warrants. If, upon exercise of the Warrants, a holder would be entitled to receive a fractional interest in a share, the Company will, upon exercise, round down to the nearest whole number of shares of Class A Common Stock to be issued to the Warrant holder.

#### *Private Placement Warrants*

The Private Placement Warrants (including the shares of Class A Common Stock issuable upon exercise of the Private Placement Warrants) are not transferable, assignable or salable until the earlier of (a) January 25, 2023 and (b) if the last sale price of Class A Common Stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing on or after June 24, 2022 (except, among other limited exceptions, to the Company's officers and directors and other persons or entities affiliated with Sponsor). Sponsor, or its permitted transferees, has the option to exercise the Private Placement Warrants on a cashless basis. Except as described below, the Private Placement Warrants have terms and provisions that are identical to those of the Public Warrants, including as to exercise price, exercisability and exercise period. If the Private Placement Warrants are held by holders other than Sponsor or its permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by the holders on the same basis as the Public Warrants.

If holders of the Private Placement Warrants elect to exercise them on a cashless basis, they would pay the exercise price by surrendering their Private Placement Warrants for that number of shares of Class A Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A Common Stock underlying the Private Placement Warrants, multiplied by the excess of the "fair market value" (defined below) over the exercise price of the Private Placement Warrants by (y) the fair market value. The "fair market value" shall mean the average reported last sale price of the Class A Common Stock for the 10 trading days ending on the third trading day prior to the date on which the notice of Warrant exercise is sent to the Warrant Agent.

#### **Certain Anti-Takeover Provisions of the Certificate of Incorporation and Bylaws**

The provisions of the Certificate of Incorporation and Bylaws and of the DGCL summarized below may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that you might consider in your best interest, including an attempt that might result in your receipt of a premium over the market price for your shares of Class A Common Stock.

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The Certificate of Incorporation and Bylaws contain certain provisions that are intended to enhance the likelihood of continuity and stability in the composition of the Board and that may have the effect of delaying, deferring or preventing a future takeover or change in control of the Company unless such takeover or change in control is approved by the Board.

These provisions include:

*Action by Written Consent; Special Meetings of Stockholders.* The Certificate of Incorporation provides that stockholder action can be taken only at an annual or special meeting of stockholders and cannot be taken by written consent in lieu of a meeting. The Certificate of Incorporation and Bylaws also provide that, subject to any special rights of the holders of any series of preferred stock and except as otherwise required by applicable law, special meetings of the stockholders can only be called by the Board, the chairman of the Board, or, until the earlier of (i) the Sunset Date or (ii) the time the Company is no longer a “controlled company,” by the secretary of the Company at the request of holders representing a majority of the total voting power of the Company’s issued and outstanding capital stock entitled to vote in the election of directors, voting together as a single class. Except as described above, stockholders are not permitted to call a special meeting or to require the Board to call a special meeting.

*Advance Notice Procedures.* The Bylaws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of the Company’s stockholders, and for stockholder nominations of persons for election to the Board to be brought before an annual or special meeting of stockholders. Stockholders at an annual meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the Board or by a stockholder who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given the Company’s secretary timely written notice, in proper form, of the stockholder’s intention to bring that business or nomination before the meeting. Although the Bylaws do not give the Board the power to approve or disapprove stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, as applicable, the Bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the Company.

*Authorized but Unissued Shares.* The Company’s authorized but unissued shares of common stock and preferred stock will be available for future issuance without stockholder approval, subject to rules of the securities exchange on which the Class A Common Stock is listed. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions, in connection with the redemption or exchange of Sky Common Units and employee benefit plans. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of a majority of the Company’s common stock by means of a proxy contest, tender offer, merger or otherwise.

*Business Combinations with Interested Stockholders.* The Certificate of Incorporation provide that the Company is not subject to Section 203 of the DGCL, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with an “interested stockholder” (which includes a person or group owning 15% or more of the corporation’s voting stock) for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Accordingly, the Company is not subject to any anti-takeover effects of Section 203.

#### **Rule 144**

Rule 144 is not available for the resale of securities initially issued by shell companies (other than business combination related shell companies) or issuers that have been at any time previously a shell company, such as the Company. However, Rule 144 also includes an important exception to this prohibition if the following conditions are met:

- the issuer of the securities that was formerly a shell company has ceased to be a shell company;
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- the issuer of the securities is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act;
- the issuer of the securities has filed all Exchange Act reports and material required to be filed, as applicable, during the preceding 12 months (or such shorter period that the issuer was required to file such reports and materials), other than Form 8-K reports; and
- at least one year has elapsed from the time that the issuer filed current Form 10 type information with the SEC reflecting its status as an entity that is not a shell company.

Upon the Closing, the Company ceased to be a shell company.

When and if Rule 144 becomes available for the resale of our securities, a person who has beneficially owned restricted shares of our Common Stock for at least six months would be entitled to sell their securities, provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the three months preceding, a sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least three months before the sale and have filed all required reports under Section 13 or 15(d) of the Exchange Act during the 12 months (or such shorter period as we were required to file reports) preceding the sale.

Persons who have beneficially owned restricted shares of our Common Stock for at least six months but who are our affiliates at the time of, or at any time during the three months preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of:

- one percent (1%) of the total number of shares of Common Stock then outstanding; or
- the average weekly reported trading volume of the Common Stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales by our affiliates under Rule 144 will also be limited by manner of sale provisions and notice requirements and to the availability of current public information about us.

#### **Transfer Agent, Warrant Agent and Registrar**

The transfer agent, Warrant Agent and registrar for our Common Stock and Warrants is Continental Stock Transfer & Trust Company.

Continental Stock Transfer & Trust Company  
One State Street Plaza, 30th Floor  
New York, New York 10004

#### **Listing of Securities**

Our Class A Common Stock and Public Warrants are listed on the NYSE American under the symbols “SKYH” and “SKYH WS,” respectively.

**Amendment No. 1 to Registration Rights Agreement**

This Amendment No. 1 (this "Amendment") to that certain Registration Rights Agreement (the "Agreement"), dated as of September 14, 2021, by and among (i) Sky Harbour LLC, a Delaware limited liability company (the "Company"), and (ii) each of the Holders (as defined in the Agreement) set forth on Schedule I thereto (each such holder, a "Holder" and, collectively, the "Holders") is made and entered into as of February 28, 2022 by and among the Company and each Holder set forth on the signature pages hereto (the "Parties"). Unless the context requires otherwise, capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement.

Pursuant to Section 10.5 of the Agreement, the Parties hereby agree as follows:

1. Shelf Registration. Section 3.1 of the Agreement is hereby replaced with the following:

3.1 Shelf Registration. The Company agrees that, by the later of (i) one-hundred-twenty (120) calendar days after the completion of a DeSPAC Transaction or (ii) forty-five (45) calendar days after the earliest to occur of (A) the first anniversary of the completion of a DeSPAC Transaction, (B) if the last sale price of the Company Common Stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any twenty (20) trading days within any thirty (30)-trading day period commencing at least one hundred fifty (150) days after the completion of a DeSPAC Transaction, or (C) the date on which the Company completes a liquidation, merger, capital stock exchange, reorganization or other similar transaction that results in all of the Company's stockholders having the right to exchange their shares of Company Common Stock for cash, securities or other property (the "Filing Deadline"), the Company shall prepare and file, and shall thereafter use its reasonable best efforts to make and keep effective (including by renewing or refiling upon expiration) a Registration Statement permitting the resale from time to time on a delayed or continuous basis pursuant to Rule 415 of the Registrable Securities, which Registration Statement shall be filed on (a) a Short-Form Registration Statement if the Company is eligible for such filing, or (b) a Long-Form Registration Statement if the Company is not then eligible to file a Short-Form Registration Statement, and the Company shall use its commercially reasonable efforts to have the Registration Statement declared effective as soon as practicable after the filing thereof, but no later than the 60th calendar day (or 90th calendar day if the SEC notifies the Company that it will "review" the Registration Statement) following the Filing Deadline.

2. Company Suspension Period. Section 6.1(a) of the Agreement is hereby amended so that the reference to "once" shall be "twice."

This Amendment shall be governed exclusively by, and construed and enforced in accordance with, the laws of the State of Delaware. This Amendment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument. This Amendment may be executed by facsimile signatures.

This Amendment, together with the Agreement, constitutes the entire agreement between the parties and supersedes all prior agreements, both written and oral, with respect to the subject matter hereof. Except as specified herein, all provisions, terms and agreements contained in the Agreement remain unchanged.

[Remainder of page intentionally left blank]

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**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date first above written.

**COMPANY:**

**SKY HARBOUR LLC**

By: /s/ Sky Harbour LLC  
Name: Tal Keinan  
Title: Chief Executive Officer

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**HOLDERS:**

**DUE WEST PARTNERS LLC**

By: /s/ Nick Wellmon  
Name: Nick Wellmon  
Title: Managing Partner

**CENTER SKY HARBOUR LLC**

By: /s/ Alex Valner  
Name: Alex Valner  
Title: Manager

**AMODAE CAPITAL LLC**

By: /s/ Eli Elefant  
Name: Eli Elefant  
Title: Managing Member

**BOC YAC FUNDING LLC**

By: /s/ Alex B. Rozek  
Name: Alex B. Rozek  
Title: President

**SKY HARBOUR GROUP CORPORATION**

By: /s/ Tal Keinan  
Name: Tal Keinan  
Title: Chief Executive Officer

By: /s/ Tal Keinan  
Name: Tal Keinan

By: /s/ Walter Jackson  
Name: Walter Jackson

By: /s/ Joshua Lobel  
Name: Joshua Lobel

By: /s/ Haydeh Davoudi  
Name: Haydeh Davoudi



**PURCHASE AND SALE AGREEMENT**

**By and Between**

**AA ACQUISITIONS, LLC**

**As Seller**

**and**

**OPF Hangars Landlord LLC As Purchaser**

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## EXHIBITS

Exhibit A	Legal Description
Exhibit 1.9	Form of FIRPTA
Exhibit 1.15	Form of Lessor's Consent
Exhibit 1.17	Form of Partial Assignment of Lease
Exhibit 4.1	Escrow Agent's Trust Account Wire Instructions
Exhibit 11.1.7	Form of Assignment of Intangible Rights

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## PURCHASE AND SALE AGREEMENT

**THIS PURCHASE AND SALE AGREEMENT** (this "Agreement") is made and entered into as of March 2, 2022 (the "Effective Date"), by and between AA ACQUISITIONS, LLC, a Florida limited liability company ("Seller"), and **OPF Hangars Landlord LLC** ("Purchaser"). Purchaser and Seller are sometimes individually referred to in this Agreement as a "Party" and collectively as the "Parties."

### RECITALS

A. Miami-Dade County, Florida, as lessor (the "Lessor"), and Seller, as lessee, entered into that certain Amended and Restated Development Lease dated as of March 22, 2007, as amended by that certain First Amendment to Amended and Restated Development Lease Agreement dated March 22, 2007, that certain Second Amendment to Amended and Restated Development Lease Agreement dated December 29, 2009, that certain Third Amendment to Amended and Restated Development Lease Agreement dated August 4, 2015, and further amended by that certain Fourth Amendment to Amended and Restated Development Lease Agreement dated October 6, 2020 (collectively, the "Development Lease"), pursuant to which Seller leased from Lessor approximately 220 net acres located at the Miami Opa-Locka Executive Airport, as more particularly described in the Lease (the "Original Premises").

B. Seller and Sky Harbour Opa Locka Airport, LLC ("Subtenant") entered into that certain Sublease Agreement dated May 2, 2019, as amended by that certain First Amendment to Sublease Agreement dated May 14, 2021 (collectively, the "Sublease"), wherein Subtenant leases from Seller certain real property containing approximately 22.648 acres (or 986,542 square feet) as set forth on that certain survey prepared by Schwebke-Shiskin & Associates, Inc. ("Survey"), a copy of which Survey is attached hereto and made a part hereof as Exhibit "A" (the "Land").

C. Seller desires to sell, transfer, convey, assign and deliver to Purchaser, and Purchaser desires to purchase and acquire, the Property (as defined below) from Seller, upon the terms and subject to the conditions set forth in this Agreement.

**NOW, THEREFORE**, in consideration of the foregoing and the mutual agreements, covenants, representations, warranties and promises set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Seller and Purchaser, Seller and Purchaser, intending to be legally bound, agree as follows:

1. DEFINED TERMS.

1.1 "Assignment Fee" has the meaning set forth in the Development Lease.

1.2 "Business Day" means any calendar day other than a Saturday, Sunday or other calendar day on which banking institutions in the City of Miami are authorized by law or executive action to close.

1.3 "Closing" means the consummation of the transaction contemplated herein on the Closing Date pursuant to the terms of this Agreement.

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1.4 "Closing Date" means the date that is forty five (45) days after the Effective Date of this Agreement, or such other date on which the Seller and Purchaser mutually agree to consummate the Closing.

1.5 "Closing Statement" means the closing settlement statement mutually agreed upon by Purchaser and Seller to be executed at Closing, which identifies the Purchase Price (as hereinafter defined) payable at such Closing, all adjustments, credits and proration required under this Agreement, identifies each amount due from Purchaser to Seller or any other third parties in connection with such Closing and identifies each amount due from Seller to Purchaser or any other third parties in connection with such Closing.

1.6 "Cut Off Time" means 11:59 P.M., prevailing Miami Time on the date immediately preceding the Closing Date.

1.7 Intentionally Omitted.

1.8 "Escrow Agent" means Greenberg Traurig, P.A.

1.9 "FIRPTA" means a non foreign certificate in the form attached hereto as Exhibit 1.9 from Seller to Purchaser.

1.10 Intentionally Omitted

1.11 "Governmental Authority" means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

1.12 "Intangible Property" means all intangible property, if any, owned by Seller and related to the Property, including, without limitation, all of Seller's right, title and interest, if any, in and to permits, licenses, approvals, plans and specifications, studies, surveys, variances or waivers, if any, with respect to the Property.

1.13 "Laws" means all laws, statutes, rules, regulations, ordinances, common law and other pronouncements (including, without limitation, guidance documents) having the effect of law of the United States or of any other Governmental Authority.

1.14 "Leasehold Interest" means the right, title and interest of Seller, as lessee, under the Development Lease.

1.15 "Lessor's Consent" means the consent of Lessor as required by the Development Lease for the Partial Assignment of Lease executed by Lessor substantially in the form attached hereto as Exhibit 1.15.

1.16 "Losses" means all losses, claims, damages, liability, reasonable attorneys' fees and costs (including those for appellate proceedings and post judgment proceedings), accountants' fees and costs incurred by a Person.

1.17 "Partial Assignment of Lease" means, with respect to the Property, an Assignment and Assumption of the Development Lease, in substantially the form attached hereto as Exhibit 1.17.

1.18 "Person" means any natural person, corporation, limited liability company, business trust, joint venture, association, company, partnership, sole proprietorship, Governmental Authority or political subdivision thereof or other legal entity.

1.19 "Property" means Seller's Leasehold Interest in the Land together with Seller's right, title and interest in any Intangible Property applicable thereto.

1.20 "Seller's Knowledge" and words of similar import means, and is limited to, the actual knowledge without inquiry or investigation of Eric Greenwald, the President of Seller; provided, however, that such individual shall have no personal liability with respect to any representation or warranty made on the basis of Seller's Knowledge.

2. PURCHASE AND SALE. Subject to the terms of this Agreement, Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, the Property pursuant to the terms and conditions of this Agreement. Except as expressly set forth herein, Purchaser shall not assume, be bound by, be obligated to pay, perform, discharge or be liable for any liabilities or obligations of Seller of any kind or nature whatsoever, whether accrued, absolute, contingent or otherwise, relating to property leased to Seller by the Development Lease other than for the Property, or obligations imposed on Seller by the Development Lease, in either case that are not the subject of the Lessor Consent or Partial Assignment.

3. CLOSING.

3.1 Escrow. Subject to provisions of this Agreement for extension or termination, Closing shall take place through an escrow with the Escrow Agent by depositing the Closing Deliverables (as defined below) with the Escrow Agent on or before the Closing Date.

4. EARNEST MONEY DEPOSIT.

4.1 Delivery. To secure the performance by Purchaser of Purchaser's obligations under this Agreement, Purchaser shall deliver to the Escrow Agent within two (2) Business Days after the Effective Date, the sum of \$100,000.00 (the "Earnest Money Deposit") by wire transfer pursuant to Escrow Agent's wire transfer instructions attached hereto as Exhibit 4.1, the proceeds of which shall be held in trust as an earnest money deposit by Escrow Agent, and disbursed only in accordance with the terms of this Agreement. Purchaser shall be entitled to a credit against the Purchase Price at Closing in the full amount of the Earnest Money Deposit.

5. PURCHASE PRICE. The purchase price (the "Purchase Price") to be paid by Purchaser to Seller for the Property is EIGHT MILLION FOUR HUNDRED NINETY THREE THOUSAND AND NO/100 DOLLARS (\$8,493,000.00), less the Earnest Money Deposit and any credits, adjustments and prorations as set forth in this Agreement.

5.1 Lessor's Consent. Within five (5) Business Days following the Effective Date, Seller shall submit in writing to Lessor, and any other applicable Governmental Authorities, the Lessor's Consent and request that Lessor and any other applicable Governmental Authorities consent to the Partial Assignment of Lease. In the event that Lessor's Consent is not obtained on or before the scheduled Closing Date, the Closing Date is automatically extended for an additional one hundred twenty (120) day period, and in the event that Lessor's Consent is not obtained on or before the expiration of such 120 day period, the Closing Date shall be further extended for such additional time periods as mutually agreed upon by the parties.

5.2 Assignment Fee. Purchaser shall be solely responsible for reimbursing Seller at Closing for the payment of the Assignment Fee due to Lessor by Seller under the Development Lease with respect to the Property, and any other similar fees required to be paid to the Lessor under the Development Lease with respect to the sale, transfer and/or assignment of the Property under the Development Agreement.

6. SELLER'S REPRESENTATIONS, WARRANTIES AND COVENANTS.

6.1 Seller's Representations and Warranties. Seller represents and warrants to Purchaser as follows:

6.1.1 Authority. Seller is duly formed, validly existing and in good standing under the laws of the State of Florida. Seller has the right, power and authority to execute and deliver this Agreement and to consummate the transactions contemplated by it; neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by it nor the fulfillment of nor the compliance with the terms, conditions and provisions of this Agreement will conflict with or result in a violation or breach of any relevant Law, or any other instrument or agreement of any nature to which Seller is a party or by which it is bound or constitute (with or without the giving of notice or the passage of time) a default under such an instrument or agreement. Except with respect to the Lessor's Consent, no consent, approval, authorization or order of any person or entity is required with respect to the consummation of the transactions contemplated by this Agreement. All requisite action has been taken by Seller in connection with entering into this Agreement, the instruments referenced herein, and the consummation of the transaction contemplated hereby. The individual executing this Agreement, and the instruments referenced herein, has, on behalf of Seller, the legal power, right, and actual authority to bind Seller to the terms and conditions hereof and thereof. This Agreement and all documents required hereby to be executed by Seller are and shall be valid, legally binding obligations of and enforceable against Seller in accordance with their terms. Seller is not a "foreign person" within the meaning of the United States tax laws and to which reference is made in Internal Revenue Code Section 1445(b)(2).

6.1.2 Taxes. No written notice of delinquency, tax warrant or other notice of tax liability has been received by Seller from Miami Dade County, the Florida Department of Revenue or other state or local taxing authority, which has not been resolved.



6.1.3 Development Lease. With respect to the Property only, Seller has not assigned its interest in the Development Lease. For the avoidance of doubt, Seller has previously assigned its interest in the Development Lease as to other portions of the Original Premises that do not include the Property. On or before the Closing Date, Seller shall have paid all amounts due from Seller to Lessor under the Development Lease with respect to the Property. The Development Lease is in full force and effect and Seller has not received written notice from Lessor of any events of default under the Development Lease.

6.1.4 Bankruptcy. Seller has not: (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by Seller's creditors; (iii) suffered the appointment of a receiver to take possession of all, or substantially all of Seller's assets; or (iv) suffered the attachment or other judicial seizure of all, or substantially all, of Seller's assets.

6.1.5 No Notices of Violation. Seller has not received written notice of any uncured violations of any federal, state or local law relating to the Property by any Governmental Authority.

6.1.6 No Condemnation. Seller has not received any written notice of any condemnation or similar proceeding against the Land.

6.1.7 No Lawsuits. To Seller's Knowledge, there are no threatened lawsuits relating to or affecting the Property, or relating to the Development Lease.

6.1.8 Adverse Information. Seller has not received any written notice of any change contemplated in any applicable laws, ordinances or restrictions, or any judicial or administrative action, or any action by adjacent landowners which in Seller's opinion would have a material and adverse effect upon the Property.

6.1.9 Taxes and Assessments; Development Lease Payments. There are no ad valorem or other property taxes currently assessed under the Development Lease.

Seller shall promptly notify Purchaser if there is any change in circumstance following the Effective Date which modifies any of the foregoing representations and warranties. In the event Seller does not, or cannot, cure or correct such changes prior to Closing, then such change shall not be deemed a default of Seller hereunder, however Purchaser may, at Purchaser's option, either (1) close the transaction contemplated by this Agreement or (2) terminate this Agreement by written notice to Seller, whereupon the Earnest Money Deposit shall be promptly returned to Purchaser, and thereafter the Parties hereto shall have no further rights or obligations hereunder, except only for such rights or obligations that, by the express terms hereof survive any termination of this Agreement. The representations and warranties of Seller shall survive closing for a period of one (1) year.

7. PURCHASER'S REPRESENTATIONS, WARRANTIES AND COVENANTS.

7.1 Purchaser's Representations and Warranties. Purchaser represents and warrants to each Seller as follows:

7.1.1 Authority. Purchaser is duly formed, validly existing and in good standing under the laws of the State of Delaware and is authorized to do business in the State of Florida. Purchaser has the right, power and authority to execute and deliver this Agreement and to consummate the transactions contemplated by it; neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by it nor the fulfillment of nor the compliance with the terms, conditions and provisions of this Agreement will conflict with or result in a violation or breach of any relevant Law, or any other instrument or agreement of any nature to which Purchaser is a party or by which it is bound, or constitute (with or without the giving of notice or the passage of time) a default under such an instrument or agreement; no consent, approval, authorization or order of any person or entity is required with respect to the consummation of the transactions contemplated by this Agreement which has not been obtained. All requisite action has been taken by Purchaser in connection with entering into this Agreement, the instruments referenced herein, and the consummation of the transaction contemplated hereby. The individual executing this Agreement, and the instruments referenced herein, has, on behalf of Purchaser, the legal power, right, and actual authority to bind Purchaser to the terms and conditions hereof and thereof. This Agreement and all documents required hereby to be executed by Purchaser are and shall be valid, legally binding obligations of and enforceable against Purchaser in accordance with their terms.

7.1.2 Bankruptcy. Purchaser has not: (a) made a general assignment for the benefit of creditors; (b) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by Purchaser's creditors; (c) suffered the appointment of a receiver to take possession of all, or substantially all of Purchaser's assets; or (d) suffered the attachment or other judicial seizure of all, or substantially all, of Purchaser's assets.

7.1.3 No Notices of Violation. Purchaser has not received written notice of any uncured violations of any federal, state or local law relating to the development, construction, use or operation of the Land by Lessor or any other Governmental Authority.

7.1.4 No Default. Purchaser represents and warrants that as of the Effective Date, Purchaser, as tenant's affiliate, is not aware of any existing defaults by reason of any act or omission of the Seller, as landlord, under the Sublease and that Seller, as landlord, has fulfilled all of its duties and obligations under the Sublease to date.

7.1.5 Financial Covenant. Purchaser represents and warrants that Purchaser has or will have at the Closing Date, sufficient cash, available lines of credit or other sources of immediately good funds to enable it to make payment of the Purchase Price and any other amounts to be paid by it hereunder. Purchaser acknowledges and agrees that the consummation of the transaction contemplated by this Agreement is not subject to any financing contingency whatsoever.

7.1.6 No Lawsuits. There are no pending lawsuits against Purchaser and to the best of Purchaser's knowledge, there are no threatened lawsuits relating to or affecting the Purchaser, the Land, or relating to the Sublease.

The representations and warranties of Purchaser shall survive closing for a period of one (1) year.

8. DEFAULT BY SELLER. If Seller fails to perform any of its obligations under this Agreement, including, without limitation, a failure to close the transaction contemplated hereunder on the Closing Date, Purchaser shall deliver to Seller written notice of such breach or failure and in the event such breach or failure is not remedied by Seller within thirty (30) days of such notice, then Purchaser, at Purchaser's sole option, may elect to:

8.1 Waive the default or failure and close "as is" without any reduction in the Purchase Price or right to raise any claim against any Seller following the Closing as a result of any such default;

8.2 Cancel this Agreement by written notice to Seller within ten (10) Business Days of the expiration of the cure period for such default, in which event Escrow Agent shall return the Earnest Money Deposit to Purchaser, Seller shall pay to Purchaser liquidated damages in the amount of \$100,000 and both Parties shall be released from all further obligations under this Agreement, except for such obligations that survive the termination of this Agreement, as expressly set forth herein; or

8.3 Seek to obtain specific performance of Seller's obligations hereunder.

Nothing contained herein shall be construed to limit any right to indemnification hereunder or with respect to any matters which survive Closing.

9. DEFAULT BY PURCHASER. If any of Purchaser's representations and warranties are not true and correct in all material respects when made or at Closing, or Purchaser fails to perform any of the terms and conditions of this Agreement or is otherwise in breach of this Agreement, then Seller shall deliver to Purchaser written notice of such breach or failure and in the event such breach or failure is not remedied by Purchaser within thirty (30) days of such notice, Seller, at Seller's sole option, may elect to:

9.1. Terminate this Agreement and receive and be paid the Earnest Money Deposit as agreed and liquidated damages for said breach. Nothing contained herein shall be construed to limit any right to indemnification hereunder or with respect to any matters which survive Closing. No notice or cure period shall be afforded for Purchaser's failure to close on the Closing Date; or

9.2. Seek to obtain specific performance of Purchaser's obligations hereunder.

10. CLOSING COSTS.

10.1 Seller's Costs. At Closing, Seller shall pay for: (a) fifty percent (50%) of the cost of any documentary tax and surtax stamps due on the Partial Assignment of Lease, if any; (b) fifty percent (50%) of any escrow fee to Escrow Agent; and (c) its attorneys' fees.

10.2 Purchaser's Costs. At Closing, Purchaser shall pay for: (a) fifty percent (50%) of the cost of any documentary tax and surtax stamps due on the Partial Assignment of Lease, if any (b) one hundred percent (100%) of the Assignment Fee; (c) fifty percent (50%) of any escrow fee to Escrow Agent, (d) the cost of recording the Partial Assignment, (e) any and all cost relating to Purchaser's financing of the acquisition of the Property, (f) the costs of any title searches, (g) the cost related to obtaining any owner's/leasehold title policies (including any endorsements thereto), (h) the cost related to obtaining any mortgagee title policies (including any endorsements thereto), (i) the costs related to obtaining any surveys for the Property, (j) the cost related to obtaining any tax and lien searches for the Property, (k) the cost incurred by Purchaser in connection with any inspections of the Property and (l) its attorneys' fees.

10.3 Other Costs. All other closing costs shall be allocated between Seller and Purchaser in accordance with local custom.

10.4 Rent. At the Closing, and based on the Cut-Off Date, Seller and Purchaser shall prorate all rent and, if applicable real property taxes and operating expenses paid and/or due applicable to the Property under the Development Lease and the Sublease.

11. CLOSING DELIVERABLES.

11.1 Seller's Closing Deliverables. At Closing, Seller shall obtain or execute and deliver to Purchaser, or Escrow Agent, as applicable, the following (collectively, the "Seller's Deliverables"):

11.1.1 the Partial Assignment of Lease;

11.1.2 appropriate evidence of Seller's existence and authority of such Seller to sell and convey its interest in the Property to the extent reasonably required by Purchaser;

11.1.3 INTENTIONALLY OMITTED;

11.1.4 the FIRPTA;

11.1.5 the Closing Statement;

11.1.6 the Lessor Consent;

11.1.7 the Assignment of Intangible Rights in substantially the form attached hereto as Exhibit 11.1.7;

11.1.8 Amendment to the Sublease reflecting that Purchaser has replaced Seller as "Sublessor" under the Sublease; and

11.1.9 such other documents as are reasonably necessary to consummate the transactions contemplated herein, without additional liability or cost.

11.2 Purchaser's Deliverables. At Closing, Purchaser shall obtain or execute and deliver to Seller, Title Insurer or Escrow Agent, as applicable, the following (collectively, the "Purchaser's Deliverables" and together with the Seller's Deliverables, collectively, the "Closing Deliverables"):

11.2.1 deposit by wire transfer of immediately available funds with Escrow Agent an amount equal to the Purchase Price (less the Earnest Money Deposit) and subject to adjustments and/or credits as otherwise specified in this Agreement and as will be set forth on the Closing Statement, and such amount shall be paid by Escrow Agent to Seller by wire transfer of immediately available funds to an account or accounts designated by Seller;

11.2.2 the Partial Assignment of Lease;

11.2.3 appropriate evidence of the applicable Purchaser's existence and authority of such Purchaser to acquire the Property to the extent reasonably required by the Seller;

11.2.4 Amendment to the Sublease reflecting that Purchaser has replaced Seller as "Sublessor" under the Sublease;

11.2.5 the Closing Statement;

11.2.6 Intentionally Omitted; and

11.2.7 such other documents as are reasonably necessary to consummate the transactions contemplated herein, without additional liability or cost.

11.3 Conditions Precedent to Purchaser's Obligations. The obligations of Purchaser to consummate the transactions contemplated hereunder shall be conditioned upon the satisfaction of each of the following conditions prior to or simultaneously with the Closing, any of which may be waived by Purchaser in its sole discretion by written notice to Seller at or prior to the Closing:

11.3.1 Seller shall have delivered all of the items required to be delivered pursuant to the terms of this Agreement, including, but not limited to Section 11.1 hereof with respect to the Closing;

11.3.2 Intentionally Omitted;

11.3.3 The Lessor's Consent has been executed and delivered by Lessor substantially in the form attached hereto as Exhibit 1.15 or otherwise in a form reasonably acceptable to Purchaser and all appeal periods applicable thereto have expired without action by any party with standing to object to same;

11.3.1 Each of the representations and warranties made by Seller in this Agreement will be true and complete in all material respects on the Closing Date as if made on and as of such date; and

11.3.2 Seller shall be obligated to pay off and satisfy at the Closing and agree to cause to be removed (a) any leasehold mortgage or similar security instrument granted by Seller encumbering all or any part of the Property (unless resulting from any act of Purchaser or any of its agents, contractors, representatives or employees), (b) any mechanics or construction liens affecting the Property filed by a materialman, contractor or subcontractor hired by or on behalf of Seller (unless resulting from any act or omission of Purchaser or any of its agents, contractors, representatives or employees), and (c) any judgment or any other monetary lien(s) affecting the Property of a liquidated amount.

In the event any of the conditions in this Section 11.3 have not been satisfied (or otherwise waived in writing by Purchaser) prior to or on the Closing Date (as same may be extended or postponed as provided in this Agreement), Purchaser shall have the right upon written notice to Seller to terminate this Agreement in its entirety, upon which the Earnest Money Deposit held by the Escrow Agent shall be returned immediately to Purchaser, then the rights, duties, obligations, and liabilities of the Parties hereunder shall immediately terminate and be of no further force and effect, except for those provisions of this Agreement which by their express terms survive the termination of this Agreement. Notwithstanding the foregoing, if such failure of condition is a result of a default by Seller hereunder, Purchaser may elect to proceed in accordance with Section 8 above.

11.4 Conditions Precedent to Seller's Obligations. The obligations of Seller to consummate the transactions contemplated hereunder shall be conditioned upon the satisfaction of each of the following conditions prior to or simultaneously with the Closing, any of which may be waived by Seller in its sole discretion by written notice to the Purchaser at or prior to the Closing:

11.4.1 Purchaser shall have delivered all of the items required to be delivered pursuant to the terms of this Agreement, including, but not limited to Section 11.2 hereof with respect to the Closing;

11.4.2 Intentionally Omitted;

11.4.3 The Lessor's Consent has been obtained; and

11.4.4 Each of the representations and warranties made by Purchaser in this Agreement will be true and complete in all material respects on the Closing Date as if made on and as of such date.

In the event any of the conditions in this Section 11.4 have not been satisfied (or otherwise waived in writing by Seller) prior to or on the Closing Date (as same may be extended or postponed as provided in this Agreement), Seller shall have the right upon written notice to Purchaser to terminate this Agreement, upon which the Earnest Money Deposit shall be returned immediately to Purchaser by Escrow Agent, and the rights, duties, obligations, and liabilities of the Parties hereunder shall immediately terminate and be of no further force and effect, except for those provisions of this Agreement which by their express terms survive the termination of this Agreement. Notwithstanding the foregoing, if such failure of condition is a result of a default by Purchaser hereunder, Seller may elect to proceed in accordance with Section 9 above.

12. BROKERS. The Parties each represent and warrant to the other that no real estate broker, salesman or finder has been involved in this transaction, for whose fees or commissions Purchaser shall be responsible per separate agreement, except as aforesaid, no real estate commission and no real estate brokerage commissions are owing hereunder or pursuant to any other separate agreement with respect to the assignment of the Lease by Seller to Purchaser or its permitted assigns. If a claim for brokerage or similar fees in connection with this transaction is made by any broker, salesman or finder claiming to have dealt through or on behalf of one of the Parties to this Agreement, then that party shall indemnify, defend and hold the other Party under this Agreement harmless from all Losses with respect to said claim for brokerage. The provisions of this Section 12 shall survive the Closing or the termination or cancellation of this Agreement.

13. ASSIGNABILITY. Neither Party may assign its rights under this Agreement without the prior written consent of the other Party, which consent shall be given in such Party's sole and absolute discretion.

14. ESCROW AGENT. The Earnest Money shall be held in escrow by Escrow Agent on the following terms and conditions:

14.1 For purposes of this Section 14, the term, "Earnest Money Deposit" shall only mean the Earnest Money Deposit delivered to Escrow Agent. Escrow Agent shall deliver the Earnest Money Deposit to Seller or Purchaser, as the case may be, in accordance with the provisions of this Agreement. Escrow Agent shall invest the Earnest Money Deposit in a money market account with a national banking association or other bank reasonably acceptable to Seller, Purchaser and Escrow Agent. Notwithstanding the foregoing, Escrow Agent shall not be required to invest the Earnest Money Deposit in an interest bearing account, unless subsequently directed by Purchaser or Purchaser's counsel, and then, only if Purchaser delivers to Escrow Agent, a W 9 and such other reasonable documentation as may be required by Escrow Agent regarding same. In the event that the Earnest Money Deposit is deposited in an interest bearing account, any interest accruing on the Earnest Money Deposit shall be for the benefit of Purchaser, except in the event of a default, in which case, such interest shall be delivered to Seller. Purchaser acknowledges that Escrow Agent cannot open an interest bearing account without the appropriate Internal Revenue Service Documentation.

14.2 Any notice to or demand upon Escrow Agent shall be in writing and shall be sufficient only if received by Escrow Agent within the applicable time periods set forth herein, if any. Notices to or demands upon Escrow Agent shall be mailed to the address of the Escrow Agent set forth in Section 15 of this Agreement, sent via email to the party set forth in Section 1 of this Agreement, or served personally upon Escrow Agent with receipt acknowledged in writing by Escrow Agent. Notices from Escrow Agent to each Seller or Purchaser shall be mailed or otherwise delivered as provided for each Party in Section 15 of this Agreement.

14.3 In the event that litigation is instituted relating to this escrow, the Parties hereto agree that Escrow Agent shall be indemnified and held harmless from any reasonable attorneys' fees, court costs and expenses relating to that litigation to the extent that litigation does not arise as a result of the Escrow Agent's gross negligence or willful misconduct. In the event that conflicting instructions, claims or demands (collectively "demands") are made on Escrow Agent, or Escrow Agent, in good faith, believes that any demands with regard to the Earnest Money Deposit are in conflict or are unclear or ambiguous, Escrow Agent shall refuse to comply with such demand so long as such disagreement shall continue, and in so refusing the Escrow Agent shall not release the applicable Earnest Money Deposit, or make any other disposition of the escrow account. The Escrow Agent shall not be or become liable in any way to Purchaser or any Seller for its failure or refusal to comply with any such conflicting demands, and it shall be entitled to continue so to refrain from acting until such conflicting or adverse demands (a) shall have been adjusted by agreement and it shall have been notified in writing thereof by Purchaser and Seller or (b) shall have finally been determined in a court of competent jurisdiction. Additionally, at its discretion Escrow Agent may bring an interpleader action in an appropriate court. Such action shall not be deemed to be the "fault" of Escrow Agent, and the parties hereto, other than Escrow Agent, agree to indemnify Escrow Agent for all such reasonable attorneys' fees, court costs and expenses. Each Party reserves the right to seek contribution and/or indemnification from the other Parties in connection with the indemnification of the Escrow Agent hereunder. The parties recognize that the Escrow Agent is the law firm representing Seller, and hereby agree that such law firm may continue to represent Seller in any litigation pursuant to this Agreement.

14.4 Without limitation, Escrow Agent shall not be liable for any loss or damage resulting from the following: (a) the financial status or insolvency of any other party, or any misrepresentation made by any other party; (b) any legal effect, insufficiency or undesirability of any instrument deposited with or delivered by or to Escrow Agent or exchanged by the parties hereunder, whether or not Escrow Agent prepared such instrument; (c) the default, error, action or omission of any other party to this Agreement or any actions taken by Escrow Agent in good faith, except for Escrow Agent's gross negligence or willful misconduct; (d) any loss or impairment of the Earnest Money Deposit that has been deposited in escrow while the Earnest Money Deposit is in the course of collection or while the Earnest Money Deposit is on deposit in a financial institution if such loss or impairment results from the failure, insolvency or suspension of a financial institution, or any loss or impairment of the Earnest Money Deposit due to the invalidity of any draft, check, document or other negotiable instrument delivered to Escrow Agent; (e) the expiration of any time limit or other consequence of delay, unless a properly executed, timely received settlement instruction, accepted by Escrow Agent has instructed the Escrow Agent to comply with said time limit and Escrow Agent has not received conflicting instructions; and (g) Escrow Agent's compliance with any legal process, subpoena, writ, order, judgment or decree of any court, whether issued with or without jurisdiction and whether or not subsequently vacated, modified, set aside or reversed.



14.5 Escrow Agent shall not have any duties or responsibilities, except those set forth in this Section and shall not incur any liability in acting upon any signature, notice, demand, request, waiver, consent, receipt or other paper or document believed by Escrow Agent to be genuine. Escrow Agent may assume that any person purporting to give it any notice on behalf of any party in accordance with the provisions hereof has been duly authorized to do so, or is otherwise acting or failing to act under this Section except in the case of Escrow Agent's gross negligence or willful misconduct. Upon completion of the disbursement of the Earnest Money Deposit, Escrow Agent shall be automatically released and discharged of its escrow obligations hereunder.

14.6 The terms and provisions of this Section shall create no right in any person, firm or corporation other than the parties and their respective successors and permitted assigns and no third party shall have the right to enforce or benefit from the terms hereof.

14.7 The terms and provisions of this Section shall be binding immediately on and between the party who delivers to Escrow Agent its executed signature page to this Agreement and Escrow Agent regardless of whether any other party has executed or delivered a counterpart signature page hereto.

14.8 The Escrow Agent may resign as such hereunder by giving thirty (30) calendar days written notice hereof to Purchaser and Seller. Within ten (10) calendar days after receipt of such notice, Purchaser and Seller shall furnish to the Escrow Agent written instructions for the release of the Earnest Money Deposit. If Purchaser and each applicable Seller fail to furnish the written instructions within the ten (10) calendar day period, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent and, upon such appointment, deliver the Earnest Money Deposit to such successor. By doing so, the Escrow Agent shall not incur any liability to any party to this Agreement and shall be released from any further obligation, responsibility and liability under this Agreement. Furthermore, Escrow Agent shall be entitled to be reimbursed out of the Earnest Money Deposit for its costs and attorney's fees that are incurred as a result having to petition the court for the appointment of a successor.

14.9 The provisions relating to the duties and obligations of the Escrow Agent shall be governed by and construed in accordance with the laws of the State of Florida and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors in interest and assigns.

14.10 Notwithstanding anything herein to the contrary:

(a) In the event the sale of the Property provided in this Agreement shall not take place because of default by the Purchaser as described in Section 9 of this Agreement, then, in such event, Seller shall have the right to terminate this Agreement and Seller shall be entitled to direct the Escrow Agent in writing with a copy to Purchaser ("Seller's Demand") that Seller is entitled to the Earnest Money Deposit. Upon receipt of Seller's Demand, Escrow Agent shall deliver written notice thereof ("Escrow Agent's Notice"), together with a copy of Seller's Demand, to Purchaser within three (3) Business Days after receipt of Seller's Demand, and, unless Escrow Agent receives written notice of Purchaser's objection ("Purchaser's Objection") to Seller's Demand within three (3) Business Days after receipt of Escrow Agent's Notice, Escrow Agent shall promptly pay the Earnest Money Deposit to Seller. If Escrow Agent receives Purchaser's Objection in a timely manner as required herein, the Escrow Agent shall not pay the Earnest Money Deposit, but shall continue to hold and dispose of the Earnest Money Deposit as provided herein.

(b) In the event the sale of the Property pursuant to this Agreement shall not be consummated because of a default by the Seller as described in Section 8 of this Agreement or if Purchaser is otherwise entitled to the return of the Earnest Money Deposit pursuant to this Agreement, then if Purchaser elects to terminate this Agreement as provided in Section 8 hereof, Purchaser shall be entitled to direct the Escrow Agent in writing with a copy to Seller ("Purchaser's Demand") that Purchaser is entitled to the Earnest Money Deposit, under and in connection with this Agreement. Upon receipt of Purchaser's Demand, Escrow Agent shall deliver Escrow Agent's Notice, together with a copy of Purchaser's Demand, to Seller within three (3) Business Days after receipt of Purchaser's Demand, and, unless Escrow Agent receives written notice of Seller's objection ("Seller's Objection") to Purchaser's Demand within three (3) Business Days after receipt of Escrow Agent's Notice, Escrow Agent shall promptly pay the Earnest Money Deposit to Purchaser. If Escrow Agent receives Seller's Objection in a timely manner as required therein, the Escrow Agent shall not pay the Earnest Money Deposit to Purchaser, but shall continue to hold and dispose of the Earnest Money Deposit as provided herein.

14.11 The provisions of this Section shall survive the early termination or cancellation of this Agreement until the Earnest Money Deposit is returned or disbursed in accordance with the terms of this Agreement.

15. NOTICES. Wherever any notice or other communication is required or permitted hereunder, such notice or other communication shall be in writing and shall be delivered by overnight courier, hand, electronic transmission, or sent by U.S. registered or certified mail, return receipt requested, postage prepaid, to the addresses; email addresses or facsimile numbers set out below or at such other addresses; email addresses as are specified by written notice delivered in accordance herewith.

If to Seller: AA ACQUISITIONS, LLC  
15000 NW 44th Avenue  
Opa Locka, Florida 33054  
Attention: Eric Greenwald and Leonard Abess  
E mail: egreenwald@airsidepark.com  
E Mail: leonard@thinklabventures.com

With a copy to: Greenberg Traurig, P.A.  
333 Avenue of the Americas  
Miami, Florida 33131  
Attn: ames A. Carezza, Esq.  
E Mail: carenzaj@gtlaw.com

If to Purchaser: OPF Hangars Landlord LLC  
136 Tower Road, Hangar M  
Suite 250  
Westchester County Airport  
White Plains, NY 10604  
Attn: Tal Keinan  
E Mail: tkeinan@skyharbour.com

With a copy to: Law Offices of Paul A. Lange, LLC  
80 Ferry Boulevard  
Stratford, CT 06615  
Attn: Alison L. Squicciarro, Esq.  
Email: als@lopal.com

To Escrow Agent: Greenberg Traurig, P.A.  
333 Avenue of the Americas  
Miami, Florida 33131  
Attn: ames A. Carezza, Esq.  
E Mail: carenzaj@gtlaw.com

Any notice or other communication (i) mailed as hereinabove provided shall be deemed effectively given or received on the third (3<sup>rd</sup>) Business Day following the postmark date of such notice or other communication, (ii) sent by overnight courier or by hand shall be deemed effectively given or received upon receipt or refusal, as the case may be, or (iii) sent by electronic transmission shall be deemed effectively given or received on the day of transmission of such notice provided that such notice is sent by 6:00 P.M., prevailing Miami Time. Any notice or other communication given in the manner provided above by counsel for either party shall be deemed to be notice or such other communication from the party represented by such counsel.

16. RADON GAS NOTICE. Pursuant to Florida Statutes Section 404.056(8), Seller hereby makes, and Purchaser hereby acknowledges, the following notification:

RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

17. MISCELLANEOUS.

17.1 Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State of Florida, without application of conflicts of laws principles.

17.2 Severability. In the event any term or provision of this Agreement is determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or be construed as deleted as such authority determines, and the remainder of this Agreement shall be construed to be in full force and effect.

17.3 Prevailing Party. In the event of any action, suit or other proceeding by any Party arising under or out of, in connection with or in respect of, this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and expenses through all appellate levels and post judgment proceedings incurred in such action, suit or other proceeding. The provisions of this Section 17.3 shall survive Closing.

17.4 Representation by Counsel. Each Party has participated fully in the negotiation and preparation of this Agreement with full benefit of counsel. Accordingly, this Agreement shall not be more strictly construed against either Party.

17.5 Interpretation. (a) Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the context requires, (b) the terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, (c) the word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless otherwise specified, (d) the word "or" shall not be exclusive, and (e) references to a person are also references to its permitted successors and assigns

17.6 Captions; Headings. The captions in this Agreement are for the convenience of reference only and shall not be deemed to alter any provision of this Agreement.

17.7 Time Periods. Any time period provided for in this Agreement which shall end on a Saturday, Sunday or national bank holiday shall extend to 6:00 P.M., prevailing Miami Time, of the next full Business Day.

17.8 Entire Agreement. This Agreement constitutes the entire agreement between the Parties and may not be changed, altered or modified except by an instrument in writing signed by the Party against whom enforcement of such change would be sought.

17.9 Binding Effect. All of the terms of this Agreement shall be binding upon and shall inure to the benefit of the Parties to this Agreement and their respective successors and permitted assigns.

17.10 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute and be the same instrument. Faxed or PDF signatures to this Agreement shall have the same force and effect as originals.

17.11 Incorporation. All schedules, exhibits and other attachments hereto which are referred to herein and attached hereto are incorporated herein and expressly made a part of this Agreement as though completely set forth herein. All references to this Agreement shall be deemed to refer to this entire Agreement, including the schedules, exhibits and other attachments hereto. Any item or matter required to be disclosed on a particular schedule or exhibit pursuant to this Agreement shall be deemed to have been disclosed if information for such item or matter complying with such disclosure requirements is set forth on any other schedule or exhibit.

17.12 URY TRIAL WAIVER. THE PARTIES HERETO HEREBY WAIVE THEIR RESPECTIVE RIGHT TO A URY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT OR ANY EXHIBIT OR SCHEDULE ATTACHED HERETO, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS.

17.13 Limited Liability. The obligations of Seller and Purchaser under this Agreement are without recourse to any shareholder, partner, principal, equity holder, employee, member, director, officer, agent, principal, or affiliate of any such party, and no such person or entity shall have any personal liability for the performance of the obligations of Seller or Purchaser hereunder or for the breach of any representation, warranty or covenant made by any Seller or Purchaser hereunder. The provisions of this Section 17.13 shall survive the Closing.

17.14 Time. Time is of the essence as to all matters contained in the Agreement.

17.15 Press Release; Disclosures. On and after the Effective Date and through and after the Closing, neither Seller nor Purchaser, shall issue any press release or make any public statement as to the terms of this Agreement without the prior written consent of both the Seller and Purchaser, except that no such consent shall be necessary to the extent disclosure is required to be made to the Lessor under the Development Lease or by Law; provided, however, that if disclosure shall be required pursuant to the foregoing such Party shall first give the non disclosing Party notice thereof. The provisions of this Section 17.15 shall survive Closing or the termination of this Agreement.

17.16 1031 Exchange. If any Seller or Purchaser wishes to enter into a like kind exchange (either simultaneous with Closing or deferred) with respect to the Property under Section 1031 of the Internal Revenue Code (the "Exchange"), the other party shall cooperate in all reasonable respects to effectuate the Exchange, including the execution of documents; provided (a) the cooperating party shall incur no liability or expense related to the Exchange and (b) the Closing shall not be contingent upon, nor extended or delayed by, such Exchange. The exchanging party shall be responsible for all agreements, documents and escrow instructions and no substitution of or assignment to another party to effectuate such exchange shall release any other party from its obligations, warranties or obligations under this Agreement or from liability from any prior or subsequent default.

[Signatures On Next Page]

EXECUTED as of the Effective Date in several counterparts, each of which shall be deemed an original, but all of which constitute only one agreement.

**SELLER:**

**AA ACQUISITIONS, LLC**, a Florida limited liability company

By: /s/ Eric Greenwald  
Name: Eric Greenwald  
Title: President

**PURCHASER:**

**OPF Hangars Landlord LLC**, a Delaware limited liability company

By: /s/ Tal Keinan  
Name: Tal Keinan  
Title: Chief Executive Officer

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AGREEMENT

The undersigned Escrow Agent joins this Agreement for the purposes of evidencing its agreement to hold the Earnest Money Deposit in accordance with the terms and conditions of this Agreement.

**ESCROW AGENT:**

**GREENBERG TRAURIG, P.A.**

By: /s/ James A. Carenza

\_\_\_\_\_  
Name: James A. Carenza

Title: Shareholder



## Subsidiaries of Sky Harbour Group Corporation

<b>Subsidiary</b>	<b>Parent Entity</b>
Sky Harbour LLC	Sky Harbour Group Corporation
Sky Harbour Services, LLC	Sky Harbour LLC
Sky Harbour Holdings LLC	Sky Harbour LLC
Sky Harbour Capital LLC	Sky Harbour Holdings LLC
SHOLA, LLC	Sky Harbour Holdings LLC
SHSLA, LLC	Sky Harbour Holdings LLC
APA Hangers LLC	Sky Harbour Capital LLC
DVT Hangars LLC	Sky Harbour Capital LLC
Nashville Hangars LLC	Sky Harbour Capital LLC
Sky Harbour Florida Holdings, LLC	Sky Harbour Holdings LLC
Sky Harbour Texas Holdings, LLC	Sky Harbour Holdings LLC
Sky Harbour Opa Locka Airport, LLC	Sky Harbour Capital LLC
Sky Harbour Sugar Land Airport, LLC	Sky Harbour Capital LLC
ADS Hangars LLC	Sky Harbour Holdings LLC
Sky Harbour National Holdings, LLC	Sky Harbour Holdings LLC
OPF Hangars Landlord LLC	Sky Harbour Holdings LLC

## CERTIFICATIONS

I, Tal Keinan, certify that:

1. I have reviewed this annual report on Form 10-K of Sky Harbour Group Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 28, 2022

/s/ Tal Keinan

Tal Keinan, Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATIONS

I, Francisco Gonzalez, certify that:

1. I have reviewed this annual report on Form 10-K of Sky Harbour Group Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 28, 2022

/s/ Francisco Gonzalez  
Francisco Gonzalez, Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Sky Harbour Group Corporation (the “Company”) on Form 10-K for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on or about the date hereof (the “Report”), the undersigned, in the capacities and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 28, 2022

/s/ Tal Keinan

\_\_\_\_\_  
Tal Keinan, Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Sky Harbour Group Corporation (the "Company") on Form 10-K for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), the undersigned, in the capacities and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 28, 2022

/s/ Francisco Gonzalez  
\_\_\_\_\_  
Francisco Gonzalez, Chief Financial Officer  
(Principal Financial Officer)