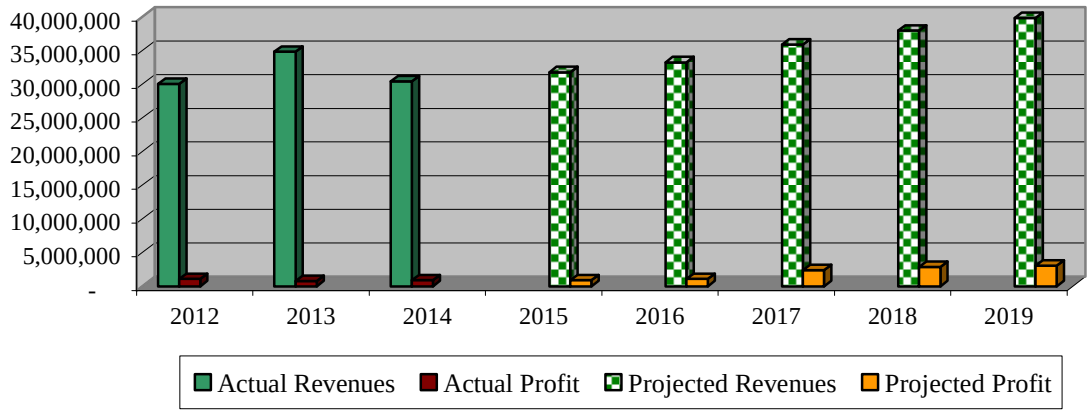
Appendix A

Reasonability Assessment of REAL's Financial Projections

Profit Plan and Cash Flow: Three-Year Actual Compared with Five-Year Projections
REAL has provided a five-year (2015-2019) revenue and profit projection as presented in Figure 3. The projections suggest that revenue will grow by approximately 25.2% from $31.8 million in 2015 to $39.8 million in 2019, while profit is expected to grow by over 230% from $913,000 in 2015 to just over $3 million in 2019. REAL anticipates that its revenues and profit will be boosted by incremental revenues from the New Stadium and New EventPlex, which is projected to average approximately $1.4 million per year. In comparison, REAL's revenues and profit for the last three years show revenues increased from approximately $30 million in 2012 to $34.8 million in 2013 before decreasing to $30.4 million in 2014, while profit decreased by 12.3% from $1.1 million in 2012 to $951,000 in 2014 as shown in Figure 3.

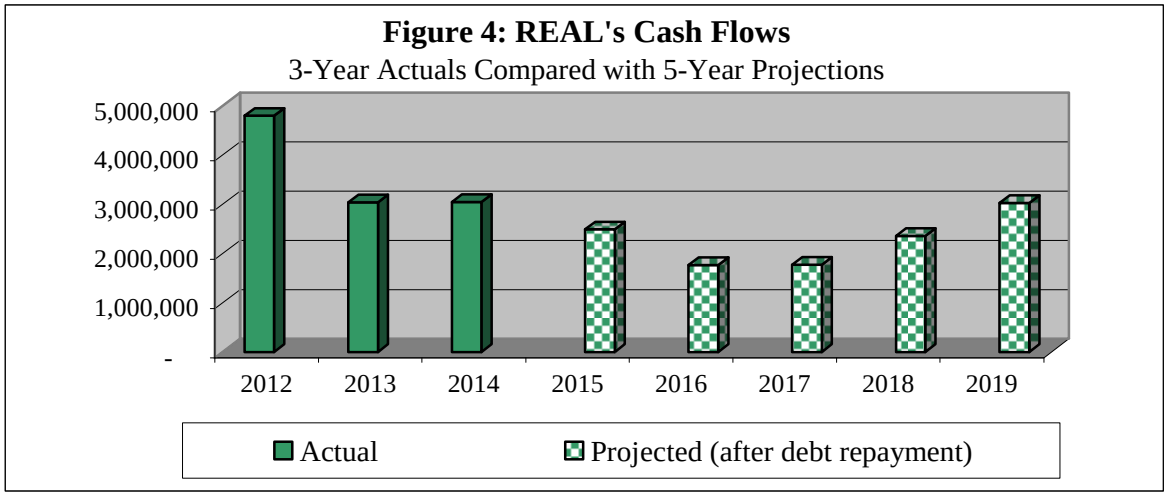
Figure 3: REAL's Profit Plan
3-Year Actuals Compared with 5-Year Projections



Based on REAL's past revenues and profit, as well as the incremental revenues it anticipates to generate from the New Stadium and New EventPlex, it is appropriate to conclude that the revenue and profit projections made by REAL are comparatively reasonable.

REAL also projects to achieve a 21.7% cumulative growth in cash flow from approximately $2.5 million in 2015 to $3.0 million in 2019 as presented in Figure 4. The cash flow projection is based on REAL's ending cash balance after taking into consideration average debt capital repayment of approximately $1.8 million per year, based on the proposed debt. In comparison, REAL experienced a significant decline of 36.6% in actual cash flow between 2012 and 2013. The cash flow for 2014[1] is expected to be similar to the 2013 cash flow position of approximately $3.0 million, which is also similar to the projection for 2019.

[1] The financial statements for 2014 have not been audited at this time, but the numbers are relatively reasonable as the statements include eleven months of actual activities.

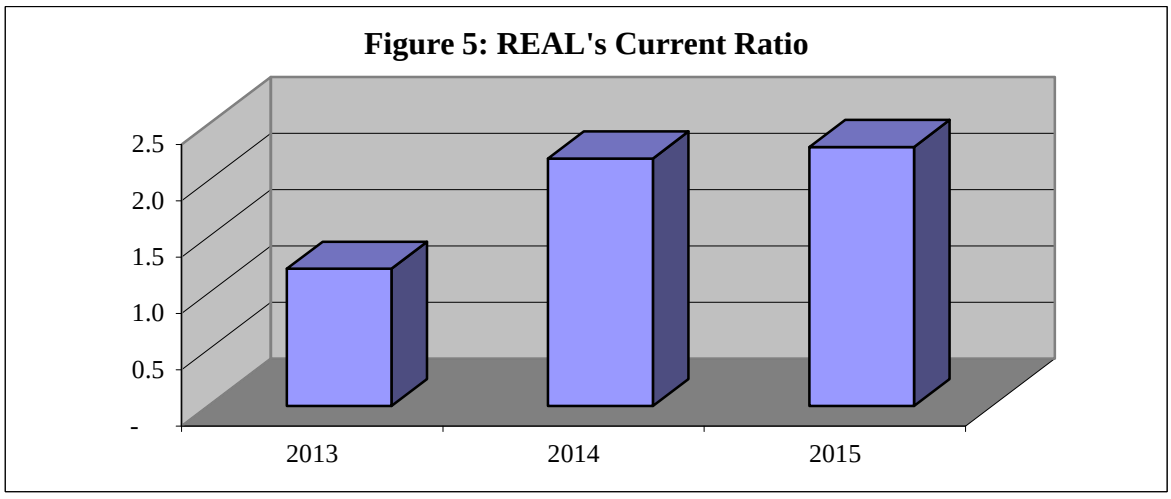


Given the actual cash flows achieved by REAL over the past three years as shown in Figure 4, it is appropriate to conclude that the five-year cash flow projections are comparatively reasonable.

Current Ratio

The current ratio measures REAL's liquidity position and its ability to meet maturing debt obligations during the year. A higher ratio is an indication that REAL can meet its yearly financial obligations. The benchmark used by most industries is a current ratio of 2.0.

Based on the graph in Figure 5, the current ratio[2] for REAL was 1.2 in 2013 but increased to 2.2 in 2014. The ratio is projected to reach 2.3 in 2015, which is higher than the target benchmark of 2.0 used by most industries. This indicates that REAL has a good liquidity position and reasonable ability to meet its annual debt obligations.

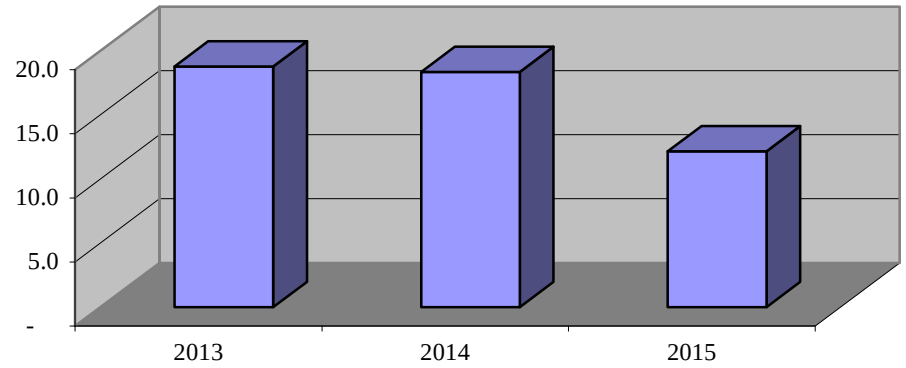


[2] 2013 ratios for REAL were calculated based on their audited financial statements, while 2014 and 2015 ratios were calculated based on unaudited financial statements and financial projections respectively.

Accounts Receivable Turnover Ratio

Accounts receivable turnover is an efficiency ratio that measures how many times REAL turn its accounts receivable into cash during the year. A higher ratio is usually an indication of efficient business operations. The standard accounts collection period, measured in days, used by most organizations is 30 days.

Figure 6: REAL's Accounts Receivable Turnover Ratio



The graph in Figure 6 shows that REAL turned their accounts receivable approximately 19 times both in 2013 and 2014, which indicates that, on average, receivables were collected within 20[3] days of sales. The projected ratio for REAL in 2015 is twelve times, indicating that accounts receivables can be collected within 30 days in 2015. While this is a less efficient performance compared to 2014, the 30-day collection period in 2015 is consistent with the standard collection terms used by many companies.

Return on Investment Analysis

Return on investment is a performance measure used to evaluate the benefit that an investor receives for undertaking an investment. It is calculated by dividing net profit by the amount of capital invested.

Based on the capital expenditures identified, REAL expects to invest $11.3 million within the next five years. The incremental profit (Table 1) that REAL projects to receive over the same period is approximately $5.8 million. This will result in a negative ROI of (48.7%) as demonstrated below:

$$\text{ROI} = \frac{\text{Incremental Profit} - \text{Investment Cost}}{\text{Investment Cost}}$$

$$= \frac{\$5.8 \text{ million} - \$11.3 \text{ million}}{\$11.3 \text{ million}}$$

$$= (48.7\%)$$

[3] This was calculated by dividing 365 days in a year by the Account Receivables Turnover (i.e. 365/19)

Table 1: Incremental Profit Analysis

Incremnetal Profit Analysis	**Total**	**2015**	**2016**	**2017**	**2018**	**2019**
Annual Projected Profit for REAL	**10,370,764**	913,281	1,102,401	2,419,084	2,877,158	3,058,840
Subtract Base Profit (2014)	**4,610,000**	922,000	922,000	922,000	922,000	922,000
Incremental Profit	**5,760,764**	- 8,719	180,401	1,497,084	1,955,158	2,136,840

It is necessary to note that the ROI analysis only looks at the return on investment over a 5-year period. However, some of the capital investments, including new building for the EventPlex and food and beverage equipment for the New Stadium, have a useful life longer than five years and would continue to generate returns. As a result, the ROI could potentially be positive if a 10-year profit projection is considered.