


QUEENS BALLPARK COMPANY, L.L.C.
CITI FIELD
FLUSHING, NEW YORK 11368

CERTIFICATION OF ANNUAL REPORT

The undersigned, Leonard Labita, being an officer of Queens Ballpark Company, L.L.C. ("QBC"), does hereby certify that the document attached hereto constitutes the Annual Report required to be furnished by QBC pursuant to Section 3(a) of the Continuing Disclosure Agreement for the Installment Purchase Bonds dated August 22, 2006 by and between QBC and The Bank of New York.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this certificate as of the 25th day of April, 2012.

A handwritten signature in black ink, appearing to read 'L. Labita', is written over a horizontal line.

Name: Leonard Labita
Title: Vice President/Controller



QUEENS BALLPARK COMPANY, L.L.C.
(An Indirect Wholly Owned Subsidiary of Sterling Mets, L.P.)

Financial Statements

December 31, 2011 and 2010

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Member
Queens Ballpark Company, L.L.C.:

We have audited the accompanying balance sheets of Queens Ballpark Company, L.L.C. (the Company), (an indirect wholly owned subsidiary of Sterling Mets, L.P.) as of December 31, 2011 and 2010, and the related statements of operations, changes in member's deficit, and cash flows for the years then ended. 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 conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Queens Ballpark Company, L.L.C. as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

April 27, 2012

QUEENS BALLPARK COMPANY, L.L.C.
(An Indirect Wholly Owned Subsidiary of Sterling Mets, L.P.)

Balance Sheets

December 31, 2011 and 2010

Assets	2011	2010
Cash	\$ 7,522,039	13,675,068
Restricted cash and cash equivalents (note 5)	1,859,322	2,626,687
Receivables from funding agencies (note 5)	991,879	6,635,117
Accounts receivable, net of allowance for doubtful accounts of \$533,296 and \$604,092 as of December 31, 2011 and 2010, respectively	2,080,124	2,290,301
Prepaid expenses	467,590	518,994
Total current assets	12,920,954	25,746,167
Property and equipment, net (notes 4 and 10)	32,366,383	40,113,472
Long-term prepaid expenses	296,575	278,485
Long-term receivables (note 6)	6,994,743	4,663,161
Total assets	\$ 52,578,655	70,801,285
Liabilities and Member's Deficit		
Accounts payable and accrued expenses	\$ 8,642,530	5,863,411
Payable to construction vendors (note 5)	1,166,598	1,766,495
Deferred revenue (note 7)	22,750,236	28,424,777
Due to affiliate (note 3)	511,315	256,521
Due to IDA – under installment purchase agreement (note 10)	417,035	391,307
Total current liabilities	33,487,714	36,702,511
Other liabilities (note 10)	30,408,298	30,644,071
Deferred revenue (notes 6 and 7)	48,419,214	51,631,948
Due to IDA – under installment purchase agreement (note 10)	53,623,079	54,065,998
Total liabilities	165,938,305	173,044,528
Contingencies (notes 10 and 13)		
Member's deficit	(113,359,650)	(102,243,243)
Liabilities and member's deficit	\$ 52,578,655	70,801,285

See accompanying notes to financial statements.

QUEENS BALLPARK COMPANY, L.L.C.
(An Indirect Wholly Owned Subsidiary of Sterling Mets, L.P.)

Statements of Operations

Years ended December 31, 2011 and 2010

	2011	2010
Revenues and other income:		
Net receipts from retained seat admissions (note 9)	\$ 50,515,652	64,454,784
Advertising (note 6)	46,052,606	47,953,712
Concessions	10,193,556	13,613,475
Parking	7,274,281	8,719,429
Luxury suite premiums	7,744,900	5,783,901
Other income	5,134,413	3,440,356
	126,915,408	143,965,657
Operating expenses:		
Ballpark, ticket operations, and maintenance	22,488,390	26,324,893
Payment in lieu of taxes (note 10)	42,706,885	42,707,285
Parking	2,164,984	2,307,624
General and administrative	8,322,231	6,864,456
Publicity and promotions	173,812	962,189
Depreciation and amortization (note 4)	7,944,840	7,911,973
Other	154,974	906,676
	83,956,116	87,985,096
Nonoperating income (expense):		
Reimbursement of prior years project expenses (note 5)	—	96,190
Interest expense (note 10)	(3,542,573)	(3,567,834)
	\$ 39,416,719	52,508,917

See accompanying notes to financial statements.

QUEENS BALLPARK COMPANY, L.L.C.
(An Indirect Wholly Owned Subsidiary of Sterling Mets, L.P.)

Statements of Changes in Member's Deficit

Years ended December 31, 2011 and 2010

	<u>Total</u>
Balance as of December 31, 2009	\$ (103,346,752)
Distributions to member (note 3)	(51,405,408)
Net income	<u>52,508,917</u>
Balance as of December 31, 2010	(102,243,243)
Distributions to member (note 3)	(50,533,126)
Net income	<u>39,416,719</u>
Balance as of December 31, 2011	<u><u>\$ (113,359,650)</u></u>

See accompanying notes to financial statements.

(An Indirect Wholly Owned Subsidiary of Sterling Mets, L.P.)

Statements of Cash Flows

Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Net income	\$ 39,416,719	52,508,917
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	7,944,840	7,911,973
Bad debt expense	50,250	70,796
Disposal of property, plant, and equipment	6,250	—
Changes in operating assets and liabilities:		
Restricted cash and cash equivalents	767,365	14,509,105
Receivables from funding agencies	5,643,237	5,743,219
Accounts receivable	159,927	(681,167)
Prepaid expenses	51,404	(87,669)
Long-term receivable	(2,331,582)	(2,331,580)
Long-term prepaid expense	(18,090)	179,865
Accounts payable and accrued expenses	2,779,119	(10,614,092)
Other liabilities	(235,773)	6,035,962
Payable to construction vendors	(599,897)	(14,753,798)
Deferred revenue	(8,887,275)	(1,095,725)
Due to/from affiliate	254,794	1,247,659
Due to IDA – under installment purchase agreement	(25,884)	98,495
Net cash provided by operating activities	<u>44,975,404</u>	<u>58,741,960</u>
Cash flows from investing activity:		
Capital expenditures	(204,000)	(252,073)
Net cash used in investing activity	<u>(204,000)</u>	<u>(252,073)</u>
Cash flows from financing activities:		
Installment purchase payments	(391,307)	(487,527)
Distributions to member	(50,533,126)	(51,405,408)
Net cash used in financing activities	<u>(50,924,433)</u>	<u>(51,892,935)</u>
Net (decrease) increase in cash	(6,153,029)	6,596,952
Cash at beginning of year	<u>13,675,068</u>	<u>7,078,116</u>
Cash at end of year	<u>\$ 7,522,039</u>	<u>13,675,068</u>
Supplemental disclosure of cash flow information and noncash operating activities:		
Cash paid for interest	\$ 3,567,834	3,469,338

See accompanying notes to financial statements.

QUEENS BALLPARK COMPANY, L.L.C.
(An Indirect Wholly Owned Subsidiary of Sterling Mets, L.P.)

Notes to Financial Statements

December 31, 2011 and 2010

(1) The Company

Queens Ballpark Company, L.L.C. (the Company or QBC) is a New York limited liability company formed on November 14, 2005. It is managed by its sole member, BA Baseball Company L.L.C., which is a wholly owned subsidiary of Sterling Mets, L.P. (SMLP). QBC is a special-purpose entity that was organized solely for the purpose of developing (as agent for the New York City Industrial Development Agency (IDA)), leasing, and operating Citi Field, the Ballpark (Ballpark or Stadium), and certain surrounding parking sites, and other activities incidental thereto.

QBC is a tenant pursuant to a long-term operating lease (the Stadium Lease) entered into by QBC and the IDA for the Ballpark, and pursuant to concurrent leases, for the surrounding parking sites. QBC in turn is the sublandlord pursuant to a stadium use agreement with SMLP, under which SMLP has the right to use the Ballpark for home games of the New York Mets baseball team and other events.

(2) Summary of Significant Accounting Policies

(a) Financial Instruments and Concentration of Credit Risk

The carrying values of the Company's cash and restricted cash and cash equivalents, and accounts receivable and payable approximate fair value. Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and restricted cash and cash equivalents on deposit at a financial institution. In order to minimize this risk, the Company has limited its cash and restricted cash and cash equivalents to high-quality financial institutions.

(b) Restricted Cash and Cash Equivalents

Restricted cash at December 31, 2011 and 2010 amounted to \$1,859,322 and \$2,626,687, respectively. At December 31, 2011 and 2010, \$1,166,598 and \$1,766,495, respectively, represents cash received from funding agencies that was not yet disbursed to vendors involved in the construction of the Ballpark or Ballpark equipment suppliers (note 5). At December 31, 2011 and 2010 \$692,724 and \$860,192, respectively, represents cash received from the Company's concessionaire and parking agent to be used for future capital improvements or expenditures.

(c) Revenue Recognition

Revenue is recognized when earned, either when games are played, or under the terms of specific agreements. Receipts from admissions are recorded net of local admission and sales taxes, and amounts due to Major League Baseball (MLB).

(d) Equipment, Leasehold, and Leasehold Improvements

Furniture and fixtures are depreciated over their estimated useful life of seven years, on a straight-line basis. Equipment is depreciated over its estimated useful lives of five years, on a straight-line basis. Vehicles are depreciated over their estimated useful lives of four years, on a straight-line basis. Computer equipment is depreciated over its estimated useful life of three years, on a straight-line basis. Leasehold and leasehold improvements are amortized over the shorter of their economic useful lives, or the terms of the applicable lease on a straight-line basis.

QUEENS BALLPARK COMPANY, L.L.C.
(An Indirect Wholly Owned Subsidiary of Sterling Mets, L.P.)

Notes to Financial Statements

December 31, 2011 and 2010

The Company's policy is to capitalize interest cost incurred on amounts payable to the IDA under the installment purchase agreement during the construction of major projects exceeding one year.

(e) Barter Transaction

Barter revenues and expenses were recorded at the fair market value of the products and services given by the Company. All barter revenue and expense is recorded in the current year. Barter expense is recognized when the products and services are delivered. Gross barter revenue and expense was \$20,000 in 2011 and 2010.

(f) Income Taxes

Single-member limited liability companies organized as provided under the Company's operating agreement are not taxable entities for federal, state, and local income tax purposes, and accordingly, income taxes have not been provided for in the accompanying financial statements. Similar to a partnership, SMLP, as the ultimate sole member, is responsible for reporting the Company's income, gains, deductions, losses, and credits in its income tax returns.

(g) Use of Estimates

The preparation of the financial statements 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, liabilities, and the 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 may vary from those estimates.

An allowance for doubtful accounts is recorded based on a combination of SMLP's historical experience, aging analysis, and information on specific accounts. The Company provides advertising space to a large number of companies across a wide range of industries. The Company extends credit to these companies and historically SMLP has not experienced significant losses relating to receivables from individual customers or groups of customers. The collection risk for advertisers is reduced by dealing primarily with certain large entities who have strong reputations in the advertising industry and stable financial condition.

(h) Fair Value Measurements

The Company determines fair value of the financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis in accordance with Financial Accounting Standard Board Accounting Standards Codification (ASC or Codification) 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also estimates a framework for measuring fair value and expands disclosures about fair value measurements. As of December 31, 2011 and 2010, the current assets and current liabilities approximated fair value due the short-term maturities for the instruments.

QUEENS BALLPARK COMPANY, L.L.C.
(An Indirect Wholly Owned Subsidiary of Sterling Mets, L.P.)

Notes to Financial Statements

December 31, 2011 and 2010

(3) Related Parties

Throughout the year, the Company was provided with certain marketing and administrative support from SMLP. During 2011 and 2010, charges for such support amounted to \$2,107,603 and \$1,980,138, respectively.

Pursuant to the terms of the Stadium Lease agreement the Company is permitted to make distributions to its member, SMLP. During 2011 and 2010, the Company made a total of \$50,533,126 and \$51,405,408, respectively, in distributions to SMLP (note 8).

Pursuant to the terms of the Stadium use agreement, SMLP subleases the Ballpark from the Company (note 9).

(4) Property and Equipment

Property and equipment consist of the following Ballpark equipment as of December 31:

	2011	2010
Furniture, computers, vehicles, and equipment	\$ 7,144,463	7,007,259
Leasehold and leasehold improvements	47,358,044	47,306,248
	54,502,507	54,313,507
Less accumulated depreciation and amortization	(22,136,124)	(14,200,035)
Property and equipment, net	\$ 32,366,383	40,113,472

Depreciation and amortization expense was \$7,944,840 and \$7,911,973 for the years ended December 31, 2011 and 2010, respectively.

(5) Ballpark Funding

Periodically, throughout the Ballpark construction process, the Company, acting as an agent, prepared requisitions to be submitted to the New York City Economic Development Corporation, the Empire State Development Corporation, and the IDA (the funding agencies).

At December 31, 2011 and 2010, the Company had \$991,879 and \$549,672, respectively, of receivables relating to Ballpark operations reimbursements from the Operating and Maintenance Account under the Lease Revenue Bonds Indenture (note 10).

During 2011, the Company received \$317,774 from the funding agencies that was used in the construction of the Ballpark. The Company paid \$917,620 of total receipts to contractors and vendors in 2011. During 2010, the Company received \$33,928,316 from the funding agencies that was used in the construction of the Ballpark. Included in this amount was \$96,190 relating to expenses incurred in 2009, which were subsequently determined to be reimbursable. The Company paid \$48,682,114 of total receipts to contractors and vendors in 2010.

QUEENS BALLPARK COMPANY, L.L.C.
(An Indirect Wholly Owned Subsidiary of Sterling Mets, L.P.)

Notes to Financial Statements

December 31, 2011 and 2010

At December 31, 2011, QBC did not have any receivable amounts from funding agencies for expenses incurred by QBC relating to the reimbursement of operating expenses and the construction of the Ballpark. At December 31, 2010, the Company had \$6,085,445 of such receivables.

At December 31, 2011 and 2010, the Company had received net proceeds of \$1,166,598 and \$1,766,495, respectively, from funding agencies that was not yet disbursed to vendors involved in the construction of the Ballpark. These are included in restricted cash and cash equivalents and payable to construction vendors.

(6) Advertising Rights Agreement

During 2006, the Company entered into an agreement (the Rights Agreement) with an advertiser granting a variety of advertising and sponsorship rights in and around the new Ballpark for an initial 20-year term, renewable at the advertiser's option for an additional 15-year renewal term. The Rights Agreement also included certain ancillary rights (such as the use of New York Mets trademarks, publication advertising, affinity programs, and ticket privileges) that are not owned by QBC, but by SMLP. As a result, SMLP is also a party to the Rights Agreement, and will receive 15% of the payments made pursuant thereto.

Payments by the advertiser for all years after 2014 are subject to increases based upon consumer price index changes, subject to a 2% minimum and a 4% maximum increase every three years. The difference between the minimum revenue recognized on a straight-line basis and annual advertiser payments is recognized as a long-term receivable.

The Rights Agreement also provides for the purchase by the advertiser of certain annual television advertising inventory from Sterling Entertainment Enterprises, L.L.C., a related party that owns the SportsNet New York (SNY) regional sports network. SNY holds the primary telecast rights relating to New York Mets baseball games.

(7) Concessionaire Agreement

During 2007, the Company entered into a sublease and usage agreement (the Concessionaire Agreements) with a Concessionaire granting Concessionaire the right to provide certain fixed and portable concession services at Ballpark events; the right to use concession equipment in connection with the Concessionaire's provision of the concession services; and exclusivity rights. The term of the Concessionaire Agreements is 30 years from the first opening day of Ballpark on or about April 2009.

In consideration for Concessionaire's lease of the premises, Concessionaire is responsible for the annual rental fees (fixed rent). In addition to the fixed rent payments, Concessionaire is required to make additional variable rental and usage fee payments in accordance with the various contractual provisions. Concessionaire also paid certain fixed amounts, which are included in deferred revenue and are being earned on a straight-line basis over 30 years.

Total future minimum payments under the Rights Agreement (note 6) and the Concessionaire Agreement are \$375,860,712 at December 31, 2011.

QUEENS BALLPARK COMPANY, L.L.C.
(An Indirect Wholly Owned Subsidiary of Sterling Mets, L.P.)

Notes to Financial Statements

December 31, 2011 and 2010

(8) Stadium Lease Agreement

Under the Stadium Lease agreement between the Company and the IDA, the IDA is leasing the Ballpark site to the Company for an initial period not to exceed 37.5 years (the Initial Term) commencing on the substantial completion date of construction of the Ballpark and on-site parking facilities. The substantial completion date occurred on or about April 2009 for the start of the 2009 Major League Baseball season. The Company has renewal options, at fair market value, for an additional 61.5 years.

The Company will pay an annual rent of \$500,000 each December 1 through the end of the Initial Term, and an additional \$500,000 per year from 2010 through 2039 if annual attendance reaches 2,000,000 in that year, based upon tickets sold.

The Stadium Lease agreement requires the Company to comply with customary covenants relating to the operation and maintenance of the Ballpark. The Stadium Lease is a net lease, in that, to the extent the IDA does not otherwise provide funds or reimburse the Company for such costs (note 10), the Company will be responsible for all capital improvements, maintenance, repairs, and operating expenses for the Ballpark for the Initial Term.

(9) Stadium Use Agreement

Under the Stadium use agreement between the Company and SMLP, SMLP subleases the Ballpark from the Company and the Company had assigned certain of its rights under the Stadium Lease agreement to SMLP consistent with the Initial Term of the Stadium Lease.

There are no payment obligations by SMLP to the Company for the use of the Ballpark or parking facilities. The Company received SMLP's commitment to play New York Mets home games at the Ballpark, which enhances the value of the retained rights revenue, as consideration for the use of the Ballpark and parking facilities. SMLP has entered into a nonrelocation agreement that requires the New York Mets to play substantially all of their home games in the new Ballpark through the end of the Initial Term, subject to Major League Baseball agreements, rules, and regulations.

Retained rights revenue consists of luxury suite premiums; ticket revenue for approximately 10,635 premium seats; food, beverage, and merchandise concessions; Ballpark signage, advertising, and naming rights; and certain parking revenues. All such revenues are generated primarily by SMLP's use of the Ballpark. SMLP has been appointed as the servicer and marketing agent by the Company for the sale, marketing, and administration of the retained rights, other than concessions and parking.

(10) IDA Obligations

To provide funding for the Ballpark project development and construction, in August 2006, the IDA issued the following Queens Baseball Stadium Project Series 2006 Bonds (IDA Bonds):

	<u>Interest rate</u>	<u>Principal</u>
Tax-Exempt PILOT Bonds	3.600% to 5.000%	\$ 547,355,000
Taxable Installment Purchase Bonds	6.027%	58,450,000
Taxable Lease Revenue Bonds	6.027%	7,115,000

QUEENS BALLPARK COMPANY, L.L.C.
 (An Indirect Wholly Owned Subsidiary of Sterling Mets, L.P.)

Notes to Financial Statements

December 31, 2011 and 2010

To provide additional funding for the Ballpark project development and construction, the IDA issued the following Queens Baseball Stadium Project Series 2009 Bonds in February 2009:

	<u>Interest rate</u>	<u>Principal</u>
Tax-Exempt PILOT Bonds	4.000% to 6.500%	\$ 82,280,000

(a) PILOTs

The IDA is the legal owner of the Ballpark (except for certain Ballpark equipment) and has received a ground lease for 99 years from New York City. In accordance with the laws of the State of New York, no general real property taxes will be payable by the IDA or the Company with respect to the Ballpark properties. However, the City of New York, the IDA, and the Company entered into a Payment-in-Lieu of-Tax Agreement (PILOT Agreement) under which the Company is required to make certain payment in lieu of taxes (PILOTs) to the IDA.

The obligations of the Company under the PILOT Agreement to make payments during each year will be secured by a leasehold PILOT mortgage, for each year, granted by the Company and the IDA to the IDA. The IDA assigned these mortgages to the independent trustee, encumbering the Company's and the IDA's respective interests in and to the Ballpark and surrounding facilities. Differences between scheduled payments and PILOT expense recognized annually are included in the other liabilities.

Although the leasehold PILOT mortgages secure the making of the PILOTs by the Company to the independent trustee, the leasehold PILOT mortgages cannot be assigned to the PILOT Bond Trustee and are not security for the Tax-Exempt PILOT Bonds. The Tax-Exempt PILOT Bonds do not constitute an obligation of the Company, SMLP, or any SMLP affiliate, and are not secured by any interest in the Ballpark or any property or interest in the Company, SMLP, or affiliates.

The Company is not required to make PILOTs in an amount greater than the real property taxes that would have been levied upon the Ballpark and associated parking facilities in that year if these properties were not exempt from taxes.

PILOTs in excess of the IDA debt service on the PILOT bonds are, subject to certain reserve requirements, to be allocated by the IDA to the payment of ordinary and necessary expenses directly attributable to the operation and maintenance of the Ballpark (note 8). No payments were made during 2011 or 2010.

Under the Stadium Lease Agreement (note 8), the Company shall make no distributions to its affiliates, the effect of which would be that the Company would have insufficient funds to allow it to make all payments with respect to the Company's reasonably anticipated payment obligations, and obligations relating to PILOTs, Installment Purchase Bond payments, and rent, in the current or succeeding fiscal year.

QUEENS BALLPARK COMPANY, L.L.C.
(An Indirect Wholly Owned Subsidiary of Sterling Mets, L.P.)

Notes to Financial Statements

December 31, 2011 and 2010

(b) *Installment Sale Agreement*

The Taxable Installment Purchase Bonds are special limited obligations of the IDA and do not constitute an obligation of the Company, SMLP, or any SMLP affiliate, and are not secured by any property of SMLP or affiliates, other than the Company's Ballpark equipment.

Pursuant to an installment sale agreement between the Company and the IDA, the IDA is selling to the Company, on an installment basis, Ballpark equipment to be used within the Ballpark over a term equal to the term of the Taxable Installment Purchase Bonds. The Company has provided a security interest in the equipment to the IDA in connection with the installment sale agreement, which the IDA assigned to the installment sale bond trustee.

During 2011 and 2010, the Company did not acquire any Ballpark equipment under the installment sale agreement.

At December 31, 2011 and 2010, the total cost associated with assets purchased under the installment sale agreement is \$53,638,174. The effective interest rate on the borrowings under the installment sale agreement is 6.5%.

Exclusive of bond insurance and trustee payments, the scheduled debt service payments under the installment purchase agreement to IDA are as follows at December 31, 2011:

	<u>Principal</u>	<u>Total</u>
2012	\$ 417,035	3,959,609
2013	442,745	3,958,269
2014	473,436	3,960,120
2015	503,806	3,959,862
2016	539,178	3,962,495
Thereafter	51,663,914	116,284,821
	<u>\$ 54,040,114</u>	<u>136,085,176</u>

The Company's payable to the IDA under the installment purchase agreement, including the current portion, is recorded at cost. The carrying value and fair value of the payable as of December 31, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Carrying amount	\$ 54,040,114	54,457,305
Estimated fair value	41,626,559	42,097,675

The estimated fair value is based on the market price of the Taxable Installment Purchase Bonds.

QUEENS BALLPARK COMPANY, L.L.C.
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Notes to Financial Statements

December 31, 2011 and 2010

(c) Lease Obligations

The Company entered into the Stadium Lease with the IDA (note 8) that provides for the annual payment of rent. The obligation of the Company to make the rental payments is secured by a leasehold rental mortgage granted by the Company and the IDA, as mortgagors, to the IDA as mortgagee, and was assigned to the Lease Revenue Bonds Trustee. This mortgage encumbers the Company's and the IDA's respective interests in and to the Ballpark and the certain associated parking facilities. The Taxable Lease Revenue Bonds do not constitute an obligation of, and are not secured by any interest in or property of, the Company, SMLP, or any affiliate.

Total minimum obligations payable by the Company to the IDA are as follows:

	<u>PILOTs</u>	<u>Lease</u>
2012	\$ 43,800,000	500,000
2013	43,800,000	500,000
2014	43,800,000	500,000
2015	43,900,000	500,000
2016	43,900,000	500,000
Thereafter	1,291,400,000	14,500,000

The Company made PILOT, principal and interest payments under the installment sale agreement, and lease payments to the IDA of \$43,800,000, \$3,959,141, and \$1,500,000, respectively, in 2011. \$500,000 of the lease payments made in 2011 related to the 2010 season. The Company made PILOT, principal and interest payments under the installment sale agreement, and lease payments to the IDA of \$43,700,000, \$3,956,865, and \$500,000, respectively, in 2010.

(d) Operating and Maintenance

The Company is solely responsible for all maintenance and repairs at Citi Field. The Company's cost and expense of maintaining Citi Field may be paid for or reimbursed out of funds available in the NYC QBS Tax-Exempt Pilot Fund under the PILOT agreement and/or the Operating and Maintenance Account under the Lease Revenue Bonds Indenture (collectively, the O&M Funds). As of December 31, 2011, the Company has a receivable of \$991,879 for O&M funds under the Lease Revenue Bonds Indenture.

Funding to the O&M Funds is from the application of PILOT payments and lease payments by the Independent Trustees after making the required funding to the PILOT Bond and Lease Revenue Bond trustees under the terms of the respective agreements. Amounts paid in excess of current year debt service are shown as a reduction of the Ballpark ticket operations and maintenance expenses in the statement of operations and amounted to \$491,879 and \$493,291 in 2011 and 2010, respectively.

Pursuant to the provisions of the IDA agreements, due to the downgrade of the credit rating of the surety provider with respect to the 2006 IDA Bonds, \$9,468,611 of PILOT O&M funds are not currently available to be used for Ballpark operations and maintenance as of December 31, 2011. This amount is being held in a separate account by the trustee as a debt service reserve fund and has

QUEENS BALLPARK COMPANY, L.L.C.
(An Indirect Wholly Owned Subsidiary of Sterling Mets, L.P.)

Notes to Financial Statements

December 31, 2011 and 2010

not been recorded as an asset or expense reduction by the Company. The Company is currently negotiating with potential insurers to obtain a qualifying replacement surety policy. A qualifying replacement surety policy has been obtained for the taxable Lease Revenue Bonds.

(11) Benefit Plans

For the years ended December 31, 2011 and 2010, the Company made matching contributions for a portion of its employees' voluntary contributions aggregating \$29,805 and \$73,119, respectively, to a SMLP sponsored 401(k) plan.

In 2011 and 2010, the Company did not provide postretirement health and life insurance benefits to retired employees and their eligible dependents.

(12) Litigation

The Company is from time to time subject to legal proceedings and claims, which arise in the normal course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not have a material adverse effect on the Company's financial position, cash flows, or results of operations.

(13) Madoff Investment Securities

Mets Limited Partnership (MLP), which holds a 99% limited partnership interest in SMLP at December 31, 2011, and SMLP are among defendants in a litigation commenced on December 7, 2010 by the trustee (Trustee) for Bernard L. Madoff Investment Securities LLC (BLMIS). The action seeks recovery of transfers from BLMIS to MLP and SMLP under the fraudulent conveyance and preference provisions of the Bankruptcy Code and New York state law. The initial complaint sets forth claims for transfers of so-called "fictitious profits" of \$84,618,667 to MLP and of \$9,388,295 to SMLP, and for transfers of additional amounts of principal to such entities.

QUEENS BALLPARK COMPANY, L.L.C.
(An Indirect Wholly Owned Subsidiary of Sterling Mets, L.P.)

Notes to Financial Statements

December 31, 2011 and 2010

On March 16, 2012, MLP and SMLP, along with affiliated entities and individuals (the Sterling Defendants) entered into a binding Memorandum of Understanding (MOU) with the Trustee settling the Madoff litigation. Per the terms of the MOU, neither MLP nor SMLP will be obligated to make any payment for a minimum of four years from the date of court approval of the settlement. The MOU requires MLP and SMLP to make settlement payments, due in two equal installments on the fourth and fifth anniversaries of such approval, equal to approximately 33.1% and 1.2%, respectively, of the aggregate settlement payment, if any, to be made by the Sterling Defendants. The aggregate settlement payment will be equal to the amount, if any, by which \$162,000,000 exceeds the aggregate recoveries in respect of the customer claims held by the Sterling Defendants against the Madoff estate, which customer claims have a maximum potential value of \$177,563,039. Under an April 13, 2012 Settlement Agreement and Release between the Trustee and Sterling Defendants, the customer claims have been unconditionally assigned to the Trustee, solely for the purpose of satisfying the aggregate settlement payment, and all distributions in respect of such claims shall be automatically applied to reduce the amount of such payment obligation. This settlement is still awaiting final court approval.

At no time did QBC have any funds managed by or invested with BLMIS. As QBC did not have any funds managed or invested with BLMIS, QBC was not named in the BLMIS Litigation.

(14) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through April 27, 2012, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.