



Overview

The Wildflower Resort (“Wildflower” or the “Project”) is a \$358 million planned business meeting destination with resort amenities located in the Dallas Fort Worth Metroplex (the “Metroplex”). The Metroplex’s central location, temperate climate and highly accessible airport make it an ideal location for a business meeting destination. Wildflower is conveniently located approximately 20 minutes south of the Dallas Fort Worth (“DFW”) International Airport in one of the fastest growing communities in the Metroplex, Grand Prairie. The Wildflower site is an undeveloped 1,000 acre peninsula at the center of a 7,500 acre lake and will be surrounded in perpetuity by Texas Parks and Wildlife property and Grand Prairie parkland. The land has been secured by the master developer, Wildflower Resort Company (the “Master Developer” or the “Company”), in the form of a 99 year renewable land lease with Grand Prairie. The Project is being directed by an experienced team of industry professionals led by Mr. Raymond J. Goad, a former senior executive of Westin Hotels.

The Project comprises two divisions for which all entitlements are in place. The Hospitality Division includes a 500-room luxury hotel that will be managed by InterContinental® Hotels & Resorts (“InterContinental®”), a 75,000 sq. ft. conference center, a 25,000 sq. ft. spa and fitness center, two world-class golf courses and clubhouse and up to 150 residential villas to be marketed on a fractional ownership basis. The Hospitality Division will also include the option to build a 120-room boutique hotel and a 350-room mid-scale hotel. The Village Division includes the Wildflower Festival Entertainment Village (the “Village”), a 75-acre lifestyle retail development featuring 350,000 sq. ft. of retail space and assorted entertainment venues.

The Master Developer has raised \$10.3 million of pre-development capital to fund a variety of Project related expenses including feasibility studies, leasehold payments and a design-build contract for the Hospitality Division with Turner Construction and Gensler (architects and design). As the design for the Hospitality elements has been substantially completed, construction can begin within 90 days of the equity commitment. The design-build agreement includes a guaranteed maximum price contract for the Hospitality Division which was reassessed by Turner in April 2006 and reconfirmed based on a January 2007 start.

Capital Structure & IRRs

The Master Developer is seeking total capital for the Project of approximately \$358 million, which based on a suggested capital structure of 10% equity, 25% mezzanine debt and 65% senior debt would consist of \$36 million of equity, \$89 million of mezzanine debt and \$232 million of senior debt. The estimated IRR to the equity based on this capital structure (and certain assumptions described in detail in the placement memorandum) is approximately 32% before the Master Developer’s carried interest and 29% after the carried interest. The mezzanine debt has a targeted return of 18%.

The Master Developer is also willing to consider separate investments in the Hospitality Division and the Village Division. The table below provides estimated sources and uses of funds and estimated IRRs for the Project and the two divisions. The cost estimates for the Hospitality Division do not include the mid-scale hotel and boutique hotel but do include three residential villas which the Company intends to use as models to pre-sell the other 147 villas.

(\$ in 000s)	Hospitality Division	Village Division	PROJECT
Senior Debt	\$160,377	\$72,073	\$232,450
Mezzanine Debt	61,684	27,720	89,404
Equity Investment (1)	24,673	11,088	35,762
Total Capital	\$246,735	\$110,882	\$357,616
Repayment of Equity (Month) (2)	63	61	NA
Gross IRR (3), (4)	30.3%	35.6%	31.9%
Net IRR (3), (4), (5)	27.7%	33.2%	29.3%

(1) Equity drawdowns are net of interest income (3.5% p.a.) on undrawn equity.

(2) Months from Date of Commitment of Equity Investment (includes 27 month construction period).

(3) Assumes the sale of the two divisions at March 31, 2015 (approximately eight years from Date of Commitment).

(4) IRRs were calculated on a monthly basis and annualized by multiplying by twelve; the use of compounding to annualize the IRR would add 400 - 500 basis points.

(5) Net of Management’s carried interest which is 20% after a 9% preferred return to the equity investor.

Development Features

- **InterContinental® Wildflower Hotel** – The 500-room, luxury hotel complex will include varied guestrooms to accommodate the demands of the resort's upscale group business, including a large number of suites.
- **Grand Prairie Conference Center** - The 75,000 sq. ft. of meeting space will include a 20,000 sq. ft. grand ballroom, 9,000 sq. ft. junior ballroom, 3,000 sq. ft. amphitheater and more than 6,000 sq. ft. of additional meeting rooms and pre-function areas.
- **Spa & Fitness Center** – A 25,000 sq. ft. stylish freestanding facility with 7,000 sq. ft. of state of the art exercise facilities, lounges, gardens, lap pool, treatment rooms, and luxury day rooms.
- **Golf Course & Club House** – Nicklaus Design is designing a 36-hole project which will include a Jack Nicklaus Signature Golf Course, the first of its kind in the Dallas area, and the first golf course designed by professional golfer Sergio Garcia. The courses will be complemented by a semi-private 35,000 sq. ft. golf club.
- **Private Residence Club Villas** – The Project has been zoned and permitted for up to 300 residential villas around the lake and golf courses, although current plans are for 150. The villas will be offered for fractional ownership.
- **Wildflower Entertainment Village** - Occupying approximately 75 acres, the Village will consist of a mix of restaurant, entertainment and specialty retail shops.

Investment Highlights

- **Experienced Project Manager** – The Project is being led by Mr. Raymond Goad, formerly an executive of Westin Hotels. Mr. Goad has been involved in several large and complex hospitality development transactions including the Mauna Kea Beach Hotel in Hawaii. Mr. Goad has hired a number of experienced industry professionals to be part of the Wildflower team including Mr. John Irvin, who has been the project manager on more than 20 four and five-star mixed use hotel projects.
- **Attractive Location** – The Project is situated within a 20-minute drive of the cities of Dallas (northeast) and Fort Worth (northwest) and the DFW Airport (north) on Joe Pool Lake. The lake is already among the top weekend recreation areas in the Metroplex, attracting over 1 million visitors each year. The new Dallas Cowboys' stadium is a 10-minute drive. Wildflower is located within 10 minutes of four interstates: 20, 30, 35 and 45. It is accessible from the north by Interstate 20 or Interstate 30 via Hwy. 360 (six lane) and Hwy. 161 (proposed six lanes). From the east, the property is accessible from Interstate 45 or Interstate 35 on Hwy. 360 (six lanes) and Hwy. 161 (proposed six lanes) along Hwy. 67.
- **Strong Demographics** – Wildflower is located within a two-hour drive of 12 million people; a population projected to grow to 17 million over the next 20 years. The Metroplex currently has 5.5 million people and is expected to grow to 7.0 million people by the end of the decade and to 8.8 million people by 2020. The DFW Airport is the third busiest airport in the U.S. with approximately 2,700 daily flights and serves 60 million passengers annually.
- **World Class Partners**
 - **InterContinental® Hotels & Resorts** – Intercontinental® has a worldwide portfolio of 140 landmark hotels in 75 countries and the industry's largest affinity program. Wildflower will be the first InterContinental® resort in the US.
 - **Turner Construction** - The nation's leading general builder, performing work on over 1,500 projects each year. A guaranteed maximum price contract for the Hospitality Division and Project infrastructure was negotiated with Turner.
 - **Gensler** - Leading global design, planning and strategic consulting firm which is consistently ranked as the leading architecture and interior design firm in international and national industry surveys.
 - **Nicklaus Design** - Nicklaus Design, recognized as the world leader in golf course design, has been involved with over 250 courses in 27 countries and 35 states.
 - **Troon Golf** - Troon Golf will provide golf management services for the Wildflower golf complex. Troon manages operations at more than 140 golf courses located in 26 states and 11 countries.

Ablum Brown & Company and Shattuck Hammond Partners, LLC have been retained by the Master Developer as its exclusive placement agent. For additional information including drawings of the Project, please visit the Project's website at www.wildflowerresort.com.

All questions regarding this opportunity should be directed to the following individuals:

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To receive a copy of the confidential placement memorandum, please sign and fax back the attached Confidentiality Agreement.