

STEAMBOAT SKI RESORT
BASE AREA VILLAGE

Steamboat Springs, Colorado



DEVELOPMENT LOAN OPPORTUNITY

HFF

Holliday Fenoglio Fowler, L.P.

Overview

On behalf of DB Ski Thunder LLC, (the “Sponsorship” and the “Borrower”), Holliday Fenoglio Fowler, L.P. has been exclusively retained to present an outstanding opportunity to provide pre-development financing for two contiguous redevelopment sites, Thunderhead (“TH”) and Ski Time Square (“STS”) (combined as the “Properties”), located at the base of the Steamboat Ski Resort in Steamboat Springs, Colorado. Collectively, these sites will form a new base-area village and the Borrower is seeking financing to allow for take-out of an existing land loan and funding for pre-development work on the 6.9 acre site (the “Site”). Currently improved with various retail and residential structures built between 1966 and 1972, this Site is ripe for redevelopment, as the City, the Mountain, and private investors like the Borrower jointly participate in the recently launched “Steamboat Unbridled” development and redevelopment initiative. Steamboat Unbridled, expected to generate over \$2.6 billion in new investments, represents a renaissance to the mountain, base area and mountain village, providing new and unparalleled lodging properties, retail and dining establishments, as well as a transformed Steamboat/Hayden airport.

The Sponsorship completed the acquisition of the Properties in April 2007 from a partnership of individuals that had owned the Properties for approximately 30 years. The Properties were acquired for a total of \$54 million (STS for \$32.4 million and TH for \$21.6 million,) or \$180 per sellable square foot (approximately \$81 per buildable foot,) which represents 15% of the projected sales prices of \$1,440 per square foot. The proposed re-development is envisioned as a mixed-use project of over 1 million gross square feet, including whole-ownership condominiums, fractional condominiums, and retail (the “Project”).



Sponsorship

The Sponsorship currently consists of three premier commercial real estate development, ownership, and management firms, with a fourth joining the venture at closing of this requested financing. Currently, the partnership consists of Drawbridge Special Opportunities Fund – a Fortress Fund, Cafritz Interests LLC, and The Atira Group. Intrawest ULC, a subsidiary of Fortress Investment Group, has agreed in principal to provide an additional \$5 million equity investment in the Sponsorship entity.

Each of the partners brings unique skills, experiences, and relationships to this redevelopment opportunity. Intrawest is a natural and strategic addition to the partnership, as they own 100% interest in Steamboat Ski & Resort Corp., which owns and operates the Steamboat Ski Area. Fortress brings their extensive knowledge, funds, and financial ingenuity to the partnership. Cafritz Interests is a well established and accomplished real estate developer, with proven success in property development, ownership, and management. Finally, The Atira Group has been responsible for bringing successful resort real estate communities to market over the past 15 years. Among their resume of developments are Cordillera, the prestigious private community in West Vail Valley, and Mayacama Golf Club, located in Northern California’s wine country.

Loan Request

The Borrower is seeking pre-development financing that will allow them to both replace the existing debt on the Properties and continue the pre-development process in preparation for vertical development. The financing request for Thunderhead and Ski Time Square may be viewed separately or together. The Borrower intends to borrow an initial \$18.3 million (61.1% Initial LTC) on Thunderhead and \$23 million (57.9% Initial LTC) on Ski Time Square to finance the land component and costs spent to date for the projects. The Borrower is seeking additional funding of \$15.3 million on Thunderhead and \$10.5 million on Ski Time Square in order to complete predevelopment work. The intent is for the additional capital to be funded on a pari passu basis, thus keeping the loan to cost at 61.1% and 57.9% respectively. An interest reserve will also be requested in the amount of \$4.0 million for Thunderhead and \$8.2 million for Ski Time Square. Therefore, the entire rolled up loan request totals approximately \$37.7 million (65% Total LTC) for Thunderhead and \$41.8 million (65% Total LTC) for Ski Time Square.

Investment Merits

- * **UNMATCHED OFFERING** – This site presents one of the largest and most accessible ski in/ ski out development sites at a major ski resort in the country for redevelopment. Steamboat is 1 of only 4 one-million-skier-visit-per-year mountains in North America. With direct ski in/ski out access via the Thunderhead site, and the size and visibility of the Ski Time Square site, the Project is an essential component of the overall planning of the mountain base area. This highly anticipated development is expected to generate tremendous interest from potential purchasers.
- * **HIGHLY DESIRED END-PRODUCT** – The Sponsorship group is currently in negotiations with several groups to “brand” their high-end development and close to signing a Letter of Intent with Ritz-Carlton. Several other options including Intrawest are also interested in the Project. Sponsorship expects the final decision and LOI to be signed within a matter of weeks.
- * **STEAMBOAT RENAISSANCE** – Currently underway, the Base Area Redevelopment Plan - known as Steamboat Unbridled is bringing a sweeping array of public improvement projects at the base village. Already an unquestionably strong brand, over the next three years tens of millions of dollars will be injected into revitalizing the Steamboat mountain base area. Projects include improved traffic flow, civic improvements and vibrant landscaping designs, the creation of a Promenade & Plaza as well as day-lighting water from Burgess Creek, which runs through the subject Property. Last year, Steamboat charged ahead with a record \$16+ million in on-mountain investments for the 2007/2008 season including the new high-speed, detachable six-passenger chairlift, the Christie Peak Express, a comprehensive re-grade of the Headwall beginner slope, and significant snowmaking improvements.
- * **EXCELLENT ACCESSIBILITY/TRANSPORTATION** – Steamboat Springs is located 157 miles northwest of Denver, an easy 3 hour drive, and 230 miles northwest of Colorado Springs. One of the premier ski destinations in North America, getting to Steamboat has never been easier through the resort’s nonstop flight program and the recently renovated \$18 million Steamboat/Hayden Airport terminal facility. Nonstop jet flights are offered from ten major North American airports, including Atlanta, Chicago, Dallas/Fort Worth, Denver, Houston, Minneapolis, Newark, New York JFK, New York LaGuardia, and Salt Lake City, with convenient connections nationwide and worldwide.
- * **EXPERIENCED SPONSORSHIP** – Few groups can match the resume and experience provided by the partners in the re-development of Thunderhead and Ski Time Square. From Drawbridge Special Opportunities Fund – a Fortress Fund, to Cafritz Interests, to The Atira Group and Intrawest, when it comes to development projects, and specifically mountain developments, this team’s combined track record is impeccable. The Sponsorship is in a unique position, with their background in real estate and operations, to tie together marketing and sales initiatives others cannot replicate.



Steamboat Springs Overview

Located in the Yampa Valley in the Rocky Mountains of Colorado, Steamboat Springs has always been a highly desired year round vacation destination as a result of the surrounding natural features and idyllic setting. Best known as the birthplace of organized skiing in Colorado, the town is ten square miles in size and has well over 10,000 year-round residents, swelling to much greater numbers during the peak winter season. Steamboat Springs' high elevation creates an extended ski season that lasts from late November to early April, with plentiful snow fall that averages over 330 inches per year. Ranked 9 in the Top 10 by Ski Magazine for 2007, Steamboat attracts over 1 million skier visits per year. With nearly 3,000 acres of skiable area spread over six separate mountains, Steamboat Springs provides an incredible playground for snow sport enthusiasts. In addition to skiing, Steamboat Springs provides a vast array of outdoor activities throughout the year including mountain biking, golf, fishing, hiking, camping, hunting and hot air ballooning. The city also provides a fantastic fine dining experience with over 100 restaurants and bars to choose from that feature a variety of foods and specialties from throughout the world.



Additional Information

If you have any questions or require additional information, please contact any of the individuals below.

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