

**Proposed Hotel & Convention Center
Tunica, Mississippi
Myriad Botanical Resort**



Prepared for:
Myriad World Resorts of Tunica, LLC

October 2006

Prepared by:
PINKOWSKI & COMPANY

TUNICA, MISSISSIPPI

PROPOSED HOTEL AND CONVENTION CENTER

We have completed our update and revision to our original market study dated February 10, 2006 for the development of a proposed hotel and convention center (Myriad Palace Hotel and Mississippi Blossoms Convention Center) to be part of a unique destination resort known as Myriad Botanical Resort located in Tunica, Mississippi. The original assignment included field research conducted in the Tunica, Mississippi area and Orlando, Florida during November and December 2005 and subsequent analysis leading to our conclusions as presented in this report. The scope of our work was concerned with the determination of viability of a convention center and hotel and the estimated performance level that could reasonably be attained by the proposed convention center hotel. Our research and analysis was limited to the feasibility of the hotel and convention center component of the resort development. We relied on the research, analysis, projections, designs and conclusions of the Myriad Botanical Resort Development team and the other companies and consultants doing work on the project for data relating to the non-hotel and convention center aspects of the project.

Our update and revision reflects the changes to the scope and specific components of the project that have been more clearly defined since the completion of our original study. The most significant change as it relates to the convention center is the addition of 200,000 square feet of exhibit space during the fourth year of operation for the convention center, bringing the total convention and conference space to 600,000 square feet. Other components of the entertainment complex have been more clearly defined and additional research completed by Economics Research Associates and The Innovation Group has analyzed the potential demand for this type of entertainment complex.

The Myriad development team includes a variety of individuals with considerable experience in attraction, resort and theme park development, design and marketing. These individuals have provided assistance in a variety of projects including:

- ❑ Opryland Hotel and Convention Center-Nashville, TN
- ❑ Ceasars Palace Hotel and Casino-Las Vegas, NV
- ❑ Atlantis Resort and the Lost City project in South Africa
- ❑ Walt Disney Company, NBC Universal/Universal Studios, and Hard Rock Café International
- ❑ Monarch Beach Resort-Laguna Niguel, CA
- ❑ Sunterra Resort-Palm Springs, CA
- ❑ Wet N'Wild, Inc.
- ❑ Circus World
- ❑ Studio Adventure Theme Park in Melbourne, Australia

- ❑ Wakayama Marina City Project in Wakayama, Japan
- ❑ Disneyland Tokyo
- ❑ Universal Studios Japan

The variety of components included in the Myriad Botanical Resort development help create a population that comprised part of the room night demand for a hotel project. Our assumptions and conclusions are based on a development scenario that the entire plan is developed as one project. In addition, the hotel and convention center are a reasonable part of the total project only if all of the components identified in this report are developed at the same time.

Our research and analysis included the following:

BACKGROUND RESEARCH

The following information and documents were reviewed:

- ❑ Reports and documents prepared by Myriad World Resort, of Tunica. LLC/Myriad Entertainment and Resorts, Inc. its associates, related parties and consultants relevant to the scope of each component of the development and its impact on the hotel and convention center. These included:
 - Parcelization Plan
 - Revised Master Plan and Parcel Plan prepared by Paul Ma Design
 - Space Allocation Program provided by HDC & Associates
 - Preliminary Market Analysis (Phase I) prepared by ERA (Economics Research Associates)
 - Case Studies of Tourist Destination Areas (Final Report) prepared by ERA
 - Myriad Botanical Resorts - Profiles of Attractions (Volume III) prepared by ERA
 - Market Analysis for Myriad Casino & Hotel (Project Report) prepared by ERA
 - Preliminary Events & Traffic Plan & Estimation for Myriad Resort's Golf, Botanical & Entertainment Business Units prepared by IMG
 - Gaming Resort Market Assessment prepared by The Innovation Group
 - Financial Analysis - Myriad Casino Resort prepared by The Innovation Group
 - Estimate of Capital Expenditures
 - Summary of Projected Key Financial Information
 - Projected Income Statement
 - HDC Capital Expenditure Estimates

- Meeting Minutes from Milton Pate Architects
- Walsh Group/Archer Western follow-up on people mover transportation system
- Business plan and budget for Lucid provided by Select Contracts Group
- Projected annual attendance by venue provided by Myriad Botanical Resort development team
- Preliminary Report for the Myriad Golf Resort prepared by Land & Leisure, Inc.
- ❑ The site and development timetable for each individual component in order to evaluate their impact on the hotel and convention center development.
- ❑ The scope and characteristics of other similar developments to establish a basis for comparison and likely performance levels for the proposed development.
- ❑ Performance of other convention center hotels and centers to establish a basis for comparison and likely performance levels as well as to establish a comparable market for the subject property.
- ❑ The operating performance of other convention hotels to establish a basis for our performance projections for the proposed property.
- ❑ The recent trends and characteristics of the national convention industry as they relate to the proposed development.
- ❑ The current marketing plans and projected operating results for the proposed hotel and convention center with owners and the designated marketing team members.
- ❑ We completed a review of the economic and demographic characteristics for the market area as they relate to the demand for hotel and convention demand.

ANALYSIS AND PROJECTIONS

The following analysis and projections were completed as part of this assignment:

- ❑ Analyzed the potential for convention and leisure demand for Tunica and the proposed hotel and convention center.
- ❑ Prepared an estimate of demand based on our anticipated penetration of the group and leisure markets for this type of property. An analysis of the convention lodging market was prepared to evaluate the impact of the facility and its ability to attract room night demand at the property. These estimates are stated in room nights occupied and occupancy percentages for the first five years of operation for the project.

- ❑ Developed an analysis of the competitive market that the proposed meeting hotel will enter, including data and mapping of competitive supply throughout the U.S. (both hotels and convention facilities).
- ❑ Projected how the proposed hotel will penetrate the meetings market within the competitive set.
- ❑ Provided background information on the state of, and trends within, the convention and meetings industry.
- ❑ Prepared estimates of the anticipated average daily room rate in current value and inflated dollars for the first five years of operation for the proposed project. Actual room rates achieved at similar convention hotels as well as in the market area over the past several years were reviewed and analyzed as criteria for preparing our estimated average daily room rates for the subject property.
- ❑ Prepared a five year projection of operating results for the proposed hotel and convention center utilizing the anticipated average rates and occupancies achieved at the subject property. Actual operating results achieved at similar convention hotels were utilized as a basis for our projection of operating results for the hotel and convention center. These projections include all revenues and expenses applicable and resulted in a “bottom line” of income before rent, depreciation, interest and taxes on income.

The following report summarizes the results of our research, analysis, conclusions and recommendations.

EXECUTIVE SUMMARY

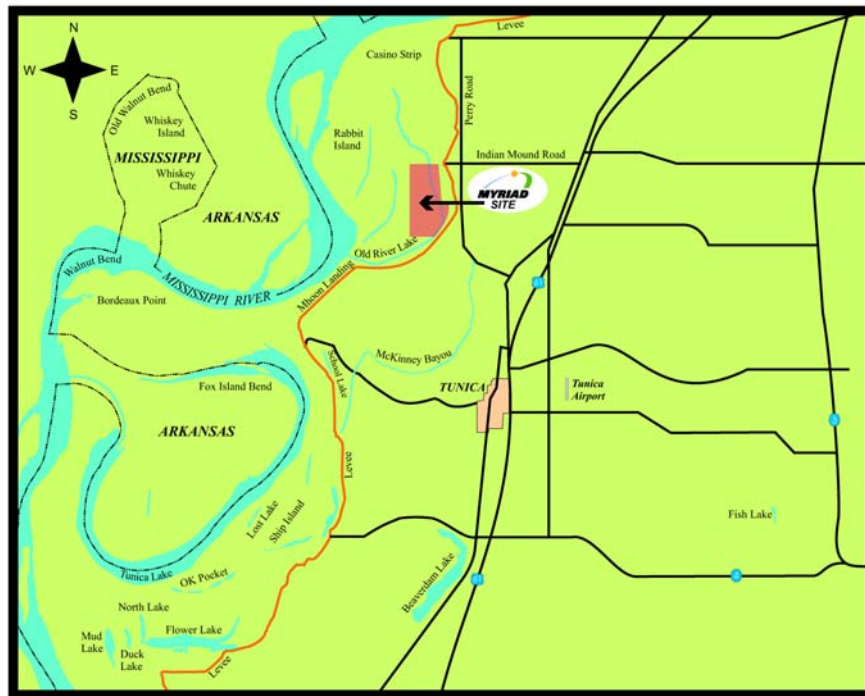
The Myriad Botanical Resort is a multi-attraction, themed resort planned to be located in Tunica County, Mississippi. The 513 acre \$2.2 billion Myriad Botanical Resort will be one of the premier gaming resort destinations in the country, and the only one featuring a botanical theme. The strengths of the development as described by The Innovation Group include:

- Highest quality in the market
- Most extensive scope in the market
- Most gaming positions in the market
- Introduces high end hotel
- Newest construction
- Features a distinctive icon-Mississippi Eye
- Utilizes a comprehensive theme
- Offers family friendly amenities
- Establishes a meaningful convention market
- Contains a substantial retail component

- Enhances Tunica as a golf destination
- Introduces personalized club style service

Located less than 45 minutes south of Memphis, Tennessee, this project represents a unique destination resort that includes a combination of upscale lodging, extensive meeting and banquet facilities, entertainment, casino and dining components.

The following map illustrates the proposed location of the Myriad Botanical Resort:



PLANNED FACILITIES

These unique structures will also provide a climate-controlled environment for year-round enjoyment of the following:

- ❑ 1,200 room 4-star hotel
- ❑ 600,000 sq. ft. convention center; 400,000 sq. ft. in phase I and 200,000 sq. ft. in phase II
- ❑ Two 80,000 sq. ft. casinos with about 2,500 positions each & two 500 room casino hotels
- ❑ 250,000 sq. ft. of retail (phase I); 750,000 sq. ft. for total build out

- ❑ 175,000 sq. ft. food and beverage area
- ❑ 18-hole golf course (7,005 yards)
- ❑ 2,500 seat entertainment venue
- ❑ Luxury Spa
- ❑ Observation Wheel
- ❑ Water Park
- ❑ Snow Park
- ❑ Family Entertainment Center

In addition to the features listed above, the project may include an ice feature with various trails and skating rinks, a water feature with aquariums and lagoons. Additional entertainment venues such as music amphitheaters, a 10,000-seat arena with regular and premium seating options will be included as well as various thematic designs throughout the property.

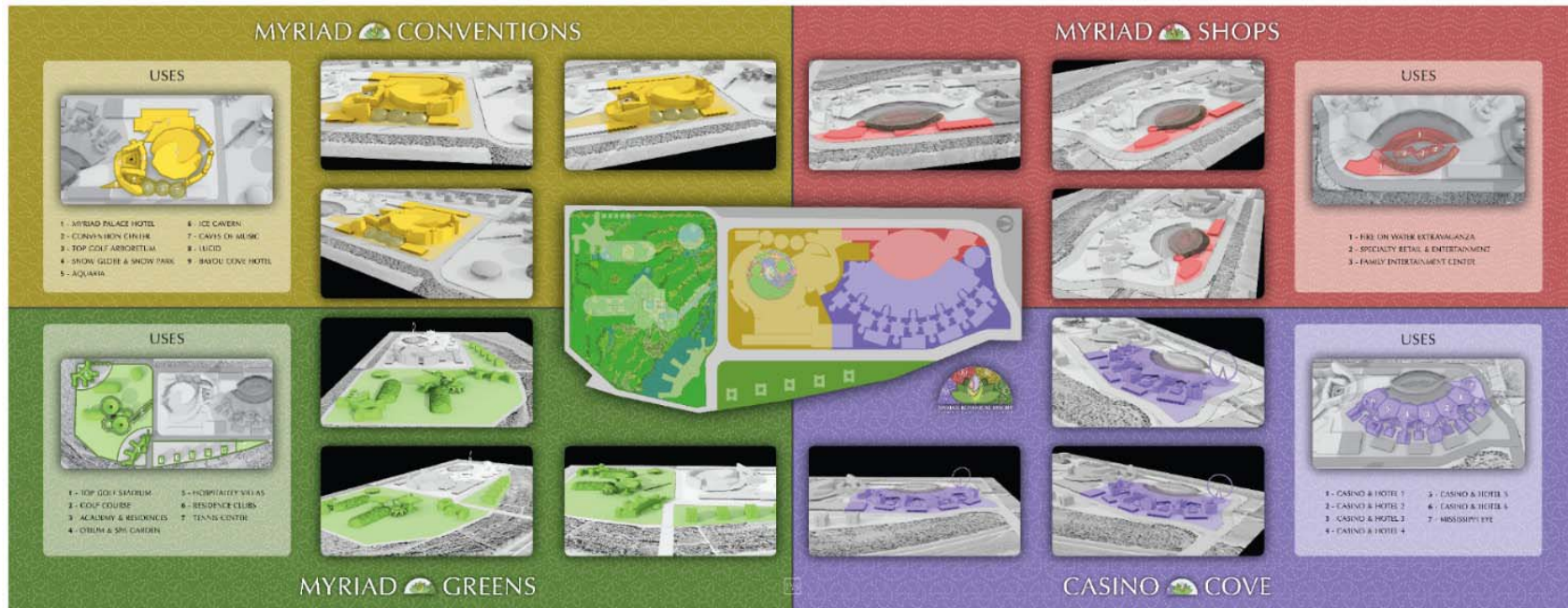
The differing elements of the project will be connected by an indoor waterway transportation system, and an elevated people mover ground transportation system.

The project also has expansion space available for the development of vacation villas along the golf course.

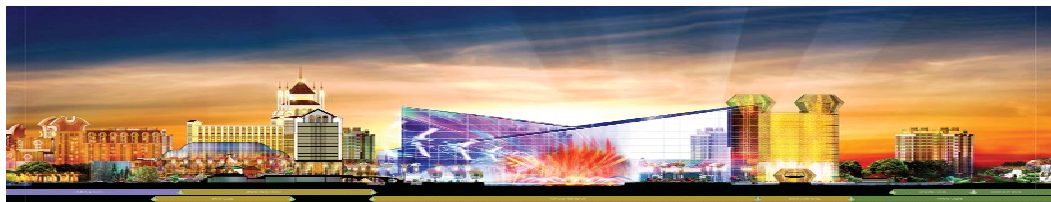
The underlying strategy as described by the development team is to create an environment that generates experiences that immediately and subtly draw people into entertaining and fulfilling relationships with the destination in both its physical and hospitality realms. The experiences at Myriad revolve around the enduring and nurturing bond between people and the world's botanical wonders, a boundless source for creative ideation and interpretation. These experiences are individually conceived through a Resort Master Plan and will guide the master plan as the resort evolve; a dynamic process that is essential to sustaining the allure of the Myriad Botanical Resort as a global leisure destination. The current Resort Master Plan involves four development parcels, each delivering a unique and distinct set of experiences: Casino Cove, Myriad Shops, Myriad Conventions and Myriad Greens.

RENDERINGS AND SITE PLANS

The following site plan and elevation drawings illustrate the views of the Myriad Botanical Resort components from various angles around the proposed development:

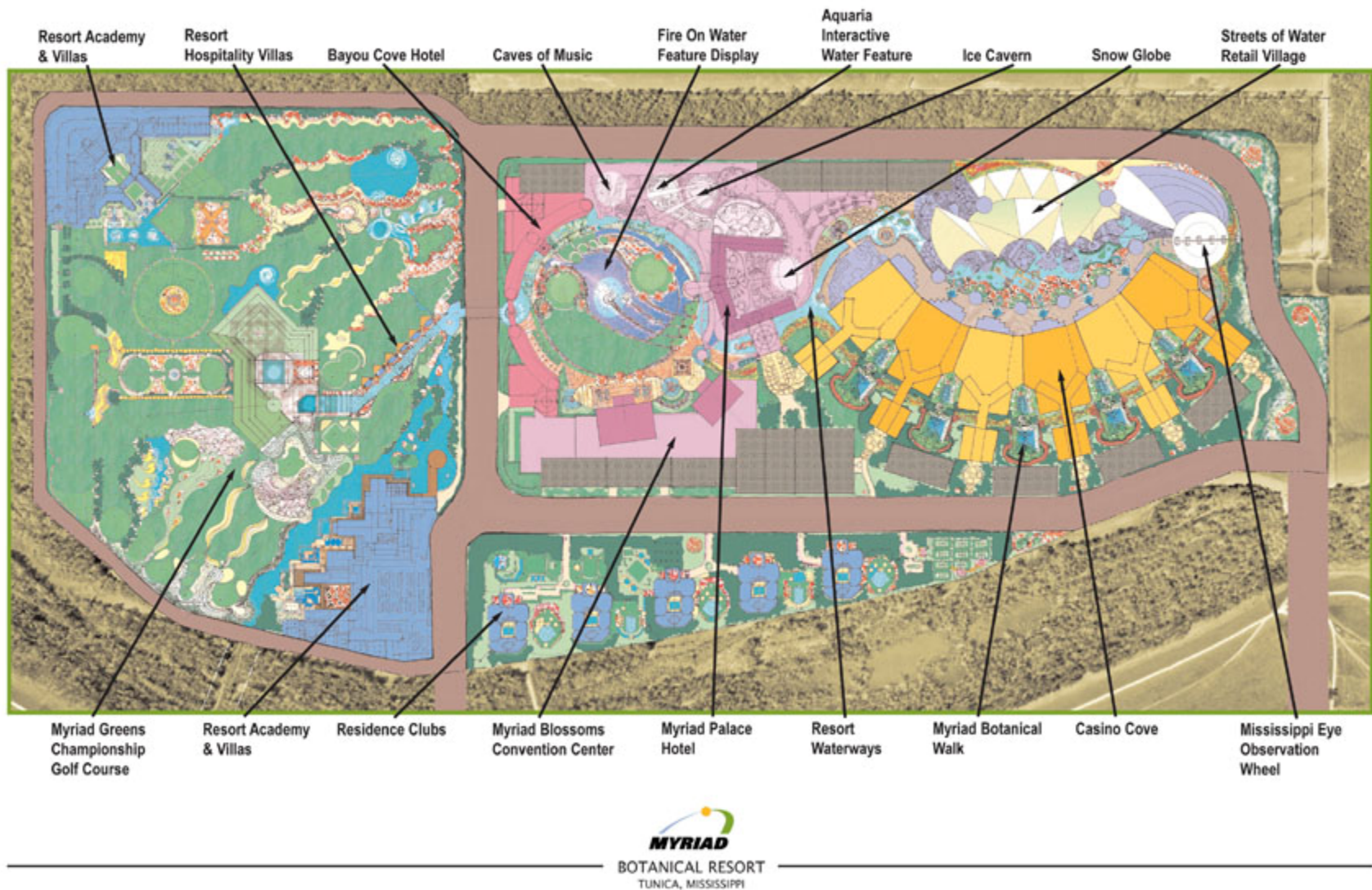






The following site plan illustrates the location of all of the resort components for the Myriad Resort followed by a resort map and parcel plans illustrating the location of each component of the resort:

Myriad World Resort of Tunica, Mississippi - Site Plan





The following parcel plans illustrate the location of the individual resort components:

RESIDENCE CLUB SUB-PARCEL PLAN



LEGEND

Sub-Parcel

- RC1 Myriad Greens
- RC2 Villas On The Falls
- RC3 Academy & Residences
- RC4 Academy & Residences
- RC5 Residence Club
- RC6 Residence Club
- RC7 Residence Club
- RC8 Residence Club
- RC9 Residence Club

Uses

- Residence Club
- Academy & Residence
- Hospitality Villa
- Parking
- Golf Promontory
- Spa Garden
- Otium
- Tennis Center
- Botanical Garden
- Resort Infrastructure

IN PROGRESS



DESIGNED BY PAUL W. COOK

PARCEL PLAN



LEGEND

- Gaming
- Specialty Retail and Entertainment
- Conventions
- Residence Club

IN PROGRESS




MYRIAD BOTANICAL RESORT
TUNICA, MISSISSIPPI



DESIGNED BY PAUL W. HARRIS

GAMING SUB-PARCEL PLAN






LEGEND

Sub-Parcel

- G1 Casino and Hotel
- G2 Casino and Hotel
- G3 Casino and Hotel
- G4 Casino and Hotel
- G5 Casino and Hotel
- G6 Casino and Hotel
- G7 Mississippi Eye Gaming Wheel
- G8 Golf Arboretum

Uses

-  • Casino and Hotel
-  • Conservatory Garden & Walk
• Botanical Garden
• Golf Arboretum
-  • Resort Infrastructure

IN PROGRESS

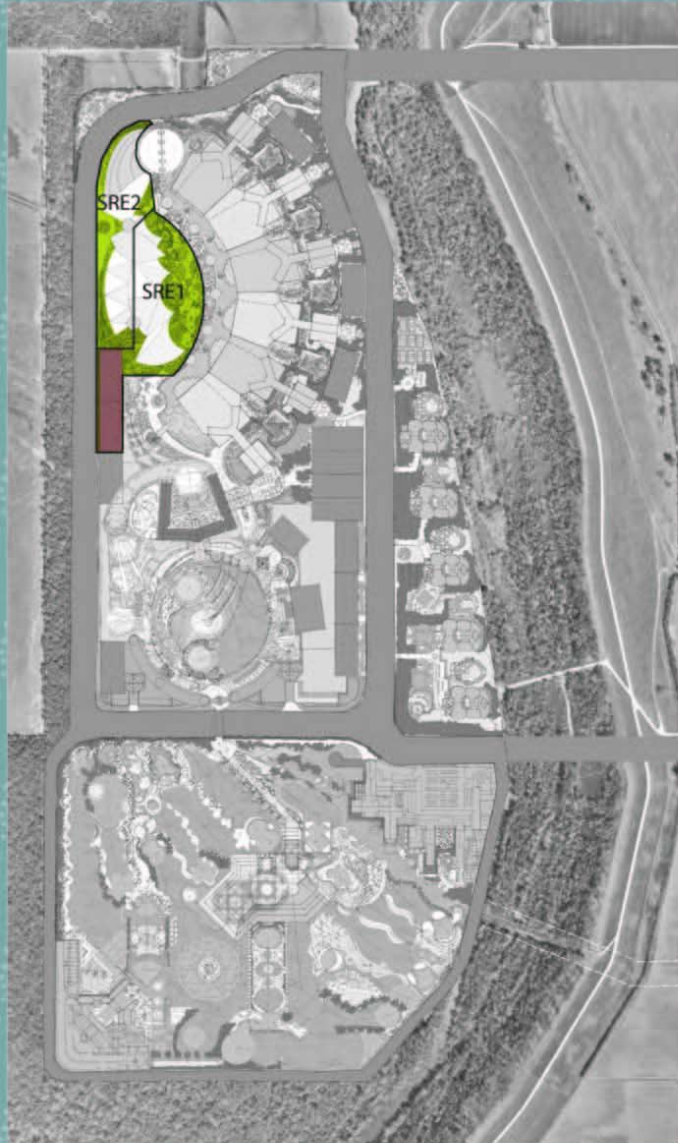



MYRIAD BOTANICAL RESORT
TUNICA, MISSISSIPPI



DESIGNED BY PAUL W. COOK

SRE SUB-PARCEL PLAN



LEGEND

Sub-Parcel

- SRE1 Specialty Retail
- SRE2 Entertainment

Uses

-  • Specialty Retail and Entertainment
-  • Fire on Water
-  • Botanical Garden
-  • Resort Infrastructure

IN PROGRESS



DESIGNED BY PAUL W. COLE

CONVENTIONS SUB-PARCEL PLAN



LEGEND

Sub-Parcel

- C1 Convention Center
- C2 Myriad Palace Hotel
- C3 Bayou Cove Hotel

Uses

- Hotel
- Convention Center
- Resort Arena
- Snow Globe
- Snow Park
- Aquaria
- Caves of Music
- Ice Cavern
- Plaza
- Botanical Garden
- Resort Infrastructure

IN PROGRESS



DESIGNED BY PAUL W. COLE

Preliminary plans include a yet to be determined transportation system to transport guests and their luggage from the Tunica airport to the hotel and convention center. The computerized transportation system will provide easy and convenient access for visitors from the airport to the resort. In addition, the car/tram system will provide easy transportation among the various components of the resort and for hotel guests utilizing other entertainment components throughout the resort.

Tunica County is located along the Mississippi River in northwest Mississippi and has a population of approximately 10,000 residents. The nearest city with a population greater than 20,000 is Memphis, Tennessee, with a population of approximately 672,000 and 1.2 million in the greater Memphis area, according to the 2000 US census. Memphis is located 36 miles north of Tunica, providing for a total drive time from Memphis to the casino destinations in Tunica of approximately 40 minutes.

Currently the most common access to Tunica County is via US Highway 61 south from Memphis. While this highway has been improved and expanded since the introduction of casinos to Tunica County in 1992, the new Interstate 69 highway is under construction and will run through Tunica County, approximately five minutes from the Myriad property when completed. Interstate 69 will span from Michigan to Texas, providing a high-speed north-south travel corridor. With the completion of Interstate 69 (in early October 2006) in the north Mississippi area between Interstate 55 and Highway 61, the drive time from Memphis will be reduced to 25-30 minutes and will be perceived as safer than current highways.

The closest commercial airport is Memphis International Airport. There is public transportation between Memphis International Airport and Tunica County via the Tunica Shuttle and Unique Travel, which provide two-way transportation between the Tunica County casinos and the airport.

The Tunica Airport has recently lengthened its runway to 7,700 ft., and added all-weather landing support and communication systems. These two components now support commercial flights to Tunica. The plan to build a control tower will complete the necessary steps to entice commercial airline flights directly into Tunica.

Projections

Based on our analysis, we believe the development of the 1,200 room hotel and convention center as part of the Myriad Botanical Result should result in the following estimated occupancy, average rate, RevPAR total revenue and cash flow:

<p style="text-align: center;">TUNICA, MISSISSIPPI MYRIAD PALACE HOTEL OCCUPANCY AND ADR</p>					
Year	Occupancy	ADR	REVPAR	Total Revenue	Cash Flow
2010 Projected	74%	\$165.00	\$121.69	\$117,009,044	\$25,581,799
2011 Projected	78%	\$173.00	\$134.51	\$128,094,705	\$30,039,675
2012 Projected	80%	\$182.00	\$145.14	\$136,662,321	\$31,083,067
2013 Projected	81%	\$187.00	\$151.00	\$142,364,566	\$31,122,360
2014 Projected	81%	\$193.00	\$155.85	\$146,773,438	\$32,141,413
<i>Source: Pinkowski & Company</i>					

Assumptions

For the purposes of our study, we used the following assumptions as the basis for our work:

- ❑ Estimated opening date will be January 1, 2010
- ❑ The property will be managed by a professional and competent management company
- ❑ Management at this property will be the best in the industry for this type of facility
- ❑ The subject development will be known as the Myriad Botanical Resort
- ❑ The proposed property will have 1,200 guest rooms and suites
- ❑ The proposed hotel will be known as the Myriad Palace Hotel
- ❑ The project will include approximately 600,000 square feet of convention meeting and function space, with 400,000 square feet in the initial phase and 200,000 square feet of additional exhibit space in the second phase that would open by the beginning of the fourth full year of operation for the hotel and convention center
- ❑ The proposed convention center will be known as the Mississippi Blossoms Convention Center
- ❑ The proposed hotel will capture a significant amount of the unsatisfied casino related demand generated by the two 80,000 square foot Myriad Resort casinos
- ❑ All of the components of the Myriad Botanical Resort identified in this report will be developed as described and completed by the beginning of January 2010
- ❑ Development activity currently planned in the market area will proceed on a timely basis
- ❑ The proposed property will be perceived as having the highest quality of any hotel and convention center in the competitive market
- ❑ This property and the Myriad Botanical Resort will be the premier facility of its type in the country

- ❑ The proposed 2,000 room Bayou Cove Hotel will not open before 2014

The subject property will have the following advantages and disadvantages:

Advantages

- ❑ Proximity to Memphis, Tennessee
- ❑ Variety of amenities and features offered
- ❑ Part of Myriad Botanical Resort development
- ❑ Excellent visibility
- ❑ Premier Destination Resort
- ❑ Benefit from the location and facilities in accommodating group and tourist demand in the market

Disadvantages

- ❑ Lack of major airlift capacity in Tunica
- ❑ Gaming influence on certain potential customers who may be apposed to gaming locations as a meeting venue
- ❑ Regional characteristics of potential convention demand including rate sensitive groups and groups seeking other types of destinations

We understand the developers intend to create a very specific identity for the Myriad Botanical Resort. This identity will be an important key to the successful operation of the hotel and convention center. Although the hotel will not have a national brand identity or reservation system, the benefits of the size and scope of the overall resort development, combined with the anticipated marketing efforts, will tend to mitigate the drawbacks resulting from the lack of a national brand and in the process create its own brand.

DESCRIPTION OF PROPERTY

Myriad Botanical Resort

The \$2.2 billion Myriad Botanical Resort is a multi-attraction, themed resort planned to be located in Tunica County, Mississippi. Covering 513 acres along the Mississippi River, the resort is expected to feature a championship caliber golf course multiple casinos, a variety of retail and restaurants, residential developments, entertainment venues, hotels and convention facilities.

The resort will be a horticultural paradise offering a magnificent backdrop for cultural and broadcast attractions. The botanical theme will be characterized by the changing festivals at the resort; spring, summer fall and winter. Each festival will be highlighted

by unique events that will include various components of the resort including retail, food and beverage, entertainment and education.

These unique structures will also provide a climate-controlled environment for year-round enjoyment of the following:

- **80,000 sq. ft. Casinos**

Myriad's casinos will add another exciting facet to this already incredible development -- one that fits naturally into the community of Tunica - America's third largest gaming resort destination.

The plan exhibits two high end casino hotel centers situated to be easily accessible from the parking structures and surface parking lots. Each 80,000 square foot gaming floor will offer about 1,500 slot machines, 60 table games and a full service poker room, with quality standards and a theme consistent with the entire resort. Two 500 room casino hotels will be structured to accommodate the overnight gaming patron with oversized standard rooms, upgraded baths and various suite options.



- **1,200 room 4-Star Hotel**

The main convention hotel will be named the Myriad Palace Hotel. This 1,200 room hotel will carry a 4 star rating in order to appeal to the widest variety of guests. The hotel will be a nine story structure with 150 guest rooms on each of the eight floors. Myriad has contracted one of the world's most successful hotel managers to assist in the design and ultimately operate the resort hotel.



- **600,000 sq. ft. Convention Center**

Mississippi Blossoms Convention Center will be unique in the convention world. The facility will be outfitted with the latest in technical support for convention organizers and exhibitors. The Resorts botanical theme will be integrated into the convention center as well, creating an exhibition setting unlike any other. Myriad has one of the top convention operators in the nation under contract to operate this world class facility. The conventioners' experience will be unforgettable, thus making the Myriad Blossoms a return destination. Approximately 400,000 square feet of meeting and convention space will be included in phase I and 200,000 square feet of additional exhibit space will be added in phase II. Phase II will be completed by the beginning of the fourth full year of operation for the hotel and convention center.



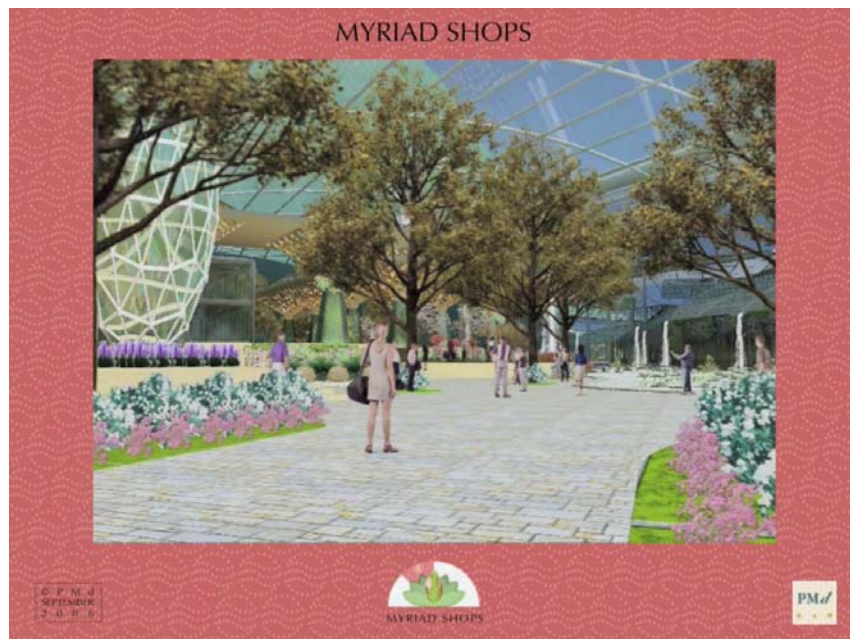
- **Myriad Resort Residences**

The Myriad Residences will be located on 175 acres and will be a mixed use residential development that will include 500 condominiums and single residential units. The residential development will be built around the 18 hole golf course.



- **750,000 sq. ft. of Retail**

The Myriad Botanical Resort will be located in the gaming and resort area of Tunica County, Mississippi, a region where the retail sector is currently under served. With the addition of Myriad and its attractions, retail becomes more necessary. The 250,000 square foot Phase I retail village known as “Streets of Water” will be situated at the waters edge, allowing guests to shop in premium retail outlets and stroll the lakefront walkways taking in the sights, tastes and sounds of the south.



- **Food and Beverage Area**

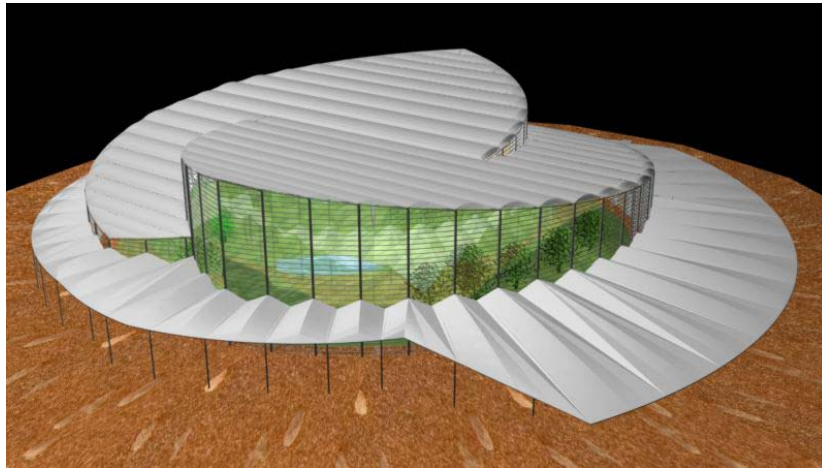
The variety of food and beverage outlets offered throughout the resort will fill the varied needs of the 540 acre resort. Myriad will capitalize on the opportunity by offering several restaurants and food courts (175,000 square feet) with over 30 restaurants picked from middle to high end franchises and hand picked independent restaurants. Food courts will be themed to maintain the resort look and feel.

- **18-hole Golf Course (7,005 yards)**

Myriad’s 18-hole golf course will play 7,005 yards, and offer golfers a challenging round in an unparalleled setting. Lush tropical plants and water features will ensure the course is as breathtakingly beautiful as it is challenging, hole after hole, for duffers and pros alike. The golf facility will be a media and players

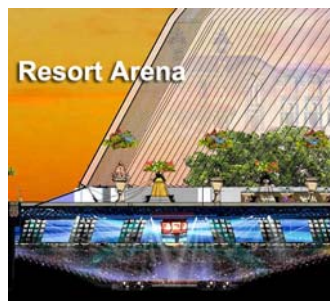
dream to be able to play on the Bamboo Golf Course featuring turf that grows year round.

The championship caliber golf course and academy, including a pro shop with resident golf professional, full service practice facility, TopGolf practice facility and appropriate food and beverage offerings. The plan calls for a portion of the course to be under a dome structure forming a golf broadcast venue featuring elements of the botanical theme.



- **10,000 seat Arena**

Realizing its role as a destination resort in the Tunica area, Myriad has a requirement to entertain more than 15 million annual visitors in the region. The Myriad Resort Arena will be a 10,000 seat venue that will be booked for major acts or sporting events. The arena also can be utilized to assist the convention center with additional exhibit space.



- **Luxury Spa - Otium**

The Otium Spa is planned to meet the needs of the modern resort guest, who has an expectation of luxury and service. Otium will be more than just a place for a massage; it will be the “Wellness Center of the South”. Modern spas are moving in the direction of a more holistic approach, merging western healing with mind-body therapies. Education is also a part of the approach. Guests can take

healing and wellness techniques home with them so they can use them throughout their lives. Otium will emphasize preventative health and stress busting strategies. This type of spa experienced a 109 percent growth in 2004 versus 26 percent growth in the US spa industry as a whole (International Spa Association).

The Otium will stand out from its competitors by virtue of its surroundings; the world's largest indoor botanical resort. The spa will be located away from the action of casinos. This retreat will be a destination spa and will exceed the expectations of the guest.



- **Water Park**

It's no secret that the Delta has a warm climate. So, it seems only natural that there should be some place to cool off. The water park will span five acres and provide hours of fun for families, convention goers and fun-seeking visitors alike.

To ensure the experience is world-class, the engineering company that designed and built the Schlitterbahn Water park in New Braunfels, Texas – rated the best water park in the United States -- will undertake the development of Myriad's water park.



- **Snow Park**

The resort will offer a Snow Park, a rare treat in Mississippi. Innovative technology, devised in the middle-eastern city of Dubai, will be used to create real snow for play, while Myriad's climate-controlled environment will ensure a comfortable air temperature. The snow park will be enclosed in a 450,000 square

foot Snow Globe with artificial slopes for skiing and snowboarding as well as an ice skating rink and winter themed village for shopping and eating. The snow park will also feature ice caverns designed to provide a climbing and exploring adventure for children.

- **Mississippi Eye**

The Mississippi Eye attraction will be a 475 foot tall observation wheel offering 79 themed viewing capsules with a 360 degree view of the surrounding landscape. The Mississippi Eye will be the tallest wheel in the world and according to the developer will be the biggest attraction at the Myriad World Resort.



- **Family Entertainment Center**

The Family Entertainment Center will be a fully integrated and themed indoor theme park which will contain a wide array of attractions to keep its guests thrilled, excited and entertained throughout the entire day. This 100,000 square foot facility will include a 20 lane bowling alley, full scale roller coaster, ice rink, an interactive horror attraction called “The Krypt”, a 2,000m² skate park for inline roller blades and skateboarders and a 40m drop ride that will blast riders up and down for a birds eye view of the theme park and a themed round ride for kids to enjoy. The facility will also include a multi level play structure,

interactive video game area, a two seater robot arm that rotates 360 degrees, an 8 route auto belay climbing wall, a go karting circuit, a bumper car arena and a rocking tug boat ride.



- **Myriad LUCID**

Myriad LUCID will be a world class music and entertainment venue playing host to world class parties and events in the Myriad World Resort. An encompassing and innovative world full service entertainment complex identified as the definitive venue for corporate and business by day and by night a seductive, revolutionary night club showcasing the latest in audio visual technology and artistic performance. This facility will include a Plaza Bar and Restaurant, Warehouse Lounge, The Basement and the VIP Lounge. Each of these venues will offer a different environment ranging from a multi-purpose events center to a high energy dance club.

- **Botanical Learning Center**

The Botanical Grown Center will be a 35,000 square foot test facility and be designed to educate students, interns and international guests about how the botanicals are grown, and the specific technologies used in the resort. This will be a major effort on the part of the leadership and management of the resort. Myriad will enlist major universities in a wide range of disciplines in soil and water management to assist in accomplishing the botanical education center.

Myriad officials already have started communicating with local universities in this regard.

- **Cultural Events**

Since the Myriad Botanical Resort will be the world's largest indoor botanical resort, it will feature four major time frames, or seasons for festivals – winter, spring, summer and fall throughout the resort. They will celebrate the seasons of romantic, fantastic, and authentic theming and utilizing botanicals that are casted for each festival timeframe. These seasons will be international, national and regional in participation. The resort will bring in the cultures of the world for each festival event. For example, if it is the Japanese Cherry Festival, then Myriad will bring in all the delights of that culture. It will present food, clothing, talent acts, etc. for each festival season in an authentic venue.

- **Pet Hotel/Dog Kennel**

Pet owners will be able to house their pets at the resort in the Pet Hotel. This will be a 10,000 square foot mini resort for the “Pampered Pet”. The 7,500 square foot facility will house the 60 heated and cooled units ranging in size according to the pet (40/50/60 sq ft). The Pet Hotel will be located near, but not within the main hotel. It will have grooming staff, handlers and a veterinarian. Outdoor walking and exercise areas will surround the Pet Hotel.

In addition to the features listed above, the project may include an ice feature with various trails and skating rinks, a water feature with aquariums and lagoons, and a large observation wheel and ride.





The differing elements of the project will be linked by an indoor waterway transportation system. Other infrastructural needs will be supported by the state-of-the-art technology such as solar power, climate control and air-filtration technologies, as well as security and maintenance technology.

The resort also has expansion space available for the development of vacation villas along the golf course. This ambitious resort planned for Tunica County, should target a broad set of visitors, including:

- Casino players
- Families
- Conventions, exhibitions and trade shows (particularly botanical shows)
- Golf enthusiasts
- Tourists
- Local and regional residents

The following table contains an estimate of attendance by venue that has been provided by the developer for the proposed Myriad Botanical Resort. These attendance numbers include duplication of attendance by venue.

MYRIAD BOTANICAL RESORT PROJECTED VISITORS BY VENUE	
Venue	# Visitors
Botanical Gardens & Festivals	1,600,000
Convention Hotel	1,200,000
Mississippi Eye Observation Wheel	1,500,000
Myriad Casino	1,000,000
Arena	370,000
Caves of Music	350,000
Lucid Night Club	100,000
Covered Golf Course	40,000
Resort Tours & Boat Tours	800,000
Snow Park	400,000
Ice Palace & Festivals	400,000
Xqua Waterpark	400,000
Aquaria Waterpark	200,000
Otium Luxury Spa	100,000
Agricultural Learning Center	400,000
Retail	350,000
Food & Beverage	550,000
<i>Source: Property Developer</i>	

Project Overview

The management of Myriad World Resorts has assembled a team of professionals who represent the best in their fields -- from one of America's top resort theme developer to some of the biggest names in hospitality, casino development and management. No detail has been overlooked to ensure that when Myriad opens its doors, visitors will experience a destination unlike any other on earth.

As mentioned earlier in this report, the development and design team includes a variety of talented individuals with vast experience in similar development projects around the world.

A site plan for the Myriad Botanical Resort is presented on the following page followed by a map of the immediate area:

MYRIAD BOTANICAL RESORT RESORT MAP

1. STABLES OF HAYES
Stabling for horse, sheep, and cattle from horses in the horses.

2. GARDEN HOUSE
The oldest stone building in Okla. - now housing an art gallery.

3. THE GARDENS
A variety of garden exhibits in a lush setting on the hill.

4. THE GARDENS
An extensive area of garden exhibits and the hill.

5. THE GARDENS
Where the blue lake takes a turn and is surrounded by trees and water.

6. THE GARDENS
A house of stone, with a garden and a garden of water.

7. THE GARDENS
A large, open area, with a garden and a garden of water.

8. THE GARDENS
The oldest stone building in Okla. - now housing an art gallery.

9. THE GARDENS
A large, open area, with a garden and a garden of water.

10. THE GARDENS
The oldest stone building in Okla. - now housing an art gallery.

11. THE GARDENS
A large, open area, with a garden and a garden of water.

12. THE GARDENS
The oldest stone building in Okla. - now housing an art gallery.

13. THE GARDENS
A large, open area, with a garden and a garden of water.

14. THE GARDENS
The oldest stone building in Okla. - now housing an art gallery.

15. THE GARDENS
A large, open area, with a garden and a garden of water.

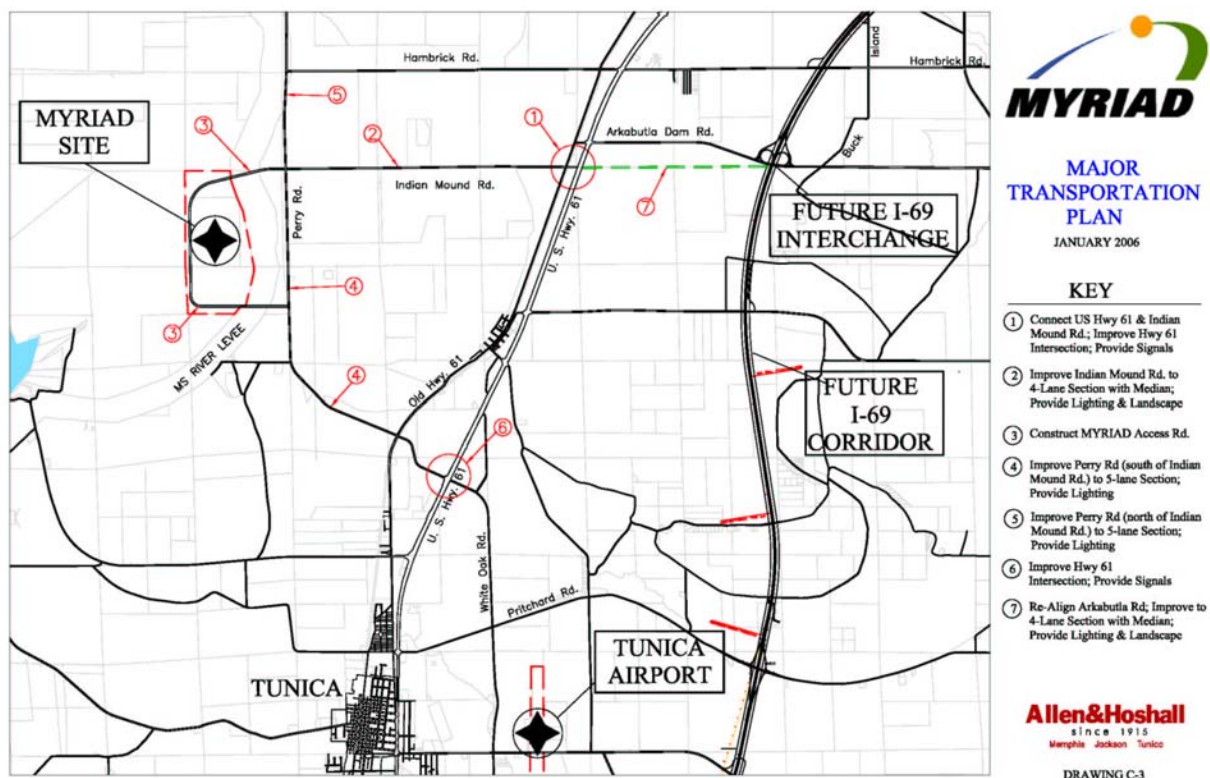
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MYRIAD BOTANICAL GARDENS
OKLAHOMA CITY

PMd



The following map illustrates the location of the Myriad Botanical Resort in relation to Interstate 69, the Tunica airport and the proposed road improvements in the area relating to the proposed resort. Interstate 69 is an important link between the Canadian border at Port Huron, Michigan to the Mexican border at Laredo, McAllen and Brownsville, Texas, the route running through Michigan, Indiana, Kentucky, Tennessee, Mississippi, Arkansas Louisiana and Texas has been designated by Congress as a highway corridor with national significance to be included in the National Highway System. Currently under development, the I-69 corridor will include the construction of new roadways combined with the upgrading of existing highways.



Hotel and Convention Center

The site for the proposed hotel and convention center will be in the northwest corner of the Myriad Botanical Resort, adjacent to the parking deck and Myriad Resort Casino. To be called the Myriad Palace Hotel, the hotel will include 1,200 guest rooms and suites, spa and fitness center, five food outlets, three lounges, retail, business center and travel desk. The convention center will be located adjacent to the hotel and will include exhibit and meeting space, ample prefunction and storage space, a full banquet kitchen and all necessary back of the house space. The hotel and convention center will have ample parking in an adjacent parking garage. The property will have excellent visibility and easy access from area transportation routes.

The following are representative drawings of the hotel and resort transportation system:



Convention Facilities

The proposed hotel will be a nine story structure containing 1,200 guest rooms and suites and a 10,000 square foot spa, a fitness center and approximately 4,530 square feet

of retail space. Meeting and banquet facilities (Mississippi Blossoms Convention Center) adjacent to the hotel will include approximately 400,000 square feet of function space in phase I of the project. The initial space allocation program provided by the developer offered the following configuration of meeting and banquet space:

TUNICA, MISSISSIPPI MISSISSIPPI BLOSSOMS CONVENTION CENTER MEETING ROOM CONFIGURATION			
	# of Rooms	Square Feet	Total Sq Ft
Grand Ballroom	1	80,000	80,000
Junior Ballroom	1	20,000	20,000
Banquet Rooms	15	3,200	48,000
Meeting Rooms	10	1,700	17,000
Meeting Rooms	10	1,500	15,000
Exhibit Hall	1	100,000	<u>100,000</u>
Total Meeting Space			<u>280,000</u>
Prefunction Space			65,000
Storage & Miscellaneous Space			47,990
Total Function Space			392,990
<i>Source: Pinkowski & Company; Space Allocation Program</i>			

Phase II will include the addition of approximately 200,000 square feet of exhibit and prefunction space. Phase II will be developed to help accommodate additional group demand once the facility has established a position in the group meetings and exhibit market. Phase II is scheduled to open by the beginning of the fourth full year of operation for the resort, by January 1, 2013.

Based on our analysis and review of the competitive market place for the proposed facility and our discussions with those responsible for the sales and marketing efforts for the proposed property, we recommend revising the configuration for the convention center function space to the following:

TUNICA, MISSISSIPPI MISSISSIPPI BLOSSOMS CONVENTION CENTER MEETING ROOM CONFIGURATION	
	Square Feet
Grand Ballroom	50,000
Junior Ballroom #1	30,000
Junior Ballroom #2	15,000
Breakout Space(1)	70,000
Exhibit Hall	<u>165,000</u>
Total Meeting Space	<u>330,000</u>
Prefunction Space	65,000
Total Function Space	<u>395,000</u>
(1) includes several board rooms	
(2) storage space is in addition to the square footage listed in this table	
Source: Pinkowski & Company	

A 200,000 square foot expansion of the convention center is planned for the Myriad Resort. Expected to open by January 2013, the additional exhibit and prefunction space would allow the facility to capitalize on the increased awareness of the facility and enable the property to cater to more groups and/or multiple functions with less down time due to event set-up and tear-down. The additional function space would also allow the facility to create additional demand by hosting a variety of in-house events that would utilize the expanded function space.

This function space should have features including:

- ❑ Ample storage and miscellaneous space
- ❑ Variety of breakout rooms/sizes and configurations
- ❑ Tiered lecture hall
- ❑ Latest high tech equipment and features
- ❑ Several board rooms
- ❑ Include some meeting facilities that meet IACC (International Association of Conference Centers) standards such as:
 - Purpose built for smaller meetings with dedicated, single purpose conference space
 - Designed to maximize the productivity of smaller meetings
 - Specially engineered, designed and furnished with ergonomic chairs, tables with a non-glare, hard writing surface, appropriate lighting and acoustics, tackable wall surfaces, etc.

- Offer and promote complete meeting packages
- Dedicated conference services department

Guest Rooms and Suites

According to the space allocation program, each guest bay will contain 600 square feet. Guest room configuration included in the space allocation program provided by the developer for the proposed hotel is illustrated in the following table:

TUNICA, MISSISSIPPI MYRIAD PALACE HOTEL ROOM CONFIGURATION		
Room Type	Number of	
	Bays	Rooms
King	349	349
Double/Double	348	348
Executive Suite	180	90
Deluxe Suite	600	400
Hospitality Suite	21	7
Presidential Suite	4	1
Governor Suite	20	4
Club Lounge	8	1
Total	<u>1,530</u>	<u>1,200</u>
<i>Source: Pinkowski & Company; Space Allocation Program</i>		

Following our review and analysis of the competitive marketplace, our discussions with those responsible for the sales and marketing efforts for the proposed property and the type of demand we anticipate the facility to capture, we recommend the following revised guest room configuration for the proposed hotel:

TUNICA, MISSISSIPPI MYRIAD PALACE HOTEL ROOM CONFIGURATION	
Room Type	Rooms
Double Queen	840
Multi-bedroom Suites	120
Junior Suites	120
Kings	<u>120</u>
Total	<u>1,200</u>
<i>Source: Pinkowski & Company;</i>	

Future expansion plans for the development include another 2,000 room convention hotel, the Bayou Cove Hotel, to be located adjacent to the 1,200 room hotel structure. The timing of this proposed development is not known at the present time and will be dependent on the level of success of the original hotels.



Food and Beverage Facilities

The hotel and convention center will include the following food and beverage outlets that have been identified in the space allocation program provided by the developer:

TUNICA, MISSISSIPPI MYRIAD BOTANICAL RESORT RESTAURANT & LOUNGE SEATING CAPACITY	
Outlet	# of Seats
Coffee Express	150
3 Meal Restaurant	300
Specialty Restaurant	200
Theme Restaurant	150
Pool Snack Bar	<u>35</u>
Total	<u>835</u>
Lobby Lounge	200
Bar/Lounge	150
Entertainment Lounge	<u>175</u>
Total	<u>525</u>
<i>Source: Pinkowski & Company; Space Allocation Program</i>	

LUCID-An Entertainment Venue

Also included in the hotel will be LUCID, a 25,000 square foot world class music and entertainment venue playing host to parties and events. LUCID will be a full service entertainment complex that will be identified as the definitive venue for corporate and business use by day including product launches and corporate entertainment. By night it will be a revolutionary night club showcasing the latest in audiovisual technology,

digitized media and artistic performance. LUCID will have three different public spaces and two distinctly different function rooms offering different styles of presentation and entertainment.

The design of the facility should allow for separation of guests so there will be limited distraction from the various entertainment activities for meeting guests and event attendees.

Flexible Accommodations

The hotel will offer several different room types that can accommodate families and groups. The property also will offer an upscale executive level catering to upscale clientele seeking premium lodging accommodations in the market. The flexibility of the proposed guest room design and layout should enable the hotel to sell to various customers in a variety of market segments and price levels. Because the property will be a high rise hotel catering to a mix of convention and leisure demand, the design of the facility will be a critical factor for its success. Maintaining a distinction and physical separation between leisure family business and group meeting demand will be very important.

In addition, the property will offer the following advantages in attracting room night demand:

- ❑ Unique themed destination resort
- ❑ State of the art spa and fitness center
- ❑ Wide variety of year round attractions
- ❑ Upscale retail shopping
- ❑ Award winning restaurants
- ❑ Variety of room types that can accommodate families and groups
- ❑ Flexible technologically advanced meeting space

ECONOMIC RESEARCH ASSOCIATES

Myriad World Resorts of Tunica, LLC commissioned Economic Research Associates (ERA) to prepare an analysis of the proposed Myriad Botanical Resort planned for Tunica, Mississippi. The analysis is to be prepared in several phases, two of which have already been completed. The Phase I analysis – Myriad Botanical Resort Preliminary Market Analysis, the Final Report – Case Studies of Tourist Destination Areas, Volume III Myriad Botanical Resorts-Profiles of Attractions and Project Report-Market Analysis for Myriad Casino & Hotel have been incorporated into our analysis for the hotel and convention center.

Phase I was a preliminary evaluation and market assessment of the Tunica market area. In the initial phase of the project, ERA traveled to Tunica to study the area's current visitor market and existing resorts and attractions. In the second phase of the analysis, ERA reviewed selected case studies of tourist destinations. The case studies reviewed represented key examples of destination tourism development in the U. S. The case studies reviewed included:

- ❑ Branson, Missouri
- ❑ Myrtle Beach, South Carolina
- ❑ Wisconsin Dells, Wisconsin
- ❑ Gatlinburg/Pigeon Forge, Tennessee
- ❑ Nashville, Tennessee
- ❑ Atlantic City, New Jersey
- ❑ Gulf Coast, Mississippi

The following data recaps the ERA findings of their analysis by phase:

Phase I Key Findings-Myriad Botanical Resort Preliminary Market Analysis

In the past 13 years, Tunica County has transformed from one of the poorest counties in the United States to a \$1.5 billion gaming destination that attracts over 10 million visitors annually.

- ❑ The current market is mature, with the rapid growth of the 1990's replaced by a stabilization of revenue generation and visitation. The past few years have seen small declines in revenue and visitation.
- ❑ Consolidation within the gaming industry has concentrated ownership of the existing properties with Harrah's owning three properties overall and the top two revenue generating properties in the market.
- ❑ The county tax windfall generated by the gaming revenues was initially invested in infrastructure improvements to better support the growing number of casino patrons driving into the area. These improvements further cemented the casinos' dominance in the area.
- ❑ The market is dominated by day trip visitors to the casinos (70 percent - 80 percent) and Tunica is currently not perceived as an attraction or entertainment destination.
- ❑ More recently, tax revenues have been invested in new attractions and meeting facilities. However, these venues have not significantly expanded the typical visitor profile or extended the visitors' length of stay.

- ❑ With current visitation above 10 million, a primary resident population (50 mile radius) of over 1.2 million, and a 400 mile drive-in population of almost 48 million, Tunica is positioned well to draw a broader visitor base with new high quality attractions that can differentiate their product relative to the current successful casino hotel program.
- ❑ Myriad's effort to expand Tunica's destination appeal beyond gaming will benefit from the area's current visitation.
- ❑ Scheduled infrastructure improvements will make the area more accessible.
- ❑ Other major gaming destinations have successfully diversified beyond gaming and introduced casino patrons to new amenities and attractions that extended their length of stay and expanded the resorts revenue opportunities. Currently, Las Vegas' gaming revenues account for less than 50 percent of overall revenues.
- ❑ A significant challenge to a resort of Myriad's scale may be competition from reinvestment and expansion by the current properties.

Final Report-Case Studies of Tourist Destinations

A review of selected case studies of tourist destinations that represented key examples of destination tourist developments in the U.S. Many of the destinations have common success factors which were reviewed, and which have application for the future development of Tunica as a destination. Five regional tourist destinations and two gaming based projects were reviewed. The seven markets were:

- Branson, Missouri
- Myrtle Beach, South Carolina
- Wisconsin Dells, Wisconsin
- Gatlinburg/Pigeon Forge, Tennessee
- Nashville, Tennessee
- Atlantic City, New Jersey
- Gulf Coast, Mississippi

Based on the review of the selected case studies of tourism development, ERA concluded that the markets studied have many similarities in their growth as successful tourist destinations.

Implications for Tunica – As indicated in Phase I of the ERA research, ERA stated that while it is difficult to predict, it appears that Tunica may be progressing from the rapid growth to maturation stage of the destination development cycle. If this is the case, one

means for revitalizing the market and sustaining growth would be through reinvestment into new and diverse products.

Based on the observations and analysis of the Tunica market combined with the case studies included in Phase II of their analysis, the following components are needed for the success of the market:

- ❑ Improved infrastructure including road access from Memphis and the airport (this currently is underway)
- ❑ An opportunity to diversify the product offering beyond gaming
- ❑ An opportunity to move upmarket in the gaming and hospitality offering
- ❑ A need for expansion of the overnight market
- ❑ A need to expand the younger age cohort market
- ❑ A need for a new product to broaden market appeal, extend drawing ability, and extend length of stay

According to ERA's evaluation and analysis, the proposed Myriad Resort development appears, on a preliminary basis, to be generally in keeping with the needs of the market. This preliminary conclusion is based on the following factors:

- ❑ The proposed Myriad product mix appeals to the specific needs of the market expressed previously.
- ❑ The resort's attractions appeal to a broader market than that currently represented (golfers, young people, families, etc.).
- ❑ The proposed quality of the casinos in the project would draw more upmarket visitors.
- ❑ An integrated destination resort development incorporating attractions, retail and casinos would extend visitor length of stay by inducing overnight visitation.
- ❑ Such a resort should compete effectively with existing properties and gain a significant market share as well as attract new business to the area.
- ❑ The proposed Myriad resort is consistent with the nature of properties developed in other mature markets, which have met with success and served to revitalize tourism markets in the mature stage of the destination development cycle.

Volume III-Myriad Botanical Resort-Profiles of Attractions

ERA analyzed the proposed Myriad Botanical Resort planned for Tunica County considering the proposed elements of the resort. This review presented the history and background of the industries as well as case studies of prime examples for each major component. The widely varying components that comprise the Myriad Botanical Resort have been constructed and operated successfully in different capacities around the

world. While they have never been combined in one locations nor integrated holistically as proposed in the Myriad design, each component has exemplary projects upon which lessons can be drawn. The elements and their industries that were examined as part of the Myriad Botanical Resort included:

- Botanical Gardens
- Observation Wheels and Towers
- Snow Domes
- Waterparks
- Entertainment Retail Complexes
- Luxury Spas
- Family Entertainment Centers

Project Report-Market Analysis for Myriad Casino & Hotel

This ERA study provided specific market analysis for the proposed casino element of the project. The study addressed the following items:

- Available markets and current status of the Tunica County gaming market
- Comparable case studies of key developments added to existing gaming markets
- Potential market growth and capture by the Myriad Casino element
- Market potential assuming the development of additional resort elements

The study focused on the market support and performance of the casino and casino hotel element of the resort project.

According to ERA, the preliminary indications are that the Myriad project would be well suited to the needs of the Tunica market. The next steps would be a detailed analysis of the demand for individual project components (hospitality, casinos, attractions, etc.) and the development of a market driven program. This program should be tested economically in a subsequent phase of analysis.

MARKET OVERVIEW

The Preliminary Evaluation-Market Assessment prepared by ERA in August 2005 provided the basis for the following market overview for Tunica, Mississippi.

Area History

Tunica County is located in northwest Mississippi, 36 miles south of Memphis, Tennessee. Set along the Mississippi River, Tunica is located at the northernmost end of the “Delta Region” of the river in a wide floodplain protected by levies.

Prior to 1992, Tunica County was one of the poorest counties in the United States. The local economy was largely defined by the agricultural production of cotton and soybeans and the few residents that lived in the county suffered from high unemployment. Tunica received national attention in 1985 when the television news magazine "60 Minutes" produced a segment on "Sugar Ditch," an impoverished area of Tunica County with dilapidated homes overlooking open sewers.

In March of 1992, however, the Mississippi Gaming Commission approved the development of a riverboat casino, The Splash Casino, close to the town of Tunica. Soon after the opening of the Splash Casino in October of 1992 near Mhoon Landing, the county was quickly transformed by "The Tunica Miracle." The overwhelming success of the Splash Casino quickly attracted the attention of major gaming corporations and by August of 1994, eleven other casinos had opened.

Competition and migration of the new casinos northward along the river to Robinsonville, closer to core day-trip casino patrons from nearby Memphis, forced some of the original casinos to close. Today, the county has nine casinos and is the third largest gaming destination in the US, based on gaming revenues, following Las Vegas, Nevada and Atlantic City, New Jersey.

The introduction of gaming in Tunica County has resulted in the following economic impacts:

- ❑ Area investments of over \$2 billion since 1992
- ❑ Construction of some 6,000 hotel rooms along with convention facilities, golf courses, and RV parks
- ❑ Retail sales increases of more than 250 percent since 1992 (from \$26.4 million in 1992 to \$69.6 million in 2004)
- ❑ Lower unemployment -- from an average of 26 percent in 1992 to an average of 8 % in 2004
- ❑ Gross gaming revenues of approximately \$1.5 billion in 2004
- ❑ Increases in tourism with an estimated 10 million annual visitors and 25 million casino visits
- ❑ Growth in the Tunica County budget -- from \$3.5 million in 1992 to \$69.9 million in 2004

Area Description

Tunica County is located along the Mississippi River in northwest Mississippi and has a population of approximately 10,000 residents. The nearest city with a population greater than 20,000 is Memphis, Tennessee, with a city population of approximately 672,000 and 1.2 million in the greater Memphis metropolitan area, according to the 2000 US Census.

Area Access

Currently the most common access to Tunica County is via US Highway 61 south from Memphis. While this highway has been improved and expanded since the introduction of casinos to Tunica County in 1992, visitors still drive through the blighted, low-income area of South Memphis and face approximately 15 traffic lights along the route to Tunica. Memphis is located approximately 36 miles north of Tunica, providing for a total drive time from Memphis to the casino destinations in Tunica of approximately 40 minutes.

With the development of Interstate 69, Tunica County will be connected to Interstate 55, the principal interstate connecting Chicago, Illinois to New Orleans, Louisiana By connecting Tunica to Memphis via the interstate system:

- ❑ Total drive time from Memphis will be reduced to about 25-30 minutes
- ❑ The route should be perceived as safer

The expected completion of the I-69 connection to I-55 is early October 2006.

The closest commercial airport is the Memphis International Airport. There is public transportation between Memphis International Airport and Tunica County via the Tunica Shuttle and Unique Travel, which provides two-way transportation between the Tunica County casino hotels and the airport. The Tunica airport recently has lengthened its runway to 7,700 ft. and added all weather landing support and communication systems. These two components support introduction of direct commercial flights to Tunica. However, the airport lacks a control tower and without the tower, airlines will not schedule flights into the uncontrolled air space in Tunica. The county is prepared to build the tower, but plans to secure assistance from the FAA to operate the tower prior to investing in tower construction.

Resident Market

Approximately 10,000 people live in Tunica County. Within 50 miles of Tunica, the population increases dramatically to 1.2 million with the addition of the Memphis market area. For a multi-attraction destination resort, the resident market segment typically extends beyond the immediate community to encompass an area within a one hour drive (approximately 50 miles in this region).

Over one quarter of the population is 50 years or older and approximately 44% is between the ages of 21 and 49 years of age. Within this profile, 70 percent of the population is old enough to gamble.

According to the “Survey of Buying Power”, published by *Sales and Marketing Management*, 2004, the median effective buying income (EBI) for households in Tunica County is lower than the median for Memphis and the United States. EBI is a measurement of disposable income that is personal income less personal tax and non-tax payments.

Because of the relatively small local resident market coupled with the relatively lower income levels, the Tunica area economy, and its resorts and attractions in particular, rely heavily on the visitor market.

Visitor Market

The visitor market provides the majority of casino, hotel and attraction patrons in Tunica County. Without a commercial airport, most Tunica visitors arrive by car or bus (almost 85 percent).

Source Markets

Tunica County is located centrally within the United States and has the opportunity to draw visitors from many regional cities and nearby states. Within 100 miles of the site, the population more than doubles to 2.45 million. Nashville, Atlanta, New Orleans and St. Louis are within 400 miles of the site as well as parts of Oklahoma, Kansas, Missouri, Illinois, Indiana, Kentucky, Tennessee, Florida, Georgia, Alabama, Louisiana, and Texas.

ERA estimates the population within a 400-mile radius to be almost 48 million and projects that the population will increase to almost 51 million by 2009. Because Tunica is currently a drive-in destination, the regional and super-regional markets encompassed within these rings are critical source markets for Tunica casinos, resorts, and attractions.

With gaming as the dominant attraction in the area, the origins of casino patrons from within a 400 mile radius represent the current distribution source markets for the majority of visitors to Tunica today. Tennessee and Arkansas send the most visitors to the area, more than Mississippi, which has additional gaming centers in the southern part of the state. Illinois, Missouri, Alabama, and Oklahoma also are well represented among casino patrons. In a survey prepared for the Tunica Convention and Visitors Bureau by TNS that excluded Memphis residents, the top metropolitan area contributors to Tunica visitation are Nashville, Tennessee and Little Rock, Arkansas. Although Memphis residents were not included in the survey, 9 percent of visitors to North River Region casinos were visiting Memphis, which indicates that tourists to Memphis make trips to Tunica as well.

Visitor Volume

The Tunica Convention and Visitors Bureau estimates an annual visitor volume to Tunica County of over 10 million. This estimate was supported by estimates of casino operators that put the number of visitors at 30,000 per day (or 10.95 million annually). Of the 10+ million annual visitors, approximately 70 to 80 percent are on day trips.

The casinos draw the overwhelming majority of visitation to the area. The Mississippi Gaming Commission estimates the total number of visits to casinos in the North River Region of Mississippi (primarily Tunica County's casinos, but including a casino south of Tunica in Lula, Mississippi) at approximately 25 million. While growth in casino visits have slowed in recent years, visitation is still increasing with a compound annual growth rate (CAGR) of 3.3 percent from approximately 22 million in 2000.

With its position as primarily a drive-in market, Tunica did not suffer a significant drop in visitation following the events of 9/11. Visitation experienced a slight decrease in 2002, but has slowly risen since then.

Visitor Seasonality

Visitation to Tunica County does not seem to shown any significant seasonality. Casino patrons represent the majority of the areas visitors and based on the typical casino patron profile exhibit limited seasonality. In general, there are the fewest visitors in the last quarter of the year (October to December). The largest numbers of visitors patronize the casinos in the second and third quarters of each year.

Visitor Characteristics

Gambling is consistently the primary reason for visiting Tunica. In the first quarter of 2005, 72 percent of the respondents to the survey conduct by TNS of non-Memphis residents visitors stated that gambling was their primary purpose for their trip and a total of 95% of respondents considered gambling to be either their primary or secondary reason for visiting Tunica. Shopping, as a secondary reason for visiting Tunica, has increased from 5 percent in 2004 to 10 percent in 2005. According to the same survey results, fine dining comprised nearly one quarter of visitors' secondary purposes for visiting Tunica in the first 3 months of 2005.

Also indicated by the survey, Tunica continues to attract new, first time visitors with 20 percent of visitors in 2005 being first time visitors. The majority of visitors, about 80 percent, are still repeat visitors. Repeat visitors have visited Tunica an average of 15 times over the last three years, which is approximately five trips per year. With the survey focused on non-Memphis residents, the majority of respondents in 2005 have stayed overnight (85 percent) with a trip average of about 2.6 nights.

Consistent with the increasing average income of visitors to Tunica (\$53.7 in 2003 to \$57.4 in 2005), the average spending per trip has increased. The average expenditures per trip in Economics Research Associates Market Analysis – Myriad Entertainment 2003 were \$471 and have increased over the past two years to \$585 in 2005 (an increase of 24 percent).

Gambling consistently has comprised the largest segment of expenditures. However, the percentage of expenditures for gambling has decreased in relation to food and beverage and shopping.

Based on interviews with local casino hotel operators, an estimated 20 percent to 30 percent of all casino patrons stayed overnight. The inclination of visitors to stay overnight increases slightly the further south the casino visited is located. For example, the proportion of visitors that stay overnight at the casino cluster located furthest south along the river is larger than that at the cluster located furthest north.

The Tunica market is still primarily a day-trip market, but has potential to develop into a more diversified attraction destination.

Local Area Attractions

Local attractions and activities offered in proximity to a destination help draw a greater number of attendees, increase the average party size via additional accompanying persons, and augment the average trip length. The primary attractions and activities in Tunica County include the nine casinos offering an array of gaming activities and live entertainment venues, three golf courses, fishing lakes, a retail outlet shopping center, an arena and exposition center, a heritage museum, a riverboat cruise and a river park.

The factory outlet mall seems to have the greatest visitation compared to other local attractions in Tunica. Out of the survey respondents (non-Memphis residents), 84 percent are aware of the factory outlet mall and 23 percent have either shopped or have plans to visit the mall. Shopping has also increased as a secondary purpose for visiting Tunica.

Tunica River Park and Tunica Queen

Among other local attractions, the Tunica River Park is the next most highly visited. A \$23 million complex, The River Park, is an attraction that was completed in 2003 and includes a 37,000 square foot interpretive center with an outdoor observation platform, harbor, dock facility, aquarium, walking trails and a 400-passenger riverboat offering river excursions. Almost 70 percent are aware of the River Park, but only 10 percent of which have visited or have plans to visit the Tunica River Park.

Tunica Arena and Exposition Center

In 2000, the \$22 million Tunica Arena and Exposition Center opened specifically to accommodate rodeos, livestock shows and trade shows and went through a \$4 million expansion in 2002. The arena is the largest indoor arena in Mississippi with 48,000 square feet of arena/exhibition space on the arena floor and a seating capacity of over 5,000, including 14 luxury skyboxes. The expo center also is used for conventions such as the South Central Manufactured Home Show, which draws approximately 2,000 people.

Casino Hotel Operations

Since the advent of gaming in Tunica County in 1992, three general areas of casino development have appeared. The first area, situated the farthest north, consists of the Grand Casino, which is currently the largest casino hotel in Tunica. The Grand Casino currently operates 1,356 rooms and has 136,000 square feet of gaming space.

The second area of casinos is located on Casino Center Drive and consists of three casinos: the Gold Strike Casino Resort, the Horseshoe Casino and Hotel, and the Sheraton Casino Tunica. The Gold Strike is one of the largest casino hotels in Tunica with almost 1,200 rooms. The Horseshoe also has a high profile hotel with 506 rooms and a relatively new entertainment venue, Bluesville. The Sheraton Casino Hotel is slightly older and smaller with 130 rooms. The Bally's Casino and Hotel is located by itself just north of the Casino Center area and is a smaller property with the casino and 240-room hotel separated by the levy. The Fitzgerald's Casino and Hotel is also in an isolated location.

The third area is the Casino Strip with the Resorts Tunica (formerly Harrah's Casino) with 200 rooms, Sam's Town with 1,076 rooms and the Hollywood Casino, with almost 500 rooms. This area of casino hotels is situated south and further west from Highway 61, making it slightly less accessible compared to the other two clusters.

The revenues generated by the nine area casinos are not evenly distributed. The top 4 casinos generate an estimated 70 percent of the gaming revenues in Tunica County. The top two revenue-generating casinos, The Grand Casino and The Horseshoe, are owned and operated by Harrah's which, after the merger with Caesars, will own 39 casinos around the United States. The Gold Strike, the third largest revenue generator, is owned by MGM Mirage, which owns 26 gaming facilities, 21 of which are located in Las Vegas, Nevada, the largest gaming destination in the US. The fourth largest revenue generator in Tunica is Hollywood, which is owned by Penn National, which owns eight gaming facilities across the nation.

NEW DEVELOPMENT

At the present time, there are two projects under consideration that may have an impact on the Tunica market area. Both of these projects are in the early stages of development either or both of them may be developed in the future. Due to the preliminary nature of these projects we have not included in our future supply and demand analysis. The following paragraphs briefly describe each of these projects.

Paradise Cove at Mhoon Landing - A 256 acre riverfront and gaming development located at Mhoon Landing in Tunica County, this project includes up to five casinos with on-site hotels, a boardwalk, entertainment venues including a 4,000 seat performing arts center, golf course, waterpark, amphitheater, an upscale retail mall and restaurant services.

Riverbend Crossing - Located in DeSoto County at the Tunica County line and US Highway 61, this 4,500 acre proposed development has received local planning commission approval and a variety of financial incentives provided by the state. The proposed \$3 billion development would include 6,750 single family homes, 2,750 multi-family housing units, a 300 acre technology/light industrial park, 200 acre MGM entertainment district, three hotels four golf courses and a 600 acre lake. It is expected to take 12 to 15 years to complete and would provide more than 12,000 permanent jobs when completed.

MegaSite - The Tunica Economic Development Foundation and the Tunica County Chamber of Commerce are spearheading an effort to develop the Tunica Metro Mega Site. Located at the intersection of Highway 304 and US Highway 61 in Tunica, this 2,650 acre site is being promoted as a single use tenant site such as an automobile manufacturing facility.

COMPARABLE SUPPLY AND DEMAND

The comparable supply for the proposed Myriad Palace Hotel and the Mississippi Blossoms Convention Center consist of a variety of properties located throughout the southeast United States. Each of these properties may be competitive for a portion of the demand that could be captured by the proposed hotel, but may not be directly competitive for, or comparable with each other or for all segments of the demand identified. These properties represent a sampling of the hotels that would be expected to compete for the same type and sources of demand that the proposed hotel is anticipated to capture. These categories of demand are:

- ❑ Group - Corporate group, association, local social and SMERF related demand utilizing meeting and banquet space; primarily local and regional in scope

- ❑ Tourist/Leisure – Demand not included in commercial or group demand segments that is specifically identified with the entertainment facilities at the resort, area casinos or other leisure activities in the area

Comparable Supply

The hotels identified are a small sampling of the national market for the proposed Myriad development. The overall competitive market for the proposed hotel and convention center is identified later in this report. The hotels listed below provide a good indication of the type of properties, size, facilities and overall performance levels that are potentially achievable by the proposed project.

The seven properties identified as comparable for the proposed Myriad Palace Hotel and the Mississippi Blossoms Convention Center include:

- ❑ Marriott Orlando World Center – Orlando, Florida
- ❑ Hilton Atlanta & Towers – Atlanta, Georgia
- ❑ Hilton Hotel (Wyndham Anatole) – Dallas, Texas
- ❑ Westin Peachtree Center – Atlanta, Georgia
- ❑ Sheraton Hotel Walt Disney World Dolphin – Lake Buena Vista, Florida
- ❑ Gaylord Palms Resort Convention Center – Kissimmee, Florida
- ❑ Gaylord Texan Resort & Convention Center – Grapevine, Texas

The properties located in Tunica have not been included in the comparable supply due to their primary sources of demand, dependence on casino related demand, quality of facilities and the relatively limited amount of available function space at these hotels.

The following table summarizes these comparable hotels:

<p style="text-align: center;">TUNICA, MISSISSIPPI MYRIAD PALACE HOTEL NON-CASINO COMPARABLE PROPERTY PROFILE</p>							
	Hilton Anatole Dallas	Marriott Orlando WorldCenter	Gaylord Palms Orlando	Gaylord Texan Grapevine	Hilton Atlanta Towers	Westin Peachtree Atlanta	Sheraton Dolphin Orlando
# Of Rooms	1,609	2,000	1,406	1,511	1,226	1,068	1,509
Year Opened	1979	1986	2002	2004	1976	1976	1990
FACILITIES AVAILABLE							
Total Meeting Space (square feet)	341,000	350,000	400,000	400,000	105,278	71,000	329,000
Square Foot per Guest Room	212	175	284	265	86	66	218
Largest Ballroom	73,000	39,506	46,748	49,025	18,570	15,121	54,238
Largest Exhibit Space	128,000	105,000	178,500	179,520	41,000	0	110,500
2006 PUBLISHED RATES							
Single/Double	\$129-219	\$219-329	\$199-439	\$159-269	\$99-374	\$105-385	\$339-499
<i>Marriott WorldCenter adding meeting space of approximately 150,000, included in current total</i>							
<i>Source: Property Management, Pinkowski & Company</i>							

The comparable supply for the proposed hotel and conference center includes:

Hilton Anatole – Located in Dallas, this 1,609 room property features about 341,000 square feet of meeting space, several restaurants and lounges, two indoor and one outdoor pool, tennis courts, access to the nearby 80,000 Veranda Club and Spa. The property was recently purchased by Hilton and will be renamed the Hilton Anatole.

Marriott Orlando WorldCenter – This 2,000 room property contains approximately 214,000 square feet of meeting space, ten restaurants and lounges, spa and fitness center, four outdoor swimming pools including a 600,000 gallon feature pool, tennis and volleyball, and an on-site golf course. A current addition is planned that would increase the total meeting space to about 350,000 square feet and will include a 105,000 square foot multi-use ballroom.

Gaylord Palms – Part of the Gaylord family of three properties, this resort and convention center reflects the geographical heritage of Florida with regional themes and attractions that have been designed for this location. This 1,406 room property contains about 400,000 square feet of meeting space, seven restaurants and lounges, a 20,000 square foot Canyon Ranch Spa and fitness center, two outdoor pools, a variety of retail outlets and access to a nearby golf course.

Gaylord Texan – Like the Gaylord Palms, this facility is designed to reflect the geographical heritage of Texas with a regional theme. The 1,511 room Gaylord Texan Resort features approximately 400,000 square feet of meeting space, six restaurants and lounges, a 25,000 square foot spa and fitness center, outdoor

pool, available golf and marina facilities and an 80,000 square foot outdoor event lawn.

Hilton Atlanta Towers – This 1,226 room property is located in downtown Atlanta and features about 105,278 square feet of meeting space, fitness center, indoor pool and several restaurants and lounges.

Westin Peachtree – Located in downtown Atlanta, this 1,068 room property features about 71,000 square feet of meeting space, indoor and outdoor pools, fitness center and health club, and access to nearby golf and tennis facilities.

Sheraton Dolphin – Located in the heart of the Walt Disney World Resort, this 1,509 room property offers about 329,000 square feet of meeting space, 17 onsite restaurants and lounges, five pools, a variety of retail outlets, four tennis courts and a spa and fitness center.

Historical and Current Demand Characteristics

According to Smith Travel Research, The U.S. lodging market has experienced a 1.6 percent increase in occupancy, a 6.8 percent increase in average rate and a 8.5 percent increase in RevPAR through the end of July 2006 compared to the same period in 2005. During this period, room supply has increased 0.3 percent while room demand is up 1.9 percent. Room occupancy for the U.S. lodging market for 2005 was up 2.9 percent to 63.1 percent compared to 2004, while average daily rates were up 5.3 percent to \$90.84. For the year, the total room supply was up 0.4 percent while rooms occupied are up 3.5 percent.

Although the national data has shown consistent decline since 2001, the year of the terrorist bombings, the lodging industry has begun to experience a turnaround in late 2003, 2004 and through 2005. The conventional wisdom is that this demand should continue to recover through 2006.

It should be noted that these data reflect the national lodging market taken as a whole, and there are considerable variations from market to market. The following table shows data for the U.S. lodging industry on an annualized basis from 1993 through July 2006.

U.S. LODGING INDUSTRY ANNUALIZED DATA 1993-2005				
Year	Occupancy	Average Daily Rate	RevPAR	RevPAR Change
YTD 7/31/06	64.7%	\$96.74	\$62.57	8.5%
YTD 7/31/05	63.7%	\$90.55	\$57.66	n/a
2005	63.1%	\$90.84	\$57.34	8.4%
2004	61.3%	\$86.26	\$52.88	7.8%
2003	59.2%	\$83.28	\$49.34	0.2%
2002	59.0%	\$83.19	\$49.04	-2.6%
2001	59.8%	\$84.45	\$50.52	-7.1%
2000	63.5%	\$85.24	\$54.13	5.5%
1999	63.1%	\$81.29	\$51.29	2.7%
1998	63.9%	\$78.15	\$49.94	5.3%
1997	64.5%	\$73.52	\$47.42	3.8%
1996	65.7%	\$69.56	\$45.70	4.2%
1995	65.1%	\$67.34	\$43.84	5.5%
1994	64.7%	\$64.24	\$41.56	7.0%
1993	63.7%	\$60.99	\$38.85	-
<i>Source: Pinkowski & Company; Smith Travel Research</i>				

TUNICA LODGING MARKET

The local lodging market in Tunica consists of a variety of full service and limited service facilities. These properties range from small, independent limited service facilities to large full service casino oriented properties. According to Smith Travel Research, there are 20 properties with 6,184 room located in Tunica County. These properties range in size from 19 rooms to 1,200 rooms.

The following table identifies the properties located in Tunica County, the number of rooms and year open:

TUNICA, MISSISSIPPI HOTEL ROOM SUPPLY		
Property	# Rooms	Year Open
<u>Casino Hotels</u>		
Gold Strike Casino Resort	1,200	1997
Sams Town Hotel	843	1994
Grand Terrace Hotel & Spa	600	1999
Grand Veranda Hotel	568	1997
Fitzgerald Hotel & Casino	507	1996
Horseshoe Casino & Hotel	507	1995
Hollywood Hotel & Casino	506	1994
Hilton Bally's Saloon	239	1993
Harrah's Robinsonville	200	1996
Grand Casino Hotel	188	1996
Sheraton Hotel & Casino	<u>140</u>	1997
Total Casino Hotel Rooms	<u>5,498</u>	
<u>Non Casino Hotels</u>		
Americas Best Inn	106	1993
Microtel Inn & Suites	102	u/c
Americas Best Value Inn	100	1995
Treasure Town Inn	88	n/a
Best Western	80	1994
Delta Plantation Inn	80	1994
Kings Inn	67	1994
Key West Inn	44	1995
Cottage Inn	<u>19</u>	n/a
Total Non Casino Hotel Rooms	<u>686</u>	
Source: Pinkowski & Company; Smith Travel Research		

The following table contains the historical performance of the Tunica lodging market from October 1999 through May 2006 per data provided by the Tunica Convention and Visitors Bureau:

TUNICA, MISSISSIPPI LODGING MARKET PERFORMANCE							
	10/1999 to 09/2000	10/2000 to 09/2001	10/2001 to 09/2002	10/2002 to 09/2003	10/2003 to 09/2004	10/2004 to 09/2005	10/2005 to 5/2006
Occupancy	88.70%	88.80%	84.80%	84.10%	84.20%	82.30%	81.40%
Average Rate	\$56.21	\$53.20	\$53.23	\$51.49	\$52.84	\$54.63	\$58.32
Source: Tunica Convention & Visitors Bureau; Pinkowski & Company							

The performance of the local lodging market in Tunica is influenced heavily by the casino hotels and the type and timing of the demand accommodated in the market. As

a result of the discounting and casino comp related demand, average rates achieved in the local market have remained low while occupancy levels have remained high.

For the purposes of this study, we have identified the previously listed seven hotels that are considered comparable with the proposed hotel and convention center based on the facilities offered and the type of demand captured. These hotels are located in Dallas, Orlando and Atlanta and offer facilities, amenities or locations that represent the type of property and facilities that the proposed Tunica facility would compete with for group demand. The following paragraphs and tables contain information relating to the performance of these properties.

Data available from Smith Travel Research (STR) provides the basis for the operating performance of these comparable properties. This data is presented in the following table:

MYRIAD BOTANICAL RESORT COMPARABLE LODGING MARKET HISTORICAL PERFORMANCE						
Year	Occupancy %	Average Rate	REVPAR	Daily Room		
				Supply	Demand	Revenue
2005	67.8%	\$155.06	\$105.13	10,329	7,005	\$1,086,195
2004	65.6%	\$147.44	\$96.72	9,900	6,495	\$957,623
2003	61.5%	\$150.35	\$92.47	8,777	5,402	\$812,191
2002	63.8%	\$155.43	\$99.16	8,818	5,630	\$875,071
2001	62.3%	\$154.07	\$95.99	7,412	4,618	\$711,495
2000	71.2%	\$154.68	\$110.13	7,206	5,132	\$793,818
CAG	-1.0%	0.0%	-0.9%	7.5%	6.4%	6.5%
YTD 7/31/2006	75.2%	\$164.39	\$123.62	10,329	7,766	\$1,276,653
YTD 7/31/2005	70.5%	\$156.96	\$110.66	10,329	7,283	\$1,143,140
Growth	6.7%	4.7%	11.7%	0.0%	6.6%	11.7%
CAG = Compound Annual Growth						
Source: Smith Travel Research, Pinkowski & Company						

The historical market performance summarized in the preceding table indicates a dramatic decline in occupancy from 2000 through 2003. According to STR, year end occupancy for 2002 for the competitive supply is down almost ten occupancy points from the performance achieved in 2000. This decline is a result of a combination of factors including the economic slowdown and the terrorists attacks in September 2001. From 2000 to 2005 the supply increased 7.4 percent annually while demand increased only 6.4 percent annually. Average rates in the competitive market remained relatively flat between 2000 and 2003 before declining in 2004. The drop in average rate reflects the increased competitive nature of the market and the impact of new rooms entering

the market during this period. Average rates increased 5.2 percent in 2005, reflecting the continuing improvement in occupancy and more aggressive sales and marketing efforts.

Year to date occupancy in the competitive market has increased 6.7 percent from 70.5 percent to 75.2 percent reflecting the continuing increase in demand and the renewed strength of the group meetings market. Year to date, demand is up 6.6 percent with no increase in supply during the year. Average rates have increased 4.7 percent for the year to date period, continuing a trend in strong rate increases in 2005 and reflecting the increased pricing power in the market.

The preceding table summarizes the performance of the seven comparable properties which offer similar facilities and cater to the same major sources of demand as the proposed property. These properties represent a sampling of the type, quality, size and location of the primary competition for the proposed hotel and convention center to be included as part of the Myriad Botanical Resort development. The performance of these hotels offers a significant insight on the projected occupancy and average daily rate estimate for the proposed hotel.

The following table summarizes the breakdown of the weekday/weekend performance of the comparable lodging market. Weekdays are defined as Sunday through Thursday. Weekends are Friday and Saturday.

MYRIAD BOTANICAL RESORT COMPARABLE LODGING MARKET HISTORICAL PERFORMANCE WEEKDAY / WEEKEND COMPARISON						
Year	Occupancy	Weekday Average Rate	Revpar	Occupancy	Weekend Average Rate	Revpar
2005	67.6%	\$156.86	\$106.07	68.3%	\$150.64	\$102.88
2004	65.2%	\$150.14	\$97.94	66.5%	\$140.86	\$93.73
2003	61.7%	\$153.53	\$94.72	61.2%	\$142.30	\$87.04
2002	63.6%	\$158.54	\$100.87	64.4%	\$147.70	\$95.10
CAG	2.1%	-0.4%	1.7%	2.0%	0.7%	2.7%
YTD 7/31/2006	75.8%	\$164.98	\$125.06	73.6%	\$162.84	\$119.91
YTD 7/31/2005	70.3%	\$158.95	\$111.82	70.9%	\$152.06	\$107.81
% Change	7.8%	3.8%	11.8%	3.8%	7.1%	11.2%
<i>Source: Smith Travel Research; Pinkowski & Company</i>						

While there is little difference in weekday and weekend occupancies, the average rate is higher for the weekday period reflecting the discounting required and the type of business accommodated during the weekend period. Average rates have experienced a

drop for both the weekday and weekend segments while occupancies have increased for both segments.

Year to date, the weekend occupancy levels has increased 3.8 percent compared to 7.8 percent for the weekday level. Average rates have increased 7.1 percent for the weekend demand versus 3.8 percent for the weekday period.

The performance of the properties included in the previous table reflects the influence of group and leisure demand and the limited strength of the commercial demand at these selected hotels. Unlike the subject property, several of these hotels do not have the entertainment component to capture substantial amounts of tourist demand. These particular hotels offset this by capturing commercial demand due to their locations and market orientation. Because of the substantial entertainment feature, the proposed hotel will be able to capture a large portion of leisure demand at a rate premium, especially during weekends and holiday periods throughout the year. As a result, the proposed hotel will have a higher weekend average rate and occupancy compared to the weekday average rate.

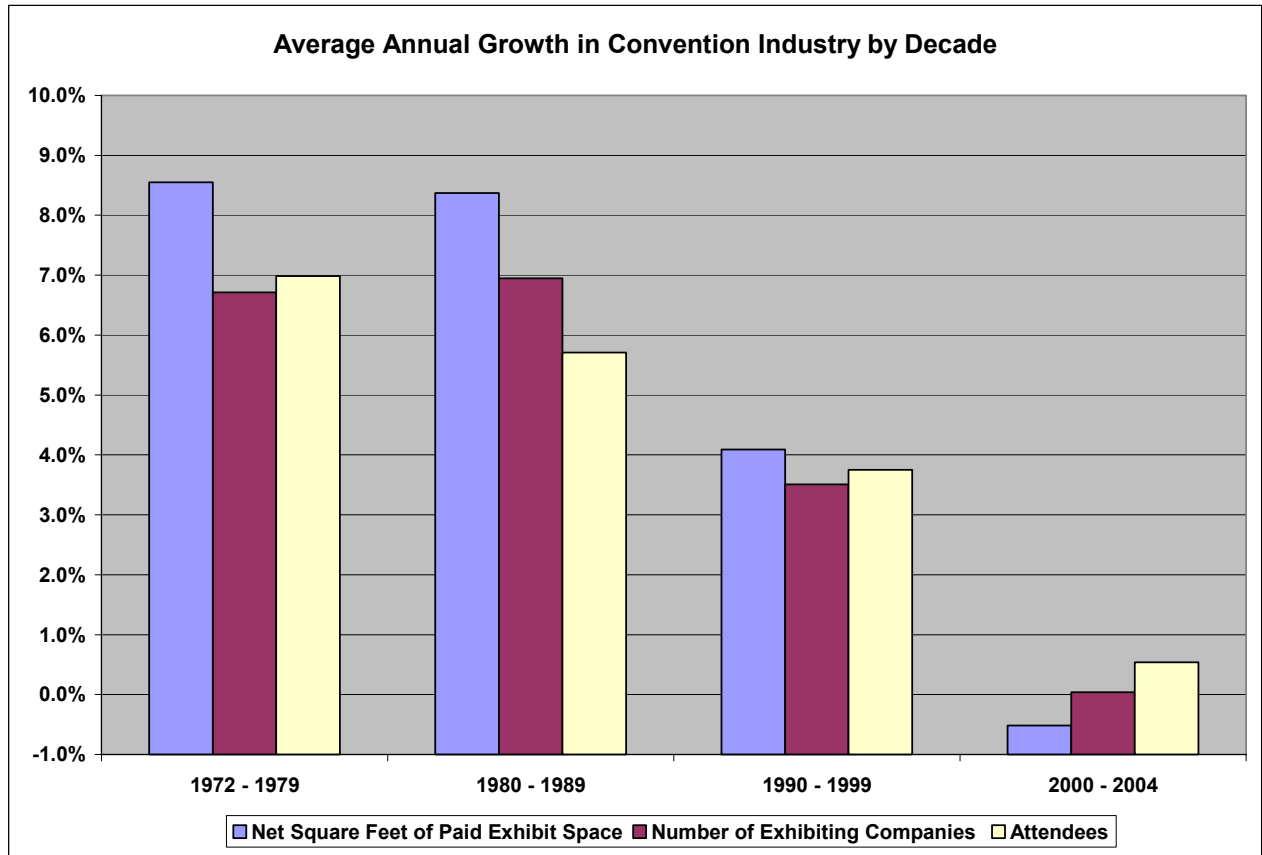
CONVENTION AND MEETINGS INDUSTRY OVERVIEW

In order to provide an understanding of market growth and the factors that are shaping the future of the meeting and event industries, this section provides a current overview of trends and developments that are impacting meeting and convention facilities, and this should be reviewed in context with the proposed project in Tunica.

Conventions, exhibitions, and trade shows are conducted for the purposes of exchanging information, conducting business transactions, and for educational, cultural, and social enrichment. The increasing need to carry out these purposes is driving the growth of the meetings industry. As developments occur in the larger economy, simultaneous developments occur in the meetings market.

Number of Events

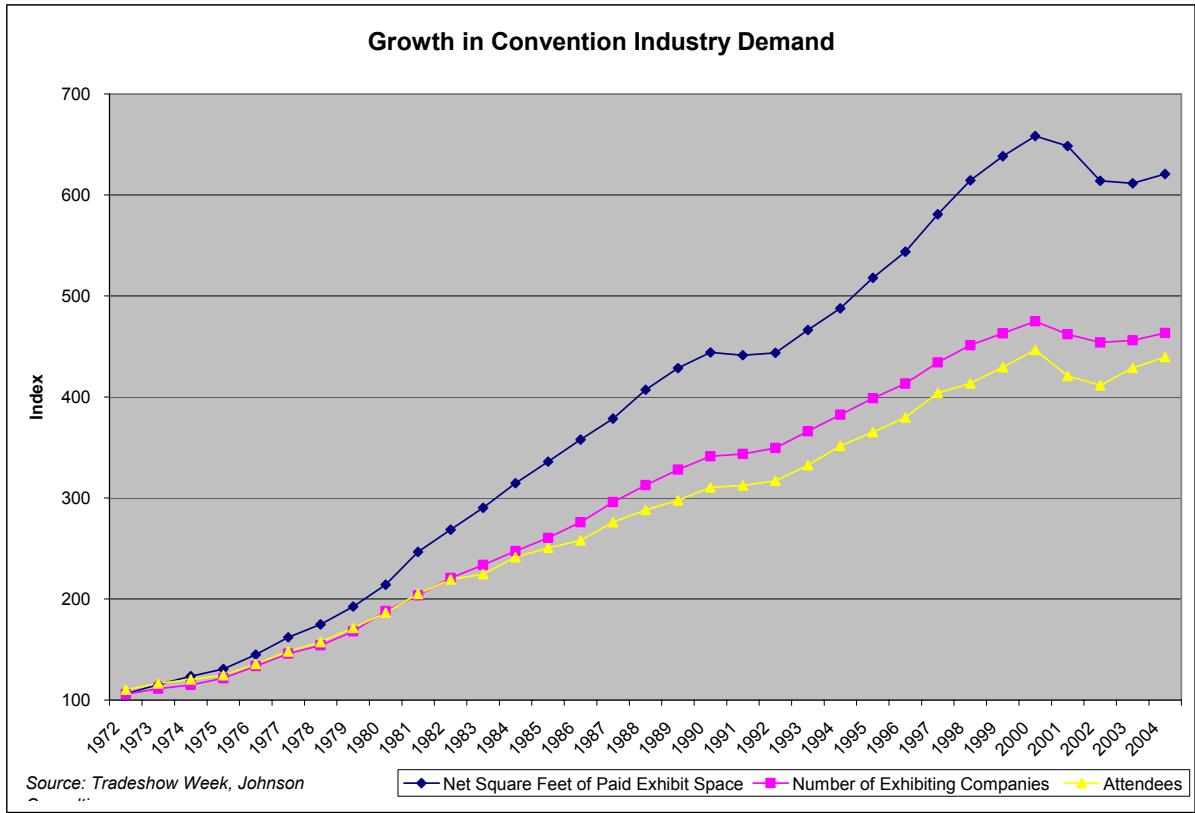
The following table shows the growth in the number of events, net square feet used, exhibiting companies, and attendees by decade, from 1972 through 2004.



As the preceding table shows, annual average demand increased at significant levels through the 1970s and 1980s. The first Gulf War and short recession tempered growth at the beginning of the 1990s, but the decade still showed strong year-over-year growth of 4 percent in every category. The industry showed its first serious negative change in demand as a result of the dot-com bust, economic recession in the US and abroad, and the travel depression following 9/11.

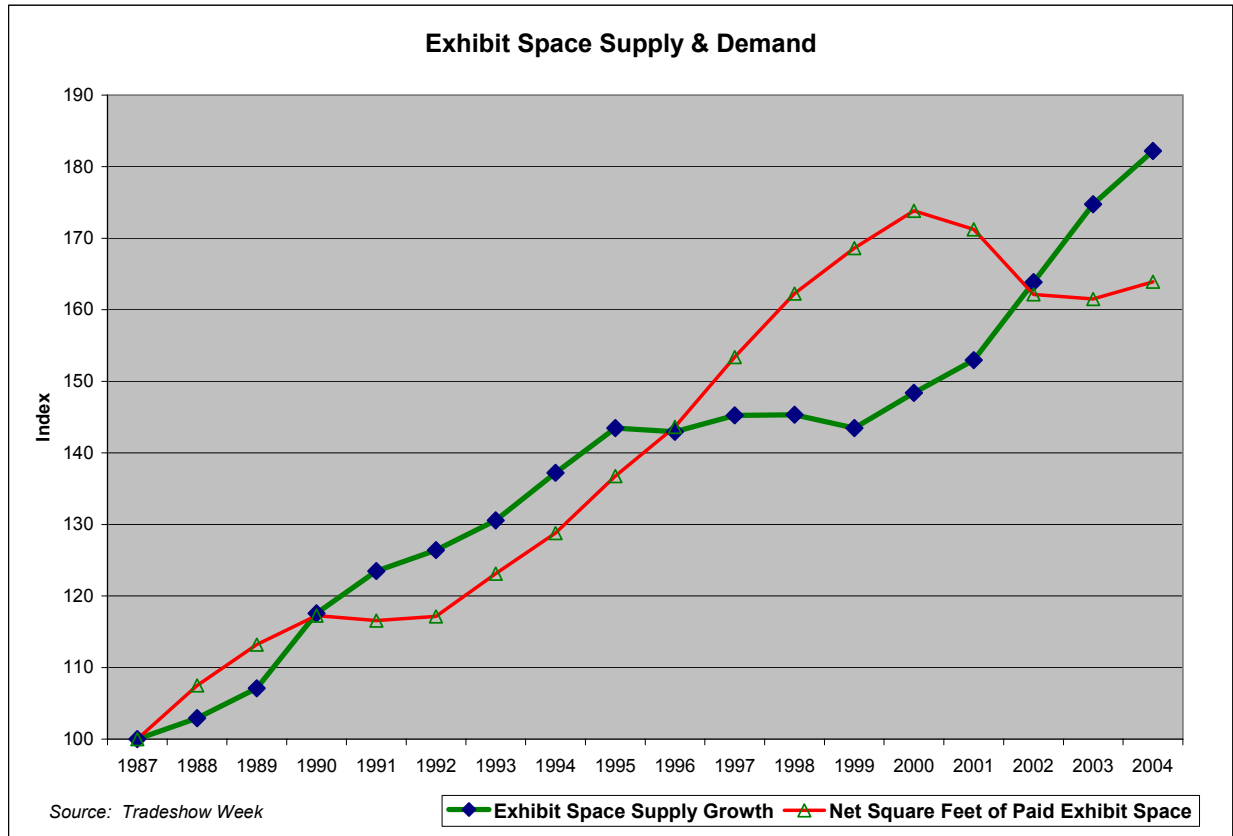
Supply and Demand for Exhibit Space

As the following table shows, while the impact on demand was real, there appears to be a return to growth, with a noticeable rebound in attendee traffic.



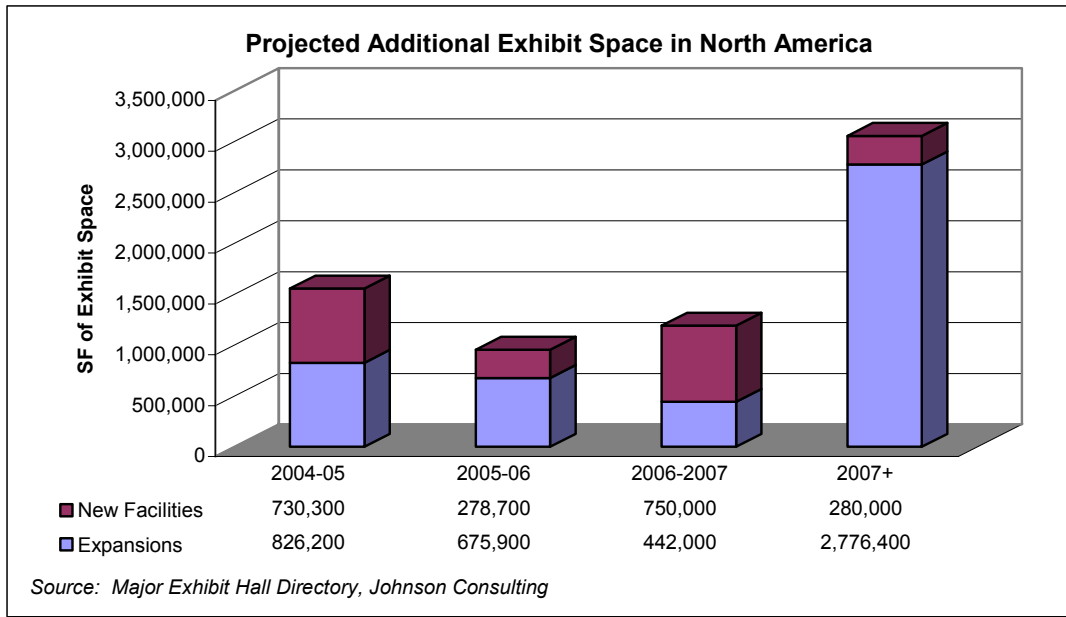
As shown, long-term demand trends show a greater need for space with fewer companies and attendees. This has been a trend since the 1970's as companies continue to merge (limiting growth in the number of companies in any given industry) and there is continuing pressure on doing more with fewer employees. Where an entire sales force might have been dispatched to several conventions in decades past, now it is expected that a handful of people will represent a company at a convention or tradeshow. Yet, these trends have not stopped growth in attendance.

The following table shows the comparison of supply and demand annual growth beginning in 1987.



The figure shows a very compelling and rational picture of supply growth in response to demand growth. From 1987 to 1989, demand outpaced supply. By the time supply caught up, a recession was on and it took until 1996 for demand growth to catch up to supply. What is stunning is the rate of growth in demand from 1993 through 2000, with an average increase of 5.1 percent. Supply stagnated during much of this period. By the mid-1990s, cities saw that there was economic impact to be had by capturing growth that was not being adequately captured. Plans were put into place and new facilities and expansions began opening with force in 2000 – just as a recession was about to begin. With the long time horizon for developing facilities, the increase in supply continued unabated through 2004, as long-held plans were finally brought to fruition.

Projections for future supply growth show a tempered situation. The following table displays this data, according to Trade Show Week's Major Exhibit Hall Directory.



As the previous table shows, more than 1.5 million square feet of new and expanded exhibit and meeting space are expected to be added between August 2004 and July 2005. The 2005-2006 fiscal year will see a smaller amount of new facilities with 279,000 square feet and 675,900 square feet of expansions. The vast majority of expansions and new facilities are to be US facilities, as approximately 85 percent of the exhibition market is in the US. It should be noted that some of the projected additions are in various stages of planning – such as feasibility study, design, and construction. Some of the proposed facilities are only being studied and may not actually be developed.

Ownership and Management

Demand for meeting and exhibition space allowed many communities in the United States to develop successful convention and trade show facilities during the 1970s and 1980s. Public sector involvement in these developments was motivated primarily by the desire to capture the economic benefits of the events they accommodate in their communities.

The following table summarizes the ownership and management structure of US-based exhibit halls.

Ownership and Management of US Exhibit Halls		
Type of Entity	Ownership	Management
Private	36%	58%
City	34%	22%
County	10%	5%
State	8%	5%
Combination Government	5%	2%
Non-Profit Organization	0%	0%
Other	5%	8%
<i>Source: Tradeshow Week - Major Exhibit Hall Directory, Johnson Consulting</i>		

As the table shows, approximately one-third of US exhibition halls are privately owned, but almost 60 percent are operated by a private management company. Public ownership of exhibit hall facilities often occurs because they usually do not generate profits to an owner, but the public sector will take ownership as a service in order to capture the related economic benefits within its jurisdiction. Private management is common because, unlike governments, these companies have professional expertise in managing and operating facilities, and often have longstanding relationships with vendors, suppliers, and other industry organizations. In addition, a private management company's experience and efficiency can help insulate a facility's operations from political issues and can help to reduce annual deficits as much as possible.

PricewaterhouseCoopers (PwC) has conducted an annual survey for the past 20 years of event characteristics at convention centers throughout the U.S. The survey may not be representative of the entire industry as an indeterminate number of convention centers responded to the survey and results may not mitigate potential regional trends. However, results of the survey are presented by size of facility and are useful in outlining differences in trends between small, mid, and large convention facilities. In terms of PwC survey responses small convention centers are defined as having less than 100,000 square feet of exhibit space, mid-sized 100,000 to 500,000 square feet of exhibit space, and large as having greater than 500,000 square feet of exhibit space.

The following table presents the percentage of survey respondents by type of management utilized by their convention facility.

Size	Convention Center Management Type				Total
	Private Company	Quasi-Public Conv. Center Auth.	Dept. of Municipal Government	Other	
Less than 100,000 square feet	24%	28%	36%	12%	100%
100,000 to 500,000 square feet	38%	11%	35%	16%	100%
More than 500,000 square feet	29%	36%	36%	0%	100%
<i>Source: PricewaterhouseCoopers</i>					

In terms of survey respondents, small convention centers are primarily managed as a department of a municipal government at 36 percent with private management companies and quasi-public authorities managing an approximate equal portion of the remaining respondents at 24 percent and 28 percent, respectively. Mid-sized convention center respondents were primarily managed by private companies at 38 percent, with management through a department of municipal government followed closely at 35 percent. Large convention facility respondents were equally divided at 36 percent each between a department of a municipal government and a quasi-public authority, with the remaining, at 29 percent, being managed by private companies. Management by public or quasi-public organizations by far out paced private management; however, private management has captured a considerable portion of the mid-sized convention center market.

Exhibit Hall Utilization

Exhibit hall occupancy can be difficult to measure as it is impossible to have 100 percent occupancy due to days required for set-up and tear-down. As defined by PwC, a maximum occupancy rate for an exhibit hall would be approximately 70 percent; however, 50 percent to 60 percent occupancy is considered to be an efficient range of occupancy. Rates below 50 percent would indicate the potential for increased marketing of the facility, with occupancy of more than 60 percent possibly indicating an increased number of lost business due to insufficient available dates.

The following table presents the occupancy rates, by exhibit hall size for respondents to the PwC survey.

Exhibit Hall and Ballroom Occupancy Rates				
Size	Conventions / Trade Shows	Consumer Shows	Total Ex. Hall Occupancy	Ballroom
Less than 100,000 square feet	19.0%	16.7%	35.7%	40.3%
100,000 to 500,000 square feet	22.0%	14.9%	36.9%	45.5%
More than 500,000 square feet	44.5%	8.5%	53.0%	52.1%
<i>Source: PricewaterhouseCoopers</i>				

Based on the PwC benchmarks, only large size convention center respondents are within the range determined to be efficient with 53.0 percent. Small to mid-sized convention centers fared better in terms of occupancy rates for consumer shows at approximately 15 percent versus nine percent for large convention centers. Interestingly, ballroom occupancy rates for small and mid-sized convention centers were considerably higher, approximately five to ten percent, than that of their exhibit halls. Ballroom occupancy for large convention centers is fairly close to total exhibit hall occupancy at 52.1 percent versus 53 percent.

The following tables present information on the total attendance, number of events, and average attendance of events held at the convention centers of the PwC survey respondents.

This table presents total attendance for convention/trade shows and consumer shows events.

Exhibit Hall Attendance			
Size	Conventions / Trade Shows	Consumer Shows	Total
Less than 100,000 square feet	53,000	82,000	135,000
100,000 to 500,000 square feet	173,000	286,000	459,000
More than 500,000 square feet	645,000	383,000	1,028,000
<i>Source: PricewaterhouseCoopers</i>			

As shown by the table, small and mid-size convention centers generate a higher portion of their total attendance from consumer shows versus convention and trade shows. Conversely, the majority of attendance for large convention centers is generated from conventions and trade shows. In terms of attendance, small and mid-sized convention centers have been more successful and generated higher demand from their consumer show events.

The next table displays the number of convention/trade show and consumer show events hosted by survey respondents.

Exhibit Hall Number of Events			
Size	Conventions / Trade Shows	Consumer Shows	Total
Less than 100,000 square feet	33	23	56
100,000 to 500,000 square feet	43	26	69
More than 500,000 square feet	49	21	70
<i>Source: PricewaterhouseCoopers</i>			

All three convention center size respondents receive the majority of their demand from conventions and trade shows. Large convention centers have a higher percentage of convention and trade shows as a percent of their total exhibit hall business at approximately 70 percent versus approximately 62 percent and 60 percent for mid-size and small convention centers, respectively. When compared with large convention centers, small and mid-size convention centers draw larger crowds for consumer shows even with a fewer number of events than conventions and trade shows. This relationship is further shown in the following table:

Exhibit Hall Events - Average Attendance		
Size	Conventions / Trade Shows	Consumer Shows
Less than 100,000 square feet	1,606	3,565
100,000 to 500,000 square feet	4,023	11,000
More than 500,000 square feet	13,163	18,238
<i>Source: PricewaterhouseCoopers</i>		

As described previously, small and mid-size convention centers host more convention and trade show events, but receive more total attendees from consumer shows, as is more clearly evident by average attendance for type of event as displayed in the table. Both small and mid-size convention centers have almost three times as higher average attendance for consumer show events than convention and trade show events. Although large convention centers have both a greater number of attendees and number of events of the convention and trade show type, the average attendance for consumer type show events is also higher as with small to mid-size convention centers. Average attendance for large convention centers for consumer shows was approximately 18,000 versus approximately 13,000 for conventions and trade shows.

In addition to convention, trade show, and consumer show events within their exhibit halls, convention centers also host a variety of other events at ballrooms and meeting rooms located on site.

The next table shows the average event count and attendance for survey respondents by facility size.

Convention Centers - All Event Characteristics		
Size	Average Event Count	Average Total Attendance
Less than 100,000 square feet	364	282,000
100,000 to 500,000 square feet	309	714,000
More than 500,000 square feet	170	1,178,000
<i>Source: PricewaterhouseCoopers</i>		

The following table shows the average number of room nights generated annually by respondents to the convention center survey.

Convention Centers - Hotel Room Nights	
Size	Average Number of Nights
Less than 100,000 square feet	36,000
100,000 to 500,000 square feet	166,000
More than 500,000 square feet	947,000
<i>Source: PricewaterhouseCoopers</i>	

TYPES OF MEETING AND FACILITIES NEEDS

The meeting industry includes a variety of meeting types, ranging from large trade and exhibition events to corporate meetings and conferences. As one can imagine, there are countless meetings occurring nationally and Tunica has to identify its potential niche or niches and then develop a competitive product with which to compete. Each type of event has unique facility needs, with some requiring large amounts of contiguous space and others requiring many smaller meeting rooms.

Often, a single event will use many different types of spaces, including exhibit halls, banquet facilities, and breakout meeting rooms. Well-designed multi-purpose facilities offer the proportions of different types of spaces that are appropriate for their market. In addition, they offer the flexibility to host multiple events at one time.

The following table summarizes the key attributes of various types of meetings, including facility requirements, as well as the Tunica area's current capacity to host these types of events.

Meeting Types and Related Facility Requirements					
Meeting Type	Attendance Range	Primary Purpose	Major Facility Requirement	Typical Facility Used	Tunica's Current Capacity to Host
Corporate & Other Meetings	Less than 100	Training and information exchange	Meeting space (minimal)	Hotels/Conference Centers	Fair
Conferences	50 to 2,000	Information exchange	Meeting space and banquet space	Hotels/Conference Centers and Convention Centers	Fair
Conventions	300 to 15,000	Information exchange	Meeting space and banquet space	Hotels/Conference Centers and Convention Centers	Poor
Conventions with Exhibits	2,000 to 20,000	Information exchange and sales	Exhibition, breakout meeting space, and banquet space	Convention Centers	None
Trade Shows	300 to 50,000	Sales	Exhibition and breakout meeting space for some events	Convention Centers, Trademarts, Fairgrounds	Poor
Consumer Shows	10,000 to 1,000,000	Advertising and sales	Exhibition Space	Convention Centers, Trademarts, Fairgrounds	None
Assemblies	5,000 to 50,000	Information exchange	Stage, seating, breakout meeting rooms	Convention Centers, Arenas, Stadiums, Fairgrounds	Poor
Community, Entertainment, and Social	50 to 10,000	Social and Entertainment	Banquet or multi-purpose space	Convention Centers, and Multipurpose Facilities	Poor

Source: Johnson Consulting

The various types of meeting events are described below:

Corporate and Other Meetings – Corporate meetings include training seminars, professional and technical conferences, incentive trips, and management meetings. Attendance generally ranges from 10 to 100, with an average of fewer than 50. These meetings are held in city-center hotels, specially-designed conference centers, and resort hotels. Corporate meeting planners and attendees demand high-quality facilities.

Conferences – Conferences are meetings typically held by associations, professional groups, and other membership organizations. Educational institutions also host conferences, which attract an average of 300 attendees. These events do not usually require exhibit space, but otherwise their facility demands are similar to those of conventions—such as meeting space for general sessions, food service facilities, and breakout rooms. Hotels and conference centers typically serve as venues for conferences.

Conventions and Trade Shows – Associations, professional groups, and other membership organizations hold conventions and trade shows, with attendance ranging from 300 to 50,000 attendees. The larger of these meetings take place in convention centers with exhibit halls of 100,000, but as a Center for Exhibition Industry Research (CEIR) survey indicates, the vast majority of events require less than 50,000 square feet. Conventions and trade shows may feature a single meeting, but they usually offer a number of concurrent meetings and exhibitions. Facility needs include assembly space

for general sessions and displays, banquet facilities, and numerous breakout-meeting rooms. Two-thirds of conventions and trade shows use exhibit space as a means to communicate ideas and to display products.

Conventions are high-impact events economically because a large percentage of attendees originate from outside the local area, typically stay several nights in the host city, and spend money on accommodations, food, transportation, retail goods, and entertainment. Spouses, family, or companions typically accompany 40 percent of attendees.

Trade Show Characteristics

Like conventions, trade shows offer a forum for exchanging industry ideas. They vary slightly from conventions in that they are more product- and sales-oriented. Trade shows are exhibit-intensive, and exhibitors prefer column-free, single-story, open-space facilities in which they construct temporary custom booths for product display. Trade shows typically attract a large number of attendees, who originate from outside the host city but tend to have a shorter average stay than convention attendees. Meeting programming is increasing as trade shows attempt to educate buyers about products.

The following table displays the most common event categories for conventions with exhibits and trade shows.

Top Event Categories- Conventions with Exhibits and Tradeshow	
Aerospace & Aviation	Home & Garden Furnishings & Supplies
Agriculture & Farming	Libraries
Apparel & Fashion	Manufacturing & Industrial
Art & Architecture	Medical & Health Care
Associations	Military
Building & Construction	Ocean Supplies & Equipment
Business & Finance	Police & Fire Fighters
Chemicals	Printing & Graphics
Communications	Radio, TV & Cable
Computers & Computer Applications	Religious
Education	Safety & Security
Electrical & Electronics	Sanitation & Waste Management
Energy & Mining	Science
Facilities, Engineering & Maintenance	Stores & Store Fittings
Food & Beverage	Textiles
Forest Products	Transportation
Funeral Industry	Travel Industry
Government	Veterinary
<i>Source: Tradeshow Week Data Book</i>	

Like conventions, trade shows offer a forum for exchanging industry ideas. They differ from conventions, however, because they are more product and sales oriented. Trade

shows are exhibit intensive, and exhibitors prefer column free, single story, open space facilities in which they construct temporary custom booths for product display. Trade shows typically attract a large number of attendees, who originate from outside the host city but tend to have a shorter average stay than convention attendees. Therefore, individual attendees may have less impact on the host city's economy. Meeting programming is increasing as trade shows attempt to educate buyers about products.

Consumer Show Characteristics

Consumer shows are public, ticketed events featuring exhibitions of merchandise for sale or display. Consumer shows provide a means of product distribution and advertising. Some, such as auto and boat shows, have a recreational and entertainment function as well. Consumer shows range in size from small local and specialized shows with a few hundred attendees to large shows with thousands of attendees. The larger consumer shows may occur in convention centers, shopping malls, fairgrounds, and other public-assembly facilities with large exhibition areas. The majority of attendees are local, but exhibitors often come from out of town. Site selection considerations for consumer shows include the size and income of the local population, availability of facilities, and the number of competitive shows in the market.

The next table displays a summary of the most prevalent types of consumer shows.

Top Event Categories- Consumer Shows	
Antique	Jewelry & Gem
Art	Jobs, Career & College
Auto	Motorcycle
Boat	Outdoor Sports
Computer	Pets
Ethnic	RV & Camping
Film	Sewing & Needlework
Flower	Sporting Goods & Guns
Gift & Craft	Super Sale
Golf	Toys & Hobbies
Health & Beauty	Travel
Holiday	Weddings
Home & Garden	Woodworking
<i>Source: Johnson Consulting</i>	

This list displays traditional consumer show events, but does not include the growing subset of specialty fairs, festivals, and agricultural events.

Assembly Characteristics

Assembly events are social, military, educational, religious, and fraternal (SMERF) events. They attract larger numbers of people and require arena or stadium seating. Similar to conventions, attendees originate from outside the host city, but, unlike conventions, these events do not usually require large amounts of exhibit and meeting room space.

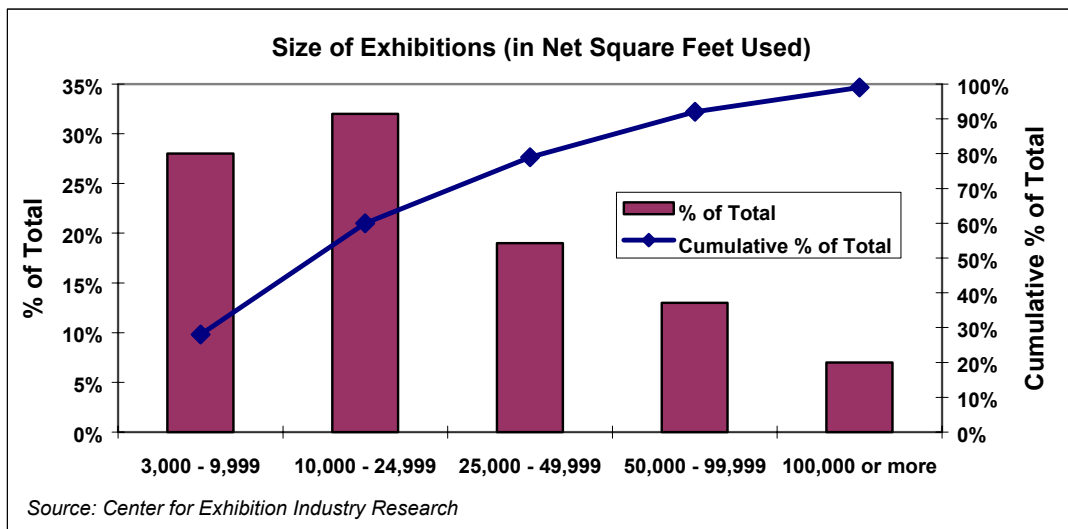
Community, Social, and Entertainment Event Characteristics

Entertainment events are ticketed events that are typically held in arenas by outside promoters. This includes many types of events, including sporting events, touring concerts, and family shows. Community and social events are similar, and include gatherings such as graduations. Most attendees are local residents, and attendance is limited to the fixed seating area of the arena, including floor seats for concerts. Entertainment events require concessions with numerous points of sale throughout a facility.

Size of Events

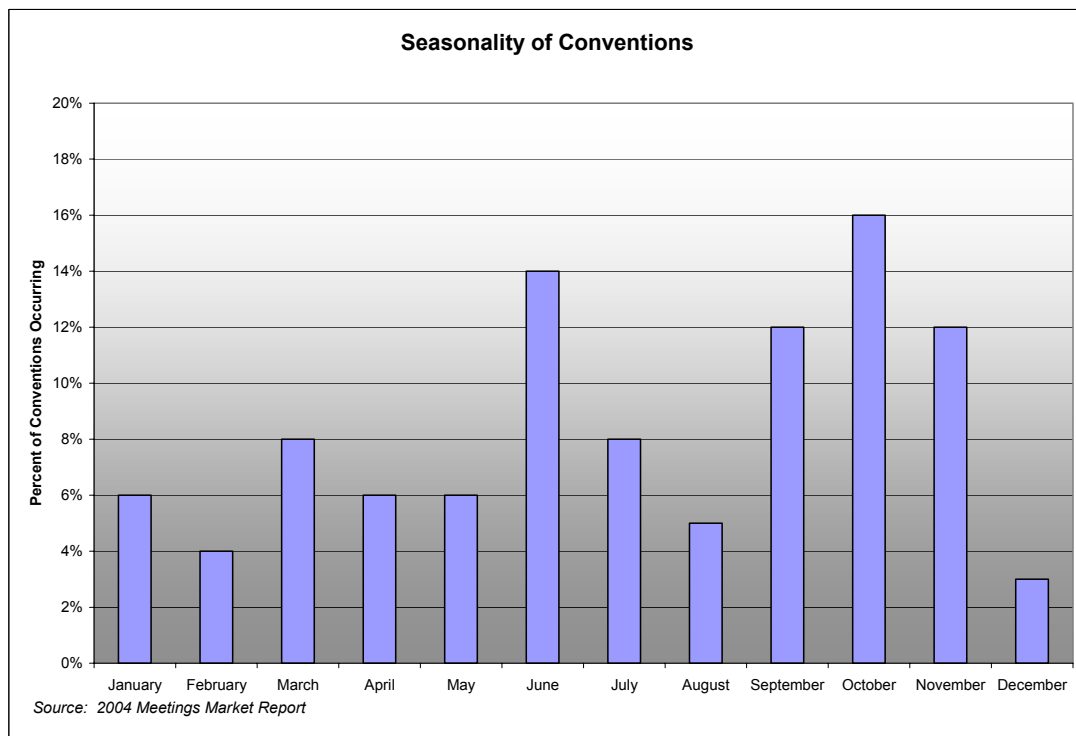
The majority of convention and trade show events are held in facilities with moderate space capacity. While there are a number of events that require more than 100,000 net square feet of exhibit space, a majority of events are held in facilities with 10,000 to 49,999 net square feet of space. (Gross square footage is considered to be the total amount of space within a room or facility, as measured from wall to wall, while the net square footage measures the amount of space that is actually used by exhibits, booths, and other items, not including aisles and other areas. Net square footage is generally 50 percent of gross square footage.)

The following table shows the distribution of event size for events of 3,000 net square feet or more and ten or more exhibitors. The figure also graphs the cumulative share of the events market that is included within each segment and all smaller segments. By definition, this does not consider the entire events market, as meetings without exhibitions, for example, are not included in this sample. However, events that require 100,000 net square feet of space (or 200,000 gross square feet) comprise only 7 percent of these events, while 60 percent of events require 25,000 net (50,000 gross) square feet or less.



As the table shows, approximately 80 percent of the exhibition market (which is represented in the first three bars from the left of the table) can be accommodated with less than 50,000 net (100,000 gross) square feet of exhibit space.

The next table shows the seasonality of the convention calendar across the US.

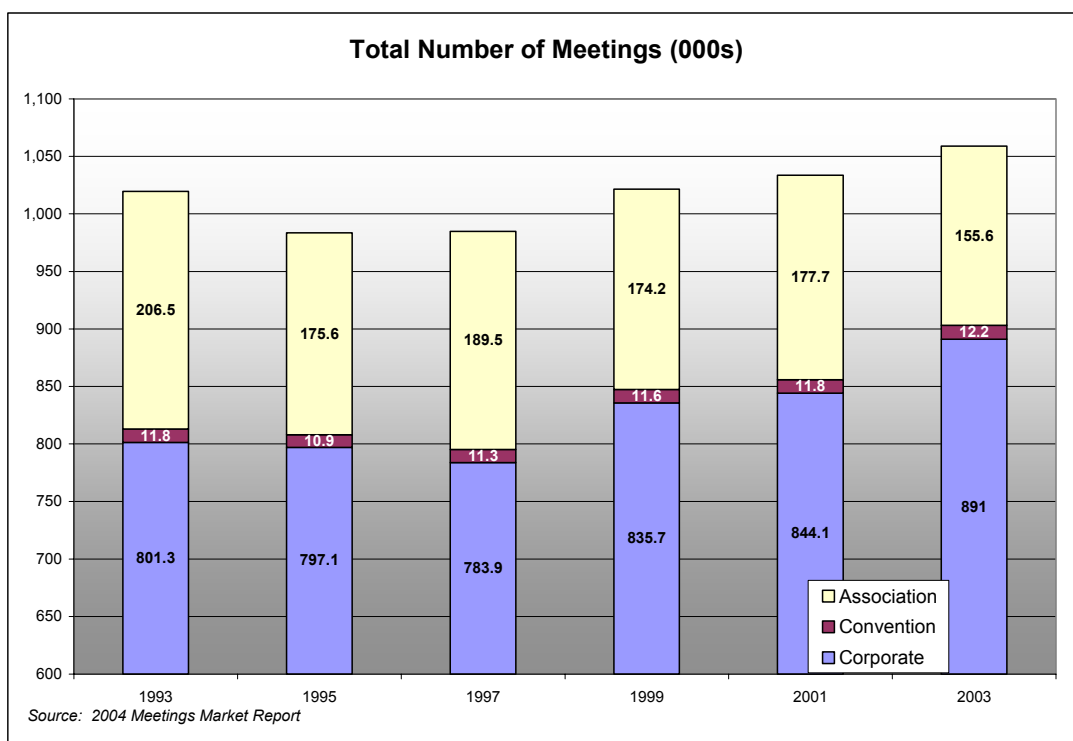


The heaviest month for conventions in the U.S. is October, with June, September and November also sharing a high percentage of convention demand.

MEETING INDUSTRY DATA

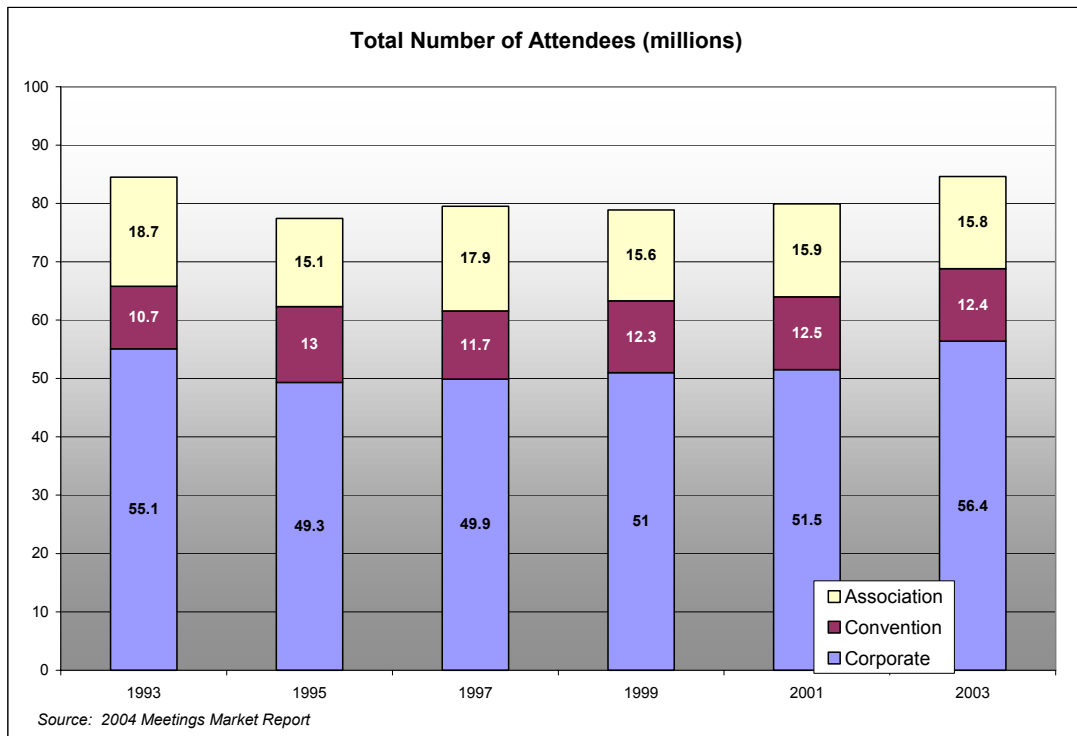
Convention and Meetings Magazine issued a 2004 Meetings Market Report that provided data on the meetings and conventions industry, as well as the opinions of meeting planners.

The following table shows the total number of meetings over the 1993 through 2003 period, by category.



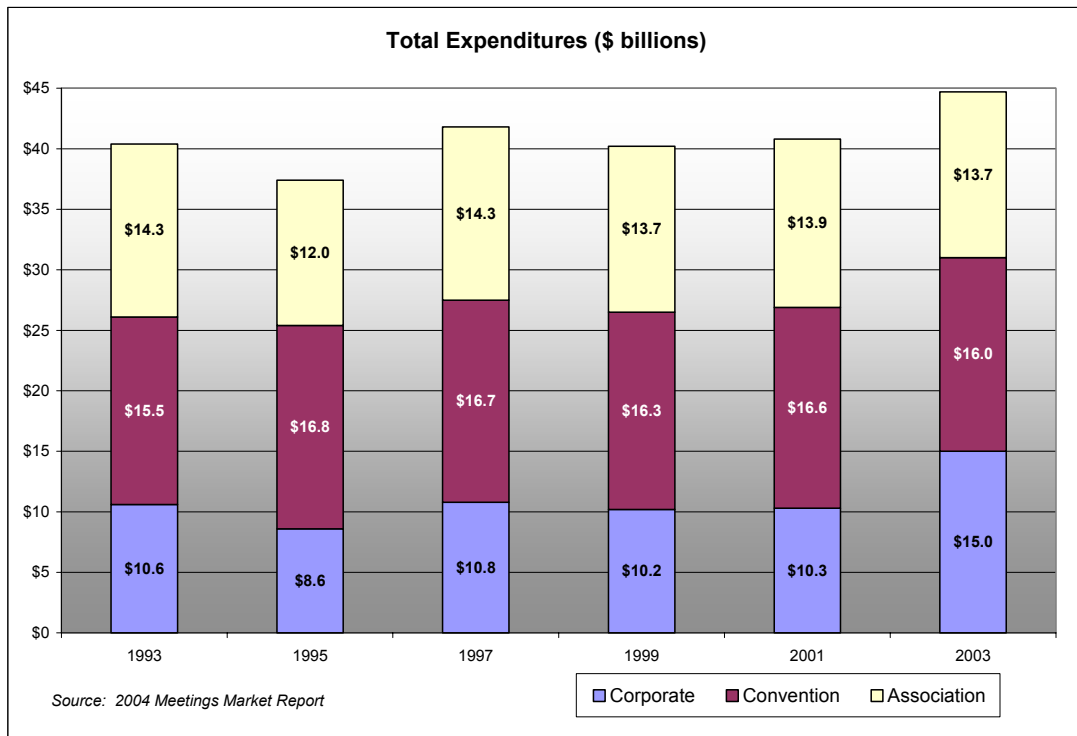
The majority of meetings were corporate meetings, followed by association meetings. Conventions represented a small portion of total meetings.

The following table shows the total number of attendees per category of meetings.



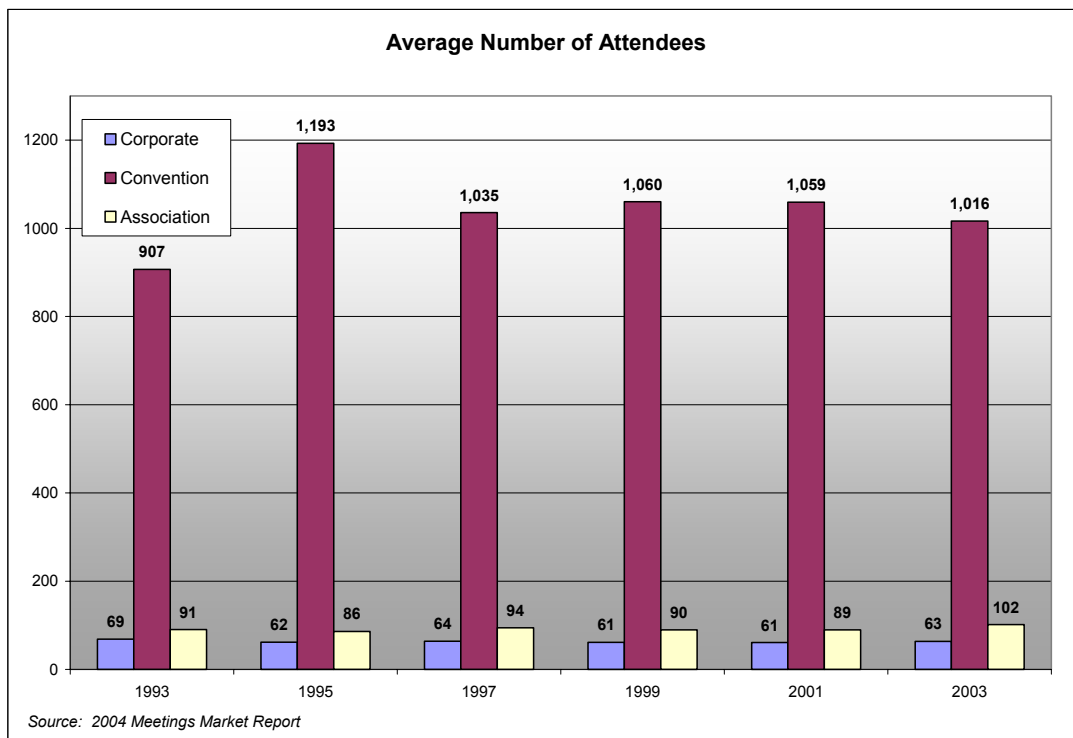
Corporate meetings had the most attendees by far, followed by association attendance and convention attendance. Total attendance was approximately 80 million for all categories throughout the period, except for 1993 and 2003, when attendance spiked to nearly 85 million in each year.

The following table shows total expenditures on meetings during the periods.



Total expenditures on meetings were estimated to have increased from approximately \$40 billion to \$45 billion over the period. In 2003, conventions and corporate meetings spent the most, at \$16 billion and \$15 billion, respectively.

The following table shows the average number of attendees at each type of meeting.



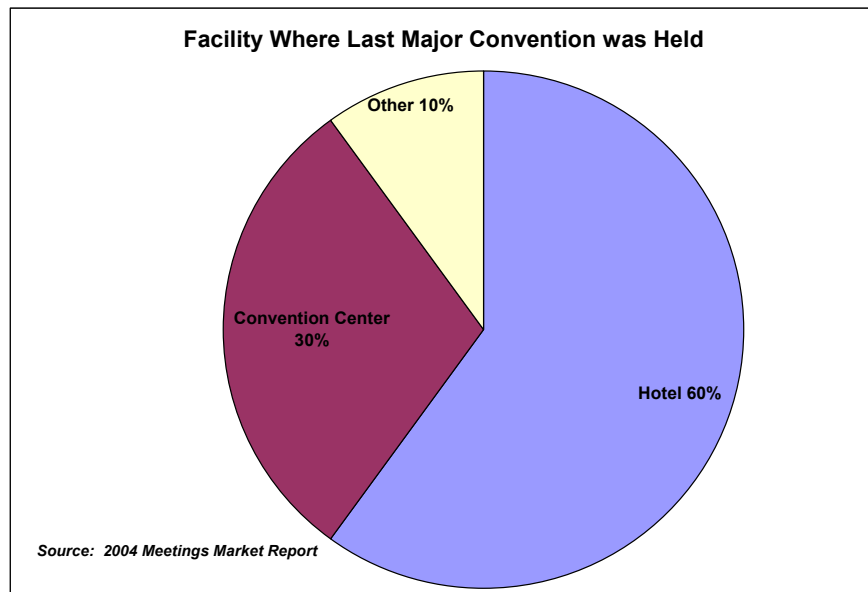
The average number of attendees is highest at conventions, with an average of just over 1,000. This has varied over the years, but since 1997, the range has been within 5 percent over or under. Association meetings are the next largest in terms of average attendance with approximately 90 attendees per meeting. Corporate meetings are about one-third smaller at 60 attendees per event. Both association and corporate meetings are the day-to-day bread and butter business of many hotels and even convention centers.

The next table shows the estimated breakdown of association and corporate meetings by type.

Estimated Meetings Market Breakdown (Data from 2001)			
Type	Number	Events % of Total	Avg. Attendance
Corporate Meetings			
Training and Education Seminars	253,200	30%	22
Sales and Marketing Meetings	177,300	21%	90
Management Meetings	151,900	18%	34
Professional & Technical Meetings	76,000	9%	142
New Product Introductions	59,100	7%	96
Group Incentive Meetings	59,100	7%	96
Individual Incentive Meetings	42,200	5%	12
Stockholder Meetings	16,900	2%	61
Other Meetings	8,400	1%	123
Total	844,100	100%	61
Association Meetings			
Training and Education Seminars	65,700	37%	99
Board Meetings	33,800	19%	80
Professional & Technical Meetings	30,200	17%	95
Regional/Local Chapter Meetings	30,200	17%	37
Other Off-Premises Meetings	17,800	10%	152
Total	177,700	100%	89
<i>Source: 2002 Meetings Market Report</i>			

Of the nearly 850,000 corporate meetings, 30 percent were training and education seminars, 21 percent were sales and marketing meetings, and 18 percent were management meetings. The largest single type of corporate meeting (by average attendance) was professional and technical, with 142 attendees. The smallest type was individual incentive with 12 attendees. Association events were comprised of training and education seminars (37 percent), with an average of 99 attendees, followed by board meetings, with an average of 80 attendees. Overall, the 2002 Meetings Market Report shows over one million corporate and association meetings.

The following table shows the facility type where an association's annual meeting and/or convention was held.



While convention centers hold 30 percent of conventions, hotels actually host approximately twice as many, with 60 percent. Resorts and other facilities host a total of 10 percent of annual meetings and/or conventions. This again shows the relative importance of hotels.

The next table shows the types of facilities used for all conventions and meetings (respondents could give more than one answer).

Types of Facilities Used	
Downtown Hotels	81%
Resort Hotels (excluding golf resorts)	60%
Suburban Hotels	54%
Convention Centers	52%
Airport Hotels	45%
Golf Resorts	37%
Suites Hotels	31%
Gaming Facilities	18%
Residential Conference Centers	13%
Nonresidential Conference Centers	11%
Cruise Ships	4%
Source: 2004 Meetings Market Report	

Downtown hotels were used by over 80 percent of corporate meetings, a persuasive figure for the enduring appeal of these types of facilities. Resort and suburban hotels and convention centers were used by over half of all meetings.

This table shows the important factors when choosing a meeting destination/city.

Important Factors when Selecting a Destination			
	Convention	Association Meeting	Corporate Meeting
Availability of hotels and/or other facilities suitable for meetings	83%	79%	74%
Affordability of Destination	77%	81%	77%
Safety and Security of Destination	46%	na	na
Ease of Transporting Attendees to/from Location	43%	na	62%
Transportation Costs	43%	na	na
<i>Source: 2004 Meetings Market Report</i>			

Among convention, association, and corporate meeting planners, there was little differentiation in the factors driving their decision. The top criterion for convention planners was the availability of hotels and/or other facilities suitable for meetings. It was the second-most important item for both association and corporate planners. Affordability was the most important factor for convention planners and the second most important for association and corporate planners, although based on our experience, convenience is key for state association planners.

Once a destination is selected, planners must then choose a hotel. The following table shows the important factors for selecting hotels within the destination.

Important Factors when Selecting a Hotel within a Location			
Item	Convention	Association	Corporate
Number, Size and Quality of Meeting Rooms	88%	81%	84%
Number, Size and Quality of Sleeping Rooms	86%	68%	74%
Cost of Hotel or Meeting Facility	84%	86%	82%
Negotiable Food, Beverage and Room Rates	83%	73%	79%
Quality of Food Service	71%	65%	76%
<i>Source: 2004 Meetings Market Report</i>			

The most important factor for convention and corporate planners when selecting a hotel is the number, size and quality of meeting rooms. This speaks to the power of full-service properties versus limited-service, or rooms-only hotels. This criterion is second most important for association planners. Association and corporate planners share

number, size and quality of meeting rooms and affordability of the facility as their two most important factors, which highlights the balance that must be struck between quality and affordability. Cost of the meeting facility is an important criterion for convention planners as well. Note that while the number, size and quality of sleeping rooms is very important for convention planners, it is considerably less important for association and corporate planners, showing convention planners are more concerned with the availability of quality versus affordable hotels. The ability to negotiate food and beverage and room rates is the third most important factor for association and corporate planners, but does not rank nearly as high percentage wise as meeting room amenities and affordability of facilities.

This table shows the breakdown of hotel rates paid by groups.

Average Room Rates Paid	
\$0 to \$70	1%
\$71 to \$90	9%
\$91 to \$100	12%
\$101 to \$120	10%
\$121 to \$140	17%
\$141 to \$150	14%
\$151 or more	37%
Average Daily Room Rate	\$151
<i>Source: 2004 Meetings Market Report</i>	

While groups have a reputation for obtaining the lowest room rates, the rates paid by many groups (37 percent) are over \$151. These are usually in resort or popular urban destinations like New York, Chicago, Boston, San Francisco, or Miami. However, for all meetings, only 22 percent paid less than \$100 per room. The other 78 percent were willing to pay more than \$100 per night.

PROJECTED CONVENTION DEMAND

Based on our analysis, the proposed facilities and the competitive nature of the group meetings market, we have established base competitive market for the proposed hotel and convention center. It was necessary to establish this competitive market in order to estimate the level of annual demand for function space and to estimate the amount of demand that the proposed hotel could possibly capture.

The competitive market established for the proposed hotel and convention center meets the following general criteria:

- ❑ Located within 900 miles of Tunica
- ❑ Typically located in the southeastern U. S.

- ❑ Total facilities with 75,000 to 500,000 square feet
- ❑ Includes hotels and convention centers
- ❑ Includes both individual hotels, convention centers as well as markets with more than one hotel or convention center

We have identified 17 markets with more than one competitive function space/facility as well as 34 individual facilities that meet the above referenced criteria as offering competitive function space for the proposed facilities to be located in Tunica.

The following table identifies the competitive function space identified for the proposed hotel and convention center:

TUNICA, MISSISSIPPI MYRIAD PALACE HOTEL COMPETITIVE FUNCTION SPACE		
Property/Market	# Facilities	Total Function Space
Atlanta	8	1,000,154
Birmingham	1	298,451
Charlotte	1	362,254
Cincinnati	3	485,404
Dallas	6	1,347,032
Greensboro/Highpoint	3	688,612
Houston	2	388,749
Kansas City	4	771,067
Knoxville	3	379,449
Louisville	2	415,318
Miami/Ft. Lauderdale	7	1,573,709
Nashville	2	779,315
New Orleans	3	300,923
Orlando	7	1,275,204
Tulsa	1	130,300
Virginia Beach	2	341,268
Palm Beach	1	148,316
Individual Properties/Centers	<u>34</u>	<u>6,620,768</u>
Total	<u>90</u>	<u>17,306,293</u>
<i>Source: Pinkowski & Company; HSP</i>		

These facilities include both hotels with function space as well as convention centers, exhibit halls, coliseums, arenas and conference centers. The following table illustrates the breakdown of facilities between hotels and other facilities containing function space:

TUNICA, MISSISSIPPI MYRIAD PALACE HOTEL COMPETITIVE FUNCTION SPACE ANALYSIS	
# of Facilities	94
# Hotels	32
# Convention Centers	62
Total Function Space	17,306,293
Total GSFD*	10,179,643,045
Estimated Occupancy	48.7%
GSFD Demand	4,954,419,170
% Exhibit Space/Total Space	62.0%
% Ballroom Space/Total Space	18.5%
% Meeting Space/Total Space	19.2%
* GSFD-Gross Square Food Days	
Source: Pinkowski & Company; HSP	

The 94 facilities identified as competitive include a variety of function space as detailed below:

TUNICA, MISSISSIPPI MYRIAD PALACE HOTEL COMPETITIVE INVENTORY OF FUNCTION SPACE			
Type	Square Feet	GSFD*	% of Total
Exhibit Space	10,735,000	3,918,275,000	62.0%
Ballroom Space	3,176,000	1,159,240,000	18.4%
Meeting Room Space	<u>3,395,000</u>	<u>1,239,175,000</u>	<u>19.6%</u>
Total	<u>17,306,000</u>	<u>6,316,690,000</u>	<u>100.0%</u>
* Gross Square Foot Days			
Source: Pinkowski & Company; HSP			

The data contained in the following table contains an estimate on the total annual demand for function space for the competitive function space for the proposed hotel and convention center:

TUNICA, MISSISSIPPI MYRIAD PALACE HOTEL ESTIMATED ANNUAL DEMAND FOR FUNCTION SPACE IN COMPETITIVE INVENTORY		
Type	GSFD*	Occupancy %
Exhibit Space	1,688,487,628	43.1%
Ballroom Space	716,656,458	61.8%
Meeting Room Space	<u>613,267,397</u>	<u>49.5%</u>
Total	<u>3,018,411,483</u>	<u>46.0%</u>
* Gross Square Foot Days		
Source: Pinkowski & Company; HSP		

Based on our analysis of the proposed facilities at the Myriad Palace Hotel and the Mississippi Blossoms Convention Center as well as the competitive market for the proposed facilities, we have estimated the potential demand that could be captured by the proposed development. A breakdown of the potential demand by type of function space is contained in the following table:

TUNICA, MISSISSIPPI MYRIAD PALACE HOTEL POTENTIAL DEMAND CAPTURABLE BY PROPOSED DEVELOPMENT		
Captured From	GSFD*	GSFD/Day
Exhibit Space	344,441,855	943,676
Ballroom Space	146,193,834	400,531
Meeting Room Space	<u>125,103,055</u>	<u>342,748</u>
Total	<u>615,738,744</u>	<u>1,686,955</u>
* Gross Square Foot Days		
Source: Pinkowski & Company; HSP		

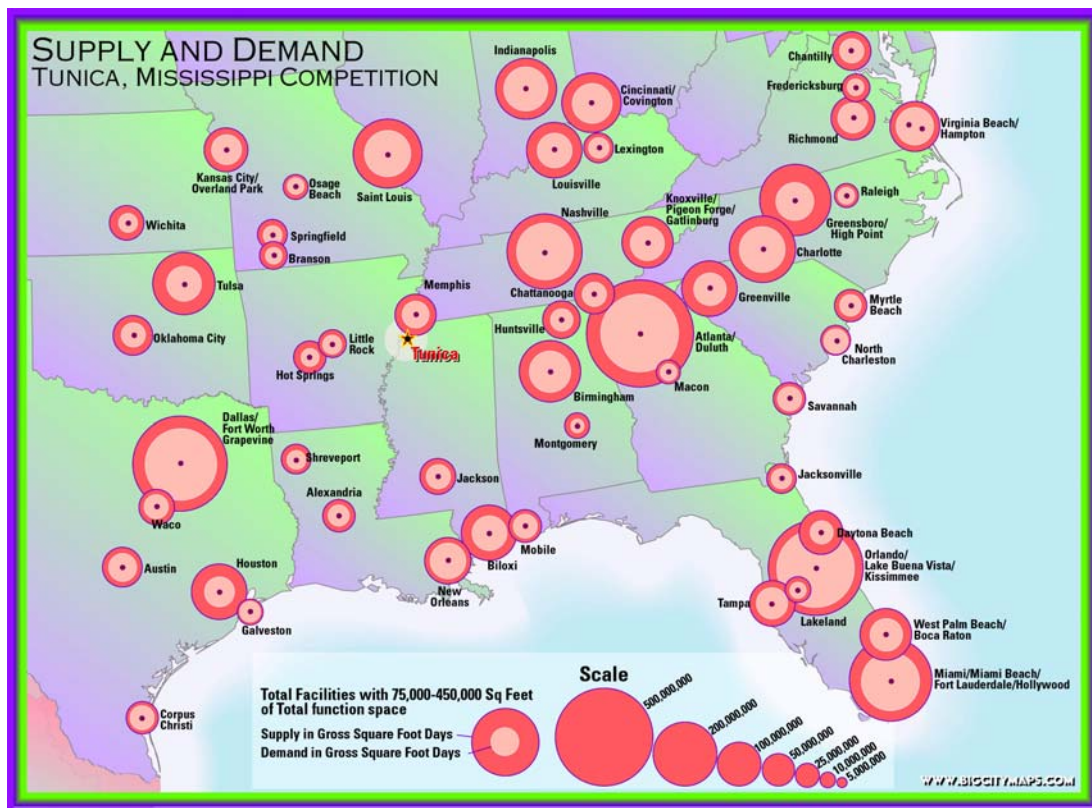
Utilizing the previous data, we have prepared an estimate of the potential group demand that could be captured by the proposed facility to be located in Tunica. This estimate is based on an analysis of the current competitive function space identified and the size and type of facilities planned for the project in Tunica. The following table recaps the supply and demand for the competitive function space as well as the level of demand necessary for the meeting space at the proposed facility to achieve a 70 percent occupancy level.

TUNICA, MISSISSIPPI MYRIAD PALACE HOTEL SUMMARY OF SUPPLY, CAPTURABLE DEMAND, & INDUCED DEMAND		
	Square Feet	GSFD*
Total Existing Supply	17,306,000	6,316,690,000
Total Estimated Demand		3,018,411,483
Capturable Demand		615,738,743
Net New Demand (Induced, Unaccommodated)		<u>55,416,487</u>
Total Potential Demand		<u>671,155,230</u>
Proposed New Supply	600,000	219,000,000
New Supply as a % of Existing Competitive Set	3.5%	3.5%
Capturable Demand vs. New Supply		306.5%
Amount of Demand Necessary for 70% Occupancy		153,300,000
% of Existing Demand		5.1%
% of Capturable Demand		24.9%
% of Total Potential Demand		22.8%
*Gross Square Foot Days		
Source: Pinkowski & Company; HSP		

Based on the previous analysis, the 70 percent occupancy level illustrated in the previous table represents a 146 percent penetration rate compared to the total competitive function space in the market. The estimated occupancy rate for the competitive facilities ranges from 25 percent to 79 percent, depending on the type of facility, size and location. An occupancy level in excess of 50 percent is considered good for function space at these facilities.

The high penetration rate for the project compared to the market average is a result of the advantages of the destination including the unique facilities offered and the variety and number of components included in the proposed resort compared to the competitive set.

Maps on the following pages illustrate the locations of the supply and demand of the competitive function space identified in this report.



PROJECTED HOTEL PERFORMANCE

We have prepared a projection of lodging demand for the proposed hotel from 2010 through 2014. The projection includes group and leisure demand. We considered the performance of the competitive function space identified previously in calculation the amount of group demand captured by the subject property as well as the size and type of attractions that will be part of the Myriad Botanical Resort development in calculating the amount of leisure demand that could be captured by the proposed facility.

The following table summarizes our estimate of future demand that would be captured by the proposed property:

MYRIAD PALACE HOTEL ESTIMATED MIX OF DEMAND					
	2010	2011	2012	2013	2014
Rooms Available Daily	1,200	1,200	1,200	1,200	1,200
Rooms Available Annually	438,000	438,000	438,000	438,000	438,000
Rooms Occupied	324,120	341,640	350,400	354,780	354,780
Estimated Occupancy	74.0%	78.0%	80.0%	81.0%	81.0%
Segment					
Group Demand	97,236	136,656	175,200	177,390	177,390
Percent Group	30.0%	40.0%	50.0%	50.0%	50.0%
Leisure Demand	226,884	204,984	175,200	177,390	177,390
Percent Leisure	70.0%	60.0%	50.0%	50.0%	50.0%
Total	<u>324,120</u>	<u>341,640</u>	<u>350,400</u>	<u>354,780</u>	<u>354,780</u>
<i>Source: Pinkowski & Company</i>					

The demand for lodging accommodations at the proposed hotel will be influenced by the type of facilities available, the timing of the tourist demand and the amount of group demand attracted to these facilities. The mix of demand is expected to shift during the first several years of operation as a result of the advanced booking needs of many segments of group demand expected to be captured by the hotel and convention facilities. The expected mix of business at the property will be heavily weighted toward group demand from Sunday through Wednesday and shift to primarily leisure demand from Thursday through Saturday. For the purposes of our research, we have analyzed the performance of comparable properties in order to establish a basis for our conclusions.

The proposed facilities have an opportunity to capture less price conscious demand seeking accommodations in the market area, visitors to the resorts attractions and

meeting attendees at the convention facilities. The hotel will be able to attract group and meetings business to the area that is either seeking accommodations in other markets due to facility limitations or due to the added attraction of the resort concept of the development. Also, the entertainment facilities at this development will enable the hotel to attract new leisure demand to the market. The subject property will benefit from its facilities and resort amenities in attracting room night demand.

Group Demand

Group demand for the property at the proposed facility includes a variety of group sources including:

- ❑ State, regional and national association conventions and trade shows
- ❑ Regional corporate conferences and meetings
- ❑ Incentive group activity
- ❑ Motorcoach and tour/travel group demand

Group demand typically occurs on a year round basis and is influenced by the amount of meeting space available, location and available amenities. The room rates paid by these groups vary depending on the type of group and may range from \$110 to \$185 per night.

In addition to capturing group demand from corporate groups, local, regional and national associations and social activities, the Myriad development will run numerous public/trade shows that would be either owned or controlled by the resort. These events would include boats shows, gun shows, agribusiness exhibits, builder and lawn and garden shows, Christmas shows and flea markets. These type of events would utilize exhibit space and generate significant traffic for the resort while generating room night demand from event exhibitors.

The demand in this segment is expected to increase over the next several years as a result of the increase in the supply and the continued improvement in the national economy.

Tourist Demand

Tourist demand captured by the proposed facility will include visitors to the resorts attractions, casino patrons, visitors to other Tunica attractions and casinos and other transient travelers visiting the area. These travelers may be somewhat more rate sensitive but would be willing to pay a rate premium for the experience of staying within the Myriad Botanical Resort complex. A majority of the tourist demand utilizing the hotel facilities will do so because of the unique features of the hotel and resort and the convenience of the hotel's location within the resort. This demand may be more

year round in nature due to the type and variety of entertainment features included at the resort.

Tourist demand is expected to increase in the market as a result of the development of the Myriad Botanical Resort and the continuing improvement of the national economy. The addition of resort will attract demand not only from the immediate midsouth area but also will draw from a much larger radius of 400 to 500 miles. In addition, the synergy of multiple attractions within the resort will increase the typical length of stay for many visitors to the hotel. The multitude of attractions offered within the resort will limit the seasonal nature of the leisure demand captured at the proposed hotel.

Tourist demand will include visitors to the resorts entertainment venues including the Mississippi Eye, family entertainment center, water and snow park, spa, championship golf course and entertainment venue. Each of these unique attractions will create demand from area, national and international tourists and will generate a significant amount of room night demand for the subject property.

Tourist demand for the resort will include both regional drive-in and targeted fly-in demand seeking resort experienced offered at the Myriad Botanical Resort.

Demand in this segment will also include casino related demand. Casino demand will originate from the adjacent Myriad Resort casino and will include casino “comped” and discounted casino related demand. This demand will occur throughout the year but is primarily concentrated during the weekend period. The Economics Research Associates Report for the Market Analysis for Myriad Casino & Hotel indicated that the Myriad Casino hotel ratio of rooms per position was low. The undersized casino hotel capacity of the resort would benefit the subject property by enabling the 1,200 room hotel to capture a significant amount of this unsatisfied casino related demand.

Based on estimates provided by the developer referenced earlier in this report, the resort’s various venues and facilities are expected to attract millions of visitors a year.

Induced Demand

A new convention hotel can induce demand to a market, which is the primary goal of this type of development. In addition, the added facilities and attractions associated with the Myriad Botanical Resort will result in the addition of a tremendous amount of tourist demand to the area.

The group market, whether convention, association event, trade or corporate is the market segment where hotels can have a significant inducement capability. The majority of group meetings are held in hotels and when they outgrow hotels, they often move to convention facilities. Groups look for hotels that accommodate all of their

meeting needs onsite, including function space, food and beverage options, hospitality suites, and sleeping rooms. A convention hotel has its largest inducement capability with this segment.

Hotels have some ability to induce new leisure demand to a market based on their unique characteristics or in conjunction with other leisure demand generators. Hotels with leisure amenities such as pools, spas, destination restaurants or other attractions or attractive features can generate additional leisure demand. Resort hotels and specialty boutique and historic hotels have this ability as well. The leisure demand in the Tunica market is expected to grow as more investment is made and new attractions are added such as the proposed Myriad Botanical Resort. The hotel and convention center should appeal to each of the demand sources for the following reasons:

- ❑ The proposed property and planned facilities available should represent an appeal to a variety of the sources of group demand in the country.
- ❑ The convenient location in the southeast will provide easy access to a majority of the sources of group demand.
- ❑ The entertainment facilities and amenities planned as part of the Myriad Botanical Resort represent an excellent potential to attract demand to the proposed property. The hotel and convention center should benefit from the synergies that result from the components of the resort complex.

Projected Average Daily Rate

On the basis of our analysis of the comparable lodging market and a review of the comparable market over the last year, we have prepared our average rate projection for the proposed property. We estimate the subject property will be capable of achieving a \$157 average rate stated in current value 2006 dollars, assuming a stabilized occupancy of 81 percent.

The following table contains our estimate of projected average rates for the subject property:

<p style="text-align: center;">TUNICA, MISSISSIPPI MYRIAD PALACE HOTEL PROJECTED AVERAGE DAILY RATE</p>				
Year	Average Rate Inflated \$	Inflation Rate	Premium/ Discount	Project ADR
2006	\$157.00	-		-
2007	\$161.71	3.0%	0.0%	-
2008	\$166.56	3.0%	0.0%	-
2009	\$171.56	3.0%	0.0%	-
2010	\$164.69	3.0%	-6.8%	\$165.00
2011	\$173.02	3.0%	2.0%	\$173.00
2012	\$181.78	3.0%	2.0%	\$182.00
2013	\$187.23	3.0%	0.0%	\$187.00
2014	\$192.85	3.0%	0.0%	\$193.00
<i>Source: Pinkowski & Company</i>				

The inflation rate reflects the impact of the local lodging supply, changes in economic conditions, and pricing power of the subject property in the market. The average rate calculation includes an initial year discount in order to successfully market the property during the first year of operation. A rate premium has been added in the second and third year. This rate reflects the potential average rate achievable at the property given the assumptions stated earlier in this report.

PROJECTED OPERATING RESULTS

We have projected operating results for the proposed 1,200 room hotel and convention center to be located in Tunica, Mississippi. These projections are based on:

- ☐ Research conducted relative to this project
- ☐ The subject property will open by January 1, 2010
- ☐ Competent and experienced management of the property
- ☐ Operation and management by
- ☐ The property will be part of the Myriad Botanical Resort
- ☐ An inflation rate of 3 percent

While detailed plans outlining specific hotel components such as the number of seats in various food and beverage outlets, concepts and hours of operation, the type of retail outlets, and detailed spa information, we used trends of other comparable hotels as an indication of the performance levels that could be achieved at the proposed hotel.

The preparation of a representative year statement of operating results stated in 2006 dollars was the first step in the process of the financial projections for the proposed

hotel and convention center. Using this representative year as a basis, we then applied the estimates of occupancy and average rate, the impact of inflation on revenues and expenses, and assumptions as they relate to improved operational efficiencies.

The following summarizes the basis for our financial projections.

Room Revenue – Room revenue is defined as revenue derived from the rental of sleeping rooms at the hotel, net of any rebates and discounts and is based on the following average rates and occupancies for the property:

TUNICA, MISSISSIPPI MYRIAD PALACE HOTEL OCCUPANCY AND ADR			
Year	Occupancy	ADR	REVPAR
2010 Projected	74%	\$165.00	\$121.69
2011 Projected	78%	\$173.00	\$134.51
2012 Projected	80%	\$182.00	\$145.14
2013 Projected	81%	\$187.00	\$151.00
2014 Projected	81%	\$193.00	\$155.85
<i>Source: Pinkowski & Company</i>			

Food and Beverage Revenue – Based on combined food and beverage sales of \$123.60 per occupied guest room during the representative year. This revenue includes food and beverage sales in the hotels restaurants and lounge, banquet food and beverage sales and room service at the property. Food and beverage sales are based on the comparable properties identified in this report and similar type facilities operated across the country. Food and beverage revenue increases from \$139.11 to \$156.57 per occupied room over the five year projection period.

Telephone Revenue - Based on an average of \$3.50 per occupied room in the typical year and inflated at 3 percent annually. The projected telephone revenue reflects the changing trends in telephone revenues and the performance of the comparable hotels as well as similar hotels across the country. Telephone revenue is derived from guest use of telephones in the hotel, including local and long distance calls, service charges, and commissions. Telephone revenue increases from \$3.94 to \$4.43 per occupied room over the five year projection period.

Other Revenue - Includes revenue from a variety of sources in the hotel including rental income from LUCID, spa revenue, retails sales and vending, parking and valet, special events, convention services and audio/visual equipment rentals. Other income also includes income from rentals of space for

business purposes, including concessions in any of the minor operated departments and is based on \$48.14 per occupied room during the representative year. Other income increases from \$54.18 to \$60.98 per occupied room over the projection period.

The following table provides a breakdown of other income by source for the hotel and convention center:

TUNICA, MISSISSIPPI MYRIAD PALACE HOTEL OTHER INCOME			
	\$	POR	PAR
Lucid Rent	\$915,332	\$2.58	\$763
Spa	\$1,369,451	\$3.86	\$1,141
Retail & Vending	\$5,676,480	\$16.00	\$4,730
Parking & Valet	\$354,780	\$1.00	\$296
Special Events	\$3,547,800	\$10.00	\$2,957
Convention Services	\$3,547,800	\$10.00	\$2,957
Audio/Visual Rental	\$1,596,510	\$4.50	\$1,330
Miscellaneous	<u>\$70,956</u>	<u>\$0.20</u>	<u>\$59</u>
Total	<u>\$17,079,109</u>	<u>\$48.14</u>	<u>\$14,233</u>
<i>Source: Pinkowski & Company</i>			

Rooms Department Expense - Based on 24.5 percent of rooms revenue for the representative year. Rooms departmental expense include labor costs such as salaries and wages for front desk, housekeeping, reservations, bell staff, and laundry, plus employee benefits. Other operating expenses in the rooms department include linen, cleaning supplies, guest supplies, uniforms, reservation expenses, equipment leases, and travel agent commissions. The rooms department expense is based on the experience of other similarly operated hotels and was adjusted for fixed and variable costs associated with occupancy levels and are expected to remain constant over the five year projection period.

Food and Beverage Expense - Food and beverage expense for the property is estimated at \$86.10 per occupied room or 69.7 percent of food and beverage revenue during the representative year. Food and beverage departmental expenses include the cost of goods sold (food and beverage), labor and related benefits, and other operating expenses. Labor costs include departmental management, cooks and kitchen personnel, service staff, banquet staff, and bartenders. Other operating expenses include china, silverware, linens, restaurant and kitchen supplies, menus and printing, and special promotions. Food and beverage expense has been adjusted for fixed and variable costs associated with occupancy levels and increases in line with occupancy levels

over the projection period. Food and beverage expense remains constant at 69.7 percent of food and beverage sales over the projection period.

Telephone Expense - Based on a departmental cost of 125 percent of telephone revenue and adjusted for fixed and variable costs associated with occupancy levels. Telephone departmental expenses include costs of calls, labor cost of operators, and other related expenses. The expense assumes a minimal charge for local calls and a reasonable surcharge on long distance.

Other Expenses - Based on an operating expense of 60 percent of other revenue, this expense takes into consideration the cost associated with the cost of the spa operation, retail outlets, special events and convention services as well as audio/visual equipment rentals and other minor operated departments and remains constant over the projection period.

Administrative and General Expense - Based on 7.1 percent of total revenue in the representative year and adjusted for fixed and variable costs. Included in this category are payroll and related expenses for the general manager, personnel and trainings, security, clerical staff, controller, and accounting staff. Other administrative expenses include office supplies, computer services, accounting and legal fees, liability insurance, travel insurance, and credit card commissions. Administrative and general expenses is estimated at 7.5 percent of total revenue in the first year of operation and remains constant at 7.1 percent in years two through five.

Management Fees - Basic management fee based on 3 percent of total revenue. This does not include any incentive management fee.

Marketing Expense - Based on a marketing expense of 5.7 percent or \$5,599 per available guest room during the representative year. Marketing expense includes payroll and related expenses for the sales and marketing staff, direct sales expenses, advertising and promotion, travel expenses for the sales staff, and civic and community projects. The marketing expense ranges from \$6,302 to \$7,093 over the projection period. As a percentage of total revenue, marketing expense is higher during year one as a result of increased marketing expense during the partial year of operation.

Energy Expense - Based on the expense of comparable properties, energy expense is estimated at \$3,350 per available room, or \$11.33 per occupied room in current value dollars. Energy expenses typically include electricity, fuel and water. This expense ranges from \$12.75 to \$14.35 per occupied guest room during the projection period and is adjusted for fixed and variable costs associated with changes in occupancy levels at the subject property.

Maintenance Expense - Property operations and maintenance is based on an average of \$4,263 per available guest room for a representative year. This category includes payroll and related expenses for maintenance personnel, cost of maintenance supplies, cost of repairs and maintenance of the building, furniture and equipment, the grounds and the removal of waste material. This expense ranges from \$3,624 to \$4,941 per available room over the five year projection period and is adjusted for fixed and variable costs associated with changes in occupancy levels. The maintenance expense reflects a discount in the first two years of operation to reflect the new construction of the property and the associated cost savings of the new facility.

Property Taxes - Estimated to be \$2,100 per available room based on local tax incentives for the project and inflated at 3 percent annually.

Insurance Expense - Estimated at \$900 per available guest room based on comparable property data and inflated at 3 percent annually.

Reserve for Replacement - Reserve for replacement has been calculated at 2 percent of total revenue in years one and two, 3 percent in the third year, and 4 percent in years four and five.

The projected five year operating statement is presented on the following page. The five year statement is in inflated dollars, assuming 2010 as the opening year of operations.

**TUNICA, MISSISSIPPI
MYRIAD PALACE HOTEL
FIVE YEAR FINANCIAL PROJECTION**

	Year 1		Year 2		Year 3		Year 4		Year 5	
	2010		2011		2012		2013		2014	
Number of Rooms	1200		1200		1200		1200		1200	
Rooms Available	438,000		438,000		438,000		438,000		438,000	
Rooms Occupied	323,020		340,540		349,300		353,680		353,680	
Occupancy	74%		78%		80%		81%		81%	
Average Room Rate	\$165.00		\$173.00		\$182.00		\$187.00		\$193.00	
	\$	%	\$	%	\$	%	\$	%	\$	%
REVENUE										
Rooms	3,298,300	45.6%	58,913,420	46.0%	63,572,600	46.5%	66,138,160	46.5%	68,260,240	46.5%
Food and Beverage	44,936,245	38.4%	48,794,708	38.1%	51,551,393	37.7%	53,763,749	37.8%	55,376,662	37.7%
Telephone	1,272,743	1.1%	1,382,028	1.1%	1,460,106	1.1%	1,522,767	1.1%	1,568,450	1.1%
Other	<u>17,501,756</u>	<u>15.0%</u>	<u>19,004,549</u>	<u>14.8%</u>	<u>20,078,222</u>	<u>14.7%</u>	<u>20,939,889</u>	<u>14.7%</u>	<u>21,568,086</u>	<u>14.7%</u>
Total Revenue	<u>117,009,044</u>	<u>100%</u>	<u>128,094,705</u>	<u>100%</u>	<u>136,662,321</u>	<u>100%</u>	<u>142,364,566</u>	<u>100%</u>	<u>146,773,438</u>	<u>100%</u>
DEPARTMENTAL EXPENSES										
Rooms	13,324,575	25.0%	14,139,221	24.0%	15,257,424	24.0%	15,873,158	24.0%	16,382,458	24.0%
Food and Beverage	31,302,676	69.7%	33,990,489	69.7%	35,910,800	69.7%	37,451,932	69.7%	38,575,490	69.7%
Telephone	1,590,929	125.0%	1,727,535	125.0%	1,825,133	125.0%	1,903,459	125.0%	1,960,563	125.0%
Other	<u>10,501,054</u>	<u>60.0%</u>	<u>11,402,729</u>	<u>60.0%</u>	<u>12,046,933</u>	<u>60.0%</u>	<u>12,563,934</u>	<u>60.0%</u>	<u>12,940,852</u>	<u>60.0%</u>
Total Departmental Expenses	<u>56,719,233</u>	<u>48.5%</u>	<u>61,259,973</u>	<u>47.8%</u>	<u>65,040,290</u>	<u>47.6%</u>	<u>67,792,483</u>	<u>47.6%</u>	<u>69,859,362</u>	<u>47.6%</u>
GROSS OPERATING PROFIT	60,289,811	51.5%	66,834,732	52.2%	71,622,031	52.4%	74,572,083	52.4%	76,914,076	52.4%
GENERAL & UNDISTRIBUTED										
Administrative & General	8,775,678	7.5%	9,094,724	7.1%	9,703,025	7.1%	10,107,884	7.1%	10,420,914	7.1%
Management Fees	3,510,271	3.0%	3,842,841	3.0%	4,099,870	3.0%	4,270,937	3.0%	4,403,203	3.0%
Marketing	7,562,294	6.5%	7,789,163	6.1%	8,022,837	5.9%	8,263,523	5.8%	8,511,428	5.8%
Energy	4,119,156	3.5%	4,472,848	3.5%	4,725,544	3.5%	4,928,344	3.5%	5,076,194	3.5%
Repairs & Maintenance	<u>4,348,600</u>	<u>3.7%</u>	<u>4,860,200</u>	<u>3.8%</u>	<u>5,589,230</u>	<u>4.1%</u>	<u>5,756,907</u>	<u>4.0%</u>	<u>5,929,614</u>	<u>4.0%</u>
Total General & Undistributed	<u>28,315,999</u>	<u>24.2%</u>	<u>30,059,776</u>	<u>23.5%</u>	<u>32,140,506</u>	<u>23.5%</u>	<u>33,327,594</u>	<u>23.4%</u>	<u>34,341,353</u>	<u>23.4%</u>
HOUSE PROFIT	31,973,812	27.3%	36,774,956	28.7%	39,481,525	28.9%	41,244,488	29.0%	42,572,722	29.0%
OTHER CAPITAL EXPENSES										
Real Estate Taxes	2,836,282	2.4%	2,921,371	2.3%	3,009,012	2.2%	3,099,282	2.2%	3,192,261	2.2%
Insurance	<u>1,215,550</u>	<u>1.0%</u>	<u>1,252,016</u>	<u>1.0%</u>	<u>1,289,576</u>	<u>0.9%</u>	<u>1,328,264</u>	<u>0.9%</u>	<u>1,368,112</u>	<u>0.9%</u>
Total Other	<u>4,051,832</u>	<u>3.5%</u>	<u>4,173,387</u>	<u>3.3%</u>	<u>4,298,588</u>	<u>3.1%</u>	<u>4,427,546</u>	<u>3.1%</u>	<u>4,560,372</u>	<u>3.1%</u>
PROFIT BEFORE RID	27,921,980	23.9%	32,601,569	25.5%	35,182,936	25.7%	36,816,942	25.9%	38,012,350	25.9%
Capital Reserve	<u>2,340,181</u>	<u>2.0%</u>	<u>2,561,894</u>	<u>2.0%</u>	<u>4,099,870</u>	<u>3.0%</u>	<u>5,694,583</u>	<u>4.0%</u>	<u>5,870,938</u>	<u>4.0%</u>
CASH AVAIL FOR DEBT SVC	<u>25,581,799</u>	<u>21.9%</u>	<u>30,039,675</u>	<u>23.5%</u>	<u>31,083,067</u>	<u>22.7%</u>	<u>31,122,360</u>	<u>21.9%</u>	<u>32,141,413</u>	<u>21.9%</u>

Source: Pinkowski & Company

APPENDIX I

RESORT STORY

(Prepared by Developers of Myriad Botanical Resort)

The Myriad Botanical Resort has an extraordinary story to tell, it is an alluring story that makes long journeys and longer stays worthy and pleasurable endeavors. Our story is an inseparable chapter in Mark Twain's 'wonderful book' that is the Mississippi: a river with 'a new story to tell every day'. Our story begins with a few twists and turns.

Where the Mighty Mississippi River first coils into the State of Mississippi from Arkansas, a series of magical bends there manifest a well hidden cove. Around Whiskey Bend, Walnut Bend to Mhoon Bend, the river meanders to a storied place that is Old River Cove.

Generously formed by fertile sediments from the river, Old River Cove is a phenomenon of flowers and greenery unseen to the world but a family of cotton farmers. This family farmed around Old River Cove and shielded the landside of the cove with an apron of oak trees. An ever-powerful river flow coupled with the dense oak forest made Old River Cove unapproachable to all but the family. The heavy rains of winter though meant an overflowing Mississippi River and the magical bends around Old River Cove cannot spare it from uninvited waters and visitors.

The first visitors were also the last visitors because they never left. Marooned here while traversing the river during a winter's storm, the visitors were quick to find nature's life-giving sustenance and nurturing companionship. Both of those were qualities that they appreciated and decided to become caretakers of. Where the cotton farming family wanted to preserve Old River Cove, the visitors sought to enhance it.

As fate would have it, the human dimensions of the Cove didn't evolve as no social contact ever occurred between these people. Then another rainstorm happened; a barge was made to take an unhappy full circle spin at Whiskey Bend and unwillingly deposited a container of exotic plant cuttings into Old River Cove. This event changed everything.

After weathering their worst rainstorm ever, the caretakers of Old River Cove stepped into the warm Mississippi sun and were delighted at what they saw. As if a craft from some faraway place had landed carrying dignitaries of plant life, their hidden nature's microcosm was suddenly transformed by colors and textures heretofore unimagined and unimaginable. In the words of the caretakers: *this is far out!* From that moment on, every concern, whether living or inert, that touches Old River Cove is embraced by this spirited existential experience, thanks to the inspired caretakers.

The expanding pages between the book covers of the Mighty Mississippi River is caused by our chapter exploring the illustrious story of Old River Cove and its hosting of the Myriad Botanical Resort. Rooted in the incredible history of this far-out place, the Myriad Botanical Resort draws on a creative soul that is unconditionally fun and quintessentially American.

Many have turned pages in the Mighty Mississippi River book but the chapter about Old River Cove is elusive. Most readers miss this section of Twain's 'wonderful book'. This may be due to missing a Mark Twain suggestion: the wonders of the River are as much in stories told as in there being a boundless flow of storytelling. That is the real fun and the American way. What a story for a resort!

The Myriad Botanical Resort consists of:

OLD RIVER COVE

CASINOS COVE

CARETAKERS' GARDENS

VILLAGE FAIRGROUNDS



OLD RIVER COVE

The Myriad Botanical Resort sits on the banks of Old River Lake.

With all its bends and turns, the Mighty Mississippi River takes an occasional shortcut during high waters in winter. One of the most well known detours was Old River Lake. Years of accommodating the overflow from the river have channeled the contours of the lake and now the river eases to and through Old River Lake without panic while the main body of the river twists around the long way. Resort boats of varying sizes carry guests and visitors from one end of the lake to the other, serving champagne and fruit juice while they view the beauty of these waterways in Myriad Botanical Resort. If you happen to be on the lakeshore, you can cozy into a fine dining chair with your companions at many a culinary offering and toast your fellow resort folks on those boats as they cruise by.

The long side banks along Old River Lake fed off water and nutrients from the lake and nourished large coves delineated by flowering vines and shade trees. These sweeping natural screens conceal even more beautiful gardens behind them, some set in completely secluded lagoons. In these sanctuaries, unique strains of horticultural jewels have evolved and the most precious ones can be found in a truly special place: Old River Cove.

The flowers of Old River Cove are amazing and deepen our appreciation for them in shape, color, scent, touch, and taste, some are even edible and delicious. A resort academy has been established for visitors discovering and learning about all the horticultural treasures in Old River Cove. What is even more amazing is to find this to be the setting of the Convention Facilities in the Myriad Botanical Resort.

Affectionately known to the world as Mississippi Blossoms, these all-engaging encirclements of flowers delight and enhance every celebration or gathering be it a meeting, wedding or special event. Even Fight Night is approached along promenades of blossoms that excel beneath the translucent cover maintaining the gentle ecology of Old River Cove.

Experiencing Mississippi Blossoms is to find Myriad Botanical Resort's Convention Center and its Arena and Exhibition Area.

Meetings, Weddings & Events



CASINOS COVE

Immediately facing and mirroring Old River Cove is Casinos Cove.

'Casino' is the original name given to pleasure pavilions set in Italian villa gardens. The caretakers of Old River Cove emulated Italian villa garden designs by building a procession of Casinos across the lake, each being a landmark for a different surrounding of plants and theme. The Casinos have now taken on greater expression, as have the gardens around them, but the original intent to provide pleasure and recreation remains strong and meaningful.



Walking from Casino to Casino is like touring the gardens of noble settlers along the Mighty Mississippi Enclaves of rich cultural dimensions extend their unrestrained embraces to make you smile and welcomed. The impact of Casinos Cove is in its contrasts but its steady and romantic cadence has a calming effect for all, especially with there being no streets to cross, no cars to avoid, no rains to run from and, respectfully, no need to step into a gaming hall if not so inclined. The protocols of the Myriad Botanical Resort are designed to cater to families young and old and its unconditional hospitality underlies the guest interface for all facilities in the resort.

All gaming destinations seek to achieve a design that ascribes to being a Casino Strip, Casino Row, or formalistic derivations that string a group of gaming experiences together. Casinos Cove is the ultimate and most elegant version of what is indeed a most successful gaming design standard.

Experiencing Casinos Cove is to find Myriad Botanical Resort's gaming attractions with their individual hotels and gardens.

CARETAKERS' GARDENS

Emerging from the floral sanctuaries of Old River Cove in a direction away from Old River Lake are more surprises. Here, you find the definitive works of the loving caretakers of these phenomenal grounds – the gorgeous gardens that Myriad Botanical Resort is blessed with.

The day the Caretakers stood in the sun and gasped at the remarkable specimens of exotic plant life that suddenly appeared on their grounds marked the beginning of an alchemic-like program of cultivation that culminated in Myriad Botanical Resort's most famous icons: the Myriad Greens and the Myriad Palace Hotel & Spa.

From faraway lands came what can only be called far-out plants, such was the acclamation as our ancient Caretakers had no names for them. One was unusually fast sprouting and growing, it has leafy long stems and took to the fertile soils quickly taking over an enormous area. It took an even more enormous structure to cover this bamboo forest.

Hotel, Spa & Golf



The Caretakers did manage to carve a great opening through the thickets that looked unbelievably like a great cathedral's nave. Later, someone from Scotland visited with a small ball and stick and hit that tiny object down the center of the bamboo clearings. He managed to convince the Caretakers to make 18 such clearings but each clearing was uniquely and meticulously trimmed posing many different visual compositions for contemplation and thought. Such is the legacy that is today's Myriad Botanical Resort golf course, and indoor sporting adventure that is as much 18 holes of golf as 18 experiential episodes to challenge one's mind, body and soul.



What we know now to be Bamboo was not the only far-out plant to flourish in the Caretakers' Gardens. One that did particularly well was actually a family of vines: all flowering that filled the air with sweetness.

The vines family started out climbing the garden shed, took over the sides of the grand conservatory where the exotic resides, and today, they weave a tantalizing skirt around the base of the finest hotel at Myriad Botanical Resort: the Myriad Palace Hotel & Spa.



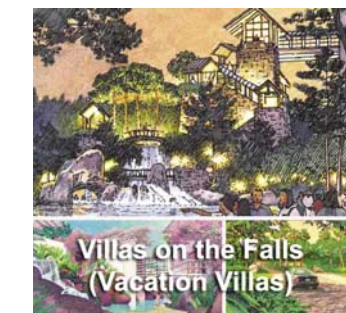
The Myriad Palace Hotel towers above the Caretakers' Gardens with its collection of cupolas, each recalling the cupules of a resident exotic plant. The stunningly adorned architecture of the hotel devotedly announces its interior chambers of hospitality. Room after room, facilities and protocols match perfectly, this is the Caretakers' legacy. Nowhere is this perfection more evident than in the Myriad Palace Spa.

Nowhere is this perfection more evident than in the Myriad Palace Spa. The Spa is world renowned for two special things: knowledge and healing. From providers to products, knowledge and rejuvenation underlie the botanic construct of the Spa. Here, the healing arts are understood to root in the benevolence of nature and the best healer is emboldened to be oneself. The catalytic agents that stimulate such realizations and actualizations are bestowed in the elixirs that are made in the Spa's garden conservatory.



All cruces of our spa essence cannot be ingrained without the nourishment of time. Mounting requests by Myriad Palace Spa guests for more time to indulge in and evolve with their spa experience have sprung an ownership program with luxury residences and accommodations. People simply want to be here for longer periods of time.

Experiencing Caretakers' Gardens is to discover Myriad Botanical Resort's 'out-of-this-world' Myriad Palace Hotel & Spa and its 'beyond-this-world' golf course.



VILLAGE FAIRGROUNDS

Traversing in the opposite direction to Caretakers' Gardens, across Old River Lake and by Casinos Cove is Village Fairgrounds.

Entertainment, Retail-tainment, Edu-tainment and any 'tainment' you want to attain is but for the asking at Village Fairgrounds. It all goes back to that one day when those Farmers, who for the longest time thought they were the sole gatekeepers of Old River Lake's secrets, had a surprise encounter with the Caretakers.

A day out in the Mississippi weather can be pretty grueling when hot, cold, raining, storming or insect-fighting, that's why you put a cover over your head so you can enjoy the things you do. The Villagers were well familiar with this; they wanted to cover all of the Old River Lake because everything they enjoyed doing happened there. One day, the Villagers came to install their favorite playing gizmo together with a covering contraption for the whole of Old River Lake. Needless to say, the Caretakers were surprised by a sudden change in the microclimate as they never really got to see above the canopies of their sun-seeking plants.



Retail & Entertainment



APPENDIX II

RESORT SERVICES

(Prepared by Developers of Myriad Botanical Resort)

Emergency Services of the Resort

Fire protection, medical emergency, and security will be an added component to the resort. This will reduce insurance cost and will be added value to those that come to the resort. In this day when anything can happen Myriad will hire the best consultants in the industry to address the issues of safety and security. Because the Myriad Botanical Resort will have such a large number of guests and employees on the property, our resort plan is to prepare for all anticipated emergency situations. The resort will have its own emergency staff and fire department. This will be part of the Master Plan as it is completed before construction begins.

Employee Day Care

Employee day care will be a facility at the resort that is staffed and is a service for the employees that work for the resort. It should be described as facility that is staffed with trained child care professionals. The day care facility will be fitted with high security technology for the benefit of the children to assure the highest standards of protection. This day care center will provide a high level of care for infant to kindergarten age children. It will have nap areas, play areas and teaching areas appropriate for this age group. The facility will have a nursing room for mothers that work for the resort but need to breast feed their children. Flex-time will be part of the employment environment for those that want to work at the resort. This reduces stress and the driving time for the parents who work at the resort. Employees will focus better at work knowing that their children close by and safe. Because this service is rare in the current market place Myriad will benefit from a human resource hiring advantage for those that need to work but have children. Single mothers who need work will also benefit from this program. Myriad will reap employee loyalty as a result. This facility will be 10,000 sq ft with security check in and identification for the responsible caretakers for each child.

Employee Dry Cleaners

Myriad Resort will maintain dress codes. Uniforms will be worn by the staff. These uniforms will, of course, require cleaning. Myriad will provide in-house dry cleaning for Myriad attire. Some uniforms may be of a special design to enhance the appearance of a theme. Such uniforms may be damaged by dry-cleaners that are not familiar with special fabrics. An in-house dry-cleaner will ensure quality control while also reducing lost time for the employee. This will increase the confidence of being job-ready. This no-

charge service to the employee would otherwise be an expense that takes away from their paycheck. This program will enhance employee loyalty.

Resort Elementary School

It is anticipated that the resort will have 5000 employees, and the future 6 casino sites will require an additional 5000 employees. This would justify the building of an elementary school. This facility would accommodate 500 plus students from first grade to sixth grade. We anticipate utilizing the Teach America Program. This is a program that is designed to jump start education in places where education has been underserved. Some of the brightest students in some of America's most prestigious schools are in this program as interns. We will seek certification from the state and hire the appropriate leaders and teachers to maintain this resort educational system. This will be part of the human resource program that will be considered during the final planning stage. This program will be a considerable challenge but will benefit the families that work at the resort. It will also bolster residential development. It is difficult to stimulate housing without schools. By providing an education complex, Myriad Botanical Resort will make a contribution to the growth of the State and County.

APPENDIX III

PINKOWSKI & COMPANY **BACKGROUND INFORMATION**

Pinkowski & Company is a consulting firm established in April of 1987 for the purpose of providing professional consulting services to companies, individuals and other entities involved in the hospitality industry. Mr. Charles G. Pinkowski, founder of the company, offers more than thirty years of consulting experience with a most diversified profile of clients.

Since establishing the company, Mr. Pinkowski has been involved in client consultation of the following nature:

- ❑ Evaluation of possible acquisition of luxury hotels, destination resorts and commercial hotels.
- ❑ Development planning for a group of ten extended stay all-suite hotels.
- ❑ Market demand analysis for hotel development in major markets.
- ❑ Financial review of the possible acquisition of a worldwide luxury hotel chain.
- ❑ Market position studies for nationally franchised hotels in the transitional stage of franchise and/or the lease expiration.
- ❑ Acquisition and new development due diligence for hotel real estate investment trusts.
- ❑ Evaluation of the quality level of guest services for a major, all-suite hotel company.
- ❑ Several litigation support assignments representing plaintiffs and defendants for a variety of issues in the hospitality industry including foreclosures, infringement of franchise rights, construction and management contract violations, breach of restrictive covenants, etc.
- ❑ Impact analyses for nationally franchised hotels potentially affected by the addition of new or converted hotels proposed to operate under the same franchise.
- ❑ Review of internal control procedures for major convention/resort properties.

Pinkowski & Company has serviced clients on a nationwide basis for assignments located from coast to coast. The following is a sample list of clients and their corporate office location:

❑ American West Bank	Spokane, Washington
❑ Ameristar Casinos	Las Vegas, Nevada
❑ BankOne	New Orleans, Louisiana
❑ Best Western International	Phoenix, Arizona
❑ The Broadmoor	Colorado Springs, Colorado
❑ Cendant Corporation	Parsippany, New Jersey
❑ City of Memphis	Memphis, Tennessee
❑ City of Pompano Beach	Pompano Beach, Florida
❑ Choice Hotels International	Silver Spring, Maryland
❑ Davidson Hotel Company	Memphis, Tennessee
❑ Exchange National Bank	Jefferson City, Missouri
❑ Gaylord Entertainment Company	Nashville, Tennessee
❑ InterContinental Hotels Group	Atlanta, Georgia
❑ John Q. Hammons Hotels, Inc	Springfield, Missouri
❑ Hilton Hotels Corporation	Beverly Hills, California
❑ La Quinta Inns, Inc	Dallas, Texas
❑ MMI Hotel Group	Jackson, Mississippi
❑ Opryland Hospitality & Attractions	Nashville, Tennessee
❑ Peabody Hotel Group	Memphis, Tennessee
❑ Pyramid Advisors, LLC	Boston, Massachusetts
❑ Regions Bank	Monroe, Louisiana
❑ RFS Hotel Investors, Inc.	Memphis, Tennessee
❑ Richfield Hospitality Services	Denver, Colorado
❑ Starwood Hotels & Resorts	White Plains, New York
❑ USAA Real Estate Company	San Antonio, Texas
❑ University of Massachusetts	Amherst, Massachusetts
❑ Vista Host, Inc.	Houston, Texas

Prior to establishing Pinkowski & Company, Mr. Pinkowski was Vice President of Development Market Planning for Holiday Corporation (now The Hilton Hotels Corporation). During his tenure at Holiday Corporation, he held responsibilities for short and long range strategic development planning for four distinctive hotel brands including Holiday Inns, Hampton Inns, Embassy Suites and Residence Inns. The development planning process included a review of strategic market fit for each individual product, the economic viability and inter-brand impact of all development projects to be considered for franchise action.

Before joining Holiday Corporation, Mr. Pinkowski was with an international management consulting and accounting firm. With more than 17 years of experience with the firm, he was responsible for the management consulting practice in Memphis and directing consulting practices in Dallas, Houston, New Orleans, and Mobile. Mr. Pinkowski managed many hospitality industry engagements including operational review, conceptual design and planning, internal control review, employee food service

design and implementation, as well as numerous market feasibility studies, for development of all types of lodging facilities.

Mr. Pinkowski is a Charter Member and founding Chairman of the International Society of Hospitality Consultants, a member of the Tennessee Hotel and Lodging Association, member of the American Hotel and Lodging Association, member of the Metropolitan Memphis Hotel and Lodging Association, and numerous other social and civic organizations. He has been a visiting lecturer for the University of Tennessee and a frequent lecturer for hospitality industry conferences, seminars and national conventions.