



HOUSTON PAVILIONS

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HOUSTON PAVILIONS OPENS OCTOBER 2008 \$170 Million Downtown Urban Landmark to Open October 2008

HOUSTON - The Houston Pavilions, a four city block mixed-use development that will become downtown's premiere entertainment, retail and urban office hub, broke ground in 2007. The \$170 million project is scheduled to open in October of 2008.

The project will be comprised of 360,000 sq. ft. of retail space, 200,000 sq. ft. of office space, and a 480,000 sq. ft., 1,675 space parking garage. The development will be bounded by Dallas St. to the north, Polk St. to the south, Main St. to the west and Caroline St. to the east.

The developers, William Denton and Geoffrey Jones, who separately have been responsible for numerous commercial, office and residential projects in Houston and other major cities, revealed the identity of the Pavilions' two latest anchor tenants during the groundbreaking ceremony.

Each of the new anchors is in excess of 24,000 sq. ft. A two-level Books-A-Million Superstore and Forever 21 will join the project's original anchor tenants, the House of Blues® and Lucky Strike Lanes.

Books-A-Million, originally founded in 1917, is the third largest book retailer in the nation. The Pavilions establishment will be the first two story Books-A-Million urban concept store in Houston. Books-A-Million Superstores offer an extensive selection of books, bargain books and magazines, as well as card and gift departments. Stores also feature Joe Muggs Café, a coffee and espresso bar.

Forever 21 will be opening its first urban flagship store in Houston. Although Forever 21 is no stranger to the Houston market, the Pavilions store will be located

seventeen miles from the nearest suburban Forever 21, thus creating an unusually large trade area. This multi-concept fashion oasis will fuse fashion, art and music on two levels that have been meticulously decorated to make the shopping experience both unique and memorable. Forever 21 offers trendy fashions and accessories for women, men and junior girls.

House of Blues Entertainment, Inc., a Los Angeles-based global entertainment company, represents the definitive brand in live music, operating clubs and concert venues in locations across the country including Atlantic City, Chicago, Las Vegas and the Sunset Strip. Visitors to Houston Pavilions will be able to enjoy House of Blues' unmatched combination of Southern-inspired signature cuisine and a diverse offering of live music. In its commitment to serving the local community, House of Blues also supports the International House of Blues Foundation, a non-profit charitable organization dedicated to bringing the arts to schools and communities through programs that promote cultural understanding and creative expression.

Lucky Strike Lanes, which initially opened in the heart of Hollywood in 2003, is the nation's first truly upscale bowling lounge. With locations across the country, Lucky Strike attracts celebrities and "regular Joes" alike with its combination of retro elements, modern décor and state-of-the-art technology. Customers bowl at lanes edged in mini-runway lights with artwork by up-and-coming artists projected on floor-to-ceiling video screens at the far end. In between rounds, guests can enjoy superior food selections such as skewered rock shrimp "porcupines," tomato-and-cheese s'mores and a chocolate insanity dessert in a hip restaurant and bar.

"The health of retail in downtown Houston is a clear indication of the energy generated by our economic growth" said Mayor Bill White. "Our industry is strong. Business leaders and a talented workforce continue to select Houston as the place to be."

Selected other tenants to be included in Houston Pavilions are:

- **McCormick & Schmick's:** The Pavilions is the newest Houston location of this popular nationwide seafood restaurant. It will bring the sea to downtown with its varied, high-quality menu and excellent service.

- **Yao's Restaurant and Bar:** Located just a few blocks from Toyota Center on the Main Street block of the Pavilions, this restaurant, which is owned by the family of Rockets superstar Yao Ming, will serve Yao's favorite dishes and other delights of contemporary Chinese cuisine.
- **Red Cat Jazz Café:** The Red Cat, already one of the top live music venues in Houston, will add a taste of the French Quarter, with soulful blues and cool jazz serving as the backdrop for tempting New Orleans cuisine.
- **Ill Forks:** This amazing steakhouse serves the ultimate in Texas French cuisine. Houston has the nation's largest culturally diverse community which provides a natural setting for a fine dining European-infused steakhouse!
- **Guadalajara Del Centro:** Generally regarded as one of Houston's finest Mexican restaurants, Guadalajara Del Centro will offer Mexican food of the highest quality from an extensive menu noted for its variety.

"Houston Pavilions represents another turning point in the evolution of downtown. As a major activity center, the Pavilions will create sustainability and establish synergies with downtown's other uses. It adds one more dimension to Main Street and to our quality of place," said Bob Eury, president of Central Houston, Inc., and executive director of the Houston Downtown Management District.

As vice president of regional mall development for Homart Development Co. in Chicago, William Denton was responsible for the development of Baybrook Mall, Deerbrook Mall and Willowbrook Mall in the Houston area. Today, Denton, as president and CEO of Entertainment Development Group, Inc., is responsible for the widely acclaimed Denver Pavilions, downtown Denver's premier entertainment and retail complex. With its exclusive group of dynamic tenants, Denver Pavilions changed downtown Denver overnight.

Geoffrey Jones, president and CEO of the Texas Real Estate Fund, Inc., is a Houston real estate developer and investor. He has developed several shopping centers, office buildings, warehouses and residential projects in the greater Houston area. His projects include the Compass Bank Building and the Cedarstone Office Complex in The Woodlands, Northdale Plaza in Kingwood, April Pointe Plaza on Lake

Conroe and Theiss Oaks Square in the FM 1960 area. Jones is also one of the original founders of the First National Bank of the Woodlands.

Houston Pavilions, LP, in which Jones and Denton are co-general partners, expects the project to bring about a transformation in downtown Houston that will parallel the success of the Denver Pavilions. Given the nature of the project it can be expected that the Pavilions will have a significant effect on the successes of other downtown businesses.

Houston Pavilions will include 360,000 sq. ft. of retail space that will occupy the first two levels of the development, with entertainment venues located on the third floor. A central courtyard and people-friendly streetscapes will allow for alfresco dining and window-shopping.

The second and third floors of the development will be connected by sky-bridges spanning Fannin St. and San Jacinto St. The project will also include approximately 200,000 sq. ft. of first-class office space. A 1,675 space parking garage on Polk St. will be also be connected to the project by skybridge on the second level.

"The Houston Pavilions project will derive its critical mass and its appeal from the uniqueness of our tenant mix and size of the project itself", said Denton. It is the combination of these elements that will make the Pavilions the place to see and be seen."

"It is not often that you have the opportunity to redefine the urban core of the nation's fourth largest city, but that is precisely our objective, said Geoffrey Jones. "The Pavilions is a prime example of how effectively the public and private sector can work together toward a common goal."

Buchanan Street Partners of Newport Beach, CA is the principal financial partner of Houston Pavilions, having provided \$47 million in equity. Houston Pavilions, LP has lined up an \$8.8 million development grant from the City of Houston and \$5.5 million from Harris County in additional funding. The development site has been annexed into the Main Street/Market Square Tax Increment Reinvestment Zone. In addition, the project secured \$120 million in construction financing from North Houston Bank.

"A hallmark of Buchanan's successful investment strategy is to partner with seasoned operators who have a proven track record of completing similar projects. The team of Bill Denton and Geoff Jones is clearly just that. As we continue to grow our platform on a nationwide basis, we look forward to funding more opportunities like this

as part of our goal of funding \$1.5 billion of new investments during 2007, "said Tim Ballard, Buchanan's Chief Investment Officer and Managing Partner.

The project team consists of the internationally recognized architecture and design firm Hellmuth, Obata + Kassabaum, Inc. (HOK). D.E. Harvey Builders, one of the nation's leading construction firms, will serve as the General Contractor. The Wells Partnership of Denver, Colorado will provide construction management services for the project.

About Houston Pavilions

Houston Pavilions will be the premiere entertainment, retail and urban office hub in downtown Houston. Bounded by Dallas St. to the north, Polk St. to the south, Main St. to the west and Caroline St. to the east, Houston Pavilions will span four city blocks, offering retail, entertainment, first-class office space and parking to visitors. The development will open October 2008, adding a valuable component to downtown's convention corridor.

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