

Great Wolf Resorts, Inc.
Form S-1/A
February 10, 2005

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As filed with the Securities and Exchange Commission on February 10, 2005

Registration No. 333-122208

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**AMENDMENT NO. 1
TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

GREAT WOLF RESORTS, INC.

(Exact name of issuer as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7011
(Primary Standard Industrial
Classification Code Number)

51-0510250
(I.R.S. Employer
Identification No.)

**122 West Washington Avenue
Madison, Wisconsin 53703
(608) 251-6400**
(Address, Including Zip Code, and Telephone Number, Including Area Code of Registrant's Principal Executive Offices)

**J. Michael Schroeder
General Counsel and Corporate Secretary
Great Wolf Resorts, Inc.
122 West Washington Avenue
Madison, Wisconsin 53703
(608) 251-6400**
(Address, Including Zip Code, and Telephone Number, Including Area Code of Agent For Service)

With a Copy to:
**Alan J. Prince
King & Spalding LLP
191 Peachtree Street
Atlanta, Georgia 30303
(404) 572-4600**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Common Stock, par value \$0.01 per share	14,032,896 Shares	\$21.34	\$299,462,001	\$35,247

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) of the Securities Act, based upon the average of the high and low sales prices of the Registrant's common stock on the Nasdaq National Market on January 14, 2005.

(2) Previously Paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED FEBRUARY 10, 2005

PROSPECTUS

14,032,896 Shares
Great Wolf Resorts, Inc.
Common Stock

This prospectus relates to 14,032,896 shares of our common stock being sold by the selling stockholders named in this prospectus. We will not receive any proceeds from the issuance or sale of these shares.

The selling stockholders may offer their shares of common stock from time to time through public or private transactions, in the over-the-counter markets, on any exchanges on which our common stock is traded at the time of sale, at prevailing market prices or at privately negotiated prices. The shares may be sold directly or through agents or broker-dealers acting as principal or agent, or in block trades or through one or more underwriters on a firm commitment or best efforts basis. The selling stockholders may engage underwriters, brokers, dealers or agents, who may receive commissions or discounts from the selling stockholders. We will pay substantially all of the expenses incident to the registration of the shares, except for sales commissions and other seller's compensation applicable to sales of the shares.

The selling stockholders and any underwriters, agents or broker-dealers that participate with the selling stockholders in the distribution of the common stock may be deemed to be underwriters within the meaning of the Securities Act of 1933, as amended, and any commissions received by them and any profit on the resale of the common stock may be deemed to be underwriting commissions or discounts under the Securities Act.

Our common stock trades on the Nasdaq National Market under the symbol WOLF. On February 9, 2005, the last reported sales price of our common stock on the Nasdaq National Market was \$21.28.

Investing in our common stock involves risks. See Risk Factors beginning on page 13.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2005

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

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We own, or claim ownership rights to, a variety of trade names, service marks and trademarks for use in our business, including Biko the Bear, Blue Harbor Resort, Boathouse Suite, Breaker Bay, Crew Club, Cub Club, Great Wolf Lodge, Great Wolf Resorts, KidAquarium Suite, KidCabin and Wiley the Wolf in the United States and, where appropriate, in foreign countries. This prospectus also includes product names and other tradenames and service marks owned by us and other companies. The tradenames and service marks of other companies are the property of such other companies.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus. You should read the entire prospectus, including Risk Factors, the audited financial statements of our predecessor companies and our consolidated financial statements and related notes, carefully before making an investment decision. References in this prospectus to we, our, us and our company refer to Great Wolf Resorts, Inc., a Delaware corporation, together with our consolidated subsidiaries.

Our Business

We are a family entertainment resort company that provides our guests with a high-quality vacation at an affordable price. We are the largest owner, operator and developer in the United States of drive-to family resorts featuring indoor waterparks and other family-oriented entertainment activities, based on the number of resorts in operation. We provide a full-service entertainment resort experience to our target customer base: families with children ranging in ages from 2 to 14 years old that live within a convenient driving distance from our resorts. Our resorts provide a consistent and comfortable environment throughout the year where our guests can enjoy our various amenities and activities. We are a fully integrated resort company with in-house expertise and resources in resort and indoor waterpark development, management, marketing and financing.

We own and operate four existing Great Wolf Lodge® resorts, our signature northwoods-themed resorts, and one Blue Harbor Resort, a nautical-themed property. In addition, we own two Great Wolf Lodge resorts that are under construction and scheduled to open for business during 2005. We are also the licensor and manager of an additional Great Wolf Lodge resort in Niagara Falls, Ontario that is owned and under development by an affiliate of Ripley Entertainment Inc., or Ripley's. We are currently evaluating 12 to 14 additional markets for potential future development of Great Wolf Lodge resorts, six of which are in active site negotiation. We anticipate that most of our future resorts will be developed under our Great Wolf Lodge brand, but we may develop additional nautical-themed resorts in other appropriate markets.

We deliver value to our guests by providing an affordable and fun family vacation experience. Our resorts are located within a convenient driving distance of our target customer base, providing our guests with a less expensive, more convenient alternative to air travel. In addition, our resorts generally include the following features:

Suites: approximately 270 to 400 family suites that sleep from six to ten people and each include a wet bar, microwave oven, refrigerator and dining and sitting area.

Waterpark: an approximately 34,000 to 82,000 square-foot indoor waterpark highlighted by our signature 12-level treehouse water fort. Our water fort is an interactive water experience for the entire family and features over 60 water effects, including spray guns, fountains, valves and hoses, has cargo netting and suspension bridges, and is capped by an oversized bucket that dumps between 700 and 1,000 gallons of water every five minutes. Our waterparks also feature high-speed body slides and inner tube waterslides that wind in and out of the building into a splash-down pool, a lazy river, activity pools and large free-form hot tubs. Our room rates include use of the waterpark by four to six guests, depending on the type of room.

Food and Beverage: themed restaurants, such as our: Camp Critter Bar & Grille, which features a two-story realistic tree with a canopy of leaves and canvas-topped booths with hanging lanterns, giving guests the impression that they are dining in a northwoods forest camp; Bear Claw Café ice cream shop and confectionery; and waterpark snack shop.

Amenities and Activities: our Youkon Jack's and Northern Lights game arcades, full-service Aveda® concept spa, Buckhorn Exchange gift shop, Iron Horse fitness center, two-story animated clocktower, Cub Club children's activity program, meeting rooms and seasonal, holiday and other special activities.

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Our four resorts open during the entire twelve-month period ended September 30, 2004, had the following financial performance:

\$211.30 average daily room rate, or ADR;

\$90.45 average non-room revenue per occupied room, or RevPOR;

\$301.75 total revenue per occupied room, or Total RevPOR;

65.1% occupancy;

\$137.61 revenue per available room, or RevPAR; and

\$196.51 total revenue per available room, or Total RevPAR.

We expect recurring annual capital expenditures for each resort to be 3-4% of the resort's annual revenues, including the repair and maintenance of our waterpark equipment. Our waterpark equipment is designed for outdoor application and capable of withstanding intense physical use and the elements year-round. Therefore, wear and tear is minimal and we believe our waterpark equipment has a long useful life.

We were formed in May 2004 to succeed to the family entertainment resort business of our predecessor companies, The Great Lakes Companies, Inc, which we refer to in this prospectus as the management company, and a number of its related entities. We refer to these entities collectively as Great Lakes. Great Lakes has developed and operated hotels since 1995. In 1999, Great Lakes began its resort operations by purchasing the Great Wolf Lodge in Wisconsin Dells, Wisconsin and developing the Great Wolf Lodge in Sandusky, Ohio, which opened in 2001. In 2003, Great Lakes opened two additional Great Wolf Lodge resorts, one in Traverse City, Michigan and the other in Kansas City, Kansas. In June 2004, Great Lakes opened the Blue Harbor Resort in Sheboygan, Wisconsin. Immediately prior to the closing of our initial public offering of common stock, which we refer to in this prospectus as the initial public offering, Great Lakes had two additional Great Wolf Lodge resorts under construction, one in Williamsburg, Virginia and the other in the Pocono Mountains region of Pennsylvania. These resorts are scheduled to open in the Spring and Fall of 2005, respectively.

On December 20, 2004, in connection with the closing of the initial public offering, we acquired each of these resorts and the resorts currently under construction, as well as certain resort development and management operations, in exchange for an aggregate of 14,032,896 shares of our common stock and \$98.1 million.

Our management team possesses substantial expertise in all aspects of family entertainment resort and indoor waterpark development, management, marketing and financing. We have safely and successfully managed the operational complexity of our current resorts and intend to operate our future resorts similarly. We operate our business from our headquarters in Madison, Wisconsin. We believe that the experience of our senior management team, particularly their development and operational experience, as well as our centralized reservations center, provide an infrastructure that will allow us to continue to increase the number of resorts that we develop and operate without proportionately higher overhead costs. As of December 31, 2004, we had approximately 120 corporate employees, including our central reservations center employees, and approximately 1,600 full and part-time resort-level employees.

Our principal executive offices are located at 122 West Washington Avenue, Madison, Wisconsin 53703, and our telephone number is (608) 251-6400. Our website can be found on the internet at www.greatwolfresorts.com. Information contained on our website is not part of this prospectus.

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Our Competitive Strengths

Our competitive strengths include:

Unforgettable Family Resort Experience. Our indoor waterpark resorts provide activities that the entire family can enjoy, including themed restaurants, an Aveda concept spa, a game arcade, ice cream shop and confectionery, gift shop, animated clocktower and fireside bedtime stories.

Value, Comfort and Convenience. On average, a two-night stay for a family of four in one of our conveniently located resorts costs approximately \$600.

Favorable Market Trends. We believe recent vacation trends favor our Great Wolf Lodge concept as the number of families choosing to take shorter, more frequent vacations that they can drive to has increased over the past several years.

Market Presence and Barriers to Entry. We believe that we benefit from the significant barriers to entry, including operational complexity, substantial capital requirements, availability of suitable sites in desirable markets and a difficult, multi-year permitting process.

Focus on Safety. We invest heavily in safety measures in the design and operation of our resorts, including our state-of-the-art air quality and water treatment systems.

Experienced Management Team. Our senior management team has an average of approximately 16 years of experience in the hospitality, family resort and real estate development industries and has significant expertise in operating complex, themed resorts featuring indoor waterparks.

Business and Growth Strategies

Our primary internal growth strategies are to:

Increase Total Resort Revenue. We intend to increase total resort revenue by increasing our average room rate, average occupancy and other revenue.

Leverage Our Economies of Scale. We intend to take advantage of our economies of scale by capitalizing on our increased purchasing power and centralizing certain of our services.

Build Upon Brand Awareness and Loyalty. Our Great Wolf Lodge brand is symbolized by our distinctive and easily identifiable theming and recognizable logos and merchandise, which have fostered strong customer and brand loyalty, as evidenced by our high levels of repeat and referral guests.

Our primary external growth strategies are to:

Capitalize on First-Mover Advantage. We intend to be the first to develop and operate family entertainment resorts featuring indoor waterparks in our selected target markets.

Focus on Development and Strategic Growth Opportunities. Family entertainment resorts featuring indoor waterparks are a relatively new concept and a growing segment of the resort and entertainment industries. We intend to focus on this growth opportunity by building in target markets, licensing our resort concept internationally, forming strategic partnerships and expanding and enhancing existing resorts.

Continue to Innovate. We intend to leverage our in-house expertise, in conjunction with the knowledge and experience of our third-party suppliers and designers, to develop and implement the latest innovations in family entertainment activities and amenities, including waterpark attractions.

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Our ability to capitalize on our competitive strengths and implement the business and growth strategies described above may be affected by matters discussed under Risk Factors beginning on page 13, which you should carefully consider prior to deciding whether to invest in our common stock, including:

- our ability to develop new resorts or further develop existing resorts on a timely or cost efficient basis;
- our ability to compete with other family vacation travel destinations and resorts;
- our ability to manage our expected growth;
- potential accidents or injuries in our resorts and competing resorts;
- our ability to achieve or sustain profitability;
- changes in family vacation patterns and consumer spending habits, downturns in our industry segment and extreme weather conditions;
- our ability to attract a significant number of guests from our target markets;
- increases in operating costs and other expense items and costs;
- uninsured losses or losses in excess of our insurance coverage; and
- our ability to protect our intellectual property and the value of our brands.

Properties

We have five family entertainment resorts that are currently operating and two additional resorts that are under construction, and we will manage one resort under construction that is owned by a third-party licensee. We also have identified additional target markets for future resort development and are in negotiations with respect to sites in six of these markets. The following table presents an overview of our portfolio of resorts:

Twelve Months Ended September 30, 2004								
Location	Opened/ Target Opening	Rooms	Indoor Entertainment Area(1)	Occupancy	Average Daily Rate	Revenue per Available Room(2)	Other Revenue per Occupied Room	Total Revenue per Occupied Room(3)
			(approx. ft ²)	(%)	(\$)	(\$)	(\$)	(\$)
Existing Resorts:								
Wisconsin Dells, WI	May 1997(4)	309	64,000	61.7	194.58	120.14	76.76	271.34
Sandusky, OH(5)	March 2001	271	41,000	68.4	231.38	158.34	92.78	324.16
Traverse City, MI	March 2003	281	51,000	68.9	222.71	153.47	98.29	321.00
Kansas City, KS	May 2003	281	49,000	61.8	195.06	120.50	94.21	289.27
Sheboygan, WI(6)	June 2004	183(7)	54,000					
Resorts Under Construction:								
Williamsburg, VA	Spring 2005	301	66,000					
Pocono Mountains, PA	Fall 2005	400	91,000					
Niagara Falls, ONT(8)	Spring 2006	404	94,000					

(1)

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Our indoor entertainment areas generally include our indoor waterpark, game arcade, children's activity room and fitness room, as well as our Aveda concept spa, 3D virtual reality theater, Wiley's Woods and party room in the resorts that have such amenities.

- (2) Revenue per available room represents the total room revenue per total available rooms for the twelve months ended September 30, 2004, calculated by multiplying the occupancy by the average daily rate.
- (3) Total revenue per occupied room is calculated by adding the average daily rate and other revenue per occupied room.
- (4) Great Lakes purchased this property in November 1999.

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- (5) Prior to May 2004, we operated this resort as a Great Bear Lodge.
- (6) Our Sheboygan property is branded as a Blue Harbor Resort. This resort is subject to a 98-year and 11-month ground lease with the Redevelopment Authority of the City of Sheboygan.
- (7) Our Blue Harbor Resort also features 64 individually owned two and four bedroom condominium units.
- (8) Ripley's, our licensee, owns this resort. We are assisting Ripley's with construction management and other pre-opening matters related to the Great Wolf Lodge in Niagara Falls. We have granted Ripley's a license to use the Great Wolf Lodge name for this resort for ten years after opening. We have agreed to enter into a management agreement, pursuant to which we expect to operate the resort on behalf of Ripley's for five years, and also a central reservations agreement. In conjunction with this project, we expect to receive a one-time construction management fee and ongoing license, central reservations and management fees.

Structure and Formation of Our Company

Formation Transactions

Each of the five existing resorts and the two resorts under construction that are owned and operated by us were, prior to the consummation of the initial public offering and the formation transactions, owned by a separate limited liability company. We refer to these limited liability companies as resort-owning entities. One member in each of these resort-owning entities was a separate limited liability company of which the management company was the managing member or manager. We refer to these entities as sponsor entities. In addition, investors had an ownership interest in the resort-owning entity of our Sandusky resort through a limited liability company that we refer to as Sandusky Investor LLC.

Pursuant to the formation transactions, among other things:

The management company contributed its hotel management and multifamily housing management and development assets, which were unrelated to the resort business, to two subsidiaries of the management company and then distributed the interests in such subsidiaries to the former shareholders of the management company.

We sold an aggregate of 16,100,000 shares of our common stock in the initial public offering, and we used the net proceeds from the initial public offering to accomplish the steps listed below and also to (1) pay an aggregate of \$98.1 million of the cash consideration in connection with the formation transactions; (2) repay certain indebtedness existing prior to the closing of the initial public offering and the formation transactions in the aggregate amount of approximately \$76.0 million; and (3) fund \$75.4 million of our future resort development costs.

We effected, through GWR Operating Partnership, L.L.P., our wholly owned operating partnership, the acquisition of each resort-owning entity, sponsor entity, Sandusky Investor LLC and the management company.

Pursuant to these acquisitions, members of the resort-owning entities, sponsor entities and Sandusky Investor LLC received cash, unregistered shares of our common stock or a combination of cash and unregistered shares of our common stock. Also, shareholders of the management company received unregistered shares of our common stock pursuant to the merger of the management company with and into Great Lakes Services, LLC, a wholly owned subsidiary of the operating partnership, which we refer to as Great Lakes Services.

We issued an aggregate of 130,949 shares of unregistered common stock to holders of tenant in common interests in our Poconos and Williamsburg resorts that were, immediately prior to the consummation of the formation transactions, convertible into our common stock.

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Concurrently with the consummation of the initial public offering and the formation transactions, we:

repaid an aggregate of approximately \$76.0 million of Great Lakes mortgage indebtedness on two of our resorts from the net proceeds of the initial public offering;

refinanced existing mortgage indebtedness on two of our resorts with a total outstanding debt balance at September 30, 2004 of approximately \$72.4 million; and

entered into a \$75.0 million revolving credit facility that is secured by two of our resorts. Based upon the financial and debt service ratios that are contained in the revolving credit facility, as of the date of this prospectus, approximately \$55.0 million of the revolving credit facility is available. As of the date of this prospectus, we have not drawn any amounts under this facility. We expect to use the revolving credit facility to fund our future growth and resort development, to provide for working capital and for other corporate purposes.

The former employees of the management company, other than those associated solely with the non-resort businesses, became employees of Great Lakes Services.

Eric S. Lund, Bruce D. Neviasser, Thomas A. Sather, Craig A. Stark, Marc B. Vaccaro and Kimberly K. Schaefer, each of whom was a shareholder of the management company, entered into indemnity agreements with us pursuant to which they have made certain representations and warranties to us relating to the formation transactions and the status of the properties operated by the resort-owning entities. Pursuant to these indemnity agreements, these shareholders have agreed to indemnify us for a period of one year following the closing of the formation transactions if those representations and warranties are not accurate. With respect to each shareholder, the maximum indemnification obligation under these agreements will not exceed 35% of the value of the number of shares of our common stock received by that shareholder in the formation transactions based on the initial public offering price of \$17.00 per share. The maximum amount of the indemnification obligations under these agreements equals approximately \$45.2 million in the aggregate. These shareholders may fulfill the indemnity obligations under the agreements solely through delivery of shares of our common stock that they own, valued at the time of delivery, or with an equivalent amount of cash. However, if any of these shareholders chooses to fulfill the indemnity obligation under the agreement through the delivery of shares, the maximum number of shares such shareholder will be obligated to deliver is 35% of the number of shares such shareholder received in the formation transactions.

Immediately following the completion of the initial public offering, Messrs. Lund, Neviasser and Sather received personal loans from an affiliate of Citigroup Global Markets Inc. (which served as lead underwriter in connection with the initial public offering). These loans are full-recourse and are secured by a pledge of all the shares of our common stock received by each in the formation transactions. While some of these shares may be released from the pledge over time, they may not be available as an alternative means to satisfy an indemnification obligation under the agreements.

Consequences of the Initial Public Offering and the Formation Transactions

At the completion of the initial public offering and the formation transactions:

We directly or indirectly own a fee simple interest in all of our resorts, except for a leasehold interest in our Sheboygan resort. We also are the licensor and manager of a Great Wolf Lodge resort in Niagara Falls, Ontario owned by Ripley's that is currently under construction.

Purchasers of our common stock in the initial public offering own approximately 53.2% of our outstanding common stock.

We had incurred approximately \$18.0 million of indebtedness in connection with our Williamsburg and Pocono Mountains resort developments between September 30, 2004 and the completion of the initial

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public offering, in addition to approximately \$123.1 million of total pro forma indebtedness we had outstanding at September 30, 2004.

Benefits to Related Parties

In connection with the formation transactions, the shareholders of the management company received material benefits, including:

an aggregate of 8,087,151 unregistered shares of our common stock as consideration in the formation mergers; and

the release of personal guarantees to repay approximately \$167.1 million of indebtedness relating to the resort- owning entities.

Approximately \$76.0 million of this indebtedness was repaid with the proceeds of the initial public offering, approximately

\$72.4 million was refinanced and the remaining portion was assumed by us in connection with the formation transactions.

As of the date of this prospectus, the founding shareholders of Great Lakes beneficially own approximately 25.1% of the outstanding shares of our common stock.

The Offering

All of the shares offered hereby are being offered by the selling stockholders. We will not receive any proceeds from the offering. See Use of Proceeds, Selling Stockholders and Plan of Distribution herein.

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Summary Financial and Other Data

The following table sets forth summary financial and operating data on a historical basis for Great Lakes and on an unaudited pro forma basis for Great Wolf Resorts, Inc. Historical financial and other data related to Great Lakes consists of the following:

combined historical financial information for (1) Great Lakes management business, including development of, ownership interests in, and management contracts with respect to, certain non-resort hotels and multifamily housing assets, (2) the entities that own our Traverse City, Kansas City and Sheboygan operating resorts and (3) the entities that own our Williamsburg and Pocono Mountains resorts that are under construction (the Predecessor Historical Information); and

combined historical financial information for the entities that own our Wisconsin Dells and Sandusky resorts (the Dells/Sandusky Historical Information).

Although we were the managing member with responsibility for day-to-day operations with respect to the entities that own our Wisconsin Dells and Sandusky resorts, another party controlled those entities. Therefore, we do not combine the Dells/Sandusky Historical Information with the Predecessor Historical Information.

We have not presented historical information for Great Wolf Resorts, Inc. in this summary because we did not have any operations between our formation and September 30, 2004 and because we believe that a discussion of the results of Great Wolf Resorts, Inc. would not be meaningful. We have included audited consolidated historical financial statements for Great Wolf Resorts, Inc. elsewhere in this prospectus.

The summary Predecessor Historical Information as of September 30, 2004 and December 31, 2003 and 2002 and for the nine months ended September 30, 2004 and for each of the three years in the period ended December 31, 2003 are derived from, and are qualified in their entirety by, the Great Lakes Predecessor financial statements audited by Deloitte & Touche LLP, an independent registered public accounting firm, whose report with respect thereto is included elsewhere in this prospectus. The summary Dells/Sandusky Historical Information as of December 31, 2003 and 2002 and for each of the three years in the period ended December 31, 2003 are derived from, and are qualified in their entirety by, the Dells/Sandusky financial statements audited by Rubin, Brown, Gornstein & Co. LLP, an independent registered public accounting firm, whose report with respect thereto is included elsewhere in this prospectus. The summary Predecessor Historical financial and operating data for the nine months ended September 30, 2003 and Dells/Sandusky Historical financial and operating data as of September 30, 2004 and for the nine months ended September 30, 2004 and 2003, are derived from, and are qualified in their entirety by, the unaudited Great Lakes Predecessor and Dells/Sandusky financial statements. In the opinion of management, such unaudited financial data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for those periods. Historical results are not necessarily indicative of the results to be expected in the future. You should read the following summary financial and other data together with Business, Selected Financial and Other Data, Unaudited Pro Forma Financial and Other Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and the Great Lakes Predecessor and Dells/Sandusky financial statements and related notes appearing elsewhere in this prospectus.

The unaudited summary pro forma financial and operating data for the year ended December 31, 2003 and the nine months ended September 30, 2004 have been prepared to give pro forma effect to the initial public offering and the formation transactions as if they had occurred on January 1, 2003. The unaudited pro forma balance sheet data as of September 30, 2004 has been prepared to give effect to the initial public offering and the formation transactions as if they had occurred on September 30, 2004. The unaudited summary combined pro forma financial data are for informational purposes only and should not be considered indicative of actual results that would have been achieved had the initial public offering and the formation transactions actually been consummated on January 1, 2003 and do not purport to indicate results of operations as of any future date or for any future period. You should read the summary combined pro forma data in conjunction with Unaudited Pro Forma Financial and Other Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and the Great Lakes Predecessor and Dells/Sandusky financial statements and related notes appearing elsewhere in this prospectus.

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	2003		2002		2001		
	Consolidated Pro Forma	Predecessor(1)(6)	Dells/ Sandusky	Predecessor	Dells/ Sandusky	Predecessor	Dells/ Sandusky
(dollars in thousands, except per share amounts and operating data)							
Statement of Operations Data:							
Revenues:							
Rooms	\$47,973	\$20,231	\$29,172	\$1,454	\$28,995	\$1,619	\$25,650
Food, beverage and other	20,947	9,580	11,546	234	11,432	482	8,988
Management and other fees		3,109		3,329		3,022	
Other revenue from managed properties(2)		14,904		14,808		13,286	
Total revenues	68,920	47,824	40,718	19,825	40,427	18,409	34,638
Operating expenses:							
Departmental expenses							
Rooms	7,576	3,591	4,311	321	4,453	356	4,011
Food, beverage and other	17,589	8,722	9,009	144	9,043	153	7,500
Other operating expenses:							
Selling, general and administrative	16,080	11,706	7,557	4,356	6,542	4,056	7,629
Property operating costs	10,252	5,671	4,969	901	4,257	275	3,862
Depreciation and amortization	15,327	8,045	8,090	602	8,414	531	8,764
Other expenses from managed properties(2)		14,904		14,808		13,286	
Total operating expenses	66,824	52,639	33,936	21,132	32,709	18,657	31,766
Operating income (loss)	2,096	(4,815)	6,782	(1,307)	7,718	(248)	2,872
Interest expense	3,318	4,758	4,818	560	5,055	792	5,316
Income (loss) from continuing operations	(646)	(6,807)	2,116	(6,412)	2,822	(588)	(2,214)
Net income (loss)	\$(646)	\$(4,543)	\$2,116	\$(6,755)	\$2,822	\$(1,177)	\$(2,214)
Pro forma basic loss per share(3)	\$(0.02)						
Pro forma diluted loss per share(3)	\$(0.02)						
Pro forma weighted average common shares outstanding basic and diluted	30,262,308						
Cash Flows Data:							
Cash flows from:							
Operating activities		\$8,126	\$10,866	\$376	\$11,360	\$5,580	\$9,285
Investing activities		\$(64,280)	\$(4,753)	\$(46,276)	\$(5,323)	\$(9,166)	\$(39,189)
Financing activities		\$54,854	\$(6,392)	\$49,797	\$(7,155)	\$2,822	\$31,131
Balance Sheet Data (end of period):							
Total assets		\$173,494	\$90,365	\$106,751	\$93,638	\$54,191	\$97,314
Total long-term debt		\$105,841	\$77,828	\$42,764	\$78,050	\$14,643	\$76,360
Long-term debt secured by assets held for sale		\$14,220		\$31,564		\$34,193	
Non-GAAP Financial Data:							
EBITDA(4)	\$17,423	\$12,439	\$14,872	\$334	\$16,132	\$6,287	\$11,636
Operating Data:							
Total resorts open (end of period)	4						
Total rooms (end of period)	1,142						
Occupancy	64.1%						
Average daily rate	\$210.07						
Revenue per available room	\$134.67						
Total revenue per occupied room	\$301.79						

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Nine Months Ended September 30,

	2004			2003	
	Consolidated Pro Forma	Predecessor(1)	Dells/Sandusky	Predecessor(1)	Dells/Sandusky
(dollars in thousands, except per share amounts and operating data)					
Statement of Operations Data:					
Revenues:					
Rooms	\$49,595	\$27,137	\$23,702	\$14,869	\$23,682
Food, beverage and other	22,063	12,979	9,239	6,931	9,166
Management and other fees		2,497		2,515	
Other revenue from managed properties(2)		11,040		10,707	
Total revenues	71,658	53,653	32,941	35,022	32,848
Operating expenses:					
Departmental expenses					
Rooms	7,190	4,134	3,342	2,392	3,336
Food, beverage and other	17,763	10,579	7,335	5,862	6,943
Other operating expenses:					
Selling, general and administrative	18,537	15,014	6,182	8,131	5,490
Property operating costs	9,746	6,145	3,939	4,223	3,636
Depreciation and amortization	15,105	9,490	5,552	4,675	5,752
Other expenses from managed properties(2)		11,040		10,707	
Total operating expenses	68,341	56,402	26,350	35,990	25,157
Operating income (loss)	3,317	(2,749)	6,591	(968)	7,691
Interest expense	4,265	4,755	3,529	2,635	3,614
Income (loss) from continuing operations	(465)	(6,825)	3,167	(784)	4,189
Net income (loss)	\$(465)	\$(4,961)	\$3,167	\$1,177	\$4,189
Pro forma basic loss per share(3)	\$(0.02)				
Pro forma diluted loss per share(3)	\$(0.02)				
Pro forma weighted average common shares outstanding basic and diluted	30,262,308				
Cash Flows Data:					
Cash flows from:					
Operating activities		\$(1,727)	\$6,549	\$7,973	\$9,276
Investing activities		\$(39,809)	\$(658)	\$(31,360)	\$(2,880)
Financing activities		\$40,447	\$(5,968)	\$22,102	\$(6,493)
Balance Sheet Data (end of period):					
Total assets	\$539,101	\$207,963	\$86,000		
Total long-term debt	\$123,055	\$138,877	\$76,035		
Non-GAAP Financial Data:					
EBITDA(4)	\$18,422	\$9,738	\$12,143	\$12,113	\$13,443
Operating Data:					
Total resorts open (end of period)	5				
Total rooms (end of period)	1,325				
Occupancy(5)	69.8%				
Average daily rate(5)	\$213.20				
Revenue per available room(5)	\$148.82				
Total revenue per occupied room(5)	\$302.29				

(1) Includes the operations of our Traverse City, Kansas City and Sheboygan resorts that opened in March 2003, May 2003 and June 2004, respectively.

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- (2) Reflects reimbursement of payroll, benefits and costs related to the operations of properties managed by Predecessor.
- (3) Pro forma basic and diluted loss per share are computed assuming the initial public offering was consummated as of the first day of the period presented and equals pro forma net loss divided by the number of shares of our common stock outstanding after the initial public offering.

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- (4) EBITDA is a supplemental non-GAAP financial measure. EBITDA is commonly defined as net income plus (a) interest expense, (b) income taxes and (c) depreciation and amortization.

We believe EBITDA is useful to an investor in evaluating our operating performance because:

a significant portion of our assets consists of property and equipment that are depreciated over their remaining useful lives in accordance with GAAP. Because depreciation and amortization are non-cash items, we believe that presentation of EBITDA is a useful measure of our operating performance;

it is widely used in the hospitality and entertainment industries to measure operating performance without regard to items such as minority interests and gain on sale of real estate; and

we believe it helps investors meaningfully evaluate and compare the results of our operations from period to period by removing the impact of items directly resulting from our asset base, primarily depreciation and amortization, from our operating results.

Our management uses EBITDA:

as a measurement of operating performance because it assists us in comparing our operating performance on a consistent basis as it removes the impact of items directly resulting from our asset base, primarily depreciation and amortization and non-recurring or unusual items, from our operating results;

for planning purposes, including the preparation of our annual operating budget;

as a valuation measure for evaluating our operating performance and our capacity to incur and service debt, fund capital expenditures and expand our business; and

as one measure in determining the value of other acquisitions and dispositions.

The covenants in our revolving credit facility require us to meet financial tests based upon EBITDA. Our revolving credit facility has customary financial and operating debt compliance covenants, such as:

a maximum amount of indebtedness we may incur under the facility at an advance rate of 3.75 multiplied by the combined net operating income (adjusted for non-recurring items, unusual items, infrequent items and asset impairment charges) of the two resorts securing the facility;

a maximum level of the amount of our total debt equal to 5.75 times our total EBITDA (adjusted for non-recurring items, unusual items, infrequent items, non-cash employee compensation expense and asset impairment charges);

a minimum interest coverage ratio, representing our total EBITDA (adjusted for non-recurring items, unusual items, infrequent items, non-cash employee compensation expense and asset impairment charges) divided by our total interest expense, of 2.0;

a minimum fixed charge coverage ratio, representing our total EBITDA (adjusted for non-recurring items, unusual items, infrequent items, non-cash employee compensation expense and asset impairment charges) divided by our total fixed charges, of 1.5; and

limitations on our ability to pay dividends.

EBITDA as calculated by us is not necessarily comparable to similarly titled measures used by other companies. In addition, EBITDA (a) does not represent net income or cash flows from operations as defined by GAAP; (b) is not necessarily indicative of cash available to fund our cash flow needs; and (c) should not be considered as an alternative to net income, operating income, cash flows from operating activities or our other financial information as determined under GAAP.

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The tables shown below reconcile net loss to EBITDA for the periods presented (dollars in thousands).

	Consolidated Pro Forma	
	Nine Months Ended September 30, 2004	Year Ended December 31, 2003
Net (loss)	\$ (465)	\$ (646)
Adjustments:		
Interest expense, net	4,092	3,173
Income tax expense (benefit)	(310)	(431)
Depreciation and amortization	15,105	15,327
EBITDA	<u>\$ 18,422</u>	<u>\$ 17,423</u>

	Predecessor				
	Nine Months Ended September 30,		Year Ended December 31,		
	2004	2003	2003	2002	2001
Net income (loss)	\$ (4,961)	\$ 1,177	\$ (4,543)	\$ (6,755)	\$ (1,177)
Adjustments:					
Interest expense, net	5,130	4,205	6,542	2,920	3,468
Income tax expense					
Depreciation and amortization	9,569	6,731	10,440	4,169	3,996
EBITDA	<u>\$ 9,738</u>	<u>\$ 12,113</u>	<u>\$ 12,439</u>	<u>\$ 334</u>	<u>\$ 6,287</u>

	Dells/Sandusky				
	Nine Months Ended September 30,		Year Ended December 31,		
	2004	2003	2003	2002	2001
Net income (loss)	\$ 3,167	\$ 4,189	\$ 2,116	\$ 2,822	\$ (2,214)
Adjustments:					
Interest expense, net	3,424	3,502	4,666	4,896	5,086
Income tax expense					
Depreciation and amortization	5,552	5,752	8,090	8,414	8,764
EBITDA	<u>\$ 12,143</u>	<u>\$ 13,443</u>	<u>\$ 14,872</u>	<u>\$ 16,132</u>	<u>\$ 11,636</u>

(5) Includes only the results for our four resorts that were open during the entire period.

(6) As restated see Note 11 to Predecessor's combined financial statements.

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RISK FACTORS

*Investment in our common stock involves risks. You should carefully consider the following risk factors in addition to other information contained in this prospectus before purchasing the common stock offered by this prospectus. The occurrence of any of the following risks might cause you to lose all or part of your investment. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled *Forward-Looking Statements*.*

Risks Related to Our Business

We may not be able to develop new resorts or further develop existing resorts on a timely or cost efficient basis, which would adversely affect our growth strategy.

As part of our growth strategy, we intend to develop additional resorts and to further expand our existing resorts. Development involves substantial risks, including the following risks:

development costs may exceed budgeted or contracted amounts;

delays in completion of construction;

failure to obtain all necessary zoning, land use, occupancy, construction, operating and other required governmental permits and authorizations;

changes in real estate, zoning, land use, environmental and tax laws;

unavailability of financing on favorable terms;

failure of developed properties to achieve desired revenue or profitability levels once opened;

competition for suitable development sites from competitors that may have greater financial resources or risk tolerance than we do; and

the incurrence of substantial costs in the event a development project must be abandoned prior to completion.

In particular, resort construction projects entail significant risks, including shortages of design and construction expertise, materials or skilled labor, unforeseen engineering, environmental or geological problems, work stoppages, weather interference, floods and unanticipated cost increases. There are also a limited number of suppliers and manufacturers of the equipment we use in our indoor waterparks. We may not be able to successfully manage our development to minimize these risks, and there can be no assurance that present or future developments will perform in accordance with our previous developments or our expectations.

We compete with other family vacation travel destinations and resorts.

Our resorts compete with other forms of family vacation travel, including theme, water and amusement parks and other recreational activities. Our business is also subject to factors that affect the recreation and leisure and resort industries generally, such as general economic conditions and changes in consumer spending habits. We believe the principal competitive factors of a family entertainment resort include location, room rates, name recognition, reputation, the uniqueness and perceived quality of the attractions and amenities, the atmosphere and cleanliness of the attractions and amenities, the quality of the lodging accommodations, the quality of the food and beverage service, convenience, service levels and reservation systems.

We anticipate that competition within some of our markets will increase in the foreseeable future. A number of other resort operators are developing family entertainment resorts with indoor waterparks that will compete with some or all of our resorts. In particular, one of our current competitors is constructing a resort in the Sandusky market. We compete for guests and for new development sites with certain of these entities that

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may have greater financial resources than we do and better relationships with lenders and sellers of real estate. These entities may be able to accept more risk than we can prudently manage and may have greater marketing and financial resources. Further, there can be no assurance that new or existing competitors will not significantly reduce their rates or offer greater convenience, services or amenities, significantly expand or improve resorts, including the addition of thrill rides, in markets in which we operate. Such events could materially adversely affect our business and results of operations.

We may not be able to manage our expected growth, which could adversely affect our operating results.

Since 1999, we have experienced substantial growth as we have grown from operating one resort to currently owning and operating five resorts with two additional owned resorts scheduled to open in 2005 and a licensed resort that we will manage scheduled to open in 2006. We intend to continue to develop additional resorts and manage additional licensed resorts owned by third parties. Our anticipated growth could place a strain on our management, employees and operations. Our growth has increased our operating complexity and the level of responsibility for new and existing management. Our ability to compete effectively and to manage our recent and future growth effectively will depend on our ability to implement and improve financial and management information systems on a timely basis and to effect changes in our business, such as implementing internal controls to handle the increased size of our operations and hiring, training, developing and managing an increasing number of experienced management-level and other employees. Unexpected difficulties during expansion, the failure to attract and retain qualified employees or our inability to respond effectively to recent growth or plan for future expansion, could adversely affect our results of operations.

Accidents or injuries in our resorts, particularly in our waterparks, may subject us to liability, and accidents or injuries at our resorts or at competing resorts with waterparks could adversely affect our safety reputation and attendance, which would harm our business, financial condition and results of operations.

There are inherent risks of accidents or injuries at family entertainment resorts, including accidents or injuries at waterparks, particularly for small children if their parents do not provide appropriate supervision. Despite our emphasis on safety, the lifeguards in our indoor waterparks and our other resort staff cannot prevent every accident or injury. Potential waterpark accidents and injuries include falls, cuts or other abrasions, sickness from contaminated water, injuries resulting from equipment malfunctions and drownings. One or more accidents or injuries at any of our waterparks or at other waterparks could reduce attendance at our resorts, adversely affect our safety reputation among our potential customers, decrease our overall occupancy rates and increase our costs by requiring us to take additional measures to make our safety precautions even more visible and effective.

If accidents or injuries occur at any of our resorts, we may be held liable for costs related to the injuries. We maintain insurance of the type and in the amounts that we believe are commercially reasonable and that are available to businesses in our industry, but there can be no assurance that our liability insurance will be adequate or available at all times and in all circumstances to cover any liability for these costs. Our business, financial condition and results of operations would be adversely affected to the extent claims and associated expenses resulting from accidents or injuries exceed our insurance recoveries.

We and our predecessor entities have a history of losses and we may not be able to achieve or sustain profitability.

Our predecessor entities incurred net losses in the nine months ended September 30, 2004 and in each of the three years ended December 31, 2003, 2002 and 2001. In addition, on a pro forma basis, we incurred a net loss for the year ended December 31, 2003 and for the nine months ended September 30, 2004. We cannot guarantee that we will become profitable. Given the increasing competition in our industry and capital intensive

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nature of our business, we may not be able to sustain or increase profitability on a quarterly or annual basis, and our failure to do so would adversely affect our business and financial condition.

Our business is dependent upon family vacation patterns, which may cause fluctuations in our revenues.

Since most families with small children choose to take vacations during school breaks and on weekends, our occupancy is highest on the weekends and during months with prolonged school breaks, such as the summer months and spring break weeks in March and April. Our occupancy is lowest during May and September as children return to school following these prolonged breaks. As a result of these family vacation patterns, our revenues may fluctuate. We may be required to enter into short-term borrowings in slower periods in order to offset such fluctuations in revenues and to fund our anticipated obligations. In addition, adverse events occurring during our peak occupancy periods would have an increased impact on our results of operations.

We may not be able to attract a significant number of customers from our key target markets, which would adversely affect our business, financial condition and results of operations.

Our strategy emphasizes attracting and retaining customers from the local, or drive-to, markets within a convenient driving distance from each of our resorts. Any resorts we develop in the future are similarly likely to be dependent primarily on the markets in the immediate vicinity of such resorts. There can be no assurance that we will be able to continue to attract a sufficient number of customers in our local markets to make our resort operations profitable. If we fail to do so, our business, financial condition and results of operations would be adversely affected.

Because we concentrate in a single industry segment, we may be adversely affected by a downturn in that industry segment.

Our assets and operations are concentrated in a single industry segment family entertainment resorts. Our current strategy is to expand the number of our resorts and improve our existing resorts. Therefore, a downturn in the entertainment, travel or vacation industries, in general, and the family entertainment resort segment, in particular, could have an adverse effect on our business and financial condition.

Changes in consumer spending habits may affect our growth, financial condition and results of operations.

The success of our operations depends to a significant extent upon a number of factors relating to discretionary consumer spending, including economic conditions affecting disposable consumer income such as employment, business conditions, interest rates and taxation. There can be no assurance that consumer spending will not be adversely affected by economic conditions, thereby impacting our growth, financial condition and results of operations.

Increases in operating costs and other expense items could reduce our operating margins and adversely affect our growth, financial condition and results of operations.

Increases in operating costs due to inflation and other factors may not be directly offset by increased room and other revenue. Our most significant operating costs are our labor, energy, insurance and property taxes. Many, and in some cases all, of the factors affecting these costs are beyond our control. These costs represented approximately 38% and 36% of our overall costs for the year ended December 31, 2003 and the nine months ended September 30, 2004, respectively.

Labor is our primary resort-level operating expense. As of December 31, 2004, we employed approximately 1,600 hourly-wage and salaried employees in our resorts. If we face labor shortages or increased labor costs because of increased competition for employees, higher employee turnover rates or increases in the federal

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minimum wage or other employee benefits costs (including costs associated with health insurance coverage), our operating expenses could increase and our growth could be adversely affected. Our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified employees, including resort managers, lifeguards, waterpark maintenance professionals and resort staff, necessary to keep pace with our expansion schedule. The number of qualified individuals needed to fill these positions is in short supply in some areas. Although we have not yet experienced any significant problems in recruiting or retaining employees, any future inability to recruit and retain sufficient individuals may delay the planned openings of new resorts. Competition for qualified employees could also require us to pay higher wages to attract a sufficient number of employees.

Energy costs also account for a significant portion of our total resort-level operating expenses. The price of energy is volatile, and shortages sometimes occur. Significant increases in the cost of energy, or shortages of energy, could interrupt or curtail our operations and lower our operating margins.

The costs for maintaining adequate insurance coverage fluctuate and are generally beyond our control. If insurance rates increase and we are not able to pass along those increased costs to our customers through higher room rates and amenity costs, our operating margins could suffer.

Each of our resorts is subject to real and personal property taxes. The real and personal property taxes on our resorts may increase or decrease as tax rates change and as our resorts are assessed or reassessed by taxing authorities. If property taxes increase and we are unable to pass these increased costs along to our customers through higher room rates and amenity costs, our financial condition and results of operations may be adversely affected.

The covenants in our revolving credit facility impose significant restrictions on us.

The terms of our revolving credit facility impose significant operating and financial restrictions on us and our subsidiaries and require us to meet certain financial tests. These restrictions could also have a negative impact on our business, financial condition and results of operations by significantly limiting or prohibiting us from engaging in certain transactions, including:

incurring or guaranteeing additional indebtedness;

paying dividends or making distributions or certain other restricted payments;

making capital expenditures and other investments;

creating liens on our assets;

issuing or selling capital stock of our subsidiaries;

transferring or selling assets currently held by us;

repurchasing stock and certain indebtedness;

engaging in transactions with affiliates;

entering into any agreements that restrict dividends from our subsidiaries; and

engaging in mergers or consolidations.

The failure to comply with any of these covenants could cause a default under our other debt agreements. Furthermore, our revolving credit facility contains certain financial covenants, including establishing a maximum leverage ratio and requiring us to maintain a minimum interest coverage ratio, which, if not maintained by us, would cause us to be in default under the revolving credit facility. Any of these defaults, if not waived, could result in the acceleration of all of our debt, in which case the debt would become immediately due and payable. If this occurs, we may not be able to repay our debt or borrow sufficient funds to refinance it.

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We may not be able to obtain additional financing on favorable terms, if at all.

We expect that we will require additional financing over time, the amount of which will depend on a number of factors, including the number of resorts we construct, additions to our current resorts and the cash flow generated by our resorts. The terms of any additional financing we may be able to procure are unknown at this time. Our access to third-party sources of capital depends, in part, on:

general market conditions;

the market's perception of our growth potential;

our then-current debt levels;

our then-current and expected future earnings;

our cash flow; and

the market price per share of our common stock.

Any future debt financing or issuances of preferred stock that we may make will be senior to the rights of holders of our common stock, and any future issuances of common stock will result in the dilution of the then-existing stockholders' proportionate equity interest.

Uninsured losses or losses in excess of our insurance coverage could adversely affect our financial condition and our cash flow, and there are a limited number of insurers that will underwrite coverage for resorts with indoor waterparks.

We maintain comprehensive liability, fire, flood (where appropriate) and extended coverage insurance with respect to our resorts with policy specifications, limits and deductibles that we believe are commercially reasonable for our operations and are available to businesses in our industry. Certain types of losses, however, may be either uninsurable or not economically insurable, such as losses due to earthquakes, riots, acts of war or terrorism. Should an uninsured loss occur, we could lose both our investment in, and anticipated profits and cash flow from, a resort. If any such loss is insured, we may be required to pay a significant deductible on any claim for recovery of such a loss prior to our insurer being obligated to reimburse us for the loss or the amount of the loss may exceed our coverage for the loss. In addition, we may not be able to obtain insurance in the future at acceptable rates, or at all, and insurance may not be available to us on favorable terms or at all, including insurance for the construction and development of our resorts, especially since there are a limited number of insurance companies that underwrite insurance for indoor waterparks.

We will be required to make certain capital expenditures to maintain the quality of our resorts, which could adversely affect our financial condition and results of operations.

Our resorts have an ongoing need for renovations and other capital improvements, including periodic replacement of furniture, fixtures and equipment. The cost of such capital improvements could have an adverse effect on our financial condition and results of operations. Such renovations involve certain risks, including the possibility of environmental problems, construction cost overruns and delays, the possibility that we will not have available cash to fund renovations or that financing for renovations will not be available on favorable terms, if at all, uncertainties as to market demand or deterioration in market demand after commencement of renovation and the emergence of unanticipated competition from other entities. If we are unable to meet our capital expenditure needs, we may not be able to maintain the quality of our resorts.

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We may not be able to adequately protect our intellectual property, which could harm the value of our brands and adversely affect our business.

The success of our resorts depends in part on our brands, logos and branded merchandise. We rely on a combination of trademarks, copyrights, service marks, trade secrets and similar intellectual property rights to protect our brands, logos, branded merchandise and other intellectual property. The success of our growth strategy depends on our continued ability to use our existing trademarks and service marks in order to increase brand awareness and further develop our brand in both domestic and international markets. We also use our trademarks and other intellectual property on the Internet. If our efforts to protect our intellectual property are not adequate, or if any third party misappropriates or infringes on our intellectual property, either in print or on the Internet, the value of our brands may be harmed, which could have a material adverse effect on our business, including the failure of our brands, logos and branded merchandise to achieve and maintain market acceptance.

We have licensed our Great Wolf Lodge brand and intend to further license the brand in international markets. While we try to ensure that the quality of our brand is maintained by our current licensee, and will be maintained by any future licensees, we cannot assure you that these licensees will not take actions that adversely affect the value of our intellectual property or reputation.

We have registered certain trademarks and have other trademark registrations pending in the United States and foreign jurisdictions. There is no guarantee that our trademark applications will be granted. In addition, the trademarks that we currently use have not been registered in all of the countries in which we do, or intend to do, business and may never be registered in all of these countries. We cannot assure you that we will be able to adequately protect our trademarks or that our use of these trademarks will not result in liability for trademark infringement, trademark dilution or unfair competition.

We cannot assure you that all of the steps we have taken to protect our intellectual property in the United States and foreign countries will be adequate. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the United States.

Our operations may be adversely affected by extreme weather conditions and the impact of disasters.

We currently operate, and in the future intend to operate, our resorts in a number of different markets, each of which is subject to local weather patterns and their effects on our resorts, especially our guests' ability to travel to our resorts. Extreme weather conditions can from time to time have an adverse impact upon individual resorts or particular regions. Our resorts are also vulnerable to the effects of destructive forces, such as fire, storms, high winds and flooding and any other occurrence that could affect the supply of water or electricity to our resorts. Although our resorts are insured against property damage, damages resulting from acts of God or otherwise may exceed the limits of our insurance coverage or be outside the scope of that coverage.

Compliance with the Americans with Disabilities Act and other governmental regulations and changes in governmental rules and regulations may adversely affect our financial condition and results of operations.

Under the Americans with Disabilities Act of 1990, or the ADA, all public accommodations are required to meet certain federal requirements related to access and use by disabled persons. While we believe that our resorts are substantially in compliance with these requirements, we have not conducted an audit or investigation of all of our resorts to determine our compliance. A determination that we are not in compliance with the ADA could result in the imposition of fines or an award of damages to private litigants. We cannot predict the ultimate cost of compliance with the ADA.

The resort industry is also subject to numerous federal, state and local governmental regulations including those related to building and zoning requirements, and we are subject to laws governing our relationship with our employees, including minimum wage requirements, overtime, working conditions and work permit

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requirements. In addition, changes in governmental rules and regulations or enforcement policies affecting the use and operation of our resorts, including changes to building codes and fire and life safety codes, may occur. If we were required to make substantial modifications at our resorts to comply with the ADA, other governmental regulations or changes in governmental rules and regulations, our financial condition and results of operations could be adversely affected.

The illiquidity of real estate may make it difficult for us to dispose of one or more of our resorts.

We may from time to time decide to dispose of one or more of our real estate assets. Because real estate holdings generally, and family entertainment resorts like ours in particular, are relatively illiquid, we may not be able to dispose of one or more real estate assets on a timely basis or at a favorable price. The illiquidity of our real estate assets could mean that we continue to operate a facility that management has identified for disposition. Failure to dispose of a real estate asset in a timely fashion, or at all, could adversely affect our business, financial condition and results of operations.

We face possible liability for environmental cleanup costs and damages for contamination related to our properties, which could adversely affect our business, financial condition and results of operations.

Our operations and properties are subject to federal, state and local laws and regulations relating to the protection of the environment, natural resources and worker health and safety, including laws and regulations governing and creating liability relating to the management, storage and disposal of hazardous substances and other regulated materials. Our properties are also subject to various environmental laws and regulations that govern certain aspects of our on-going operations. These laws and regulations control such things as the nature and volume of our wastewater discharges, quality of our water supply and our waste management practices. The costs of complying with these requirements, as they now exist or may be altered in the future, could adversely affect our financial condition and results of operations.

Because we own and operate real property, various federal, state and local laws may impose liability on us for the costs of removing or remediating various hazardous substances, including substances that may be currently unknown to us, that may have been released on or in our property or disposed by us at third-party locations. The principal federal laws relating to environmental contamination and associated liabilities that could affect us are the Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation and Liability Act; state and local governments have also adopted separate but similar environmental laws and regulations that vary from state to state and locality to locality. These laws may impose liability jointly and severally, without regard to fault and whether or not we knew of or caused the release. The presence of hazardous substances on a property or the failure to meet environmental regulatory requirements may materially adversely affect our ability to use or sell the property, or to use the property as collateral for borrowing, and may cause us to incur substantial remediation or compliance costs. In addition, if hazardous substances are located on or released from one of our properties, we could incur substantial liabilities through a private party personal injury claim, a claim by an adjacent property owner for property damage or a claim by a governmental entity for other damages, such as natural resource damages. This liability may be imposed on us under environmental laws or common-law principles.

We obtain environmental assessment reports on the properties we own or operate as we deem appropriate. These reports have not revealed any environmental liability or compliance concerns that we believe would materially adversely affect our financial condition or results of operations. However, the environmental assessments that we have undertaken might not have revealed all potential environmental liabilities or claims for such liabilities. It is also possible that future laws, ordinances or regulations or changed interpretations of existing laws and regulations will impose material environmental liability or compliance costs on us, that the current environmental conditions of properties we own or operate will be affected by other properties in the vicinity or by the actions of third parties unrelated to us or that our guests could introduce hazardous or toxic

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substances into the resorts we own or manage without our knowledge and expose us to liability under federal or state environmental laws. The costs of defending these claims, complying with as yet unidentified requirements, conducting this environmental remediation or responding to such changed conditions could adversely affect our financial condition and results of operations.

Some of our resort properties may have contained, or are adjacent to or near other properties that have contained or currently contain underground storage tanks for the storage of petroleum products or other hazardous or toxic substances. If hazardous or toxic substances were released from these tanks, we could incur significant costs or, with respect to tanks on our property, be liable to third parties with respect to the releases.

On occasion, we may elect to develop properties that have had a history of industrial activities and/or historical environmental contamination. Where such opportunities arise, we engage third-party experts to evaluate the extent of contamination, the scope of any needed environmental clean-up work, and available measures (such as creation of barriers over residual contamination and deed restrictions prohibiting groundwater use or disturbance of the soil) for ensuring that planned development and future property uses will not present unacceptable human health or environmental risks or exposure to liabilities. If those environmental assessments indicate that the development opportunities are acceptable, we also work with appropriate governmental agencies and obtain their approvals of planned site clean-up, development activities and the proposed future property uses. We have followed that process in connection with the development of our Blue Harbor Resort in Sheboygan, Wisconsin where the City of Sheboygan has arranged for environmental clean-up work and ongoing groundwater monitoring and we have agreed to the use of a barrier preventing contact with residual contamination and implementation of a deed restriction limiting site activities. To our knowledge, our work at our Sheboygan resort has been conducted in accordance with requirements imposed by the Wisconsin Department of Natural Resources. Based on these efforts, we are not aware of any environmental liability or compliance concerns at our Sheboygan resort that we believe would materially adversely affect our financial conditions or results of operations. It is possible, however, that our efforts have not identified all environmental conditions at the property or that environmental conditions and liabilities associated with the property could change in the future.

Future acquisitions of properties subject to environmental requirements or affected by environmental contamination could require us to incur substantial costs relating to such matters. In addition, environmental laws, regulations, wetlands, endangered species and other land use and natural resource issues affecting either currently owned properties or sites identified as possible future acquisitions may increase costs associated with future site development and construction activities or business or expansion opportunities, prevent, delay, alter or interfere with such plans or otherwise adversely affect such plans.

Regulation of the marketing and sale of condominiums, including a prior offer of condominiums at our Blue Harbor Resort, could adversely affect our business.

Our marketing and sales of condominium units are subject to extensive regulation by the federal government and the states in which our condominiums are marketed and sold. On a federal level, the Federal Trade Commission Act prohibits unfair or deceptive acts or competition in interstate commerce. Other federal legislation to which we are or may be subject includes the Interstate Land Sales Full Disclosure Act, the Real Estate Settlement Practices Act and the Fair Housing Act. In addition, many states have adopted specific laws and regulations regarding the sale of condominiums. For example, certain state laws grant the purchaser the right to cancel a contract of purchase within a specified period following the earlier of the date the contract was signed or the date the purchaser has received the last of the documents required to be provided by the seller. No assurance can be given that the cost of qualifying under condominium regulations in all jurisdictions in which we desire to conduct sales will not be significant. The failure to comply with such laws or regulations could adversely affect our business, financial condition and results of operations.

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There can be no assurance that prior or future sales of our condominium units will not be considered offers or sales of securities under federal law or the state law in the states where we desire to, or do, conduct sales or in which our properties are located. If such interests were considered to be securities, we would be required to comply with applicable state and federal securities laws, including laws pertaining to registration or qualification of securities, licensing of salespeople and other matters. There can be no assurance that we will be able to comply with the applicable state and federal securities requirements, and if the offers or sales of our condominium units are deemed to be offers or sales of securities, such a determination may create liabilities or contingencies that could have an adverse effect on our operations, including possible rescission rights relating to the units that have been sold, which, if exercised, could result in losses and would adversely affect our business, financial condition and results of operations.

In particular, it is possible that the prior offer of condominiums at our Sheboygan resort by Blue Harbor Resort Condominium, LLC, a former subsidiary of Great Lakes that we refer to as Condo LLC, may not have been in compliance with federal and state securities laws. Prior to the initial public offering and the completion of the formation transactions, interests in Condo LLC held by Great Lakes were distributed to Great Lakes shareholders. We did not acquire Condo LLC as a part of the formation transactions. Although Condo LLC has taken steps to correct any potential securities laws issues in connection with these offers, we cannot assure you that we would not be held liable to some extent for the offers made by Condo LLC or that the indemnification obligations of the Great Lakes principals to us would be sufficient to cover any such liabilities.

Certain of our existing stockholders exercise considerable influence over the company.

As of the date of this prospectus, Messrs. Lund, Neviasser, Sather, Stark and Vaccaro and Ms. Schaefer, the founding shareholders of Great Lakes, beneficially own approximately 25.1% of the outstanding shares of our common stock and, together with our other executive officers and directors as a group, beneficially own approximately 27.1% of the outstanding shares of our common stock. By reason of such holdings, these stockholders acting as a group will be able to exercise significant influence over our affairs and policies, including the election of our board of directors and matters submitted to a vote of our stockholders such as mergers and significant asset sales, and their interests might not be consistent with the interests of other stockholders.

There were no arm's-length negotiations with respect to the terms of the formation transactions.

There were no arm's-length negotiations with the owners of our predecessor companies with respect to terms of the formation transactions. The agreements entered into with the owners of our predecessor companies may contain provisions that are less favorable to us than those found in similar agreements negotiated at arm's length. In particular, the founding shareholders of our predecessor companies had significant control over the representations and warranties made to us in the formation transaction agreements, as well as the representations and warranties and indemnity cap in their indemnity agreements. In addition, the founding shareholders, who had significant influence in structuring the formation transactions, had pre-existing ownership interests in resorts and received substantial economic benefits as a result of the formation transactions. Further, in the course of structuring the formation transactions, such founding shareholders had the ability to influence the type and level of benefits that they and our other executive officers will receive from us.

We may have assumed unknown liabilities in connection with the formation transactions.

As part of the formation transactions, we acquired our predecessor companies subject to existing liabilities, some of which may have been unknown at the time of the closing thereof. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims of vendors or other persons dealing with the entities prior to the closing of the formation transactions (that had not been asserted or threatened prior thereto), tax liabilities and accrued but unpaid liabilities incurred in the ordinary course of

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business. The founding shareholders of our predecessor companies agreed to indemnify us with respect to claims for breaches of representations and warranties brought by us within one year following the completion of the initial public offering and the formation transactions, subject to certain limitations. Many liabilities may not be identified within the one-year period and we may have no recourse against the founding shareholders or these entities for such liabilities.

With respect to each shareholder, the maximum indemnification obligation under these agreements will not exceed 35% of the value of the shares of our common stock received by that shareholder in the formation transactions based on the initial public offering price of \$17.00 per share. The maximum amount of the indemnification obligations under these agreements equals approximately \$45.2 million in the aggregate. To the extent required, these shareholders may fulfill the indemnity obligations under the agreements solely through delivery of shares of common stock that they own, valued at the time of delivery, or an equivalent amount of cash. However, if any of these shareholders chooses to fulfill the indemnity obligation under the agreement through the delivery of shares, the maximum number of shares such shareholder will be obligated to deliver is 35% of the number of shares such shareholder received in the formation transactions. As a result, there may be a significant shortfall in relation to the actual costs incurred from the indemnifiable event for which we will have no recourse against these shareholders. Three of the founding shareholders received personal loans that are secured by a pledge of all the shares of our common stock received by each such shareholder in the formation transactions. Accordingly, as these shares may not be available to the founding shareholders, the founding shareholders may be required to satisfy any indemnification obligations under these agreements in cash. There is no assurance that the founding shareholders will have adequate cash resources to satisfy their indemnification obligations under these agreements if necessary.

We may issue partnership interests in the future that may be dilutive to, and may have preferential rights over, our common stockholders.

We have formed a wholly owned operating partnership to serve as the parent entity of each of the surviving resort-owning entities. We are the limited partner of the partnership and the sole general partner of the partnership is a new wholly owned subsidiary that we have formed for that purpose. We formed the operating partnership to provide flexibility for future transactions as we execute our growth strategy. We believe that the ability to issue partnership units will enable us to acquire assets from sellers seeking certain tax treatment. While we do not anticipate issuing any interests in the operating partnership in the foreseeable future, we may issue such interests in the future. These additional interests may include preferred limited partnership units. Any partnership interests that we issue may be entitled to distributions of available cash that might otherwise be allocated to the execution of our business plan or generally available for future dividends, if any. In addition, any partnership interests may be convertible into our common stock, thus having a dilutive impact to our common stockholders, and may have voting or other preferential rights relative to those of our common stockholders.

Risks Related to this Offering

Our stock price may be volatile, and you could lose all or part of your investment.

On December 20, 2004, we completed the initial public offering. Trading markets shortly after an initial public offering have been extremely volatile. The following factors could cause the price of our common stock in the public market to fluctuate significantly:

variations in our quarterly operating results;

changes in market valuations of companies in the resort industry, generally, and the family entertainment resort segment, specifically;

fluctuations in stock market prices and volumes;

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issuances of common stock or other securities in the future;

the addition or departure of key personnel; and

announcements by us or our competitors of new properties, acquisitions or joint ventures.

Volatility in the market price of our common stock may prevent investors from being able to sell their common stock at or above our initial public offering price or the price an investor pays for our common stock in this offering. In the past, class action litigation has often been brought against companies following periods of volatility in the market price of those companies' common stock. We may become involved in this type of litigation in the future. Litigation is often expensive and diverts management's attention and company resources and could have a material adverse effect on our business, financial condition and operating results.

The sale of a substantial number of shares of our common stock may cause the market price of our common stock to decline.

As of the date of this prospectus, we have outstanding 30,262,308 shares of common stock. Of these shares, the 16,100,000 shares sold in the initial public offering are freely tradable. The 14,032,896 shares issued in connection with our formation transactions and to which the registration statement of which this prospectus constitutes a part relates are subject to lock-up provisions in our bylaws that prohibit the sale of any shares for a period of 180 days after the date of the initial public offering without the prior written consent of our board of directors or chief executive officer. Subject to certain restrictions, after the end of the lock-up period and following the effectiveness of this registration statement, all of these shares are freely tradable. If our stockholders sell substantial amounts of shares of common stock in the public market, including the shares issued in connection with our formation transactions registered hereby, or upon the exercise of outstanding options, or if the market perceives that these sales could occur, the market price of our common stock could decline. These sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate, or to use equity as consideration for future acquisitions.

Provisions in our certificate of incorporation, bylaws, employment agreements and Delaware law have anti-takeover effects that could prevent a change in control that could be beneficial to our stockholders, which could depress the market price of our common stock.

Our certificate of incorporation, bylaws, employment agreements and Delaware corporate law contain provisions that could delay, defer, increase the costs of or prevent a change in control of us or our management that could be beneficial to our stockholders. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors and take other corporate actions. As a result, these provisions could limit the price that investors are willing to pay in the future for shares of our common stock. These provisions might also discourage a potential acquisition proposal or tender offer, even if the acquisition proposal or tender offer is at a price above the then current market price for our common stock. These provisions:

authorize our board of directors to issue blank check preferred stock and determine the powers, preferences and privileges of those shares without prior stockholder approval;

prohibit the right of our stockholders to act by written consent;

limit the calling of special meetings of stockholders;

impose a requirement that holders of 50% of the outstanding shares of common stock are required to amend the provisions relating to actions by written consent of stockholders and the limitations of calling special meetings; and

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provide for payments to certain of our executive officers upon termination of employment within certain time periods before or after a change of control.

FORWARD-LOOKING STATEMENTS

Certain information included in this prospectus contains, and other materials filed or to be filed by us with the Securities and Exchange Commission, or the SEC, contain or will contain, forward-looking statements. All statements, other than statements of historical facts, including, among others, statements regarding our future financial position, business strategy, projected levels of growth, projected costs and projected financing needs, are forward-looking statements. Those statements include statements regarding the intent, belief or current expectations of Great Wolf Resorts, Inc. and members of our management team, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as may, will, seeks, anticipates, believes, estimates, expects, plans, intends, should or shall. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that actual results may differ materially from those contemplated by such forward-looking statements. Important factors currently known to our management that could cause actual results to differ materially from those in forward-looking statements include those set forth above under the section entitled Risk Factors.

We believe these forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations. All written and oral forward-looking statements attributable to us or persons acting on our behalf are qualified in their entirety by these cautionary statements. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time unless required by law.

STRUCTURE AND FORMATION OF OUR COMPANY

Formation Transactions

Each of the five existing resorts and the two resorts under construction that are owned and operated by us were, prior to the consummation of the initial public offering and the formation transactions, owned by a separate limited liability company. We refer to these limited liability companies as resort-owning entities. One member in each of these resort-owning entities was a separate limited liability company of which the management company was the managing member or manager. We refer to these entities as sponsor entities. In addition, investors had an ownership interest in the resort-owning entity of our Sandusky resort through a limited liability company that we refer to as Sandusky Investor LLC.

Pursuant to the formation transactions, among other things:

The management company contributed its hotel management and multifamily housing management and development assets, which were unrelated to the resort business, to two subsidiaries of the management company and then distributed the interests in such subsidiaries to the former shareholders of the management company.

We sold an aggregate of 16,100,000 shares of our common stock in the initial public offering, and we used the net proceeds from the initial public offering to accomplish the steps listed below and also to (1) pay an aggregate of \$98.1 million of the cash consideration in connection with the formation transactions; (2) repay certain indebtedness existing prior to the closing of the initial public offering and the formation transactions in the aggregate amount of approximately \$76.0 million; and (3) fund \$75.4 million of our future resort development costs.

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We effected, through GWR Operating Partnership, L.L.L.P., our wholly owned operating partnership, the acquisition of each resort-owning entity, sponsor entity, Sandusky Investor LLC and the management company.

Pursuant to these acquisitions, members of the resort-owning entities, sponsor entities and Sandusky Investor LLC received cash, unregistered shares of our common stock or a combination of cash and unregistered shares of our common stock. Also, shareholders of the management company received unregistered shares of our common stock pursuant to the merger of the management company with and into Great Lakes Services, LLC, a wholly owned subsidiary of the operating partnership, which we refer to as Great Lakes Services.

We issued an aggregate of 130,949 shares of unregistered common stock to holders of tenant in common interests in our Poconos and Williamsburg resorts that are convertible into our common stock.

Concurrently with the consummation of the initial public offering and the formation transactions, we:

repaid an aggregate of approximately \$76.0 million of Great Lakes mortgage indebtedness on two of our resorts from the net proceeds of the initial public offering;

refinanced existing mortgage indebtedness on two of our resorts with a total outstanding debt balance at September 30, 2004 of approximately \$72.4 million; and

entered into a \$75.0 million revolving credit facility that is secured by two of our resorts. Based upon the financial and debt service ratios that are contained in the revolving credit facility, as of the date of this prospectus, approximately \$55.0 million of the revolving credit facility is available. As of the date of this prospectus, we have not drawn any amounts under this facility. We expect to use the revolving credit facility to fund our future growth and resort development, to provide for working capital and for other corporate purposes.

The former employees of the management company, other than those associated solely with the non-resort businesses, became employees of Great Lakes Services.

Messrs. Lund, Neviasser, Sather, Stark and Vaccaro and Ms. Schaefer, each of whom was a shareholder of the management company, entered into indemnity agreements with us pursuant to which they have made certain representations and warranties to us relating to the formation transactions and the status of the properties operated by the resort-owning entities. Pursuant to these indemnity agreements, these shareholders have agreed to indemnify us for a period of one year following the closing of the formation transactions if those representations and warranties are not accurate. These representations relate, among other things, to the following matters concerning Great Lakes:

capital structure as of the time of the formation transactions;

compliance with laws and possession of required authorizations;

possession of all required consents and approvals;

no breach of organizational documents or material agreements;

no material tax dispute or claim;

no payment of brokers or finders fees;

no bankruptcy events;

no material legal proceedings;

reasonable insurance coverage for properties;

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liens and options and rights with respect to underlying properties;

no labor disputes or unfair labor practices;

ownership of real property and improvements thereto;

no material environmental liabilities;

no material defect in the condition of the properties;

accuracy of financial statements;

no material undisclosed liabilities, contracts or obligations;

no damage or loss to its underlying properties in excess of \$1 million; and

ownership of intellectual property rights.

In addition, these shareholders have agreed to indemnify us for a period of one year against liabilities or obligations relating to claims asserted under federal or state securities laws arising out of the offer or sale of condominiums on or before the closing of the formation transactions by the management company or any affiliated entity of the management company. With respect to each shareholder, the maximum indemnification obligation under these agreements will not exceed 35% of the value of the number of shares of our common stock received by that shareholder in the formation transactions based on the initial public offering price of \$17.00 per share. The maximum amount of the indemnification obligations under these agreements equals approximately \$45.2 million in the aggregate. These shareholders may fulfill the indemnity obligations under the agreements solely through the delivery of shares of our common stock that they own, valued at the time of delivery, or with an equivalent amount of cash. However, if any of these shareholders chooses to fulfill the indemnity obligations under the agreement through the delivery of shares, the maximum number of shares such shareholder will be obligated to deliver is 35% of the number of shares such shareholder received in the formation transactions.

Immediately following the completion of the initial public offering, Messrs. Lund, Neviasser and Sather received personal loans from an affiliate of Citigroup Global Markets Inc. (which served as the lead underwriter in connection with the initial public offering). These loans are full-recourse and are secured by a pledge of all the shares of our common stock received by each in the formation transactions. While some of these shares may be released from the pledge over time, they may not be available as an alternative means to satisfy an indemnification obligation under the agreements.

In addition, GWR Operating Partnership, L.L.P. serves as the parent entity of each of the surviving resort-owning entities. In an effort to minimize our exposure to possible liability arising from our resort properties, we serve as the limited partner of the partnership and a wholly owned subsidiary, GWR OP General Partner, LLC, serves as the general partner of the partnership. We formed the operating partnership to provide flexibility for future transactions as we execute our growth strategy, in particular the flexibility to enter into transactions for the acquisition of property or assets where there may be tax or other advantages to the sellers of those properties or assets if we issue units in the operating partnership as consideration rather than shares of our common stock. We have not issued any interests in the operating partnership, other than interests issued to us and to GWR OP General Partner, LLC.

Consequences of the Initial Public Offering and the Formation Transactions

At the completion of the initial public offering and the formation transactions:

We directly or indirectly own a fee simple interest in all of our resorts, except for a leasehold interest in our Sheboygan resort. We also are the licensor and manager of a Great Wolf Lodge resort in Niagara Falls, Ontario owned by Ripley's that is currently under construction.

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Purchasers of our common stock in the initial public offering own approximately 53.2% of our outstanding common stock.

We had incurred approximately \$18.0 million of indebtedness in connection with our Williamsburg and Pocono Mountains resort developments between September 30, 2004 and the completion of the initial public offering, in addition to approximately \$123.1 million of total pro forma indebtedness we had outstanding at September 30, 2004.

Benefits to Related Parties

In connection with the formation transactions, the shareholders of the management company received material benefits, including:

an aggregate of 8,087,151 unregistered shares of our common stock as consideration in the formation mergers; and

the release of personal guarantees to repay approximately \$167.1 million of indebtedness relating to the resort- owning entities.

Approximately \$76.0 million of this indebtedness was repaid with the proceeds of the initial public offering, approximately \$72.4 million was refinanced and the remaining portion was assumed by us in connection with the formation transactions.

As of the date of this prospectus, the founding shareholders of Great Lakes beneficially own approximately 25.1% of the outstanding shares of our common stock.

The former shareholders of Great Lakes currently hold the following positions with us:

John Emery	Chief Executive Officer and Director
Eric S. Lund	Executive Vice President of Sales and Marketing
Bruce D. Neviasser	Chairman of the Board
Kimberly K. Schaefer	Chief Brand Officer
Craig A. Stark	President and Director
Marc B. Vaccaro	Director
Thomas W. Sather	Mr. Sather does not hold a position with us, but holds approximately 2.6% of our shares.

Prior to the formation transactions, these shareholders exercised managerial control over most of the resort-owning entities and the sponsor entities and had significant voting control over such entities.

In addition, pursuant to their current employment arrangements, three members of our management received approximately \$2.3 million of bonus payments in the form of lump sum cash payments effective upon the completion of the initial public offering. Approximately \$2.2 million of these bonus payments were made to members of management who have joined the company in the last year. These bonuses were offered to enable us to attract these executives and to incentivize them to successfully complete the initial public offering. Approximately \$2.2 million of these bonus payments were deferred pursuant to our deferred compensation plan. Pursuant to elections by these members of management to have these bonus payments track the performance of our common stock, we contributed 129,412 shares of our common stock (based on the initial public offering price of \$17.00 per share) to a trust that holds assets to pay obligations under our deferred compensation plan. These deferred bonuses will be deemed to be investments in shares of our common stock. As a result, the amount of cash ultimately paid from the deferred bonuses will increase and decrease as the price of our common stock increases and decreases.

Immediately following the completion of the initial public offering, loans in an aggregate amount equal to \$11.5 million were made by an affiliate of Citigroup Global Markets Inc. (which served as lead underwriter in connection with the initial public offering) to certain founders of Great Lakes, including a loan of \$6.5 million

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to Mr. Neviasek, a loan of \$3.5 million to Mr. Lund, and a loan of \$1.5 million to Mr. Sather. These loans are two-year revolving commitments with principal due at maturity. However, Mr. Neviasek's and Mr. Lund's loans are subject to mandatory partial prepayment on or before the date that is seven months after the closing of the loan facility if borrowings are over a specified amount. Interest, payable monthly, accrues under the loans at the prime interest rate. These loans are full-recourse to each borrower and are directly secured by a pledge of all of the shares of our common stock received by each borrower in the formation transactions. Because we do not intend to pay dividends on our common stock, these individuals entered into these loans for personal liquidity purposes. These purposes may include the repayment or refinancing of indebtedness previously incurred by these individuals in connection with their investments in Great Lakes, tax payment obligations and general working capital purposes since they no longer receive distributions that were paid on their Great Lakes investments.

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USE OF PROCEEDS

All of the shares offered hereby are being offered by the selling stockholders. We will not receive any proceeds from the offering.

MARKET PRICE INFORMATION

Our common stock trades on the Nasdaq National Market under the symbol WOLF. The following table sets forth the high and low sales price of our common stock on the Nasdaq National Market for the periods presented. Our common stock began trading on the Nasdaq National Market on December 15, 2004.

Period	High	Low
<i>2005</i>		
First Quarter*	\$22.50	\$20.07
<i>2004</i>		
Fourth Quarter	\$23.00	\$18.65

* Through February 9, 2005.

As of January 20, 2005, there were 508 record holders of our common stock. On February 9, 2005, the last reported sales price of our common stock on the Nasdaq National Market was \$21.28.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock, and we do not anticipate paying cash dividends in the foreseeable future. We are prohibited from paying cash dividends under covenants contained in the credit facility. We currently intend to retain our earnings, if any, for future growth. Future dividends on our common stock, if any, will be at the discretion of our board of directors and will depend on, among other things, our operations, capital requirements and surplus, general financial condition, contractual restrictions and such other factors as our board of directors may deem relevant.

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The following table sets forth Predecessor's historical and our pro forma short-term debt and capitalization as of September 30, 2004. Our pro forma short-term debt and capitalization assumes the completion of the formation transactions, the issuance of 16,100,000 shares of our common stock in the initial public offering at the public offering price of \$17.00 per share and the application of the net proceeds therefrom to:

pay an aggregate of \$98.1 million of the cash consideration in connection with our formation transactions;

repay certain indebtedness existing prior to the closing of the initial public offering and the formation transactions in the aggregate amount of approximately \$76.0 million; and

fund \$75.4 million of our future resort development costs.

You should read the capitalization table together with the sections of this prospectus entitled "Use of Proceeds," "Selected Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and the related notes included elsewhere in this prospectus.

	September 30, 2004	
	Predecessor Historical	Company Pro Forma
	(in thousands)	
Short-term debt	\$ 6,921	\$ 462
Long-term debt	131,956	122,593(1)
Minority interests	2,594	
Stockholders' equity (Company pro forma):		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized; no shares issued and outstanding		
Common stock, \$0.01 par value, 250,000,000 shares authorized; 30,262,308 shares issued and outstanding		303
Additional paid-in capital		387,927
Members' equity (Predecessor historical):		
Accumulated deficit	(2,876)	
Treasury stock	(824)	
Members' equity of combined entities	42,970	
Total members' /stockholders' equity	39,270	388,230
Total capitalization	\$ 180,741	\$ 511,285

(1) Includes \$8,063 of fixed rate debt recognized as a liability related to certain bonds issued by the City of Sheboygan and \$3,985 of fixed rate debt recognized as a liability related to a loan from the City of Sheboygan. These liabilities will be satisfied by certain future maximum guaranteed amounts of real and personal property tax payments and room tax payments to be made by our Sheboygan resort.

The pro forma number of shares outstanding excludes the following:

1,656,300 shares reserved for issuance upon exercise of options that were granted pursuant to our 2004 Incentive Stock Plan upon consummation of the initial public offering; and

1,722,920 additional shares that are reserved for future issuance under our 2004 Incentive Stock Plan.

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SELECTED FINANCIAL AND OTHER DATA

The following table sets forth selected financial and operating data on a historical basis for Great Lakes. Historical financial and other data related to Great Lakes consists of the following:

combined historical financial information for (1) Great Lakes management business, including development of, ownership interests in, and management contracts with respect to, certain non-resort hotels and multifamily housing assets, (2) the entities that own our Traverse City, Kansas City and Sheboygan operating resorts and (3) the entities that own our Williamsburg and Pocono Mountains resorts that are under construction (the Predecessor Historical Information); and

combined historical financial information for the entities that own our Wisconsin Dells and Sandusky resorts (the Dells/Sandusky Historical Information).

Although we were the managing member with responsibility for day-to-day operations with respect to the entities that own our Wisconsin Dells and Sandusky resorts, another party controlled those entities. Therefore, we do not combine the Dells/Sandusky Historical Information with the Predecessor Historical Information.

We have not presented historical information for Great Wolf Resorts, Inc. in this table because we did not have any operations between our formation and September 30, 2004 and because we believe that a discussion of the results of Great Wolf Resorts, Inc. would not be meaningful. We have included audited consolidated historical financial statements for Great Wolf Resorts, Inc. elsewhere in this prospectus.

The selected Predecessor Historical Information as of September 30, 2004 and December 31, 2003 and 2002 and for the nine months ended September 30, 2004 and for each of the three years in the period ended December 31, 2003 are derived from, and are qualified in their entirety by, the Great Lakes Predecessor financial statements audited by Deloitte & Touche LLP, an independent registered public accounting firm whose report with respect thereto is included elsewhere in this prospectus. The selected Dells/Sandusky Historical Information as of December 31, 2003 and 2002 and for each of the three years in the period ended December 31, 2003 are derived from, and are qualified in their entirety by, the Dells/Sandusky financial statements audited by Rubin, Brown, Gornstein & Co. LLP, an independent registered public accounting firm, whose report with respect thereto is included elsewhere in this prospectus. The selected Predecessor Historical financial and operating data as of December 31, 2001, for the nine months ended September 30, 2003 and for each of the two years in the period ended December 31, 2000 and Dells/Sandusky financial and operating data as of December 31, 2001, 2000 and 1999, for each of the two years in the period ended December 31, 2000, as of September 30, 2004 and for the nine months ended September 30, 2004 and 2003 are derived from, and are qualified in their entirety by, the unaudited Great Lakes Predecessor and Dells/Sandusky Historical financial statements. In the opinion of management, such unaudited financial data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for those periods. Historical results are not necessarily indicative of the results to be expected in the future. You should read the following selected financial and other data together with Business, Management's Discussion and Analysis of Financial Condition and Results of Operations and the Great Lakes Predecessor and Dells/Sandusky financial statements and related notes appearing elsewhere in this prospectus.

The unaudited summary pro forma financial and operating data for the year ended December 31, 2003 and the nine months ended September 30, 2004 have been prepared to give pro forma effect to the initial public offering and the formation transactions as if they had occurred on January 1, 2003. The unaudited pro forma balance sheet data at September 30, 2004 has been prepared to give effect to the initial public offering and the formation transactions as if they had occurred on September 30, 2004. The unaudited summary combined pro forma financial data are for informational purposes only and should not be considered indicative of actual results that would have been achieved had the initial public offering and the formation transactions actually been consummated on January 1, 2003 and do not purport to indicate results of operations as of any future date or for any future period. You should read the summary combined pro forma data in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the Great Lakes Predecessor and Dells/Sandusky financial statements and related notes appearing elsewhere in this prospectus.

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Year Ended December 31,

	2003		2002		2001		2000		1999		
	Consolidated Pro Forma	Predecessor(1)(5)	Dells/ Sandusky	Predecessor	Dells/ Sandusky	Predecessor	Dells/ Sandusky	Predecessor	Dells/ Sandusky	Predecessor	Dells/ Sandusky
(dollars in thousands, except per share amounts)											
Statement of Operations:											
Revenues:											
Rooms	\$47,973	\$20,231	\$29,172	\$1,454	\$28,995	\$1,619	\$25,650	\$1,781	\$15,627	\$1,786	\$1,605
Food, beverage and other	20,947	9,580	11,546	234	11,432	482	8,988	173	4,811	114	632
Management and other fees		3,109		3,329		3,022		4,070		4,038	
Other revenue from managed properties(2)		14,904		14,808		13,286		9,456		5,556	
Total revenues	68,920	47,824	40,718	19,825	40,427	18,409	34,638	15,480	20,438	11,494	2,237
Operating expenses:											
Departmental expenses											
Rooms	7,576	3,591	4,311	321	4,453	356	4,011	385	2,503	332	299
Food, beverage and other	17,589	8,722	9,009	144	9,043	153	7,500	150	4,120	145	581
Other operating expenses:											
Selling, general and administrative	16,080	11,706	7,557	4,356	6,542	4,056	7,629	5,384	2,091	3,963	410
Property operating costs	10,252	5,671	4,969	901	4,257	275	3,862	255	2,499	257	278
Depreciation and amortization	15,327	8,045	8,090	602	8,414	531	8,764	326	5,363	518	912
Other expenses from managed properties(2)		14,904		14,808		13,286		9,456		5,556	
Total operating expenses	66,824	52,639	33,936	21,132	32,709	18,657	31,766	15,956	16,576	10,771	2,480
Operating income (loss)	2,096	(4,815)	6,782	(1,307)	7,718	(248)	2,872	(476)	3,862	723	(243)
Interest income	(145)	(55)	(152)	(89)	(159)	(77)	(230)		(227)	(4)	
Interest expense	3,318	4,758	4,818	560	5,055	792	5,316	1,062	3,711	903	548
(Gain) loss on sale of real estate				13		(96)		(11)		36	
Interest on mandatorily redeemable shares		(3,136)		4,479		390					
Distributions in excess of minority interest				53							

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capital											
Minority interests		425		89		(669)		149			
Income (loss) before income taxes	(1,077)	(6,807)	2,116	(6,412)	2,822	(588)	(2,214)	(1,676)	378	(212)	(791)
Income tax benefit	(431)										
Income (loss) from continuing operations	(646)	(6,807)	2,116	(6,412)	2,822	(588)	(2,214)	(1,676)	378	(212)	(791)
Income (loss) from discontinued operations		1,804		(343)		(256)		(1,079)		(33)	
Income (loss) before cumulative effect of change in accounting principle	(646)	(5,003)	2,116	(6,755)	2,822	(844)	(2,214)	(2,755)	378	(245)	(791)
Cumulative effect of change in accounting principle		460				(333)					
Net income (loss)	\$(646)	\$(4,543)	\$2,116	\$(6,755)	\$2,822	\$(1,177)	\$(2,214)	\$(2,755)	\$378	\$(245)	\$(791)
Pro forma basic loss per share(3)	\$(0.02)										
Pro forma diluted loss per share(3)	\$(0.02)										
Pro forma weighted average common shares outstanding basic and diluted	30,262,308										
Cash Flows:											
Cash flows from:											
Operating activities		\$8,126	\$10,866	\$376	\$11,360	\$5,580	\$9,285				
Investing activities		\$(64,280)	\$(4,753)	\$(46,276)	\$(5,323)	\$(9,166)	\$(39,189)				
Financing activities		\$54,854	\$(6,392)	\$49,797	\$(7,155)	\$2,822	\$31,131				
Balance Sheet Data (end of period):											
Total assets		\$173,494	\$90,365	\$106,751	\$93,638	\$54,191	\$97,314	\$51,342	\$63,921	\$6,519	\$68,596
Total long-term debt		\$105,841	\$77,828	\$42,764	\$78,050	\$14,643	\$76,360	\$10,589	\$49,388	\$4,572	\$49,500
Long-term debt secured by assets held for sale		\$14,220		\$31,564		\$34,193		\$33,274		\$2,114	
Non-GAAP financial measures:											
EBITDA	\$17,423(4)	\$12,439(4)	\$14,872(4)	\$334(4)	\$16,132(4)	\$6,287(4)	\$11,636(4)	\$431	\$9,225	\$1,178	\$669

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	2004		2003		
	Consolidated Pro Forma	Predecessor(1)	Dells/Sandusky	Predecessor(1)	Dells/Sandusky
(dollars in thousands, except per share amounts)					
Statement of Operations:					
Revenues:					
Rooms	\$49,595	\$27,137	\$23,702	\$14,869	\$23,682
Food, beverage and other	22,063	12,979	9,239	6,931	9,166
Management and other fees		2,497		2,515	
Other revenue from managed properties(2)		11,040		10,707	
Total revenues	71,658	53,653	32,941	35,022	32,848
Operating expenses:					
Departmental expenses					
Rooms	7,190	4,134	3,342	2,392	3,336
Food, beverage and other	17,763	10,579	7,335	5,862	6,943
Other operating expenses:					
Selling, general and administrative	18,537	15,014	6,182	8,131	5,490
Property operating costs	9,746	6,145	3,939	4,223	3,636
Depreciation and amortization	15,105	9,490	5,552	4,675	5,752
Other expenses from managed properties(2)		11,040		10,707	
Total operating expenses	68,341	56,402	26,350	35,990	25,157
Operating income (loss)	3,317	(2,749)	6,591	(968)	7,691
Interest income	(173)	(202)	(105)		(112)
Interest expense	4,265	4,755	3,529	2,635	3,614
Gain on sale of real estate		(1,653)			
Interest on mandatorily redeemable shares		1,075		(3,220)	
Distributions in excess of minority interest capital		48			
Minority interests		53		401	
Income (loss) before income taxes	(775)	(6,825)	3,167	(784)	4,189
Income tax benefit	(310)				
Income (loss) from continuing operations	(465)	(6,825)	3,167	(784)	4,189
Income from discontinued operations		1,864		1,501	
Income (loss) before cumulative effect of change in accounting principle	(465)	(4,961)	3,167	717	4,189
Cumulative effect of change in accounting principle				460	
Net income (loss)	\$(465)	\$(4,961)	\$3,167	\$1,177	\$4,189
Pro forma basic earnings per share(3)	\$(0.02)				

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Pro forma diluted earnings per share(3)		\$ (0.02)			
Pro forma weighted average common shares outstanding basic and diluted		30,262,308			
Cash Flows:					
Cash flows from:					
Operating activities		\$ (1,727)	\$ 6,549	\$ 7,973	\$ 9,276
Investing activities		\$ (39,809)	\$ (658)	\$ (31,360)	\$ (2,880)
Financing activities		\$ 40,447	\$ (5,968)	\$ 22,102	\$ (6,493)
Balance Sheet Data:					
Total assets		\$ 539,101	\$ 207,963	\$ 86,000	
Total long-term debt		\$ 123,055	\$ 138,877	\$ 76,035	
Non-GAAP Financial Measures:					
EBITDA(4)		\$ 18,422	\$ 9,738	\$ 12,143	\$ 12,113
					\$ 13,443

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- (1) Includes the operations of three resorts that opened in March 2003, May 2003 and June 2004, respectively.
- (2) Reflects reimbursement of payroll, benefits and costs related to the operations of properties managed by Predecessor.
- (3) Pro forma basic and diluted earnings (loss) per share are computed assuming the initial public offering was consummated as of the first day of the period presented and equals pro forma net income (loss) divided by the number of shares of our common stock outstanding after the initial public offering.
- (4) See reconciliation to net income (loss) in Management's Discussion and Analysis of Financial Condition and Results of Operation Non-GAAP Financial Measures.
- (5) As restated see Note 11 to Predecessor's combined financial statements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Selected Financial and Other Data, the audited combined financial statements of Great Lakes Predecessor as of September 30, 2004 and December 31, 2003 and 2002 and for the nine months ended September 30, 2004 and the years ended December 31, 2003, 2002 and 2001, the audited combined financial statements of the Wisconsin Dells and Sandusky resorts as of December 31, 2003 and 2002 and for the years ended December 31, 2003, 2002 and 2001, the unaudited combined financial statements of Great Lakes Predecessor for the nine months ended September 30, 2003 and the unaudited combined financial statements of the Wisconsin Dells and Sandusky resorts as of September 30, 2004 and for the nine months ended September 30, 2004 and 2003 appearing elsewhere in this prospectus. Where appropriate, the following discussion includes analysis of the effects of the formation transactions and the initial public offering. The effects are reflected in the pro forma condensed consolidated financial statements appearing elsewhere in this prospectus. All dollar amounts in this discussion, except for operating statistics, are in thousands. As discussed in Note 11 to Predecessor's combined financial statements, the Predecessor's December 31, 2003 combined financial statements have been restated. The accompanying management's discussion and analysis gives effect to that restatement.

Overview

Business. We are a family entertainment resort company that provides our guests with a high-quality vacation at an affordable price. We are the largest owner, operator and developer in the United States of drive-to family resorts featuring indoor waterparks and other family-oriented entertainment activities. We provide a full-service entertainment resort experience to our target customer base: families with children ranging in ages from 2 to 14 years old that live within a convenient driving distance from our resorts. Our resorts are open year-round and provide a consistent and comfortable environment where our guests can enjoy our various amenities and activities.

We provide our guests with a self-contained vacation experience and focus on capturing a significant portion of their total vacation spending. We earn revenues through the sale of rooms, which includes admission to our indoor waterpark, and other revenue-generating resort amenities. Each of our resorts features a combination of the following revenue-generating amenities: themed restaurants, an ice cream shop and confectionery, full-service spa, game arcade, gift shop and meeting space. We also expect to generate revenues from licensing arrangements, management fees and construction fees with respect to properties owned by third parties, such as the licensing agreement we have entered into and management arrangement we have agreed to enter into with Ripley's in connection with the Niagara Falls, Ontario resort.

The following table presents an overview of our portfolio of operating resorts and resorts under construction (including the Niagara resort that will be owned by a third party licensee):

Location	Opened/ Target Opening	Rooms	Indoor Entertainment Area (approx. ft ²) (1)
Existing Resorts:			
Wisconsin Dells, WI	May 1997(2)	309	64,000
Sandusky, OH (3)	March 2001	271	41,000
Traverse City, MI	March 2003	281	51,000
Kansas City, KS	May 2003	281	49,000
Sheboygan, WI (4)	June 2004	183(5)	54,000
Resorts Under Construction:			
Williamsburg, VA	Spring 2005	301	66,000
Pocono Mountains, PA	Fall 2005	400	91,000
Niagara Falls, ONT (6)	Spring 2006	404	94,000

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- (1) Our indoor entertainment areas generally include our indoor waterpark, game arcade, children's activity room and fitness room, as well as our Aveda concept spa, 3D virtual reality theatre, Wiley's Woods and party room in the resorts that have such amenities.
- (2) Great Lakes purchased this property in November 1999.
- (3) Prior to May 2004, we operated this resort as a Great Bear Lodge.
- (4) Our Sheboygan property is branded as a Blue Harbor Resort. This resort is subject to a 98-year and 11-month ground lease with the Redevelopment Authority of the City of Sheboygan.
- (5) Our Sheboygan resort includes an additional 64 individually owned two and four bedroom condominium units.
- (6) Ripley's, our licensee, owns this resort. We are assisting Ripley's with construction management and other pre-opening matters related to the Great Wolf Lodge in Niagara Falls. We have granted Ripley's a license to use the Great Wolf Lodge name for this resort and other intellectual property for ten years after opening. We have agreed to enter into a management agreement, pursuant to which we expect to operate the resort on behalf of Ripley's for five years, and a central reservations agreement. In conjunction with this project, we expect to receive a one-time construction fee and ongoing license, central reservation and management fees.

Revenue and Key Performance Indicators. We seek to generate positive cash flows and net income from each of our owned resorts. Our rooms revenue represents sales to guests of room nights at our resorts, and is the largest contributor to our cash flows and profitability. Rooms revenue accounted for approximately 70% of our total resort revenue for the year ended December 31, 2003. We employ sales and marketing efforts to increase overall demand for rooms at our resorts. We seek to optimize the relationship between room rates and occupancies through the use of yield management techniques that attempt to project demand in order to selectively increase room rates during peak demand. These techniques are designed to assist us in managing our higher occupancy nights to achieve maximum rooms revenue, and include such practices as: monitoring our historical trends for occupancy and estimating our high occupancy nights; offering the highest discounts to previous guests in off-peak periods to build customer loyalty and enhance our ability to charge higher rates in peak periods; structuring rates to allow us to offer our previous guests the best rate while simultaneously working with a promotional partner or offering internet specials; monitoring sales of room types daily to evaluate the effectiveness of offered discounts; and offering specials on standard suites and yielding better rates on larger suites when standard suites sell out. In addition, we seek to maximize the amount of time and money spent on-site by our guests by providing a variety of revenue-generating amenities.

We have several key indicators that we use to evaluate the performance of our business. These indicators include the following:

occupancy;

average daily room rate, or ADR;

revenue per available room, or RevPAR;

total revenue per available room, or Total RevPAR;

total revenue per occupied room, or Total RevPOR; and

EBITDA.

Occupancy, ADR and RevPAR are commonly used measures within the hospitality industry to evaluate hotel operations.

Occupancy is the average daily percentage of available rooms that are sold.

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ADR is the average daily room rate charged and is calculated by dividing total rooms revenue by total occupied rooms.

RevPAR is the product of occupancy and ADR.

Occupancy allows us to measure the general overall demand for rooms at our resorts and the effectiveness of our sales and marketing strategies. ADR allows us to measure the effectiveness of our yield management strategies. ADR and RevPAR only include rooms revenue. Total RevPOR and Total RevPAR include both rooms revenue and other revenue derived from food and beverage and other amenities at our resorts. We consider Total RevPOR and Total RevPAR to be key performance indicators for our business because we derive a significant portion of our revenue from food and beverage and other amenities. For the year ended December 31, 2003 and the nine months ended September 30, 2004, approximately 30% and 31%, respectively of our total revenues consisted of non-rooms revenue.

We use RevPAR and Total RevPAR to evaluate the blended effect that changes in occupancy, ADR and Total RevPOR have on our profitability. We focus on increasing ADR and Total RevPOR because those increases can have the greatest positive impact on our profitability. In addition, we seek to maximize occupancy, as increases in occupancy generally lead to greater total revenues at our resorts, and maintaining certain occupancy levels is key to covering our fixed costs. Increases in total revenues as a result of higher occupancy are, however, typically accompanied by additional incremental costs (including housekeeping services, utilities and room amenity costs). In contrast, increases in total revenues from higher ADR and Total RevPOR are typically accompanied by lower incremental costs, and result in a greater increase in profitability.

We also use EBITDA as a measure of the operating performance of each of our resorts. EBITDA is a supplemental financial measure, and is not defined by accounting principles generally accepted in the United States of America, or GAAP. EBITDA as calculated by us is not necessarily comparable to similarly titled measures used by other companies. In addition, EBITDA: (a) does not represent net income or cash flows from operations as defined by GAAP; (b) is not necessarily indicative of cash available to fund our cash flow needs; and (c) should not be considered as an alternative to net income, operating income, cash flows from operating activities or our other financial information as determined under GAAP (such as total revenues, operating profit and earnings per share). See *Non-GAAP Financial Measures* for further discussion of our use of EBITDA and a reconciliation to net income.

Formation. We were formed in May 2004 to succeed to the family entertainment resort business of our predecessor companies, The Great Lakes Companies, Inc. and a number of its related entities, which we refer to collectively as Great Lakes. Great Lakes has developed and operated hotels since 1995. In 1999, Great Lakes began its resort operations by purchasing the Great Wolf Lodge in Wisconsin Dells, Wisconsin and developing the Great Wolf Lodge in Sandusky, Ohio, which opened in 2001. In 2003, Great Lakes opened two additional Great Wolf Lodge resorts, one in Traverse City, Michigan and the other in Kansas City, Kansas. In June 2004, Great Lakes opened the Blue Harbor Resort in Sheboygan, Wisconsin. Immediately prior to the closing of the initial public offering, Great Lakes had two additional Great Wolf Lodge resorts under construction, one in Williamsburg, Virginia and the other in the Pocono Mountains region of Pennsylvania, and has licensed a resort owned by a third party that is under construction in Niagara Falls, Ontario (Canada). After completion of the initial public offering and the formation transactions, we became the owner and operator of each of these resorts, other than the Niagara Falls resort, and are the manager of all eight resorts.

We have set forth below a discussion of the historical operations of Great Lakes since we did not have any operations between our formation and September 30, 2004 and because we believe that a discussion of the results of Great Wolf Resorts, Inc. would not be meaningful.

Industry Trends and Outlook. While no standard industry definition for a family entertainment resort featuring an indoor waterpark has developed, we generally consider resorts with at least 200 rooms featuring indoor waterparks larger than 25,000 square feet, as well as a variety of water slides and other water-based

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attractions, to be competitive with our resorts. The concept of a family entertainment resort with an indoor waterpark was first introduced in Wisconsin Dells, Wisconsin and has evolved there over the past 15 years. We believe those resorts have historically outperformed standard hotels in that market. We believe that the rate premiums and increased market share in Wisconsin Dells have been significant and that no other operator or developer other than Great Lakes has established a regional portfolio of family entertainment resorts featuring indoor waterparks. We intend to continue to expand our portfolio of owned resorts throughout the United States and to selectively seek licensing and management opportunities domestically and internationally. The resorts we are currently constructing and plan to develop in the future require significant industry knowledge and substantial capital resources. We believe that a number of other resort operators are developing or considering the development of family entertainment resorts that will compete directly with our resorts. In particular, one of our current competitors is constructing a resort in Sandusky and another competitor is constructing a resort near Traverse City.

We believe there are characteristics of the domestic travel and leisure industry that indicate families favor frequent, short, drive-to vacations. According to the Travel Industry Association of America, or TIA, from 1994 to 2003 the number of domestic leisure trips taken by families grew from approximately 96 million trips in 1994 to 154 million trips in 2003. In 2003, approximately 45% of leisure trips lasted one to two nights. The primary mode of transportation for 77% of the overnight leisure trips in 2003 was by automobile. We believe these statistics provide evidence that our segment of the travel and leisure industry has strong demand characteristics that make our family entertainment resorts attractive to leisure travelers.

Our primary business objective is to increase long-term stockholder value. We believe we can increase stockholder value by executing our internal and external growth strategies. Our primary internal growth strategies are to: maximize total resort revenue; minimize costs by leveraging our economies of scale; and build upon our existing brand awareness and loyalty in order to compete more effectively. Our primary external growth strategies are to: capitalize on our first-mover advantage by being the first to develop and operate family entertainment resorts featuring indoor waterparks in our selected target markets; focus on development and strategic growth opportunities by seeking to develop and open at least two new owned resorts in target markets each year for the next several years and target selective licensing opportunities; and continue to innovate by leveraging our in-house expertise, in conjunction with the knowledge and experience of our third-party suppliers and designers.

In attempting to execute our internal and external growth strategies, we are subject to a variety of business challenges and risks. These challenges include: development and licensing of properties; increases in costs of constructing, operating and maintaining our resorts; competition from other entertainment companies, both within and outside our industry segment; and external economic risks, including family vacation patterns and trends. We seek to meet these challenges by providing sufficient management oversight to site selection, development and resort operations, concentrating on growing and strengthening awareness of our brand and demand for our resorts, and maintaining our focus on safety.

Great Lakes Predecessor Combined Historical Financial Information

The Great Lakes Predecessor, or Predecessor, combined historical financial information includes the following:

The Great Lakes Companies, Inc. and its consolidated subsidiaries, including development of, ownership interests in, and management contracts with respect to, resorts (resort activity) and certain non-resort hotels and multifamily housing development and management assets (non-resort activity);

the entities that own our Traverse City, Kansas City and Sheboygan operating resorts; and

the entities that own our Williamsburg and Pocono Mountains resorts that are under construction.

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The Traverse City, Kansas City and Sheboygan resorts opened in March 2003, May 2003 and June 2004, respectively. Therefore, Predecessor's historical results of operations only reflect operating results for Traverse City, Kansas City and Sheboygan for those periods after the resort opening dates.

Predecessor's financial statements do not include the entities that own the Wisconsin Dells and Sandusky operating resorts as those entities are controlled by affiliates of AIG SunAmerica.

Revenues. Predecessor's revenues consist of the following:

lodging revenue, which consists of rooms, food and beverage and other department revenues from its consolidated and combined hotels and resorts;

management fee revenue from both resort activity and non-resort activity, which includes fees received under its management agreements; and

other revenue, which consists of accounting fees, development fees, central reservation fees, construction management fees and other fees.

Predecessor employs the staff at its managed properties. Under its management agreements, the hotel and resort owners reimburse Predecessor for payroll, benefits and certain other costs related to the operations of the managed properties. Emerging Issues Task Force, or EITF, Issue No. 01-14, *Income Statement Characteristics of Reimbursements for Out-of-pocket Expenses*, establishes standards for accounting for reimbursable expenses in Predecessor's income statement. Under this pronouncement, the reimbursement of payroll, benefits and costs is recorded as revenue on Predecessor's statement of operations, with a corresponding expense recorded as other expenses from managed properties.

Operating Expenses. Predecessor's departmental operating expenses consist of rooms, food and beverage and other department expenses.

Predecessor's other operating expenses include the following items:

selling, general and administrative expenses, which are associated with the management of hotels and resorts and which consist primarily of expenses such as corporate payroll and related benefits, operations management, sales and marketing, finance, legal, information technology support, human resources and other support services, as well as general corporate expenses;

property operation and maintenance expenses;

depreciation and amortization; and

other expenses from managed properties, which are recorded as an expense in accordance with EITF 01-14.

Dells/Sandusky Combined Historical Financial Information

The Dells/Sandusky combined historical financial information includes the entities that own our Wisconsin Dells and Sandusky operating resorts.

Revenues. Dells/Sandusky's revenues consist of lodging revenue, which consists of rooms, food and beverage and other department revenues from its resorts.

Operating Expenses. Dells/Sandusky's departmental operating expenses consist of rooms, food and beverage and other department expenses.

Dells/Sandusky's other operating expenses include the following items:

selling, general and administrative expenses, which consists primarily of sales and marketing, finance, information technology support, human resources and other support services;

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property operation and maintenance expenses; and

depreciation and amortization.

Great Wolf Resorts Consolidated Pro Forma Financial Information

Our consolidated pro forma financial information includes:

the Predecessor combined historical financial information as described above, giving effect to the spin-off from Predecessor's combined historical financial information of Predecessor's non-resort activity;

the Dells/Sandusky combined historical financial information as described above; and

adjustments to give effect to the initial public offering and the formation transactions as if they had occurred at the beginning of the periods presented.

Revenues. Our revenues consist of lodging revenue, which includes rooms, food and beverage, and other department revenues from our resorts.

Operating Expenses. Our departmental operating expenses consist of rooms, food and beverage and other department expenses.

Our other operating expenses include the following items:

selling, general and administrative expenses, which are associated with the management of resorts and which consist primarily of expenses such as corporate payroll and related benefits, operations management, sales and marketing, finance, legal, information technology support, human resources and other support services, as well as general corporate expenses;

property operation and maintenance expenses; and

depreciation and amortization.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements and our financial reporting process involve the use of accounting estimates based on our current judgments. Certain accounting estimates are particularly sensitive because of their significance to our consolidated financial statements and because of the possibility that future events affecting them may differ from our current judgments.

Investments in Property and Equipment. We record investments in property and equipment at cost. Improvements and replacements are capitalized when they extend the useful life, increase capacity or improve the efficiency of the asset. Repairs and maintenance are charged to expense as incurred.

Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	40 years
Land improvements	15 years
Fixtures and equipment, including waterpark equipment	3-10 years

We are required to make subjective assessments as to these useful lives for purposes of determining the amount of depreciation and amortization to record annually with respect to our investments in property and equipment. These assessments have a direct impact on our net income because if we were to shorten the expected useful lives of our investments in property and equipment we would depreciate and amortize such investments over fewer years, resulting in more depreciation and amortization expense and lower net income on an annual basis.

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When circumstances, such as adverse market conditions, indicate the carrying values of a long-lived asset may be impaired, we perform an analysis to review the recoverability of the asset's carrying value. We make estimates of the undiscounted cash flows (excluding interest charges) from the expected future operations of the asset. These estimates consider factors such as expected future operating income, operating trends and prospects, as well as the effects of demand, competition and other factors. If the analysis indicates that the carrying value is not recoverable from future cash flows, an impairment loss is recognized to the extent that the carrying value exceeds the estimated fair value. Any impairment losses are recorded as operating expenses, which reduce net income.

We are required to make subjective assessments as to the fair value of assets and liabilities in connection with purchase accounting adjustments recorded related to real estate we acquire, including the resorts acquired through the formation transactions which are accounted for by the purchase method of accounting. For resorts acquired subsequent to June 30, 2001, the effective date of Statement of Financial Accounting Stan