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PRESS RELEASE

THE FESTIVAL COMPANIES NAMED OFFICIAL DEVELOPER AND PROPERTY MANAGER OF ROYAL HAWAIIAN SHOPPING CENTER

Festival Companies Commits to “Hawaiian Sense Of Place” By Fusing Authentic Cultural History With Shopping District

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(Waikiki, HI) -- To revitalize and re-establish the Royal Hawaiian Shopping Center as the leading retail and entertainment destination in Waikiki, Kamehameha Schools, owners of the 293,553-square-foot specialty center, appointed The Festival Companies to lead and oversee a \$55 million dollar redevelopment project. Festival will also take over the property management and be responsible for leasing strategy and oversight for the project. Colliers Monroe Friedlander will remain the exclusive leasing representative on the project, which is slated for completion in December 2005.

Kamehameha Schools (KS) is a private charitable trust founded and endowed by the legacy of Princess Bernice Pauahi Bishop. KS is the largest private landowner in the state of Hawaii and is the sole beneficiary of the Bernice Pauahi Bishop Estate, which has an estimated value of \$6.1 billion. KS operates a statewide educational system and currently, more than 5,700 students of Hawaiian ancestry are enrolled in K-12 campuses on three islands and at more than 30 preschool sites statewide. An additional 145,000+ Hawaiian learners are also being served through a range of other Kamehameha Schools outreach programs and financial aid opportunities in Hawaii and across the United States.

The Festival Companies plans will restore the Royal Hawaiian Shopping Center as Waikiki's landmark retail and entertainment destination, by combining a rich cultural experience with a new merchandise mix that will combine the best of shopping, dining and entertainment options for both the tourist market and local residents. Kicking off this major remerchandising plan, The Cheesecake Factory opened in 2003. Luxury retailers including Cartier, Hermes, Ferragamo and Bvlgari will be building new flagship stores at the center.

The Festival Companies is committed to a theme that integrates Waikiki's past with its future by creating a design that combines a vibrant retail and entertainment venue with a tribute to the area's royal heritage. A goal of the revitalization will be to simultaneously heighten the public's awareness of the legacy of Princess Pauahi Bishop and KS's desire to appropriately steward this asset.

The central focal point and gathering venue of the redevelopment is inspired by the property's significant historical past. Located on the former grounds of Helumoa, where 10,000 coconut palms were planted by Chief Kakuhihewa in the 16th century, the grounds were also residences to a long line of Hawaiian royalty including King Kamehameha I and Princess Bernice Pauahi Bishop, King Kamehameha's great granddaughter and founder of the Kamehameha Schools.

“To integrate the property's important and unique heritage, the Festival Companies will re-create the royal coconut grove as the central theme of the project's main gathering point,” says Rosalind Schurgin, principal of The Festival Companies. “The royal grove will be a thriving place where the community and tourists alike can gather and participate in Hawaiian cultural activities, as well as enjoy entertainment such as dancing, musical events, story telling, Hawaiian crafts and performances.

No other place can boast the sense of history and unbeatable Waikiki location. We view this as a wonderful opportunity to recapture the center's magic and restore the Royal Hawaiian Shopping Center to its former prominence in Waikiki."

Another important element in the design and operation of the center is the Hawaiian concept of Hawaiian hospitality, or "ho'okipa". This concept involves creating a harmonious relationship with the guest (the visitor/shopper), the host (the tenants/owners) and the place (Waikiki). "We hope to create a great experience by the interaction of the guest and the host and by enhancing the 'natural' environment and beauty of Hawaii with the 'built' environment", according to Susan Todani, director of investments for KS.

The center has historically been among the strongest performing resort specialty centers in the nation due to its location in the heart of Waikiki, home to about 32,000 hotel rooms and condominiums. The landmark location is the dominant retailing site along a three-block stretch with approximately 1,911 linear feet of frontage on Waikiki's famed Kalakaua Avenue. The 290,000 square foot, four-level center also fronts the Royal Hawaiian and Sheraton Waikiki Hotels. This is the first major redevelopment for the 24-year old center. Architectural firms Wimberly Allison Tong and Goo (Honolulu) and Callison Architecture (Seattle) are responsible for the project design.

"Hawaii's economy has rebounded and analysts expect strong sustained growth. Hawaii's tourism industry is also quickly rebounding, fueled by the strong recovery not only by U.S. visitors but also by the Japanese economy and increased spending by Japanese visitors who represent about 20% of Hawaii's visitors", says Todani. "Recognizing that the redevelopment of the Royal Hawaiian Shopping Center is vital to the overall promotion of Waikiki as a major tourist destination and the improvement of the area's economic rebound, KS is committed to transform the center and restore a Hawaiian sense of place."

The Festival Companies is a full-service real estate advisory firm and a leading shopping center developer based in Los Angeles, California. Its development track record includes over 100 retail projects including regional malls, entertainment centers, street retail and open air centers in selected markets nationwide. Festival has an extensive track record in redevelopment that has spurred revitalization and economic development in many communities. For more information on The Festival Companies, please call (310) 665-9600 or visit the company's Web site at www.festivalcos.com.

