



Integrated Solutions to Real Estate & Development

PRESS RELEASE

FESTIVAL RETAIL FUND 1, L.P. PURCHASES FLAGSHIP SAN FRANCISCO RETAIL BUILDING

240 Post Street Building Acquired for \$70 Million

LOS ANGELES, Calif., July 25, 2007 -- Festival Retail Fund 1, L.P. announced today that it has acquired its third transaction property of 2007 with the purchase of a trophy retail building property in San Francisco, Calif. Fund Principal and Festival Companies President, Mark Schurgin made the announcement.

The Festival Retail Fund 1, L.P., which officially launched on January 1, 2007, closed today on the acquisition of the 385,475,500 square-foot 240 Post Street Building in the famous Union Square Retail District of San Francisco. The \$70 million purchase is the fund's largest investment since its launch and is representative of its strategy to identify and purchase high-end retail properties in major metropolitan cities across the United States.

The four-story building is located on Post Street between Grant and Stockton Streets, in the heart of Union Square, San Francisco's world-renowned shopping district. This historic district, which features retailer gross sales second only to Manhattan, consists of 18 blocks containing more than 5 million square feet of retail and entertainment.

Festival will plan to use the departure of the building's current primary tenant, Ann Taylor, whose lease expires in January, 2008 as an opportunity to re-merchandise this premier flagship building with other world-class brands that complement those already located in the surrounding 228-240 Post Street area. They district include Escada, Burberry, Gucci, Tiffany & Co. Armani and Saks Fifth Avenue Men's Store. In addition, the Prada flagship store, Cartier and De Beers will each soon open flagship stores on Post Street within close proximity of Festival's 240 Post Street location. by second quarter 2008.

"A combination of strong sales, a vibrant tourism market and high hotel occupancies have created very strong interest in the Union Square Retail District, which records overall gross sales second only to Manhattan," said Rosalind J. Schurgin, Fund Principal and Festival Companies Executive Vice President "This purchase places us prominently on one of the most prestigious street within the Union Square Retail District, affluent retail corridors in the nation exemplifying the Fund's objective of identifying opportunities that present tremendous value in street front retail" said Rosalind J. Schurgin, Fund Principal and Festival Companies Executive Vice President. "We are currently in discussions with several flagship other high-end retailers for this high-profile space with the goal being to further enhance the value of this signature property."

Festival Retail Fund 1, L.P. invests in ground-up and existing retail properties in major metropolitan cities throughout the United States. The Fund will invest up to \$800 million over the next two years.

Los Angeles-based The Festival Companies is a national real estate investment, development and full-service advisory and management company. With 30-years of real estate experience, The Festival Companies has added value to more than 130 shopping center projects nationwide. Distinguishing itself within the industry by applying their "Total Retail Concept"

approach, the company has amassed a current portfolio of over 12 million square feet under leasing, management and development for both institutional owners and private investment firms.

Most recently, the company, along with its partner Goldman Sachs, formed Festival Retail Fund #1, L.P. Managed by The Festival Companies' Principals Mark Schurgin and Rosalind Schurgin and launched in January 2007, Festival Retail Fund #1 invests in ground-up and existing retail properties including regional malls, lifestyle centers, power centers, community and strip centers and stand-alone buildings. The Fund will invest up to \$800 million by the end of 2009.

