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PRESS RELEASE

FESTIVAL RETAIL FUND 1, L.P. ACQUIRES SECOND HIGH-END RETAIL BUILDING IN BEVERLY HILLS

Banana Republic Building Purchased for \$30 Million

LOS ANGELES, October 23, 2007 -- Festival Retail Fund 1, L.P. announced today its sixth acquisition of 2007 with the purchase of the Banana Republic Building in Beverly Hills, Calif. for \$30 million. Fund Principal and Festival Companies President Mark Schurgin made the announcement.

Located at 357 North Beverly Boulevard, the Banana Republic Building is situated within Beverly Hills' world-famous "Golden Triangle," the mecca for high-end retail shopping in southern California. The two-story Mediterranean-style property offers 13,500 square-feet of premium retail space between Santa Monica and Wilshire Boulevards. Lending for the transaction was provided by Anglo Irish Bank.

This is the second property Festival has acquired within the fabled shopping district this year. The Fund funded its first transaction in January with the purchase of the Gucci Building on Rodeo Drive for \$40 Million.

"This transaction represents another high-profile investment that coincides with our objective, namely identifying opportunities that present tremendous value," said Schurgin. "The addition of the Banana Republic Building to the Fund's portfolio now gives us two flagship properties in one of the world's most exclusive retail districts."

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.

About The Festival Companies

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.