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News

For: **LOWE ENTERPRISES**

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LOWE ENTERPRISES SECURES \$100 MILLION CAPITAL INVESTMENT FOR TERRANEA RESORT

*New equity investments and loan agreements position
the Resort for long term success*

LOS ANGELES – Lowe Enterprises announced today the closing of a transaction that provides for the long-term stability of Terranea Resort, a 582-room world-class, oceanfront resort in Rancho Palos Verdes, Calif. The transaction includes an extension of the loans on the property and new capital commitments of over \$100 million. The investment was made by a combination of new and existing investors in a new joint venture with JC Resorts, a San Diego hospitality company with 40 years of resort and golf experience in Southern California. Affiliates of ST Residential, LLC hold the loans on the property and are participating in the new capital commitment.

“We appreciate ST Residential’s confidence in Terranea and their diligence in working with us to reach this new agreement. In addition to being our primary lender, ST Residential has acquired the mezzanine loan on the property which demonstrates its commitment and belief in this rare property,” said Robert J. Lowe, chairman and CEO of Lowe Enterprises. “Equally important is the commitment of our existing investor group and JC Resorts. With this new partnership in place, Terranea is well-positioned to take advantage of the continuing improvement in the hotel and residential markets.”

The consummation of this transaction effectively eliminates any uncertainties about Terranea following the FDIC takeover of its original construction lender, Corus Bank, the subsequent acquisition of Terranea’s loan by ST Residential, and the challenges resulting from the recession.

“Terranea is a uniquely spectacular property. Our financial commitment to the future of Terranea demonstrates our confidence in the Lowe management team and the commitment by original investors and JC Resorts to invest in the project’s future success,” said John Barkidjija of ST Residential.

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“Terranea’s spectacular oceanfront location complemented by classic Mediterranean architecture make this resort a once in a lifetime investment opportunity,” noted Paul Reed, CEO of JC Resorts. “We commend the Lowe Enterprises development team on achieving the perfect blend of California casual elegance and comfort and providing the ideal and only true oceanfront resort in the greater Los Angeles area.”

Terranea Resort opened in May 2009 and has performed very well despite the challenging economic environment. Terranea has seen an increased demand in both group and leisure travel business. Over the last year, the resort has hosted a number of high profile conferences, including the *Wall Street Journal's* recent "All Things Digital" conference. Terranea was also the site of a televised wedding on ABC's *The Bachelor*. Terranea continues to be operated through Lowe's hospitality management subsidiary, Destination Hotels & Resorts.

“Terranea’s restaurants, which range from fine dining to seaside casual options, also have performed exceptionally well which is testament to the enthusiastic response both from our hotel guests and the local community,” added Lowe.

Terranea Resort is situated on 102-acres of Southern California coastline just south of Los Angeles International Airport. The property was developed by Lowe Enterprises with Turner Construction serving as general contractor. In addition to the 360-room hotel and oceanfront bungalows, Terranea offers ownership in 32 private Ocean Villas and 50 Ocean Casitas, ranging in size from 1,850 to 2,800 square feet, with prices starting at \$1,295,000. The resort also features 135,000 square feet of indoor and outdoor meeting and event space, a 25,000-square-foot spa and an award-winning nine-hole oceanfront golf course. Terranea's hotel and spa were both recognized on the *Conde' Nast Traveler* "Hot List" in 2010. The Links at Terranea was named the U.S. Development of the Year by *Golf, Inc* and one of the Best New Courses of 2009 by *LINKS Magazine*.

About Lowe Enterprises

Los Angeles-based Lowe Enterprises is a leading national real estate investment, development and management firm. Over the past 38 years, it has developed, acquired or managed more than \$16 billion of real estate assets nationwide. Lowe is currently responsible for more than \$5 billion of commercial, hospitality and residential assets. In addition to its Los Angeles headquarters, Lowe Enterprises maintains regional offices in Southern California, Northern California, Denver and Washington, D.C. For further information on Lowe's activities, please visit: www.LoweEnterprises.com

Lowe's hospitality management subsidiary, Destination Hotels & Resorts, is consistently rated one of the top 10 independent hospitality management companies in the United States with more than 30 luxury and upscale hotels, resorts and conference centers. In addition to Terranea, Destination operates properties in key metropolitan areas and resort markets including Washington, D.C., Denver, San Diego, Santa Fe, Aspen, Palm Springs, Houston and Lake Tahoe. For more information on Destinations properties, visit: www.destinationhotels.com

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About JC Resorts

JC Resorts is a privately-held real estate investment and asset management firm focused on high-end commercial properties in the Western United States. Founded in 1971, JC Resorts has a solid track record of successful investment, asset management, and operational oversight of real estate properties, with a particular focus on operating distinctive resort properties, golf courses, and unique commercial buildings. The firm is headquartered in San Diego, and currently manages a portfolio of real estate assets in Southern California, as well as a landmark golf, and recreational property in New Mexico. For more information on JC Resorts properties, visit: www.jcresorts.com

About ST Residential

ST Residential leads a public-private partnership between the FDIC and a consortium of esteemed private-equity investors that manages Corus Bank N.A.'s nationwide condominium-construction project portfolio. Other members of the consortium include Starwood Capital, TPG, Perry Capital and WLR LeFrak. By managing its portfolio with an unmatched level of detail and tailoring projects to the communities they serve, the company strives to be the standard bearer for luxury condominium projects. For more information, visit: www.stresidential.com.

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