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NEWS FROM HEARTHSTONE

**HEARTHSTONE COMMITS \$33 MILLION TO SAN DIEGO BUILDER FOR HOMES  
IN RIVERSIDE COUNTY**

SAN DIEGO and MURIETTA, CA – (April 26, 2004) – **Hearthstone**, the nation's largest institutional investor in residential development, has committed \$32.6 million to a local builder's efforts to develop a single-family home community in Riverside County.

According to Anthony Botte, Hearthstone senior vice president for the western U.S. region – the investment firm's commitment to **Brehm Communities** will enable the San Diego-based builder to construct 76 residences upon a 18-acre site to be named **Chesapeake**, situated at Clinton Keith and Nutmeg Streets in Murietta.

"This is the ninth transaction we've made with Brehm during the past several years," said Botte. "Brehm continues to join other builders riding the prosperity wave in Riverside County – taking advantage of lower land prices and attractive interest rates – in the face of unquenchable demand for affordably priced homes in Southern California. Riverside County remains the last frontier for significant homebuilding in California, ensuring a safe and robust financial return to our institutional investors."

Tentatively priced from the \$500,000s, homes at Chesapeake in southern Riverside

(more)

County are expected to go up on 8,000 square-foot lots with interior floor plans from 3,473 to 4,706 square feet. Construction is expected to begin this month (March), with move-ins slated by September 2004.

Hearthstone was the first, and today is the largest institutional investor in residential development in the United States, with nearly \$8 billion committed to the industry. Founded in 1992, Hearthstone has financed 356 communities to date in 80 markets in 19 states representing nearly 50,000 homes. It manages investment capital from public and private pension plans, university endowments, Fortune 100 companies and large private trusts.

In 2003, Hearthstone provided nearly \$800 million in financial commitments to the homebuilding industry, funding 30 residential developments associated with 13 builders in 10 states representing over 6,600 homes.

Averaging 350 homes and \$120 million in sales per year, Brehm Communities remains one of the oldest privately held residential building companies still headquartered and operated wholly in Southern California. Founded in 1963, the firm is continuing its largest expansion of operations in history, buying land and building homes in Riverside County after four decades operating exclusively in San Diego County. In addition to its award-winning master-planned community of Vintage Reserve in Temecula and Festival at Victoria Grove in Riverside, Brehm has recently acquired single-family lots in Lake Elsinore, Moreno Valley, Corona and Norco. Acquisition efforts are expected to continue through the rest of this decade, extending into Orange and San Bernardino Counties.

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