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NEWS FROM HEARTHSTONE

ANTHONY BOTTE PROMOTED TO HEARTHSTONE BOARD OF DIRECTORS

SAN FRANCISCO and SAN DIEGO, CA – (February 9, 2004) – Acknowledging the increasing expansion of its investments throughout Western United States, Hearthstone, the nation's largest institutional investor in residential development, has promoted Anthony Botte to its Board of Directors, announced James Z. Pugash, Chief Executive Officer of the San Francisco- and San Diego-based investment firm.

According to Pugash, Mr. Botte has successfully managed a portfolio of residential development investments that has amassed a combined market value of more than \$1 billion during the past decade throughout the southwestern U.S.

"Since joining our San Diego office in 1995 as an investment manager, Anthony has made enormous contributions to Hearthstone, proving himself an astute judge of blue-chip residential developments that continue to bring strong returns to our institutional investors," said Pugash. "His promotion reflects not only his past success but also the vital role he will continue to play to the firm in the years ahead."

As senior vice president of Hearthstone's Western Region, Mr. Botte is responsible for originating new investment opportunities, maintaining builder relationships and supporting the strategic management of Hearthstone's investment portfolio in the core markets of California, Arizona, Nevada, Texas, Hawaii and the Pacific Northwest.

Previously, Mr. Botte served Davidson Communities (San Diego) as an Assistant Vice President/Project Manager responsible for construction operations of individual residential developments. He also served as project manager for McKellar Development of La Jolla. Mr. Botte earned a Bachelor of Arts Degree in Business Administration from Point Loma Nazarene University in San Diego and is a licensed general contractor in the State of California. He presently serves on the Residential Real Estate Advisory Board for the University of San Diego.

Headquartered in San Francisco, with offices in Los Angeles, San Diego and Chicago, 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.

In 2003, Hearthstone provided \$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.

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.

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