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NEWS FROM HEARTHSTONE

**HEARTHSTONE COMMITMENTS TO TEXAS HOMEBUILDING TOP \$520 MILLION**

AUSTIN, SAN ANTONIO, DALLAS / FT. WORTH, TX and SCOTTSDALE, AZ – (September 3, 2003) – **Hearthstone**, the largest institutional investor of residential developments in the nation – has committed \$28.5 million to build more than 200 homes in San Antonio, \$7.1 million to develop nearly 250 finished lots near Fort Worth and \$5.4 million to develop nearly 200 finished lots near Dallas – bringing to \$524.5 million the firm has committed to the Texas homebuilding industry since last year.

"This represents yet another opportunity for Hearthstone to further its expansion in the Texas residential marketplace," said Cindy Gilmore, corporate vice president and chief of Hearthstone's central and eastern U.S. operations. "We're confident our partnerships with single-family homebuilders in Texas will continue bringing positive returns to our investors. Over the next ten years, we anticipate our financial commitments to Texas homebuilding to surpass \$1 billion."

According to Gilmore, the firm's \$28.5 million commitment will enable Austin-based **Wilshire Homes** to build 205 single-family homes at **Greenbrook**, a development encompassing 47 acres within the city of Cibolo, located in the northeast section of San Antonio. Priced from the \$119,000s to the \$185,000s, homes will range from 1,300 to 2,801 square feet on lots from fifty to seventy feet wide.

Hearthstone has also committed \$7.1 million to **Legacy Homes**, a division of Dallas- and Scottsdale-based **Meritage Corporation** – that will enable it to build 249 single-family detached homes on 57.5 acres in the third phase of **Crawford Farms**, a master-community located on

(more)

Golden Triangle Blvd. off Interstate 35, northeast of Fort Worth. Homes at **Crawford Farms** will be priced from the \$140,000s to the \$190,000s, ranging from 1,900 to 4,000 square-feet on lots averaging 6,300 square-feet. It has committed another \$5.4 million that will enable **Meritage** to build 197 single-family detached homes on 53 acres at **Creek Hollow**, a community located northeast of Dallas in Wylie, TX . Homes will be priced from the \$140,000s to the \$190,000s, ranging 1,800 to 4,500 square feet on lots averaging 7,300 square feet.

Last year, Hearthstone committed \$33.5 million for 157 homes at **Northridge Park West by Kimball Hill Homes**, a single-family home development near Houston. It also committed \$450 million with **Wilshire Homes** to build more than 2,200 homes in Austin and San Antonio.

Hearthstone was the first, and today is the largest institutional investor of home developments in the United States, with nearly \$7 billion committed to funding the industry. Founded in 1992, Hearthstone has committed \$6.8 billion in 329 communities in 54 markets in 20 states, representing 43,000 homes. The firm represents a substantial source of investment capital from public and private pension plans, university endowments, Fortune 100 companies and large private trusts.

In 2002, Hearthstone provided nearly \$1 billion in financial commitments to the home building industry, funding 60 residential developments associated with 16 builders in seven states representing 5,604 homes.

Posting 2002 revenues of \$1.1 billion, **Meritage Corporation** builds homes in Arizona (Monterey Homes, Hancock Communities and Meritage Homes), California (Meritage Homes), Nevada (Perma-Bilt Homes) and Texas (Legacy Homes and Hammonds Homes). In its eighteen-year history, Meritage has designed, built and sold nearly 24,000 entry- to semi-custom luxury level homes in four states.

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