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IN LANDMARK DEAL, CANYON-JOHNSON URBAN FUND AND LOWE ENTERPRISES PURCHASE ICONIC HILTON WASHINGTON FOR \$290 MILLION

**New owners will immediately begin a \$100+ million renovation encompassing all
guest rooms, common areas, ballroom and exhibit space**

WASHINGTON, D.C. (May 31, 2007)—In one of the largest hotel acquisitions in Washington, D.C. history, the Canyon-Johnson Urban Fund (CJUF) and Lowe Enterprises Investors today announced the purchase from Hilton Hotels Corporation of the iconic Hilton Washington hotel near Dupont Circle for \$290 million. The new ownership team will invest in excess of \$100 million in a top-to-bottom renovation of the legendary hotel that has been the site of prestigious gatherings hosted by U.S. presidents, world leaders and other prominent figures since opening in 1965. The CJUF/Lowe Enterprises joint venture have entered into a long-term management agreement with Hilton Hotels Corporation.

The Hilton Washington's major equity investor, the Canyon-Johnson Urban Fund, is a joint venture between Canyon Capital Realty Advisors and basketball-legend-turned-urban-entrepreneur Earvin "Magic" Johnson. Based in the Los Angeles area, Canyon-Johnson is one of the largest private real estate funds focused on the development and repositioning of urban properties in the U.S. Los Angeles-based Lowe Enterprises is a leading national real estate investment, development and management firm with extensive experience in the hospitality industry.

"This investment goes to the very heart of what Canyon-Johnson is all about," said CJUF Managing Partner Bobby Turner. "The hotel is located in a densely-populated, urban neighborhood and employs hundreds of people. By deploying the expertise and capital necessary to redevelop this important asset, Canyon Johnson and Lowe Enterprises are setting the stage for strong economic and community returns in one of America's most recognized urban centers. We couldn't be more pleased to work with Lowe Enterprises, a company that has impressive expertise in the hospitality industry and detailed knowledge of the Washington, D.C. real estate market."

"Our team is breathing new life into this irreplaceable and historic property in the nation's capital," said Earvin "Magic" Johnson. "We look forward to working in partnership with Mayor Adrian Fenty and local leaders to ensure that the Hilton Washington continues to be a valuable economic development engine for decades to come."

Set on seven acres and located on Connecticut Avenue near Dupont Circle, the Hilton Washington is in the heart of one of the area's most desirable and distinctive shopping, dining and residential neighborhoods. Its proximity to government and cultural institutions also makes it a premier destination for both business and leisure travelers. Beyond its 1,119 rooms, the hotel has 110,000 square feet of meeting space, including the signature 36,000-square-foot International Ballroom, the city's largest.

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“The Hilton is a classic property in a prime location. It offers a solid acquisition opportunity in a market we know well and is another in a series of high profile hotel properties that we have acquired in major U.S. markets this year,” said Brad Howe, managing director, Lowe Enterprises Investors. “Our extensive hospitality experience and strong local team provide us with the ability to enhance the value of this legendary property in the heart of Washington, D.C.”

Executives from Lowe Enterprises already have developed and will oversee the extensive renovation program set to begin in the third quarter of this year. The effort will be led by Michael Balaban, Washington, D.C.-based president of the eastern division of the firm’s Real Estate Group, and Charlie Peck, president of Destination Hotels and Resorts the firm’s hotel management affiliate, who will lead the asset management team for the hotel.

Highlights of the renovation include:

- Updated guest rooms with fresh décor featuring new color schemes, window treatments, floor and wall coverings, linens, fixtures and bathrooms. Complementary design schemes will be introduced throughout the public spaces, including meeting rooms and a richly refurbished grand lobby.
- The 110,000 square feet of meeting and event space, which features the 36,000-square-foot International Ballroom, will be reconfigured to accommodate multiple groups and events simultaneously. Meeting spaces will be renovated to include new pre-function exhibit space, storage, kitchen and restroom facilities.
- Extensive modifications will be made to the gym and pool areas. The existing 1,200-square-foot fitness center will be reconfigured to include a spacious spa to be located adjacent to the junior Olympic swimming pool and sundeck
- Food and beverage options will also be enhanced with the addition of a coffee bar and the possible addition of an upscale restaurant made possible by reconfiguring existing space.

“We couldn’t be happier working with the Lowe Enterprises team on this dynamic project,” said CJUF’s Quincy Allen, senior director, acquisitions. “Lowe Enterprises has assembled an incredible team with a wealth of talent and experience in hotel renovations and a deep understanding of the Washington, D.C. market. With the combined experience of Canyon-Johnson and Lowe, we are well suited to the task of refurbishing this tremendous property and re-establishing it as a premier destination hotel. This is one of several projects that Canyon-Johnson will be announcing in the coming months in other emerging markets of Washington, D.C.”

“The Hilton Washington has long been the favorite venue for celebrated functions in the Nation’s capital including numerous annual events attended by the President. We are pleased the hotel has been purchased by a very experienced partnership that will implement the full renovations necessary to restore the property to its full potential,” said Robert M. La Forgia, executive vice president and chief financial officer, Hilton Hotels Corporation.

Lowe Enterprises’ acquisition team was led by Harmar Thompson, senior vice president of Lowe Enterprises Real Estate Group and Mike Everett, senior vice president of Lowe Hospitality Group. Pillsbury Winthrop and Sidley Austin LLP provided legal services to Lowe and CJUF. The acquisition and renovation loan is being provided by Prudential Mortgage Capital Corporation. Eastdil Secured represented Hilton Hotels Corporation in the transaction

About The Canyon-Johnson Urban Funds

The Canyon-Johnson Urban Funds are a joint venture between the Los Angeles-based Canyon Capital Realty Advisors and basketball-legend-turned-urban-entrepreneur Earvin "Magic" Johnson. The funds were formed to identify, enhance and capture value through the development and redevelopment of real estate in densely populated, ethnically diverse urban communities. CJUF's objectives are to seek current income and capital appreciation and to provide for and foster economic opportunities for the residents of the urban neighborhoods in which it invests. With nearly \$1 billion in committed equity capital, CJUF is positioned to facilitate more than \$4 billion in development and revitalization in major U.S. metropolitan areas.

The substantial equity investment in the Hilton Washington comes on the heels of another significant investment by Canyon Johnson in the Washington, D.C. area – the Onyx at 1st and L, a \$90 million residential development in the Ballpark District in the southeast waterfront district.

About Lowe Enterprises

Los Angeles-based Lowe Enterprises is a leading national real estate investment, development and management firm. Over the past 35 years, it has developed, acquired or managed more than \$8.5 billion of real estate assets nationwide. The firm is currently developing six million square feet of commercial projects nationwide. Through its investment management affiliate, the firm currently manages in excess of \$3 billion in real estate assets on behalf of investment clients. In addition to its Los Angeles headquarters, Lowe Enterprises maintains regional offices in Denver, Irvine, Phoenix, San Francisco, Sacramento and Washington, D.C.

Lowe Enterprises established its Washington D.C. area office in 1980 and has been an active investor and developer of commercial real estate throughout the region. Today it is developing several large mixed-use projects including the \$200 million CityVista at 5th and K Streets and the \$300 million Dakotas in Northern Washington D.C.

About Hilton Hotels Corporation

Hilton Hotels Corporation (NYSE:HLT) is the leading global hospitality company, with more than 2,800 hotels and 480,000 rooms in 76 countries and territories, including 100,000 team members worldwide. The company owns, manages or franchises a hotel portfolio of some of the best known and highly regarded brands, including Hilton[®], Conrad[®] Hotels & Resorts, Doubletree[®], Embassy Suites Hotels[®], Hampton Inn[®], Hampton Inn & Suites[®], Hilton Garden Inn[®], Hilton Grand Vacations[™], Homewood Suites by Hilton[®] and The Waldorf=Astoria Collection[®].

The Hilton Family of Hotels adheres to founder Conrad Hilton's philosophy that, "It has been, and continues to be, our responsibility to fill the earth with the light and warmth of hospitality." The company put a name to its unique brand of service that has made it the best known and most highly regarded hotel company: **be hospitable[®]**. The philosophy is shared by all brands in the Hilton Family of Hotels, and is the inspiration for its overarching message of kindness and generosity.

Hilton Hotels Corporation's sponsorship of the U.S. Olympic Team will extend through the 2008 Olympic and Paralympic Games in Beijing, China, and includes the 2008 U.S. Paralympic Team(s) and the 2007 U.S. Pan-Am Team. For more information about our company, please visit www.hiltonworldwide.com, and to learn more about our **be hospitable** philosophy, please visit www.behospitable.com.

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Editors note: CJUF's Bobby Turner and Earvin "Magic" Johnson, and Lowe Enterprises executives will unveil more detailed renovation plans at a media event at the hotel on June 7 at 10:00 a.m.