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ARIES CAPITAL'S URBAN DEVELOPMENT ARRANGES \$30.55 MILLION FINANCING FOR NEW ORLEANS PROPERTY

Chicago – Aries Capital is pleased to announce that the Urban Development Fund, LLC (UDF), an affiliate of Aries Capital, has provided \$30.5 million in financing to facilitate the redevelopment of the St. Charles Hilton in New Orleans, Louisiana. The UDF Investment was made possible by an allocation of New Markets Tax Credits (NMTC).

“We expect this project to bring a number of construction jobs and over a hundred new, full jobs to the New Orleans community,” said Neil D. Freeman, chief executive officer of Aries Capital. “This financing will also stimulate further renovation of this community by creating jobs and temporary housing for workers, as well as bringing vital tourism revenue back to the area.”

The St. Charles Hilton, a 250-room hotel located in New Orleans, LA, is an historic Masonic building built in 1926. It was converted to an office building for use by the United States Government during the 1940's and later closed in the 1960's. The St. Charles property remained vacant for over 30 years until it was acquired and converted into a hotel in 2002. However, the hotel closed following Hurricane Katrina when the first floor and basement were flooded destroying the principal operating equipment and causing the upper floors of the building to sustain damage from the damp conditions.

Following the hurricane, the owners of the property were unable to reinvest in the hotel, UDF then provided the project sponsor a 1st and 2nd mortgage totaling \$30.5 million to purchase and rehabilitate the property. Renovations will include moving the mechanicals to the second floor to prevent damage in the case of any future flooding as well as establishing the hotel as part of the Hilton chain. More than \$12 million will be spent to renovate the property. UDF's loan included many flexible features including: a higher than standard loan-to-value, a below market interest rate, debt with equity features, subordinated debt, lower than standard origination fees, and loan loss reserve requirements that are less than standard.

Upon completion in 2007, the refurbished St. Charles Hilton will have 250 rooms, a 500-seat theater, and 100 parking spaces. This project is located in the Gulf Opportunity Zone, a HUB Zone, and an area with unemployment greater than 1.5 times the national average. It is located in a census tract that has a 43% poverty rate and a median income which is 84.2% of area median income.

Michael Qualizza, chief financial officer for UDF added, “The St. Charles Hilton is a historic building which had sat vacant for several decades prior to its conversion to a hotel in 2002. Without UDF's financing, it was at substantial risk of being abandoned once again. We are pleased to be a part of this project and the significant community contributions that it will render.”

Urban Development Fund was formed by Aries Capital to provide capital to developers of real estate projects that have a catalytic impact on community revitalization in underserved markets. In 2006, the company received an allocation totaling \$60 million under the New Markets Tax Credit (NMTC) program for use in the recovery and redevelopment of the Hurricane Katrina Gulf Opportunity Zone. This is the organization's third NMTC allocation award, bringing the total to \$132.5 million. UDF utilizes the subsidy afforded by the New Market Tax Credit to offer more favorable rates and terms that would not have been available to these projects in the marketplace, and is committed to investing all of its NMTC equity in communities designated as areas of higher distress by the CDFI Fund.

Chicago-based Aries Capital, www.ariescapital.com, is a national full service mortgage banking firm that provides direct access to mezzanine and bridge financing as well as permanent financing through direct correspondent relationships with several investment firms. A recognized leader in funding commercial, multi-family, and hotel loans since 1991, the company maintains additional offices in Southern California, Houston, and Phoenix. Through its structured finance capabilities, Aries is able to provide multiple financing options from its own funds, Wall Street and Mutual Fund investors as well as credit unions, local, regional, and national banks.

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