

CANYON CATALYST FUND AND PARAGON COMMERCIAL GROUP ANNOUNCE ANCHOR TENANTS AND CONSTRUCTION COMMENCEMENT AT RANCHO LAS PALMAS SHOPPING CENTER IN RANCHO MIRAGE, CALIFORNIA

CVS, Hobby Lobby, and Stein Mart have leased the three anchor suites at Rancho Las Palmas

LOS ANGELES, CA (February 23, 2015) – Following the successful grand opening of Superior Grocers at Hawthorne Plaza in Hawthorne, CA on February 5, 2015, the Canyon Catalyst Fund (“CCF”), the Canyon Capital Realty Advisors’ emerging manager program, along with Paragon Commercial Group (“Paragon”) announced the commencement of construction on a major repositioning of the Rancho Las Palmas Shopping Center (the “Property”). Centrally located in the heart of Rancho Mirage at the highly visible intersection of Bob Hope Drive and the U.S. Highway 111, the Property will be completely remodeled to include enhanced architecture and landscaping, improved pedestrian connectivity, energy efficient lighting, enhanced access from both Highway 111 and Bob Hope Drive, and a dominant regional tenant lineup. The upgraded shopping center will be anchored by a 48,000 square foot Hobby Lobby, 30,000 square foot Stein Mart (NASDAQ: SMRT) and a new CVS Drug Store (NYSE:CVS).

“We are pleased to welcome Hobby Lobby and Stein Mart to Rancho Las Palmas and to the City of Rancho Mirage,” said Erwin Bucy, a Principal with Paragon. “They provide value oriented, high quality shopping options for residents and visitors to Rancho Mirage and surrounding desert communities. The combination of Hobby Lobby, Stein Mart, a new free-standing CVS along with a 10,000 square foot specialty grocer will form an excellent base of anchor tenants that we are certain will continue to attract new inline tenants to the center.”

Following five years of increasing vacancy after the departure of the previous anchor tenant, the CCF and Paragon partnership acquired the Property in March of 2014. Within the first nine months, Paragon executed all new anchor tenant leases and worked closely with the City of Rancho Mirage to obtain full unanimous approval of its redevelopment plan in December of 2014. As part of the redevelopment, CVS will relocate from its current inline suite to a freestanding location with a drive thru on the hard corner of Highway 111 and Bob Hope.

Rancho Las Palmas is located adjacent to The River, a major regional retail and entertainment destination, and benefits from one of the busiest intersections in the entire Coachella Valley, with average traffic counts of over 65,000 cars passing by the shopping center daily. In addition to the growing number of Coachella Valley residents, the daytime population for the area includes approximately 128,000 employees who work within a 10-mile radius of the shopping center and 10,000 students who attend the College of Desert located 2.5 miles away.

“We would like to thank CVS and the City of Rancho Mirage,” said Maria Stamolis, Senior Managing Director at Canyon Capital Realty. “They have been excellent partners who believed in and supported our vision for the project. We would not have been able to transform Rancho Las Palmas without their full support.”

About The Canyon Catalyst Fund

The Canyon Catalyst Fund is a joint venture between Canyon Capital Realty Advisors (Canyon Capital Realty) and the California Public Employees’ Retirement System (CalPERS) aimed at developing the next generation of real estate managers and acquiring \$400 million of real estate assets in urban markets

across California. Leaders from Canyon Capital Realty work closely with emerging managers, acting as mentors and advisors to ensure the incorporation of best-in-class practices.

Canyon Capital Realty is the real estate direct investing arm of Canyon Partners LLC (Canyon). Founded in 1990, Canyon and its affiliates are investment management firms headquartered in Los Angeles, with approximately \$25 billion in assets under management.

Canyon Capital Realty focuses on providing value-added debt and equity capital to real estate owners, operators, developers, mortgage lenders and corporations involved in time-sensitive and complicated projects, as well as on markets and transactions that are often overlooked, misperceived and difficult to underwrite. Since inception, Canyon Capital Realty has invested over \$5.5 billion of capital in over 212 commercial real estate and mortgage transactions with a total capitalization of \$14.3 billion through its distinct real estate investment platforms.

About Paragon Commercial Group

Founded by Mark Harrigian, Erwin Bucy and Jim Dillavou, Paragon Commercial Group opportunistically invests in value-add and tenant-driven retail development and redevelopment opportunities, with a focus on underutilized assets in infill and high-barrier to entry markets. With over 50 years of collective retail experience and a retail resume in excess of 10 million square feet of neighborhood and community centers on the West Coast, Paragon's deep market knowledge and extensive tenant relationships provide a constant grass roots pipeline of retail investment opportunities.

Paragon enters into each acquisition with a commitment to quality that extends to each constituency involved in the development process including, capital partners, government agencies, lenders, property owners, tenants and clients. The team's current portfolio ranges from smaller properties, including single tenant assets and neighborhood grocery anchored centers, to larger more complex infill development and redevelopment projects.

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