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BOSTON, Feb 26, 2004 /PRNewswire-FirstCall via COMTEX/ -- First Union Real Estate Equity and Mortgage Investments (FUR) has entered into a commitment, subject to the satisfaction of certain conditions precedent, to provide up to \$17 million to either acquire or refinance the existing senior indebtedness of NorthStar Partnership, L.P. ("NorthStar") presently held by Bank of America, N.A. The loan is secured by a first priority lien on all or a portion of NorthStar's interest in Morgans Hotel Group LLC, Emmes & Company LLC and Presidio Capital Investment Company, LLC as well as certain other assets of NorthStar. First Union has agreed to modify the loan to provide for a maturity date of May 28, 2005, subject to two optional six-month extensions at NorthStar's election. The loan will also be modified to provide for an initial interest rate of at a minimum of 12% per annum, with a yield to maturity of 12.86% and escalating interest rates during each optional extension.

Certain statements contained in this press release that are forward-looking are based on current expectations that are subject to a number of uncertainties and risks, and actual results may differ materially. Further information about these matters and the risks generally with respect to First Union can be found in First Union's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission.

First Union Real Estate Equity and Mortgage Investments is a NYSE-listed real estate investment trust (REIT) headquartered in Boston, Massachusetts.

SOURCE First Union Real Estate Equity and Mortgage Investments

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