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For more information contact:
Kelly Beckley 206-215-9730

**Department of the Navy, Clark Realty, and Pinnacle Celebrate Historic
Groundbreaking of Navy Bachelor Quarters in San Diego**

First of Kind Community to Improve Quality of Life for Single Sailors

SAN DIEGO – The Department of the Navy, Clark Realty, and Pinnacle officially kicked off construction today for Pacific Beacon, the nation's first large-scale housing privatization for single Sailors. Rear Admiral Hering, commander, Navy Region Southwest; Captain Dixon Smith, commanding officer of Naval Base San Diego; Mr. Frank Jimenez, general counsel of the Navy; and Clark and Pinnacle executives participated in today's ceremony to recognize the innovative public-private partnership between Clark and the Navy. The partnership will leverage private sector financing and expertise to provide much needed housing for nearly 2,000 Sailors in San Diego.

"Many of San Diego's Sailors live on their ship while in homeport," said Mike Rouen, director of Military Housing for Pinnacle. "We are honored to be able to provide a haven in Pacific Beacon, a home where Sailors can be at ease."

Clark Realty Capital and affiliates of Bethesda, Md. will manage development, design, and construction of Pacific Beacon. Torti Gallas and Partners, Silver Spring, Md., will provide the design and land planning. Pinnacle of Seattle will provide property management services for Pacific Beacon and the existing Palmer Hall for the next 50 years.

Pacific Beacon will be customized for Sailor life with dual master suite apartments and amenities centered on health, education, and relaxation. Construction on the 15-acre site on Naval Base San Diego officially began last month; final delivery is scheduled for 2009.

"Pacific Beacon will be the first of its kind," said Rear Admiral Hering. "As seen through our partner's successful family housing communities, their creativity and care for our Sailors is unmistakable, and I believe Pacific Beacon will set the standard for the future."

Taking cues from the modern design of successful new urbanism developments popping up throughout the city, Pacific Beacon will itself be a striking addition to the San Diego skyline with four 18-story towers boasting magnificent water and city views. The apartments will feature two-bedroom, two-bathroom residences with open living areas, full kitchens, washer/dryers, and balconies. Sailors will have their own bedroom suites, spacious walk-in closets, and private bathrooms. Amenities include a state-of-the-art fitness center, a resort-style swimming pool, spacious lounges, a coffee bar, classrooms, and theaters.

Pacific Beacon, an important part of the Navy's Homeport Ashore initiative, will help alleviate the current housing shortfall of approximately 3,000 beds. Since lack of private quarters in the homeport consistently ranks among the highest quality of life issues for junior Sailors and is one of the top reasons why they leave the service, development of Pacific Beacon is expected to directly improve retention - key for an all-volunteer Navy.

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About Pinnacle

Seattle based Pinnacle, an American Management Services Company LLC, manages more than 132,000 multifamily units, including military and affordable housing communities, and 16.7 million square feet of commercial space nationwide. The company provides owners and investors with a broad scope of services including acquisition, disposition, rehabilitation, property management, condominium conversion services and condominium association management, leasing, financing and repositioning of real estate assets. Pinnacle manages an international portfolio valued at more than \$12.3 billion from four regional offices and 30 branch offices across the U.S. The firm's clients include more than 235 institutions, pension funds, private partnerships, foreign investors, sole owners and government housing groups in North America and Asia.

About Clark Realty

A fully integrated, national real estate firm, Clark Realty offers a broad base of services including capital markets, finance, development, construction, property management, and investment management. Clark Realty is an affiliate of the Clark Construction Group, the nation's oldest and largest privately-held general building contractor in the nation. Clark is currently engaged with the Army, Navy, and Marines at 10 military installations throughout the U.S. Upon completion, Clark will have built or renovated nearly 25,000 homes with a development value in excess of \$4.2 billion.

About NAVFAC

The Naval Facilities Engineering Command (NAVFAC) manages the planning, design, construction, contingency engineering, real estate, environmental and public works support for U.S. Navy shore facilities around the world. NAVFAC provides the Navy's forces with the operating, expeditionary, support and training bases they need. NAVFAC is a global organization with an annual volume of business in excess of \$7.6 billion.