

HFF[®]

Holliday Fenoglio Fowler, L.P.

August 26, 2008

Contacts:

TIMOTHY D. WRIGHT

HFF Senior Managing Director
(858) 552-7690
twright@hfflp.com

LAURIE FISH MCDOWELL

HFF Associate Director, Marketing
(617) 338-0990
lmcdowell@hfflp.com

**HFF arranges debt and equity totaling \$46.5 million
for Encinitas, California mixed-use development**

SAN DIEGO, CA – The San Diego office of HFF (Holliday Fenoglio Fowler, L.P.) announced today that it arranged a construction loan and joint venture equity for the development of Pacific Station, a Whole-Foods anchored mixed-use project in the northern San Diego city of Encinitas, California.

Working exclusively on behalf of Pacific Station Property, LLC, a venture by John DeWald & Associates and Phase 3 Properties, HFF senior managing director Tim Wright and associate directors Rob Hinckley and Zach Koucos placed the \$36.5 million, 60-month construction permanent loan with La Jolla Bank. HFF also secured \$10 million in joint venture equity with Fidelity Real Estate Group.

Upon completion in fourth quarter 2009, Pacific Station will have 38,500 square feet of retail including Whole Foods and a signature restaurant, 10,000 square feet of office space, 47 residential units and a two-level underground parking garage. All components of the project will be condo-mapped and can be sold off by the suite. Residential units will range from 702 square feet to more than 2,000 square feet in one- to three-bedroom layouts. Whole Foods will anchor the retail space with approximately 25,000 square feet. Pacific Station is situated on 1.39 acres between E and F Streets along the Coast Highway 101, three blocks from the Pacific Ocean and one block from the Metropolitan Transit Station's Encinitas "Coaster" Station.

"Pacific Station is designed to fully integrate into the downtown Encinitas streetscape, while meeting the demand for retailers, professionals and residents," said Wright.

John DeWald & Associates is a San Diego-based company that provides real estate consulting, development and construction services.

San Diego-based Phase 3 Properties specializes in commercial real estate development, brokerage and management.

-more-

**HFF arranges debt and equity totaling \$46.5 million
for Encinitas, California mixed-use development**

Page Two

Fidelity Real Estate Group pursues value-added real estate investment opportunities throughout the U.S. on a fully discretionary basis for its managed funds. The Fidelity Real Estate Group is a division of Pyramis Global Advisors, a Fidelity Investments company. Fidelity Real Estate Group manages in excess of \$12 billion on behalf of institutional and accredited individual investors as of March 31, 2008.

HFF (NYSE: HF) operates out of 18 offices nationwide and is a leading provider of commercial real estate and capital markets services to the U.S. commercial real estate industry. HFF offers clients a fully integrated national capital markets platform including debt placement, investment sales, structured finance, private equity, note sales and note sale advisory services and commercial loan servicing. www.hfflp.com.

###