



For Immediate Release

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Vulcan and PEMCO Open Alley24 to First Commercial Tenants

**362,500-square-foot mixed-use project will feature housing, retail and office;
Nearly 1,000 employees from NBBJ, Skanska and WPP to move into Alley24**

SEATTLE — Feb. 28, 2006 — Joint venture partners Vulcan Inc. and PEMCO Insurance announced today that they have completed construction on the commercial portion of Alley24, a 180,000 square-foot sustainable, high performance office building in South Lake Union's Cascade neighborhood.

Located at 221 Yale Avenue North, the six-story building is part of a larger 362,500-square-foot, four-building, full block development between John and Thomas streets and Yale and Pontius avenues. In addition to office space, the project includes 172 apartment homes and 28,000 square feet of retail.

"We are thrilled to welcome our new tenants to this high performance sustainable facility," said Ada M. Healey, vice president of Vulcan Real Estate. "The addition of more than 1,000 new employees contributes to the intellectual capital of the Cascade neighborhood. We believe these employees are part of a creative and talented workforce that will add a tremendous amount of vibrant energy to the neighborhood."

The first residential apartments at Alley24's South Tower are scheduled to be complete in June 2006; the North Tower apartments are scheduled to be complete in Fall 2006.

"The Cascade Neighborhood has been PEMCO's home for more than 50 years," said Stan McNaughton, PEMCO president and CEO. "We welcome our new friends at NBBJ, Skanska and WPP. We're proud to be part of a project that helps to make this a more vibrant community for people to live, learn, work and play."

The building's office tenants, NBBJ, Skanska and WPP, will bring nearly 1,000 employees to the neighborhood.

FACILITY TO SERVE AS NBBJ'S NEW SEATTLE OFFICE

NBBJ, the architect for Alley24, officially moved into its new Seattle office on Feb. 21. The global firm occupies the first three floors of the building totaling more than 77,000 square feet. With nearly 375 Seattle-based employees, NBBJ is now one of the larger employers in the Cascade neighborhood. Vulcan worked with NBBJ's team of architects to incorporate innovative sustainable features into Alley24, making it one of the most environmentally friendly mixed-use projects in Seattle.

"Getting all of our Seattle staff into one location provides a more cohesive, synergistic work environment for us," said Scott Wyatt, managing partner at NBBJ. "Equally important, this has been a wonderful opportunity to design a state-of-the-art 'green' headquarters building that sets a new standard for energy efficiency and sustainability."

From award-winning corporate headquarters to state-of-the art healthcare facilities, NBBJ helps companies and organizations around the world create innovative places and brands. The firm also has offices in San Francisco, Los Angeles, Columbus, New York, London, Beijing, Shanghai and Dubai.

SKANSKA MOVES HOME TO CASCADE NEIGHBORHOOD

On Feb. 27, Skanska, a commercial construction firm in the Northwest for the past 60 years, completed its move into Alley24. Skanska, which occupies 25,000 square feet of office space on the fourth floor, is also the general contractor for Alley24's office building. The company has brought more than 185 new employees to the neighborhood.

"It's been an honor to collaborate with the Alley24 development 'dream team' on creating Skanska's new local headquarters building," said Skanska Executive Vice President Bob Babitsky. "We care a great deal about our people and are excited about a new workplace environment. In addition, we are thrilled to be part of an evolving new neighborhood and look forward to being part of the Cascade community."

COLE & WEBER / RED CELL MOVES TO ALLEY24 IN MARCH

An estimated 400 employees from WPP companies including Cole & Weber / Red Cell will move into their new offices at Alley24 in early March. WPP companies will occupy floors five and six, totaling 53,000 square feet. WPP is a global marketing communication services firm that specializes in advertising, branding, direct marketing, media planning and online marketing.

Alley24 has 25,000 square-feet of high performance office space available for lease.

SUSTAINABLE DESIGN TO INCREASE PRODUCTIVITY AND REDUCE OPERATING COSTS

Alley24 is slated to become one of Seattle's first mixed-use projects developed and designed under the U.S. Green Building Council's LEED-certified (Leadership in Energy and Environmental Design) standards. NBBJ's office space at Alley24 is expected to achieve Silver LEED-certification. Skanska's office space, as well as the building's core and shell, and the residential portion of Alley24 are expected to achieve LEED-certification.

The sustainable design platform for the office space will feature more natural daylight than traditional buildings, significant access to fresh air through operable windows, low energy and water flow fixtures, operable outdoor sun shades, and the use of environmentally sensitive building materials.

Studies have shown that a more comfortable space creates a positive work environment – increasing worker satisfaction and employee retention, which reduces absenteeism and increases productivity.

One of Alley24's unique energy saving features will be its hybrid HVAC system—making it one of the first buildings in Seattle to offer tenants a choice of natural ventilation, energy efficient air conditioning or both.

Air conditioning is the biggest consumer of energy in an office building, but because Alley24 tenants will have access to fresh air through operable windows it will not be necessary to use air conditioning in the building for most of the year. However, when air conditioning is required, an innovative underfloor HVAC system will provide the most energy efficient delivery because it distributes conditioned air at floor level where occupants reside. In conventional HVAC systems, the air must be conditioned at lower temperatures to compensate for the hot air that circulates in the ceiling.

Like a hybrid car or bus, this system gives the user total choice over which system to use. Both systems use less energy than the traditional overhead HVAC systems, creating energy cost savings of 15 to 20 percent.

The building also offers movable exterior sunshades and automatic reflector blinds to help moderate the building's temperature throughout the year.

ALLEY24 FEATURES EUROPEAN ALLEYWAY AND CONTEMPORARY RESIDENCES

Alley24 features an open, European-inspired alleyway that runs through the center of the property, creating an open “through-block” connection, similar to European alleyways or Seattle’s own Post Alley in Pike Place Market.

The alleyway will create a wide pedestrian walkway and will feature access to shops, residences and offices and will be enriched with historic brick facades, canopies and street level entrances. The design also includes a sky bridge arching over the alleyway to connect two of the buildings.

The alley will also feature distinctive art pieces that reflect the project’s innovative circulation approach. At the intersection of the alley and pedestrian through-block, an 18-foot tall light beacon named “Baladeuse” will function as a marker revealing and enhancing the internal experience at Alley24.

Designed by Portland artist James Harrison, “Baladeuse” will be made of laminated art-glass set over a stainless steel armature that will be internally lit. During the day, the sculpture will reflect light and at night it will glow from within, revealing a mosaic pattern. “Baladeuse” along with several other art pieces will be installed in Fall 2006.

The residential portion of the site includes preservation of the brick façade of the historic New Richmond Laundry facility that is integrated into the new construction to create an appealing contrast of vintage and contemporary features in Alley24’s residences.

The residential component will offer many options, including studios, lofts, one and two bedroom apartments and townhomes. The building’s amenities include two roof top decks, a workout room, bike room, conference center, business room and media center.

Alley24 is also participating in the City of Seattle’s Multi-family Tax Exemption program and 20 percent of the units in the building will be made available for individuals and families at or below 60 percent of median income.

RETAIL WILL ADD AMENITIES TO NEIGHBORHOOD

Alley24 offers a total of 28,000 square feet of street-level boutiques, restaurants and cafes. Espresso Vivace has leased 2,000 square feet and will open to the public in early March. The cafe will provide local residents and employees in the neighborhood with Northern Italian-inspired coffee featuring two distinctive espresso blends. Co-owned by spouses David Schomer and Geneva Sullivan for over 18 years, Vivace currently operates additional store locations in Capitol Hill. The new shop will be open daily from 6:30 a.m. to 11 p.m.

Vulcan Inc., which owns approximately 60 acres in Seattle’s South Lake Union neighborhood, has more than 1.2 million square feet under construction. The South Lake Union redevelopment project is one of the largest development efforts in the United States and will consist of more than 10 million-square-feet when completed. Vulcan’s vision for the neighborhood is to work with community and city officials and partner with local organizations to create a vibrant, diverse neighborhood that blends housing, retail, office, life sciences research, open space and public transportation.

About Vulcan Real Estate

Vulcan Real Estate directs all real estate strategies for Vulcan Inc., a Paul G. Allen company. Through strategic acquisitions and innovative development, Vulcan Real Estate creates a diversified portfolio of high-performing, quality assets. The company’s experienced, talented team of real estate professionals offers a full range of development services from site selection to build-to-suit construction. Its real estate model is based on quality, sustainable development that builds new value across the entire community. For more information, visit www.vulcanrealestate.com.

About PEMCO

PEMCO Insurance, established in 1949, is a Seattle-based preferred-risk insurer that offers auto, home, boat, life, and umbrella insurance to Washington residents. PEMCO Insurance is sold by community agents throughout the state, as well as through PEMCO offices in Seattle, Lynnwood and Spokane. Currently, PEMCO serves 555,000 customers statewide. PEMCO has been headquartered in Seattle’s Cascade neighborhood for more than 50 years. For more information, visit www.pemco.com.

About NBBJ

For more than 60 years, NBBJ, a leading global architecture and design firm, has helped companies and organizations create innovative places. From top-performing world headquarters—including Reebok, Starbucks and Telenor—to state-of-the-art healthcare facilities—including Swedish Medical Center, University of Washington Medical Center and Cleveland Clinic Foundation—NBBJ has designed communities, buildings, products, environments and digital experiences that enhance people’s lives. The firm has nine offices worldwide, including Seattle, San Francisco, Los Angeles, Columbus, New York, London, Dubai, Beijing and Shanghai. For more information, visit www.nbbj.com.

About Skanska

Skanska is a leading local provider of construction, pre-construction consulting, general contracting and design-build services to a broad range of industries in the Puget Sound region. The 60-year-old company, which has more than 185 employees in Seattle, has been the contractor on a number of high-profile area projects, including the Chapel of St. Ignatius, Benaroya Hall, the Smith Tower renovation, the Museum of Glass in Tacoma, and Lincoln Square.

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