



Hanover Real Estate Partners Announces 2008 Strategic Developments

Greenwich, Connecticut (January 13, 2009) – Hanover Real Estate Partners, a privately held real estate investment company focused on owning, managing and operating institutional grade commercial real estate assets across the United States, announced today a summary of its 2008 strategic developments. Most notably, Hanover raised substantial new equity for five new funds to purchase distressed debt and undervalued real estate assets, and also finalized property acquisitions and new lease agreements for several key assets.

Highlights for 2008

Despite the challenging economic pressures facing the real estate industry, Hanover has continued to successfully implement its strategy of identifying and acquiring distressed and undervalued real estate and developing each property to its fullest potential. Through strategic acquisitions, redevelopments and property enhancements, Hanover has been able to efficiently employ new capital to significantly improve the overall quality of its real estate portfolio and maximize returns to its investors. Key highlights for 2008 are outlined below.

Acquisitions:

Over the past year, Hanover successfully completed four strategic acquisitions, adding a diversified group of properties to its portfolio. Those acquisitions include two Kmart-anchored retail centers located at 3150 National Road West in downtown Richmond, Indiana and 12730 South Saginaw Road in the heart of Grand Blanc, Michigan, as well as an 82,000 square foot call center facility leased to West Corporation at 5185 Youngstown – Warren Road in the CBD of Niles, Ohio. Hanover also purchased \$36 million of discounted mortgage debt secured by institutional quality real estate, and acquired a 5.73 acre parcel of land in National City, California

Sales:

Hanover sold its 90,000 square foot retail property located on U.S. Route 23 in eastern Cheboygan, Michigan to Kmart, which was the sole tenant.

Capital Transactions:

The Company secured in excess of \$30 million of new financing for the acquisition of real estate and funding of capital improvements on its existing properties.

Leasing Activity:

Over the past year, Hanover's focus on maintaining and improving its properties to the highest possible standards has helped to retain its existing tenant base and attract new tenants as evidenced by over 29 separate lease transactions completed in 2008 for an aggregate of more than 250,000 rentable square feet, including:

- 16901 Bernardo Center Drive in Rancho Bernardo, California - completed a long-term lease with Wells Fargo for its stand-alone retail bank branch;
- 2751 Via de la Valle in Del Mar, California – conversion of an existing Burger King fast-food franchise to a bank branch in connection with a new long-term lease to Wells Fargo;
- 401 Miles of Cars Way (24th Street) in National City, California – executed office leases with four tenants totaling 18,700 square feet;
- 6 South El Dorado in Stockton, California (former Pacific State Bank building) – executed office leases with seven tenants totaling 39,500 square feet, including a 10,600 square foot lease with San Joaquin County Employees Retirement Association, 18,000 square feet to various law firms and a 10,800 square foot lease with San Joaquin County Records Office;
- 5555 San Filipe in Houston, TX – The Marathon Oil Tower - executed office leases with 16 tenants totaling 180,000 square feet, including leases with Marathon Oil Company totaling approximately 41,500 square feet; a 30,000 square foot lease with the architectural firm PGAL, a 25,000 square foot lease with Kanaly Trust, a 12,000 square foot lease with Life Extensions, an 8,500 square foot lease with Cyviz and a 6,500 square foot lease with Wave Energy.

Hospitality Activity:

As part of its focus on the hospitality and lodging sector, Hanover opened a new Hampton Inn & Suites by Hilton Hotels on Whitehall Road off I-95 at Exit 90 in Mystic, Connecticut and is constructing a New Hampton Inn by Hilton Hotels at 407 Amherst Street in Nashua, New Hampshire. The Company also recapitalized its Homewood Suites by Hilton Hotels at 2770 Yorkmont Road in Charlotte, North Carolina and renovated its Hampton Inn by Hilton Hotels in South Portland, Maine.

Capital and Tenant Improvement Programs:

In 2008, Hanover funded, managed and completed over \$7.5 million in tenant improvement and building capital projects.

“This past year has been a year of growth and opportunity for Hanover,” commented Reed Miller, managing partner for Hanover Real Estate Partners. “We are very pleased with the round of new debt financing that we secured for eight of our 22 properties, as well as our ability to raise substantial new equity for five funds. As we begin a new year, the equity raised will be important in allowing us to purchase distressed debt and undervalued real estate assets, a core part of Hanover’s real estate strategy. Our ability to identify undervalued properties and develop them to their full potential has been the cornerstone of our company since its inception.”

Added Ken Boyle, managing partner for Hanover Real Estate Partners: “In addition to the sound financing we secured this past year, we’ve continued to maintain strong occupancy rates at our properties and secured several long-term leases for key properties in our portfolio. We are fortunate to enjoy a diversified portfolio, ranging from office space to retail and hospitality properties and have demonstrated our ability to secure tenants across all sectors. Our favorable reputation in the industry and strong ties to the local communities in each of our markets has been of the utmost importance, particularly during challenging times. We look forward to continued success in the upcoming years.”

About Hanover Real Estate Partners

Hanover Real Estate Partners is a national full service real estate investment company focused on owning, managing and operating its owned institutional grade commercial real estate. Its portfolio includes properties in the office, hospitality, residential and retail sectors located across the United States. For its own account Hanover acquires and repositions valuable but often under-performing real estate assets and specializes in lease restructurings to realize untapped potential. Founded in 1981 and based in Greenwich, CT, Hanover approaches each asset from an owner's perspective, priding itself on its strong operating and management capabilities strictly applied to each of its investments. The company currently owns and manages an aggregate of 2.7 million square feet of office buildings and industrial/warehouse, 7 hotels, commercial real estate mortgages of \$200 million and land held for residential development with a total market value in excess \$650 million.

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