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**HAGER PACIFIC PROPERTIES AND STERLING GROUP ACQUIRE 1.2 MILLION
SQUARE FOOT GATEWAY INDUSTRIAL CENTER IN DETROIT**

- *Due diligence completed in 21 days*

Newport Beach, CA and Detroit – Dec. 20, 2005 – Hager Pacific Properties, one of the largest privately owned real estate investment firms in CA, announced today the acquisition of the 1.2 million-square-foot Gateway Industrial Center. The seven building project is located on 69 acres at the intersection of the Southfield and I-96 freeways in Detroit and was purchased for more than \$13 million, all cash.

Hager Pacific and its partner in Detroit, Sterling Group, saw immediate value in the property with its roster of national tenants, despite an initial property vacancy of nearly 50 percent. Current tenants include Technicolor Videocassettes, Cast North American Trucking, a division of Canadian Railroad and Detroit Newspapers, a joint venture of the Detroit Free Press and The Detroit News and VLS, a vendor supplying services to automotive manufacturers worldwide.

Currently investing \$300 to \$400 million toward industrial real estate in major metropolitan markets nationwide, Hager Pacific completed the underwriting process in just 21 days. The company owns properties throughout Southern California, with their portfolio approaching \$1 billion in assets. Sterling Group, a well-known and respected Detroit property owner, will provide local property management and has also purchased a position in the transaction.

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“We are very pleased to be able to enter a new market with a clear demonstration of our ability to act quickly and perform,” commented Robert Neal, executive vice president of Hager Pacific Properties. “We believe that Detroit has been overlooked by much of the investment community because of the recent issues with the automotive industry and are confident that this area will experience additional growth as the domestic auto business rebounds.”

He added, “Since acquiring the property and securing VLS as a tenant, we have already posted a 25 percent increase in net operating income.”

Gateway Industrial Center matches Hager Pacific’s acquisition criteria, which focuses on acquiring under-utilized properties in competitive markets. The company plans on renovating the property, completing the property lease-up and placing permanent financing on the property once stabilized.

William Bubniak and Paul DeBono of Detroit-based NAI Farbman represented both the Buyer and the Seller.

About Hager Pacific

Hager Pacific Properties, a real estate investment firm is guided by a contrary investment philosophy implemented through the acquisition of under-valued real estate. The investments become more valuable through repositioning, renovation or reuse of the property. Hager Pacific Properties is the preferred buyer of challenging properties, and self-funds their real estate deals without outside capital or approvals. The company’s current portfolio consists of over 85 assets ranging in size from 25,000 to over 1 million square feet and features a wide range of product types including office buildings, warehouses, industrial facilities, research and development complexes, apartment buildings, and community shopping centers, including the recently purchased 800,000-square-foot Stater Bros. Corporate Campus in Colton, CA. For more information on Hager Pacific Properties, please visit www.hagerpacific.com.

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