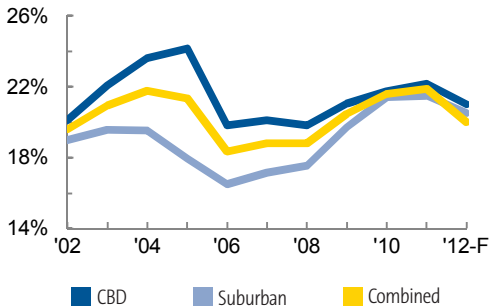
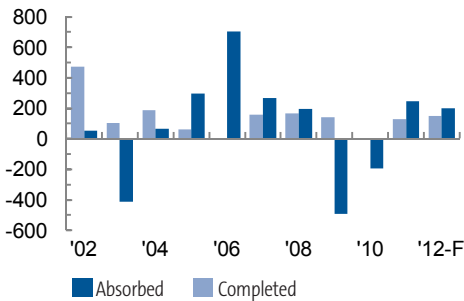


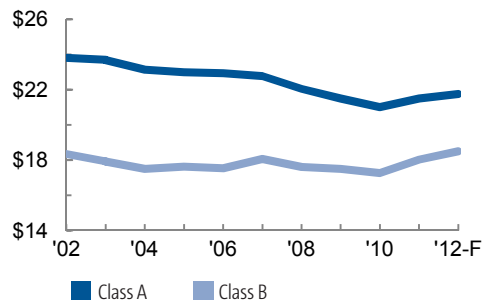
Vacancy Rate



Completions vs. Absorption
(in Thousands of SF)



Asking Rental Rates
(\$/SF/Yr. Full Service)



Positive Momentum

As 2011 came to a close, evidence of a turnaround was abundant throughout the Northeast Ohio office market. There was nearly 250,000 square feet of positive annual absorption, the first positive increase in occupancy since 2008. Numerous tenants made significant moves, taking advantage of the current market conditions which continue to favor the corporate occupier. Although overall, construction remains limited and no new suburban speculative construction is anticipated, phase I of the new mixed-use Flats East Bank development, in the Central Business District (CBD) is underway. This project, which includes the Ernst & Young Tower and an Aloft Hotel, will be the first new, non-governmental, multi-tenant building in the Cleveland’s CBD in over 20 years. Upon completion in 2013, phase I will anchor the larger overall mixed-use project, consisting of residential, retail and office development along the Cuyahoga River. Two large corporations committed to remain in Northeast Ohio, announced plans to relocate within the region. Both have begun plans for the construction of new campus headquarters. In the CBD, enthusiasm continues as 2012 unfolds. Both the City of Cleveland and area property owners appear to be capitalizing on the resurgence of the City’s downtown. As a result of projects currently underway, including the new medical mart/convention center, the first phase of the Horseshoe Casino, the Flats East Bank project and the new inner-belt bridge, a value of \$2 billion in public/private sector investments is having a measurable impact.

2012 REVIEW

In the CBD, 159,000 square feet of positive absorption occurred in the Class A market, ending 2011 with a vacancy rate of 12.9 percent, down 50 basis points from the end of the prior year. During the second half of 2011, only five Class A buildings can accommodate a tenant of 20,000-square-feet or more. Asking rates in the Class A category have held firm and with limited available space, we anticipate that premier buildings will seek higher rates and landlords will offer fewer concessions. **(CONTINUED ON PAGE 2)**

KEY TRANSACTIONS FOR 2011

<p>Cliffs Natural Resources leased 71,000 SF at 200 Public Square Cleveland, OH from *Harbor Group Intl.</p>	<p>*Marcus Thomas LLC leased 42,922 SF at 4781 Richmond Rd. Warrensville Hts., OH Hemingway at Richmond LLC</p>	<p>GSA leased 34,247 SF 1350 Euclid Ave. Cleveland, OH from *Renaissance Partners Limited Partnership</p>
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*Transaction Represented by Grubb & Ellis

OFFICE MARKET REVIEW AND FORECAST

	2010	2011	2012 Forecast
Vacancy Rate	21.6%	21.88%	20.0%
Class A Rental Rate ¹	\$21.00	\$21.50	\$21.75
Class B Rental Rate ¹	\$17.25	\$18.03	\$18.50
Net Absorption	(195,743)	246,315	200,000
Space Completed	-	128,000	150,000

1. Asking rate per square foot per year full service

(CONTINUED FROM PAGE 1)

There were several large corporate relocations in the CBD during 2011, of which Huntington Bank was the most significant. The bank vacated their long-term, Class B home at the Huntington Bank Building for a more high-profile location at 200 Public Square. Cliffs Natural Resources renewed and expanded in the same building. Together, these firms have become the largest occupants of the Class A tower. Phase I of the Flats East Bank development is well underway and will include a 500,000-square-foot tower and an Aloft Hotel. Several tenants already committed to the project, including Tucker Ellis LLC and Ernst & Young, who acquired naming rights. Ferro Corporation left their long-time headquarters on Lakeside and East 9th Street downtown, for 6060 Parkland Building in Mayfield Heights, in the East suburban submarket. A short while after Ferro's departure from downtown, Parkwood Corporation acquired the former headquarters building for \$2.3 million (\$52.27 per square foot). Parkwood plans to renovate the 44,000-square-foot building and relocate its employees from a Midtown location. The quick turnaround of the 1000 Lakeside benefits the NineTwelve District where it is located. NineTwelve is a public-private partnership to promote this once bustling East 9th Street corridor as a vibrant, mixed-used neighborhood. This area has long been known as the Financial District, due to high concentration of financial institutions located there. More recently, however, a number of businesses left the district, resulting in large, vacant blocks of office space within a two block radius. Moreover, Eaton Corporation will vacate its E 12th Street corporate headquarters in 2013, upon completion of their new gleaming corporate headquarters campus in the Chagrin Highlands of Beachwood. Departures aside, the NineTwelve District is generating renewed interest from corporations, retailers and hotel developers, due to its proximity to the new convention center and medical mart in conjunction with the overall downtown renaissance. The former Key Bank Center at the corner of Superior and E 9th Street, was recently purchased at auction by Amtrust Financial Services Inc. The financial services firm paid \$7.5 million for the 23-story office building and is investing \$20 million in planned renovations. Amtrust will receive a state approved \$11.4 million job creation tax credit, to create 800 new area jobs and maintain positions for several hundred other employees that will be relocated from suburban locations. Eventually this growing financial services company plans to occupy almost 300,000 square feet of the 450,000-square-foot tower.

(CONTINUED FROM PAGE 2)

After years of minimal investment activity, 2011 brought renewed interest in multi-tenant, suburban office properties. Duke Realty continued their planned departure from Northeast Ohio with the sale of three office buildings in the Great Northern retail trade area in North Olmsted, part of the West submarket. Great Northern Corporate Center I, II and III were sold to Private Wealth Advisors Inc. and its affiliate, PWA Real Estate, both based in Pittsburgh. The 273,000-square-foot complex is approximately 90 percent occupied and sold for \$26.7 million, or about \$98 per square foot.

In the East suburban market along Chagrin Boulevard, local entrepreneur Mark Munsell acquired the functionally obsolete Commerce Park Square I, II and III. Purchased for \$4 million, the three buildings total just over 180,000 square feet. NRP Group in conjunction with Munsell Realty Advisors announced plans to build a high-end residential complex on this site, once the office buildings are demolished and has recently applied for rezoning with the city of Beachwood.

The limited availability of large blocks in the East submarket has prompted several tenants to opt for build-to-suit alternatives. Eaton Corporation's new 580,000-square-foot business campus is on schedule for their 2013 occupancy. Geis Construction is constructing a new 45,000 office building for Marcus Thomas LLC, in Warrensville Heights and is completing another build-to-suit educational office facility for South University's occupancy this Spring.

American Greetings, currently located in the Western Suburbs, announced that it would remain in Northeast Ohio after reviewing a number of alternatives out of state. American Greetings, currently Brooklyn's largest employer, chose a new campus along the I-90 corridor at the Crocker Park Lifestyle Center in Westlake. Construction for the new 700,000-square foot headquarters will begin in 2012 and will be ready for occupancy in 2014.

2012 FORECAST

Overall, the office market is expected to improve in 2012, with certain submarkets outperforming others. In the East suburban market, Class A along the Chagrin Boulevard corridor continues to tighten with limited availability of large blocks of space. Class A asking rates along Chagrin Boulevard will likely increase in 2012. To the contrary, the Landerbrook/Landerhaven corridor in Mayfield Heights, has significantly more options for users and concessions and rent concession will continue to be offered to bolster occupancy in this location. We do not anticipate the commencement of multi-tenant construction in 2012, but single-tenant and owner-built facilities will continue to be important alternatives for users.

The South market currently has a 23 percent vacancy factor and property owners will continue to offer concession packages and abated rents in this market. Due to significantly more space options, this submarket may draw users from other submarkets unable to find large blocks of space, including tenants currently located in the Chagrin Boulevard Corridor.

The CBD will see the most significant change through 2012. The City of Cleveland and Cuyahoga County will continue to offer aggressive incentives to growing companies with large numbers of employees, considering relocation to the city center.

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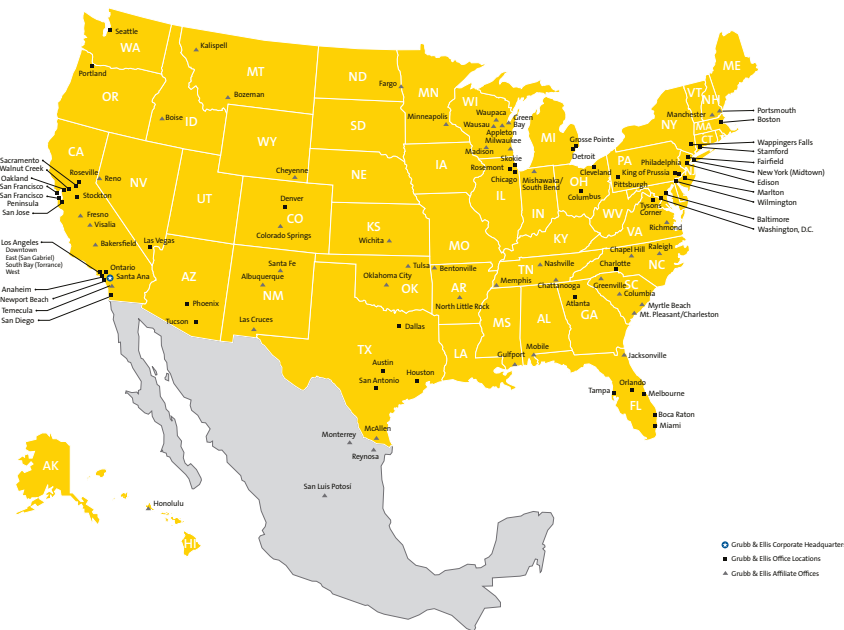
Office Trends Report—Fourth Quarter 2011 Cleveland, OH



By Submarket	Total SF	Vacant SF	Vacant %	Available %	NET ABSORPTION		Under Construction SF	ASKING RENT	
					Current Qtr	Year To Date		Class A	Class B
CBD	22,142,702	4,912,897	22.2%	23.9%	22,102	3,939	500,000	\$21.63	\$19.22
CBD Total	22,142,702	4,912,897	22.2%	23.9%	22,102	3,939	500,000	\$21.63	\$19.22
East	7,752,574	1,510,025	19.5%	26.2%	54,754	125,514	42,922	\$22.43	\$17.40
South	4,797,768	1,146,141	23.9%	27.9%	21,522	(584)	-	\$21.89	\$17.57
Southwest	1,444,804	249,438	17.3%	20.8%	16,689	22,205	-	\$17.06	\$15.34
West	3,436,155	838,918	24.4%	27.1%	15,832	95,241	-	\$18.87	\$14.31
Suburban Total	17,431,301	3,744,522	21.5%	26.4%	108,797	242,376	42,922	\$21.41	\$16.35
Totals	39,574,003	8,657,419	21.9%	25.0%	130,899	246,315	542,922	\$21.50	\$18.03

By Class	Total SF	Vacant SF	Vacant %	Available %	Current Qtr	Year To Date	Under Construction SF	AVAILABLE FOR SUBLEASE	
								CBD	Suburban
Class A	15,012,830	2,444,865	16.3%	20.6%	200,561	296,353	542,922	134,150	185,892
Class B	17,245,455	4,256,136	24.7%	27.0%	(52,275)	(179,514)	-	242,006	57,461
Class C	7,315,718	1,956,418	26.7%	29.4%	(17,387)	129,476	-	149,079	51,089
Totals	39,574,003	8,657,419	21.9%	25.0%	130,899	246,315	542,922	525,235	294,442

Grubb & Ellis Office Locations
as of 4th Quarter 2011



(CONTINUED FROM PAGE 3) We expect this trend to continue for the next few years. Many companies see the value of a potential relocation to the CBD and want to be part of the resurgence. Office space occupancy in the CBD is expected to increase over the next 24 months as a result of growing area amenities, new housing options, a revitalized theatre district and economic incentives. Although the downtown Class A market has limited availability, the Class B market offers a range of alternatives. Competition for tenants seeking Class B product will remain and we anticipate seeing a significant decrease in the current 26 percent vacancy of Class B properties over the next 24 months. Currently occupancy of downtown housing is 98 percent in a number of buildings and sustained demand has generated waiting lists for this sector of the CBD market. As a result, we expect that owners will continue to evaluate alternative uses to underutilized space, including conversion and redevelopment into housing, hospitality and mixed-use projects.

OFFICE TERMS AND DEFINITIONS

Total SF: Office inventory includes all multi-tenant and single tenant buildings at least 20,000 square feet. Owner-occupied, government and medical buildings are not included.

Office Building Classifications: Grubb & Ellis adheres to the BOMA guidelines. Class A properties are the most prestigious buildings competing for premier office users with rents above average for the area. Class B properties compete for a wide range of users with rents in the average range for the area. Class C buildings compete for tenants requiring functional space at rents below the area average.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country and dollars per square foot per month in areas of California and selected other markets. Office rents are reported full service where

all costs of operation are paid for by the landlord up to a base year or expense stop. The asking rent for each building in the market is weighted by the amount of available space in the building.

** Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.*

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