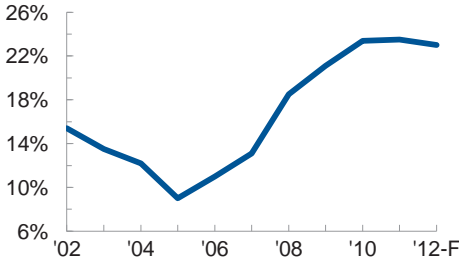


Vacancy Rate



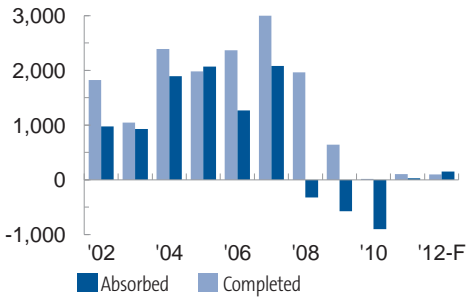
Looking Forward

The overall vacancy in the Las Vegas office market at the end of 2011 was at an all-time high, however transaction frequency remained steady. Tenants concerned about the uncertainty surrounding the upcoming election year have considered a renewal and/or expansion in order to maintain their currently low rates, while at the same time exploring the market for better opportunities. The amount of new business licenses filed was minor, yet it may yield an increase in employment looking forward.

Lease rates are expected to remain flat throughout most of 2012. Landlords are competing with each other for new tenants, however many have lowered rates as far as they are able to. The opportunity for landlords to raise lease rates and once again become profitable remains distant. However, the gap between asking lease rates and actual lease rates is shrinking. Landlords continue to advertise several months of free rent as popular incentive to avoid lowering lease rates and are likely to continue to do so until the local economy shows signs of significant improvement.

Going forward, there will be more REO properties on the market. While the banks continue to work with smaller, mostly vacant buildings targeted towards owner/users the Special Servicers are trying to unload larger square foot, income-producing office buildings to the right investor. Over the next few years as more of these types of properties are purchased, there will be less competition between distressed and non-distressed office buildings and sales prices will slowly return to levels realistic to the marketplace.

Completions vs. Absorption
(in Thousands of SF)

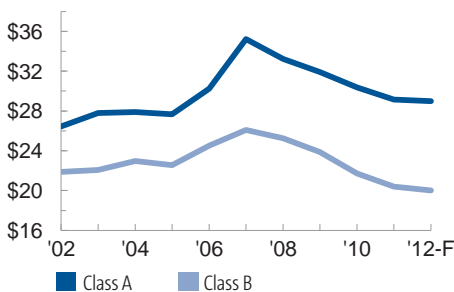


2011 REVIEW

In recent years, the Las Vegas office market has been hindered by the economic strain on the residential and retail markets. While there was a notable decrease in unemployment by the end of the year it was not enough to spark the demand for additional office space.

(CONTINUED ON PAGE 2)

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



KEY TRANSACTIONS FOR 2011

<p>MIG Real Estate purchased 116,000 SF at Desert Inn Office Center in the Cental East submarket from WA Desert Inn</p>	<p>Omninet Capital purchased 123,111 SF at Westcliff House in the Northwest submarket from Trident Pacific</p>	<p>Wells Fargo leased 43,664 SF at 6325 S. Rainbow in the Southwest submarket from WGH II Acquisitions, LLC</p>	<p>Holland & Hart leased 25,594 SF at 9555 Hillwood in the Northwest submarket from Margel/Parkway Point LLC</p>
--	---	--	---

OFFICE MARKET REVIEW AND FORECAST

	2010	2011	2012 Forecast
Vacancy Rate	23.4%	23.5%	23.0%
Class A Rental Rate ¹	\$30.36	\$29.16	\$29.00
Class B Rental Rate ¹	\$21.72	\$20.40	\$20.00
Net Absorption	(902,271)	29,000	150,000
Space Completed	20,000	101,892	50,000

1. Asking rate per square foot per year full service

(CONTINUED FROM PAGE 1)

That being said, tourism and taxable sales also increased by year end. These improvements are definitely strong factors in re-establishing consumer confidence in the local marketplace.

Leasing activity in the Las Vegas office market in 2011 was relatively flat. While overall vacancy varied slightly, individual submarkets experienced increases and decreases throughout the year, which was the result of local tenants relocating for more favorable lease rates and incentives. The southeast submarket had the biggest gain in vacancy, increasing by 4.22 percent. Vacancy in the northwest submarket fell 2.5 percent by year end as asking lease rates for both Class A and Class B office space showed a steady decline.

The competition between landlords was fierce, as was evident by individual submarket lease rates fluctuating throughout the year. Towards the end of 2011, both Class A and Class B average asking lease rates dropped approximately 10 cents per square foot (full service gross), as compared to the beginning of the year. This was a comparable drop to the average asking rates of 2010. While there are many landlords who can still afford to compete by lowering lease rates, some have reached their bottom line. The year was unquestionably defined as a tenant's market.

Distressed properties played a large part in sales and marketing activity in 2011. Many properties that were being marketed for sale were foreclosed upon and went back to the bank. Some REO properties were marketed right away by a new broker on behalf of the bank while a few were taken off the market altogether. The wave of foreclosures in previous years left the Las Vegas market vulnerable for investors who required little to no financing, and who wanted to purchase a troubled property at a drastically low sales price with the intent of turning it into a profitable venture down the road. Those tenants whose lease term was coming to an end had ample opportunities to purchase their space rather than renew their lease as long as they could obtain the financing required.

2012 FORECAST

The historically high unemployment rate, combined with lackluster consumer spending and a troublesome housing market have heavily affected the local office market. Towards the end of 2011, however, unemployment was the lowest it had been all year and tourism began to improve. Existing home sales and taxable sales were also on the rise. A moderate return in consumer confidence is expected in the year ahead, although many are hesitant to make any major decisions until after the presidential election. This delay will push signs of a recovery well into 2013.

Leasing activity is likely to remain steady in 2012. Renewals will remain popular as tenants remain in a powerful position to negotiate for better terms. Those tenants who have the means will continue to have an abundant amount of opportunity to relocate to a more favorable submarket at historically low rental rates. Class A and B rates are expected to fall slightly by mid-year, while the gap between asking lease rates and completed lease transactions will tighten as the local market gets closer to stabilization.

The wave of foreclosures has certainly not come to an end and there will be more opportunities to make deals in 2012. The challenge facing the local market is the competition between distressed and non-distressed real estate. REO properties are generally marketed at a lower price with the intent to pay back the remainder of the loan on the property. It has become difficult for non-distressed owners to compete with bank owned properties. Over the next few years, as more distressed properties are removed from the market sales prices will fall back in line with the true market value of the product.

Las Vegas is a town of opportunities and 2012 will be the year to invest while the market is vulnerable. Most of the sales and lease transactions done in 2011 were local tenants and buyers. The challenge going forward is enticing out of state companies to see what the city has to offer. While there may be some negativity surrounding the local marketplace there are also many static positives. The state of Nevada offers numerous benefits to do business here. The region continues to be a top choice entertainment and convention destination from visitors all over the world. As the national economy continues to improve and there is substantial job growth, people are likely to spend more and travel more frequently. The return of consumer confidence will have a positive impact on Las Vegas by increasing the amount of tourism, convention attendance and improving the entertainment and gambling industries, thus increasing the demand for more office space.

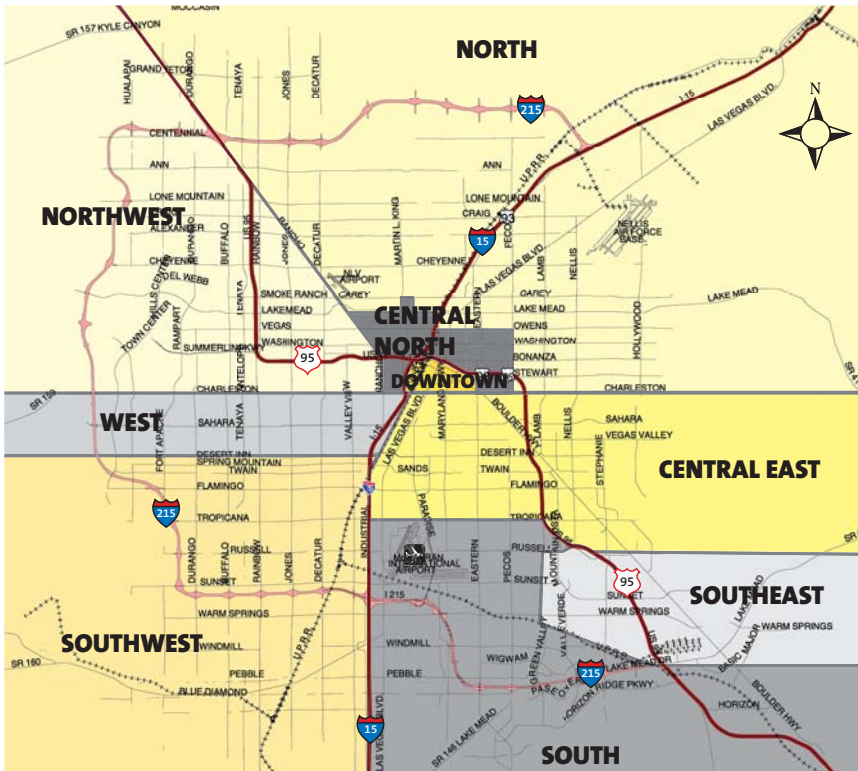
Office Trends Report—Fourth Quarter 2011

Las Vegas, NV



By Submarket	Total SF	Vacant SF	Vacant %	Available %	NET ABSORPTION		Under Construction SF	ASKING RENT	
					Current Qtr	Year To Date		Class A	Class B
Downtown	1,717,815	324,948	18.9%	18.9%	22,173	(43,154)	-	\$34.50	\$28.75
CBD Total	1,717,815	324,948	18.9%	18.9%	22,173	(43,154)	-	\$34.50	\$28.75
Central East	5,854,374	1,573,584	26.9%	26.9%	(117,585)	(209,910)	-	\$34.24	\$15.81
Central North	546,177	62,234	11.4%	11.4%	8,281	7,975	-	-	\$17.90
North	891,962	198,040	22.2%	23.3%	18,344	(21,689)	-	\$20.04	\$17.05
Northwest	5,549,827	1,596,274	28.8%	29.0%	88,664	87,217	-	\$26.65	\$23.07
South	8,800,496	1,629,481	18.5%	18.6%	(2,900)	240,974	13,069	\$28.66	\$20.80
Southeast	1,248,604	385,995	30.9%	30.9%	(54,256)	(70,767)	-	\$32.80	\$20.43
Southwest	6,148,934	1,520,742	24.7%	24.8%	(63,562)	17,400	-	\$28.85	\$23.11
West	5,109,300	1,211,576	23.7%	23.8%	(4,913)	20,686	137,000	\$24.30	\$18.90
Suburban Total	34,149,674	8,177,926	23.9%	24.1%	(127,927)	71,886	150,069	\$29.04	\$20.06
Totals	35,867,489	8,502,874	23.7%	23.8%	(105,754)	28,732	150,069	\$29.19	\$20.42

By Class	Total SF	Vacant SF	Vacant %	Available %	Current Qtr	Year To Date	Under Construction SF	AVAILABLE FOR SUBLEASE	
								CBD	Suburban
Class A	8,912,895	2,498,692	28.0%	28.2%	72,164	195,090	115,000	-	235,205
Class B	24,656,821	5,724,657	23.2%	23.3%	(136,189)	(183,946)	35,069	3,126	149,355
Class C	2,297,773	279,525	12.2%	12.2%	(41,729)	17,588	-	-	-
Totals	35,867,489	8,502,874	23.7%	23.8%	(105,754)	28,732	150,069	3,126	384,560



Grubb & Ellis Las Vegas Real Estate Advisors

David Scherer
Executive Vice President

Barton Hyde
Vice President

Larry Singer
Vice President

Barton, Luciani, Moore
Vice Presidents

Jerry M. Valdez
Senior Associate

Mike Tabeek, CCIM
Senior Associate

Ben Millis
Senior Associate

OFFICE TERMS AND DEFINITIONS

Total SF: Office inventory includes all multi-tenant and single tenant buildings at least 15,000 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 Nevada 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.*

Reproduction in whole or part is permitted only with the written consent of Grubb & Ellis Company. Some of the data in this report has been gathered by third party sources and has not been independently verified by Grubb & Ellis. Grubb & Ellis makes no warranties or representations as to the completeness or accuracy thereof.