

## **GRUBB & ELLIS COMPANY CORPORATE GOVERNANCE GUIDELINES**

These Corporate Governance Guidelines (the "Guidelines") have been adopted by the Board of Directors (the "Board") of Grubb & Ellis Company ("Grubb & Ellis" or the "Company") to assist the Board in the performance of its duties and the exercise of its responsibilities. The Guidelines reflect the Board's current thinking with respect to certain corporate governance issues.

The Board recognizes that the adoption and execution of corporate governance best practices contributes to the Company's transparency and is a hallmark of leading, high performance public corporations. The Board believes that good corporate governance can be a source of competitive advantage for Grubb & Ellis. Good corporate governance will drive superior performance and maximize the effectiveness of the Board and the Company's executive management team ("Management") by efficiently bringing to bear the collective skills, experiences and judgment of the Board.

The Guidelines are intended to serve as a flexible framework within which the Board may conduct its business. The Guidelines are not intended to be, nor are they, rigid rules, mandates or legally binding obligations that govern the Board's activities. The Guidelines do not and are not in any way intended to change, alter, modify, qualify or limit or constitute an interpretation of the Delaware General Corporation Law, the Company's Certificate of Incorporation or By-Laws or any federal, state or local law or regulation. The Guidelines are subject to modification from time to time by the Board.

### **Board Responsibilities**

**Board Objective.** The Board's objective is to build long-term value for Grubb & Ellis' stockholders (the "Stockholders"). The Board recognizes that in order to achieve this goal it must also be sensitive to the interests of the Company's clients, employees, contractors, affiliates, suppliers, business partners, creditors and the communities in which the Company operates.

**Board Responsibilities.** The Board is elected by and accountable to its Stockholders and is responsible for the overall direction of the Company. In carrying-out its responsibilities, the Board will exercise sound, informed, independent business judgment. The Board recognizes that to do so requires individual preparation by each director and group deliberation by the Board. The Board recognizes that its responsibilities include both decision-making and oversight. The Board's decision-making responsibilities, among other things, include (a) the development with Management of the Company's mission, strategies, objectives and policies, (b) the selection, evaluation and (if it is in the best interests of the Company and its Stockholders) replacement of the Company's executive officers, including but not limited to its

Chief Executive Officer (the "CEO"), (c) the determination of the CEO's compensation, and (d) the approval of significant, non-ordinary course of business investments and transactions. The Board's oversight responsibilities, among other things, include monitoring (i) the performance of the Company (in relation to its mission, strategies, financial and non-financial objectives and competitors), (ii) the performance and effectiveness of the CEO and Management, (iii) the Company's financial reporting processes and internal controls, and (iv) the Company's compliance with legal requirements and ethical standards. In addition, as appropriate, the Board should offer the CEO and Management constructive advice and counsel. In general, all major Board decisions will be considered by the Board as a whole.

**Expectations of Individual Directors.** Among other things, the Board expects each director to: (a) understand Grubb & Ellis' businesses, strategies and the marketplaces in which the Company operates; (b) regularly attend meetings of the Board and of the Board committees on which he/she serves; (c) review and understand the materials provided in advance of meetings and any other materials provided to the Board from time to time; (d) monitor and keep abreast of general economic, business and management news and trends, developments in Grubb & Ellis' competitive environment and Grubb & Ellis' performance, (e) actively, objectively and constructively participate in meetings and strategic decision-making processes; and (f) share his/her perspective, background, experience, knowledge and insights as they relate to the matters before the Board and its committees.

**Conflicts of Interest.** If an actual or potential conflict of interest arises between any director and the Company, the director, promptly upon becoming aware of such conflict, will report the conflict to the Company's Chairman of the Board (the "Chairman") and the chair of the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee, in consultation with the Chairman, will evaluate the situation and make a recommendation to the Board regarding an appropriate resolution of the situation. If a director has a personal interest in any matter before the Board, the director will disclose such interest to the Board, excuse himself/herself from participation in the Board's discussion of such matter and not vote on such matter.

### **Board Selection and Composition**

**Number of Directors.** The Board should have a sufficient number of directors to reflect substantial diversity of perspectives, backgrounds and experiences, but not so many directors that the size of the Board hinders effective discussion or diminishes individual accountability. Given the current size, scope and complexity of the Company, although the Company's charter documents provide for up to eighteen (18) directors, the Board currently believes that its size normally should range from six to ten directors, subject to periodic review. The Board will from time to time evaluate its size in light of changes in the size, scope and complexity of the Company and by resolution establish the specific number of directors constituting the Board.

**Number of Independent Directors.** Directors who have been determined by the Board to be "independent" in accordance with the rules of the New York Stock Exchange and, to the extent applicable, the rules of the Securities and Exchange Commission (the "SEC") will constitute a

majority of the Board. No more than two members of Management may serve on the Board at the same time.

**Board Leadership.** The Chairman and the CEO may be two separate individuals or the Chairman and the CEO may be the same person. If the Chairman and the CEO are the same person, the independent directors will select an independent director (the "Lead Director") to act as the Board's leader when it meets in executive session. The director serving as the Lead Director will normally be rotated at least once every three years.

**Nomination/Selection of Directors.** The Board, as a whole, will be responsible for nominating individuals for election to the Board and for filling vacancies on the Board that may occur between annual meetings of its Stockholders. The Corporate Governance and Nominating Committee, in consultation with its Chairman, will be responsible for identifying, screening and recommending candidates to the entire Board. Nominees for director will be selected on the basis of their experience, achievements, judgment, intelligence, integrity, personal character, ability to make independent analytical inquiries, willingness to devote adequate time to Board duties, and likelihood that he/she will be willing and able to serve on the Board for a sustained period. In connection with the selection of new nominees for director, due consideration will be given to the Board's overall balance of diversity of perspectives, backgrounds and experiences. The Corporate Governance and Nominating Committee will consider any suggestions offered by other directors or any stockholder with respect to potential directors. Stockholders may also nominate individuals for election to the Board in accordance with the Company's By-Laws.

**Director Retirement.** Subject to the provisions of this last sentence of this section Directors normally will not stand for re-election if they will reach age 70 or above prior to the mailing to the Company's Stockholders of that year's proxy statement. In addition, if a director reaches age 70 during his/her term of service, he/she will resign from the Board effective as of the annual meeting of the Company's Stockholders immediately following his/her 70th birthday. Members of Management, who are directors, will retire from the Board at the same time they retire from active management or resign from the Board if he/she otherwise ceases employment with the Company. Notwithstanding anything set forth herein to the contrary, the mandatory retirement age of 70 shall not apply to any individual who is a current member of the Board of the Company on July 6, 2006 and on or before such date, attained the age of 70.

**Service on Other Boards.** The Board recognizes that individuals should limit the number of boards on which they serve in order to give proper attention to their responsibility to each board. If any director desires to join another board, he/she should advise the Corporate Governance and Nominating Committee of such desire and his/her intention to do so. The Corporate Governance and Nominating Committee will, upon consultation with the Chairman, consider whether or not the new commitment will allow the director to continue to fulfill his/her responsibilities to the Company and make a recommendation to the Board. The Board will determine whether or not such director will continue as a member of the Board.

**Service on Boards of Competing Enterprises.** A director shall not serve as a director, officer or employee of or consultant to any enterprise that is competitive with the businesses of the Company.

**Director Orientation Program and Continuing Education.** The Board and Management will provide an orientation program for new directors that includes providing to each new director relevant materials pertaining to the Company and arranging for meetings with Management (which may be done in person or telephonically) and facility visits at mutually convenient times. From time to time the Board will consider various director continuing education programs offered by the New York Stock Exchange or other institutions concerning duties of directors, recent developments in the law or other topics that may be beneficial to the performance of the directors' responsibilities.

### **Board Operations**

**Regular Meetings.** The Board normally will hold four regular meetings each year. The Chairman will prepare and propose a schedule for the regular meetings of the Board for consideration by the Board at its first meeting following the annual meeting of its Stockholders. Unless otherwise scheduled, all regular meetings of the Board will be held at the Company's headquarters location.

**Special Meetings.** Special meetings of the Board will be held from time to time when called in accordance with the By-Laws.

**Executive Sessions.** From time to time, and normally in conjunction with its regularly scheduled Board meetings (and in any event, not less than once per year), the Board will conduct executive discussions that involve only the non-Management directors. Such executive sessions shall be a normal part of the Board's deliberations and activities. These meetings will be chaired either by the Chairman, if he/she is not a member of Management of the Company, or by the Lead Director, if the Chairman is a member of Management of the Company. If among the non-Management directors there are directors who are not independent, there shall be scheduled at least one executive session per year for independent non-Management directors.

**Independent Advisors.** The Board and its committees may hire such independent legal, accounting financial and other advisors and outside consultants and experts as the Board deems necessary to assist the Board and its committees to evaluate proposals, transactions and other information supplied by Management and otherwise discharge their responsibilities. The Company will provide appropriate funding, as determined by the Board, for payment of compensation to such advisors, consultants and experts.

**Meeting Materials.** The Chairman, in consultation with the CEO and, if applicable, the Lead Director (i.e. in the event that the Chairman and CEO are the same individual), will be responsible for the preparation of the agenda for each meeting of the Board. In advance of each Board meeting, an agenda for such meeting will be sent to each director together with, to

the extent necessary and practicable (a) written materials pertaining to the matters to be presented for consideration at such meeting, and (b) financial and other information needed to understand the performance of the Company and/or the subject matter of the particular meeting. Written materials should be concise summaries of the relevant information, designed to provide a foundation for the Board's discussion of key issues and allow the Board to make the most efficient use of its meeting time. Directors may request additional information or changes in the scope, amount or format of the information provided and the CEO will make every effort to provide such additional information or make such changes.

**Other Board Information.** In addition, on a monthly basis (or more frequently, if need be), the CEO will provide financial reports, reports on other key metrics, operating reports (or summaries thereof) and updates on key initiatives to the Board, as the Board may request from time to time.

**Board Contact with Management.** The CEO (if he/she is not a director) and the Company's Chief Financial Officer, General Counsel and Corporate Secretary will be invited to attend all meetings of the Board other than executive sessions. The Board encourages the CEO to bring other members of Management and other employees into Board meetings to (a) make presentations to the Board regarding matters that involve such individual, (b) provide additional insight and perspective concerning matters under discussion by the Board, (c) expose the Board to individuals with high potential for significant leadership roles in the Company, or (d) otherwise assist the Board in its work. Additionally, directors may from time to time meet individually with members of Management. Generally, in the ordinary course, the CEO will be informed of such meetings. Directors should use their access to Management with care so as not to undermine normal lines of management authority or to take too much of Management's time.

**CEO Evaluation.** Each year, the Board will develop criteria (including the Company's performance against its strategic and operating plans and against peer enterprises and the CEO's development of Management) that will be used to evaluate the CEO's performance. After the end of each year, the Compensation Committee will conduct an evaluation (which will include soliciting input from each of the directors) of the CEO's performance using such criteria and share the results of the evaluation with the Board's non-Management directors. After discussion and approval by the non-Management directors, the Lead Director (if the Chairman is the CEO) or the Chairman (if he/she is not the CEO) and/or the chair of the Compensation Committee and/or the chair of the Corporate Governance and Nominating Committee will meet with the CEO to discuss the evaluation.

**Board Evaluation.** Each year, the Corporate Governance and Nominating Committee will review and evaluate the functioning and performance of the Board and its members, and each committee of the Board and discuss the results of such review and evaluation with the full Board. In addition, the Corporate Governance and Nominating Committee will review and reassess, at least annually, the adequacy of the Guidelines and, to the extent appropriate, recommend to the Board any improvements to the Guidelines. The Corporate Governance and Nominating Committee will conduct such reviews, evaluations and assessments in such

manner as it deems appropriate. The purpose of such reviews, evaluations and assessments will be to improve the effectiveness of the Board and its committees.

**Strategy.** Normally, it is Management's job to formulate, propose and implement strategy and the Board's role to approve strategic direction and to evaluate strategic results. The Board and Management will each be better able to carry out their respective responsibilities regarding matters of strategy if there is an ongoing dialogue between the Board and the CEO and other members of Management. Board approval will be required for, among other things: (a) significant changes in long-range strategy; (b) changes in long-term capital structure; (c) entry into a new substantial line of business; and (d) material acquisitions and divestitures.

**Succession Planning.** On an annual basis, the CEO will present a report to the Corporate Governance and Nominating Committee with respect to succession planning for key Management positions together with a proposed succession plan. The committee will evaluate the report and proposed plan and discuss its evaluation of the report and the plan with the CEO and with the Board. In addition, the CEO will prepare, maintain on a continuing basis and periodically (but not less than annually present to the Board a short-term succession plan which delineates a temporary delegation of authority to certain members of Management if all or certain of the Company's senior executives unexpectedly become unable to perform their duties. If invoked, the short-term plan will remain in effect until the Board has the opportunity to consider the situation and take action.

**Management Development.** Each year the CEO also will report to the Corporate Governance and Nominating Committee with respect to the Company's management development activities. The committee, in turn, will evaluate the report and the committee's discussion and evaluation of the report with the CEO and with the Board.

**Board Committees.** The Board currently has three standing committees - Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee. The duties and responsibilities of each of the committees will be set forth in a committee charter that has been approved by the Board. The Board may from time to time expand or contract its number of standing committees, change committee responsibilities or form ad hoc committees. In general, the committees should function to identify and focus issues for discussion and, if appropriate, action by the full Board.

**Committee Composition; Rotation of Membership.** The size, membership and chairs of each committee will be determined by the Board with the advice of the Corporate Governance Committee. Each of the committees will be chaired by an independent director and will have only independent directors as members. To the extent practicable, the membership and chairs of the standing committees will be rotated periodically, so that directors serve on various committees over time and that there is also continuity of membership and leadership on each committee. The Chairman and the CEO (if he/she is not also the Chairman) may participate in any committee meeting except when such participation would present a conflict of interest or, in the case of the CEO or a Chairman who is also the CEO, the meeting is an executive session of the committee.

**Committee Meeting Materials.** The chair of each committee will prepare an agenda for each committee meeting. The agenda together with written materials pertaining to the matters to be presented for consideration at such meeting (including an executive summary of and the slides for any presentations to be made at such meeting) will be provided to each committee member in advance.

**Management Attendance at Committee Meetings.** The chair of each committee will determine which, if any, members of Management will attend each committee meeting.

**Committee Reports to the Board.** Each committee will regularly (and in any event, no less than once per year) report to the Board with respect to the committee's activities and policies and practices. The purpose of such reports will be to inform the directors of the activities and policies and practices of committees on which they do not serve.

**Ad Hoc Committees.** In addition to the standing committees, ad hoc committees may be formed from time to time by the Board. The size, membership and chair of each ad hoc committee will be determined by the Board. Generally, the chairs and most members of such committees will be non-Management directors. Members of Management may be appointed by the Board as ex officio members of such ad hoc committees.

### **Other Matters**

**Directors' Compensation.** Directors' compensation will be determined by the Board. Members of Management who are also directors will not receive additional compensation for their service as directors. Management will report to the Compensation Committee annually with respect to the amount and composition of the compensation of the Company's directors in relation to the compensation of directors of enterprises in similar industries, with comparable annual sales and market capitalization. The Board believes that it is important to align the interests of directors with those of its Stockholders. Accordingly, the Board believes that a significant portion of directors' compensation should be paid in stock, stock options or other forms of compensation that highly correlate with the market value of the Company. Changes in directors' compensation will be recommended to the Board by the Compensation Committee.

**Directors' Share Ownership.** The Board believes that the directors should be Stockholders. It is anticipated that each director will develop a meaningful ownership position in the Company over time in line with director share ownership policies adopted from time to time by the Board.

**Expectations of Management.** The Board, among other things, expects Management to: (a) develop strategies that build businesses with strong sustainable marketplace positions and that build stockholder value over the long term, (b) recommend appropriate strategic and operating plans, (c) maintain effective control of operations, (d) measure performance against peer enterprises, (e) provide strong, principled and ethical leadership, (f) provide sound succession planning and management development, (g) maintain a sound organizational structure,

(h) inform the Board regularly of the status of key initiatives and changes in the Company's performance or the environment in which it operates, and (i) timely address and/or resolve issues discussed at Board and Board committee meetings.

**Management Service on Other Boards.** The Board believes that, in general, Management should devote its full business time and attention to the operation and management of the Company. In appropriate cases, however, the Board recognizes that members of Management and the Company may benefit from service on the board of directors (or other similar governance body) of other business enterprises. If any member of Management desires to join the board of directors (or other similar governance body) of another business enterprise, he/she must advise the Corporate Governance and Nominating Committee of such desire and his/her intention to do so. The Corporate Governance and Nominating Committee will consider whether or not such person and the Company will benefit from service on such board (or governance body) and whether or not the commitment to such board (or governance body) will interfere with or detract from such person's responsibilities to the Company and make a recommendation to the Board. The Board will determine whether or not to permit such person to serve on such other board.

**Communications.** Generally, Management will speak for the Company. Inquiries from investors, analysts, the press, customers, suppliers or others will typically be referred to the CEO or other appropriate members of Management for response.