GREAT LAKES REIT
Form PREM14A
February 12, 2004

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

ý Preliminary Proxy Statement

o Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Under Rule 14a-12

Great Lakes REIT

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.

ý Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:
Common shares of beneficial interest, $0.01 per share par value, of Great Lakes REIT

(2) Aggregate number of securities to which transaction applies:
16,130,827 common shares (including 40,199 common shares issuable upon the redemption of certain limited partnership units of Great Lakes REIT, L.P. in connection with the transaction) and 1,406,998 options to purchase common shares

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
$15.53*

* This proxy statement has been prepared assuming that the sales of Great Lakes REIT's portfolio of medical office buildings and Minnesota properties as described herein have been consummated and that the net proceeds of such sales will increase the merger consideration to $15.53 per common share of beneficial interest.

(4) Proposed maximum aggregate value of transaction:
$250,979,103**

** For purposes of calculating the filing fee only, the transaction valuation was based upon the sum of (i) the product of 16,130,827 common shares (including 40,199 common shares issuable upon the redemption of certain limited partnership units of Great Lakes REIT, L.P. in connection with the transaction) at a price of $15.53 per share and (ii) the cash-out or exchange of 1,406,998 common shares covered by options to purchase common shares, at an aggregate cost of $467,359. The amount of the filing fee, calculated in accordance with Section 14(g) of the Securities Exchange Act of 1934, equals $126.70 per million of the amount calculated pursuant to the preceding sentence.

(5) Total fee paid:
$31,800

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1)

(2)

(3)

(4)

EXPLANATORY NOTE

This proxy statement has been prepared assuming that the sales of Great Lakes REIT's portfolio of medical office buildings and Minnesota properties described herein have been consummated at their contract prices and that the aggregate net proceeds of such sales will increase the merger consideration by $0.55 per common share, resulting in an increase in the merger consideration set forth in the agreement and plan of merger, dated as of January 21, 2004, by and among Great Lakes REIT, Great Lakes REIT, L.P., Aslan Realty Partners II, L.P. and Transwestern Superior Acquisition, L.L.C. from $14.98 per common share to $15.53 per common share. There can be no assurance that any of such sales will be consummated or that the net proceeds of such sales will equal or exceed the $0.55 per common share estimated amount. If any of such sales does not occur prior to mailing the definitive proxy statement, Great Lakes REIT intends to file an amended preliminary proxy statement to the extent required to reflect any required changes.

Great Lakes REIT
823 Commerce Drive
Suite 300
Oak Brook, Illinois 60523

March **[ ]**, 2004

Dear Fellow Shareholders:

You are cordially invited to attend a special meeting of shareholders of Great Lakes REIT, a Maryland real estate investment trust, which will be held at **[ ]**, on April **[ ]**, 2004 at **[9:00]** a.m., local time.

At the special meeting, we will ask you to consider and approve the merger of Great Lakes REIT with and into Transwestern Superior Acquisition, L.L.C. and the other transactions contemplated by the Agreement and Plan of Merger that Great Lakes REIT and its operating partnership, Great Lakes REIT, L.P., entered into with Aslan Realty Partners II, L.P. and Transwestern Superior Acquisition, L.L.C., each of which is an affiliate of Transwestern Investment Company, L.L.C. In the merger, each holder of common shares of beneficial interest of Great Lakes REIT will be entitled to receive no less than $15.53 per share in cash, without interest.

Our board of trustees evaluated the merger and the other transactions contemplated by the merger agreement, and unanimously determined that the terms of the merger and the other transactions contemplated by the merger agreement are advisable, fair to and in the best interests of Great Lakes REIT and our shareholders and unanimously recommends that our shareholders vote "**FOR**" the proposal to approve the merger of Great Lakes REIT with and into Transwestern Superior Acquisition, L.L.C. and the other transactions contemplated by the merger agreement.

The merger proposal must be approved by holders of at least a majority of our outstanding common shares. If the merger proposal is so approved, the closing of the merger is to occur no later than the third business day after the closing conditions in the merger agreement are satisfied or waived by us and the other parties to the merger agreement.

The accompanying notice of special meeting of shareholders and proxy statement explain the merger transaction and provide specific information concerning the special meeting. Please give all of this information your careful attention. Your vote on these matters is very important. Whether or not you plan to attend the special meeting, please sign, date and return as soon as possible the enclosed proxy card in the postage-paid envelope provided. Properly returning a signed proxy card, or giving proxy authorization by telephone or over the Internet, will not prevent you from voting your shares in person if you subsequently choose to attend the special meeting. If you fail to return your signed proxy card or to vote in person, or fail to instruct your broker on how to vote, it will have the same effect as a vote against the merger proposal.

Some of our officers and trustees have interests and arrangements that may be different from, or in addition to, your interests as shareholders in Great Lakes REIT. These interests are summarized under the heading "Interests of Trustees and Officers in the Merger" on page 37 of the enclosed proxy statement.

Sincerely,

Richard A. May
Chairman of the Board
and Chief Executive Officer

These transactions have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the fairness or merits of the transactions or upon the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offense.

The accompanying notice of special meeting and proxy statement was first mailed to shareholders on or about March **[ ]**, 2004.

Great Lakes REIT
823 Commerce Drive
Suite 300
Oak Brook, Illinois 60523

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To be held: April [ ], 2004

To our Shareholders:

NOTICE IS HEREBY GIVEN that a special meeting of Great Lakes REIT shareholders will be held at **[ ]**, on April **[ ]**, at **[9:00]** a.m., local time. At the special meeting, shareholders will act to consider and vote upon a proposal to approve the merger of Great Lakes REIT with and into Transwestern Superior Acquisition, L.L.C. and the other transactions contemplated by the Agreement and Plan of Merger, dated as of January 21, 2004, by and among Great Lakes REIT, Great Lakes REIT, L.P., Aslan Realty Partners II, L.P. and Transwestern Superior Acquisition, L.L.C., all in the manner described in the accompanying proxy statement.

All holders of record of common shares of beneficial interest at the close of business on February **[ ]**, 2004 are entitled to notice of, and to vote at, the special meeting or any postponements or adjournments of the special meeting. We hope all shareholders will attend the special meeting in person. To ensure your representation at the special meeting, whether or not you plan to attend the special meeting in person, we urge you to complete, date and sign the enclosed proxy and return it in the enclosed postage-prepaid envelope provided for that purpose by April **[ ]**, 2004. By returning your proxy promptly, you can help us avoid the expense of further proxy solicitations. To make it easier for you to vote, we also offer telephone and Internet proxy authorization, as indicated on the enclosed proxy. Prior to being voted, your proxy may be withdrawn in the manner specified in the enclosed proxy. If you attend the special meeting, you may vote in person even if you have already properly returned a proxy or given a proxy authorization by telephone or over the Internet.

Our board of trustees has unanimously approved the terms of the merger and the other transactions contemplated by the merger agreement, and unanimously determined that such terms and transactions, including the merger, are advisable, fair to and in the best interests of Great Lakes REIT and our shareholders and unanimously recommends that you vote "**FOR**" the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Your attention is directed to the proxy statement accompanying this notice for a more complete statement regarding the matters proposed to be acted on at the special meeting. A copy of the merger agreement is attached as Annex A to the accompanying proxy statement.

If you have questions or need assistance, please call our proxy solicitor, **[name and contact information to come]**. In addition, you may obtain information about us from the documents we have filed with the Securities and Exchange Commission. You may also retrieve financial information from our website at www.greatlakesreit.com.

By order of the Board of Trustees,

Richard L. Rasley
Secretary

Oak Brook, Illinois
March **[ ]**, 2004

YOUR VOTE IS IMPORTANT. PLEASE PROMPTLY MARK, DATE, SIGN AND RETURN YOUR PROXY IN THE ENCLOSED POSTAGE-PREPAID ENVELOPE, *WHETHER OR NOT* YOU PLAN TO ATTEND THE SPECIAL MEETING. PLEASE DO NOT SEND YOUR SHARE CERTIFICATES AT THIS TIME.

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

Q: **On what am I being asked to vote?**

A: You are being asked to vote to approve the merger of Great Lakes REIT with and into Transwestern Superior Acquisition, L.L.C. and the other transactions contemplated by the Agreement and Plan of Merger, dated as of January 21, 2004, by and among Great Lakes REIT, Great Lakes REIT, L.P., Aslan Realty Partners II, L.P. and Transwestern Superior Acquisition, L.L.C.

Q: **What will I receive in the merger?**

A:

You will be entitled to receive $15.53 in cash, without interest, for each outstanding common share that you own. The merger consideration will be increased automatically in the event of the consummation, prior to the filing of articles of merger with the State Department of Assessments and Taxation of Maryland, of the permitted sale of one or more of nine specified properties to the extent the aggregate net proceeds from those sales exceed the agreed amounts for those properties. We will publicly announce any increase in the merger consideration prior to the completion of the merger. However, there are no understandings or contracts with respect to the nine potential sale properties and there can be no assurance that we will sell any of those properties.

Q:

Does the board of trustees recommend approval of the merger and the other transactions contemplated by the merger agreement?

A:

Yes. Our board of trustees has unanimously approved the merger and the other transactions contemplated by the merger agreement, and has unanimously voted to recommend that our shareholders vote "**FOR**" the proposal to approve the merger and the other transactions contemplated by the merger agreement. For a description of the factors considered by our board of trustees, please see "Proposal to Approve the Merger Unanimous Recommendation of Our Board of Trustees and Reasons for the Merger" on page 29.

Q:

When do you expect to complete the merger?

A:

A special meeting of our shareholders is scheduled to be held on April **[ ]**, 2004 for the purpose of considering and voting on the proposal to approve the merger and the other transactions contemplated by the merger agreement. Because a vote of our shareholders is only one of the conditions to the merger, we cannot assure you as to when or if the merger will occur, but we expect to close the merger as soon as practicable after the special meeting of our shareholders. For more information, see "Proposal to Approve the Merger The Merger Agreement Conditions to the Merger" on page 42.

Q:

If the merger is completed, when can I expect to receive the consideration for my common shares?

A:

Promptly after the completion of the merger, you will receive a letter of transmittal describing how you may exchange your share certificates for the merger consideration. At that time, you must send in your share certificates with your completed letter of transmittal to the paying agent. You should not send your share certificates to us or anyone else until you receive these instructions. Promptly after surrendering your share certificates and any other documents identified in the instructions, you will receive payment of your portion of the merger consideration for your shares.

Q:

Does Great Lakes REIT expect to continue to pay monthly dividends on my common shares?

A:

No. Pursuant to the merger agreement, our board of trustees has suspended the monthly dividend on our common shares and terminated our dividend reinvestment and direct share purchase and sale plan.

Q:

If I am a U.S. shareholder, what are the tax consequences of the merger to me?

A:

Any gain resulting from your receipt of the merger consideration for your common shares will be taxable for U.S. federal income tax purposes. For further information on the material tax consequences of the merger, see "Material U.S. Federal Income Tax Consequences" on page 65.

Your tax consequences will depend on your personal situation. You should consult your own tax advisor for a full understanding of the tax consequences of the merger to you.

Q:

If I am a non-U.S. shareholder, what are the tax consequences of the merger to me?

A:

The tax consequences to non-U.S. shareholders are complex. The extent to which non-U.S. shareholders will be subject to U.S. federal income tax is unclear and will depend on various factors. Non-U.S. shareholders are urged to read "Material U.S. Federal Income Tax Consequences Consequences to Non-U.S. Shareholders" on page 66 and to consult with their own tax advisors, especially concerning the Foreign Investment in Real Property Tax Act of 1980, U.S. federal income tax withholding rules and the possible application of benefits under an applicable income tax treaty.

Q:

What vote of Great Lakes REIT shareholders is required to approve the merger?

A:

Approval of the merger and the other transactions contemplated by the merger agreement requires the affirmative vote by holders of a majority of our outstanding common shares. We urge you to complete, execute and return the enclosed proxy card to assure the representation of your shares at the special meeting.

Q:

Who is entitled to vote at the special meeting?

A:

Only common shareholders of record at the close of business on the record date, February **[ ]**, 2004, are entitled to receive notice of the special meeting and to vote the common shares that they held on that date at the special meeting, or any postponements or adjournments of the special meeting. Each shareholder has one vote for each common share owned on the record date.

Q:

What is the location, date and time of the special meeting?

A:

The special meeting will be held at **[ ]**, on April **[ ]**, 2004 at **[9:00]** a.m., local time.

Q:

What happens if I sell my common shares before the special meeting?

A:

The record date for the special meeting, February **[ ]**, 2004, is earlier than the expected completion of the transactions contemplated by the merger agreement. If you held your common shares on the record date but subsequently transfer them, you will retain your right to vote at the special meeting but not the right to receive the merger consideration for those common shares. The right to receive the merger consideration will pass to the person who owns those common shares when the merger becomes effective.

Q:

How do I vote?

A:

If you are a registered holder of common shares and if you complete and properly sign the accompanying proxy card and return it in accordance with the instructions provided prior to the special meeting or if you properly give a proxy authorization by telephone or over the Internet, your proxy card or authorization will be voted as you direct. If you are a registered shareholder and attend the special meeting, you may vote or deliver your completed proxy card in person. "Street name" shareholders who wish to vote at the special meeting will need to obtain a legal proxy form from the institution that holds their shares.

If you fail to return your proxy card, to give a proxy authorization by telephone or over the Internet or to vote in person at the special meeting, or if you mark your proxy "**ABSTAIN**," the effect will be a vote against the proposal to approve the merger and the other transactions contemplated by the merger agreement. If you sign and return your proxy card and fail to indicate your vote on your proxy, your common shares will be voted for the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Q:

If my common shares are held for me by my broker, will my broker vote those shares for me?

A:

If you hold your common shares in "street name" through a broker or other nominee, your broker or nominee will not vote your common shares unless you provide instructions on how to vote. You should instruct your broker how to vote your common shares by following the directions provided to you by your broker. If you do not provide instructions to your broker, your common shares will not be voted and this will have the same effect as a vote against the proposal to approve the

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merger and the other transactions contemplated by the merger agreement. "Street name" shareholders who wish to vote at the special meeting will need to obtain a legal proxy form from the institution that holds their shares.

Q:

Do I have appraisal rights?

A:

No. Under Maryland law, because our common shares are listed on the New York Stock Exchange, or NYSE, appraisal rights are not available to holders of our common shares in connection with the merger.

Q:

What does it mean if I receive more than one set of materials?

A:

This means that you own common shares that are registered under different names. For example, you may own some shares directly as a shareholder of record and other shares through a broker or you may own shares through more than one broker. In these situations you will receive multiple sets of proxy materials. It is necessary for you to vote, sign and return all of the proxy cards or follow the instructions for any alternative voting procedure on each of the proxy cards you receive in order to vote all of the common shares you own. Each proxy card you received came with its own prepaid return envelope; if you vote by mail, make sure you return each proxy card in the return envelope which accompanied that proxy card.

Q:

May I change my vote after I have mailed my signed proxy card or given my proxy authorization by telephone or over the Internet?

A:

Yes. If you hold your shares in "street name" through a broker or other nominee and have instructed a broker or nominee to vote your common shares, you must follow the directions received from your broker or nominee to change those instructions. Also, if you elect to vote in person at the special meeting and your common shares are held by a broker or nominee, you must bring to the special meeting a legal proxy form from the broker or nominee authorizing you to vote those common shares. If you are a registered holder of common shares, you may change your vote by (1) delivering to our Secretary, before the special meeting, a later dated, signed proxy card or a written revocation of your proxy or proxy authorization or (2) attending the special meeting and voting in person. The powers of the proxy holders will be suspended with respect to your proxy if you attend the special meeting in person and so request; however, your attendance at the special meeting will not, by itself, revoke your proxy.

Q:

What will happen to my common shares after completion of the merger?

A:

Following the completion of the merger, your common shares will be cancelled and represent only the right to receive your portion of the merger consideration. Trading in our common shares on the NYSE will cease. Price quotations for our common shares will no longer be available, and we will cease filing periodic reports with the Securities and Exchange Commission.

Q:

Should I send my common share certificates now?

A:

No. After the merger is completed, a paying agent will send you a letter of transmittal describing how you may exchange your certificates for the merger consideration. At that time, you must send in your common share certificates or execute an appropriate instrument of transfer of your common shares, as applicable, with your completed letter of transmittal to the paying agent to receive the merger consideration.

Q:

Where can I find more information about Great Lakes REIT?

A:

We file reports, proxy statements and other information with the Securities and Exchange Commission under the Securities Exchange Act of 1934. You may read and copy this information at the Securities and Exchange Commission's public reference room. You may call the Securities and Exchange Commission at 1-800-SEC-0330 for information about the public reference room. This information is also available at the Internet site the Securities and Exchange Commission maintains at www.sec.gov and at the offices of the NYSE. You can also request copies of these documents from us. See "Where You Can Find More Information" on page 70.

Q:

What is the board of trustees' recommendation?

A:

Our board of trustees' unanimous recommendation is set forth together with the description of the proposal in this proxy statement. Our board of trustees unanimously recommends a vote "**FOR**" the proposal to approve the merger and the other transactions contemplated by the merger agreement. See page 29.

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of our board of trustees.

Q:

Besides the vote of common shareholders, what are the other conditions to the completion of the merger?

A:

There are a number of other conditions to the completion of the merger, which are described in this proxy statement under the heading "Proposal to Approve the Merger The Merger Agreement Conditions to the Merger" on page 42.

Q:

Whom can I call with questions?

A:

We have selected **[to come]** as our proxy solicitor, which may be contacted as follows:

[Address to come.]

You may also contact our Secretary at our executive offices at:

Great Lakes REIT
823 Commerce Drive
Suite 300
Oak Brook, Illinois 60523
(630) 368-2900

Q:

Who will solicit and pay the cost of soliciting proxies?

A:

We will bear the cost of soliciting proxies. In addition to solicitation by mail, and without additional compensation for such services, proxies may be solicited personally, or by telephone or telecopy, by our officers or employees. In addition, we will pay approximately $**[   ]** (plus reimbursement of out-of-pocket expenses) to **[to come]**, our proxy solicitor. We will also request that banking institutions, brokerage firms, custodians, trustees, nominees, fiduciaries and other like parties forward the solicitation materials to the beneficial owners of common shares held of record by such persons, and we will, upon request of such record holders, reimburse forwarding charges and out-of-pocket expenses.

If you have further questions, you may contact our proxy solicitor at the address and telephone number indicated above.

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SUMMARY TERM SHEET

This summary term sheet highlights selected information contained elsewhere in this proxy statement and may not contain all of the information that is important to you. To understand the transactions fully and for a more complete description of the legal terms of the transactions contemplated by the merger agreement, you should carefully read this entire proxy statement as well as the additional documents to which it refers, including the merger agreement, which is attached to this proxy statement as Annex A and incorporated herein by reference. For instructions on obtaining more information, see "Where You Can Find More Information" on page 70. We have included page references to direct you to a more complete description of the topics presented in this summary.

Unless we otherwise indicate or unless the context requires otherwise, all references in this proxy statement to "Great Lakes REIT," "our company," "we," "our," "us" or similar references mean Great Lakes REIT and its subsidiaries and predecessors. All references in this proxy statement to "our operating partnership" mean Great Lakes REIT, L.P. In addition, in this proxy statement we refer to our common shares of beneficial interest as our "common shares."

In the merger, Great Lakes REIT will merge with and into Transwestern Superior Acquisition, L.L.C., which is a wholly owned subsidiary of Aslan Realty Partners II, L.P., with Transwestern Superior Acquisition, L.L.C. continuing as the surviving entity. As a result of the merger, we will no longer exist and the surviving entity in the merger will be a wholly owned subsidiary of Aslan Realty Partners II, L.P., a private real estate investment fund affiliated with Transwestern Investment Company, L.L.C., a Chicago-based principal-oriented real estate investment firm. We refer to Transwestern Superior Acquisition, L.L.C., Aslan Realty Partners II, L.P. and Transwestern Investment Company, L.L.C. as "Transwestern Superior Acquisition," "Aslan Realty Partners II" and "Transwestern," respectively, in this proxy statement. Aslan Realty Partners II currently is the exclusive funding vehicle for all investments sponsored by Transwestern.

This proxy statement is first being mailed on or about March **[ ]**, 2004 to our common shareholders of record as of the close of business on February **[ ]**, 2004.

The Transactions see page 18

At the special meeting, our shareholders will be asked to approve the merger of Great Lakes REIT with and into Transwestern Superior Acquisition, with Transwestern Superior Acquisition continuing as the surviving entity (which is sometimes referred to in this proxy statement as the "merger"), and the other transactions contemplated by the Agreement and Plan of Merger, dated as of January 21, 2004 (which is sometimes referred to in this proxy statement as the "merger agreement"), by and among us, our operating partnership, Aslan Realty Partners II and Transwestern Superior Acquisition.

Immediately prior to the effective time of the merger, the outstanding limited partnership units of our operating partnership will be redeemed for common shares in the amounts provided for in the partnership agreement of our operating partnership. Prior to such redemption, we will sell 100 limited partnership units of our operating partnership to a new subsidiary for an amount equal to the merger consideration (as described elsewhere in this proxy statement) per limited partnership unit. In addition, prior to the effective time of the merger, we will redeem all of our issued and outstanding preferred shares of beneficial interest with the proceeds of the issuance and sale of a new series of preferred shares of beneficial interest to Aslan Realty Partners II. As of the effective time of the merger, each new preferred share will automatically be cancelled and will be converted into the right to receive $1,000 in cash, without interest.

The Merger Consideration

Pursuant to the merger agreement, Transwestern Superior Acquisition agreed to pay $14.98 per share in cash to our common shareholders upon the closing of the merger. The terms of the merger agreement permit us to sell certain of our properties, including our portfolio of medical office buildings and Minnesota assets. Our portfolio of medical office buildings and the Minnesota assets were sold for their contract prices prior to the date of this proxy statement.

As a result, based on the net proceeds from those sales calculated as of the date of this proxy statement, in the merger, each issued and outstanding common share will be converted into the right to receive $15.53 in cash, without interest, upon surrender of the certificate(s) formerly evidencing the common share(s). The merger consideration will be increased automatically in the event we consummate, prior to the filing of articles of merger with the State Department of Assessments and Taxation of Maryland, one or more sales of nine specified properties providing net proceeds in excess of the applicable agreed value. The amount of any increase in the merger consideration will be equal to each common share's ratable portion of the increase, rounded to the nearest whole cent. We will publicly announce any increase in the merger consideration prior to the completion of the merger. However, there are no understandings or contracts with respect to the nine potential sale properties and there can be no assurance that we will sell any of those properties.

Pursuant to the merger agreement, our board of trustees has suspended the monthly dividend on our common shares and terminated our dividend reinvestment and direct share purchase and sale plan.

Background of the Merger **see page 20**

During 2000, we initiated a review of issues facing us and strategic alternatives that might be available to enhance shareholder value. We hired Lehman Brothers Inc., an investment banking firm, to provide financial advice in this regard. Based on the indicated levels of interest from strategic and financial buyers, including Transwestern, solicited by Lehman Brothers, our board of trustees determined not to pursue a possible business combination or other strategic transaction at that time. As a result, we terminated our engagement of Lehman Brothers and ended the formal strategic alternatives process.

Over the next three years, demand for office space in the real estate markets in which we operate declined, which led to a decline in the leasing environment in our markets and a decline in our operating results. However, valuations of office properties in our markets were relatively stable and, in some cases, increasing. Beginning in February 2003, our board of trustees, in light of the negative leasing conditions but positive real estate investment trends described above, instructed our management to begin evaluating alternatives that might be available to enhance shareholder value. Our management received proposals from and interviewed three real estate brokerage and other financial advisory firms in connection with these considerations.

In April 2003, our board of trustees, in consultation with our management and in light of the negative leasing conditions but positive real estate investment trends identified in the preceding bullet point, determined that it would be appropriate to explore all available strategic alternatives to enhance shareholder value. We retained Cushman & Wakefield of Illinois, Inc., a real estate brokerage firm, as our real estate advisor in connection with the strategic alternatives process. Our board also formed a strategic alternatives committee, comprised of three independent trustees, whose function was to provide guidance and direction to our management and advisors relating to the strategic assessment process before submission of those matters to our entire board for consideration. The strategic alternatives committee received proposals from and interviewed several investment banking firms before selecting Houlihan Lokey Howard &

Zukin Financial Advisors, Inc. to provide financial advisory services in connection with the strategic alternatives process.

From April 2003 though November 2003, Cushman & Wakefield contacted over 175 strategic and financial buyers (including Transwestern) regarding the possibility of a strategic transaction with our company. In June 2003, we received preliminary written indications of interest to acquire our company from eight parties, including Transwestern. Transwestern's indicated value of our company was significantly higher than those of the other potential interested parties. We continued to have discussions with Transwestern and other potential interested parties throughout July and August 2003, and Transwestern's indicated value of our company continued to be significantly higher than those of the other potential interested parties. Our management continued to have discussions with Transwestern from September through November 2003.

On December 1, 2003, after consideration by our board of various alternatives to enhance shareholder value, we entered into an exclusivity agreement with Transwestern whereby we agreed to negotiate exclusively with Transwestern until at least

December 22, 2003. During December 2003 and January 2004, our management and legal counsel negotiated definitive documentation related to a possible transaction with Transwestern. Throughout this period, our board met on various occasions to consider a possible transaction with Transwestern, among other things. At a January 21, 2004 board meeting, our board, after considering Transwestern's proposal to acquire our company, alternative strategies to enhance shareholder value and its duties to our company and shareholders, unanimously approved the merger and the other transactions contemplated by the merger agreement.

Unanimous Recommendation of Our Board of Trustees **see page 29**

Our board of trustees unanimously recommends that you vote "**FOR**" the proposal to approve the merger and the other transactions contemplated by the merger agreement. After an evaluation of various business, financial and other factors and consultation with our legal and financial advisors at a special meeting on January 21, 2004, our board of trustees determined that the merger was advisable, fair to and in the best interests of Great Lakes REIT and our common shareholders. At this special meeting, our board of trustees unanimously approved the merger and the other transactions contemplated by the merger agreement, and unanimously voted to recommend that our common shareholders vote "**FOR**" the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Other than Richard May and Patrick Hunt, who also are officers of our company and will be receiving certain payments in connection with the merger, the members of our board of trustees have no significant interest in the merger and the other transactions contemplated by the merger agreement that is different than, or in addition to, the interests of our common shareholders generally. The merger agreement does, however, include customary indemnity and liability insurance provisions for our trustees and officers. See the discussion under the heading "Proposal to Approve the Merger Interests of Trustees and Officers in the Merger" on page 37.

Reasons for the Merger **see page 29**

In deciding to approve the merger and the other transactions contemplated by the merger agreement, our board of trustees considered a number of factors, both potentially positive and potentially negative, with respect to the merger and the other transactions contemplated by the merger agreement.

Our board of trustees considered the following potentially positive factors in its deliberations concerning the merger and the other transactions contemplated by the merger agreement.

Our board of trustees is of the view that there had been an exhaustive solicitation of third party interest in acquiring Great Lakes REIT and each potentially interested party had been provided with several opportunities to increase or otherwise improve its valuation of our company; our board of trustees concluded that the final proposal by Transwestern was the best offer received taking into account both price and certainty of closure (see the section titled "Proposal to Approve the Merger Background of the Merger" for additional information regarding the negotiations).

The $15.53 per common share merger consideration represents a premium over the historical market prices of our common shares; in particular, the merger consideration represents a 7.1% premium over the closing price of our common shares on April 21, 2003, the date on which we issued a press release announcing that our board of trustees had engaged a real estate advisor to assist it in analyzing alternatives to improve shareholder value, an 8.8% premium over the average price of our common shares for the 30-day period prior to the April 21, 2003 press release and a 21.7% premium over the 52-week low trading price of our common shares of $12.76.

Our board of trustees also considered the fact that the amount to be paid to our common shareholders would automatically increase upon the sale of certain of our properties prior to the completion of the merger if the net

proceeds from those sales exceed the agreed value for those properties.

In addition, our board of trustees considered the fact that the merger consideration is all cash, which provides liquidity and certainty of value to our common shareholders.

Our board of trustees is of the view that the certainty of the $15.53 cash consideration to be received by our common shareholders in the merger was preferable to alternatives reasonably available to us.

Our board of trustees believes that the merger represents a more desirable alternative for our common shareholders than continuing to operate as an independent public company.

Our board of trustees considered as favorable to its determination the opinion of Houlihan Lokey described under the heading "Proposal to Approve the Merger Fairness Opinion of Houlihan Lokey Howard & Zukin Financial Advisors, Inc." on page 33.

Our board of trustees considered as favorable that, in its judgment, there is a high probability of completing the proposed merger and the other transactions contemplated by the merger agreement.

Our board of trustees considered the terms of the merger agreement that allow our board of trustees to accept a superior acquisition proposal.

Our board of trustees also considered the following potentially negative factors in its deliberations concerning the merger and the other transactions contemplated by the merger agreement.

Our board acknowledged that the merger would preclude the holders of our common shares from receiving future dividend payments and from having the opportunity to participate in the future performance of our assets and any future appreciation in the value of our common shares. In this regard, however, our board also determined that a significant cut in our dividend rate would be necessary if we were to continue to operate as an independent public company in light of management's expectations for fiscal 2004 and the continuing negative trends in leasing activity and occupancy rates for our real estate portfolio.

Our board of trustees acknowledged that the merger is a taxable transaction and, as a result, holders of our common shares will be required to pay taxes on any gain that results from their receipt of the cash consideration in the merger.

Our board of trustees considered the significant costs involved in connection with completing the merger and the other transactions contemplated by the merger agreement, the substantial management time and effort required to effectuate the merger and the related disruption to our operations.

Even though the merger agreement permits our board of trustees to receive unsolicited inquiries and proposals regarding other potential business combinations, it also prohibits us from soliciting alternative proposals from other potential purchasers of our company.

Our board of trustees also considered the potential benefits to certain trustees and officers discussed under the heading "Proposal to Approve the Merger Interests of Trustees and Officers in the Merger" on page 37.

Our board of trustees also considered the potential that, upon termination of the merger agreement in specified circumstances, we could be required to pay certain fees to Aslan Realty Partners II.

In view of the wide variety of factors considered by our board of trustees, our board of trustees did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weights to the specific factors considered. Our board of trustees viewed its position and recommendation as being based on the totality of the information presented to, and considered by, it. After taking into consideration all the factors set forth above, our board of trustees determined that the potential benefits of the merger substantially outweighed the potential detriments associated with the merger and the other transactions contemplated by the merger agreement.

Fairness Opinion of Houlihan Lokey Howard & Zukin Financial Advisors, Inc. see page 33

Our board of trustees has received the written opinion dated January 21, 2004 of Houlihan Lokey to the effect that, based on and subject to the limitations and qualifications set forth in the opinion, as of the date of the opinion, the merger consideration to be received by the holders of our common shares in connection with the merger is fair to those holders from a financial point of view.

The full text of the written opinion of Houlihan Lokey dated January 21, 2004, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached to this proxy statement as Annex B. You should read the opinion in its entirety. Houlihan Lokey provided its opinion for the information and assistance of our board of trustees in connection with its consideration of the merger contemplated by the merger agreement. The Houlihan Lokey opinion is not a recommendation as to how you should vote with respect to the merger and the other transactions contemplated by the merger agreement.

Interests of Trustees and Officers in the Merger see page 37. Some of our trustees and officers have interests and arrangements that may be different from, or in addition to (and therefore may conflict with), your interests as our common shareholder, including:

In connection with the merger and pursuant to the merger agreement, immediately prior to the effective time of the merger, each then outstanding option to purchase common shares, including those options held by our trustees and officers, whether or not then vested or exercisable, that has an exercise price less than the merger consideration will be surrendered or converted in exchange for alternative consideration equal to the product of (1) the number of

common shares provided for in the option and (2) the excess of (a) the merger consideration less (b) the exercise price per share provided for in the option. Each outstanding option, whether or not then vested, that has an exercise price equal to or greater than the merger consideration, will be surrendered or converted in exchange for $0.05 per common share issuable upon exercise of the option. All payments will be made net of any applicable withholding taxes. As a result, our trustees and officers will be entitled to receive an aggregate amount of approximately $361,000 with respect to all of their existing options. This amount is based on merger consideration of $15.53 per share and will increase to the extent that the net proceeds from the sale of specified properties increase the merger consideration. See "Proposal to Approve the Merger The Merger Agreement Covenants of All of the Parties Sale of Certain Properties" on page 60.

In addition, the completion of the merger will constitute a change in control under agreements by which we issued restricted shares to Richard May, our Chairman and Chief Executive Officer, Patrick Hunt, our President and Chief Operating Officer, Richard Rasley, our Executive Vice President and Co-General Counsel, James Hicks, our Chief Financial Officer, and Raymond Braun, our Chief Investment Officer. Restrictions and forfeiture provisions with respect to those restricted shares will lapse as a result of the merger, and those officers will be entitled to receive the merger consideration with respect to those shares. The total value (based on the merger consideration) of the restricted shares held by those officers is approximately $1.3 million. This amount is based on merger consideration of $15.53 per share and will increase to the extent that the net proceeds from the sale of specified properties increase the merger consideration. See "Proposal to Approve the Merger The Merger Agreement Covenants of All of the Parties Sale of Certain Properties" on page 60.

Under the merger agreement, we will terminate the employment of each of our and our subsidiaries' employees, including our officers, immediately prior to the effective time of the merger. Aslan Realty Partners II and its affiliates are entitled, but not obligated, to offer employment to any of our or our subsidiaries' employees on terms and conditions as Aslan Realty Partners II or its affiliates deems appropriate. In connection with their termination, ten of our officers, pursuant to employment agreements or change in control agreements entered into between us and those officers, will be entitled to severance pay and health benefits (as described under the caption "Proposal to Approve the Merger Interests of Trustees and Officers in the Merger" on page 37). The maximum aggregate amount of severance payments and supplemental severance pay that these ten officers (which include Messrs. May, Hunt, Rasley, Hicks and Braun, as well as Kim Mills, Edith Scurto, Adam Berman, Brett Brown and Eric Niederman) may be entitled to receive pursuant to the severance arrangements is approximately $6.8 million. In addition, any payments made to Messrs. May and Hunt pursuant to their employment agreements will be increased, or "grossed up," as required if the contractual payments become subject to excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (which is sometimes referred to in this proxy statement as the "Code"). Additional payments may be made so that after the payment of all income and excise taxes, Messrs. May and Hunt will be in the same after-tax position as if no excise tax under Section 4999 had been imposed.

After the merger, the surviving entity will continue to perform the indemnification arrangements and provide trustees' and officers' liability insurance for our present and former trustees and officers.

Matthew Dominski, one of our trustees and a member of the strategic alternatives committee of our board of trustees, will receive a one-time bonus payment of $15,000 in recognition of the leadership he provided to our board and the strategic alternatives committee and devotion of extra time throughout the strategic alternatives process that led to the proposed transaction with

Transwestern, as well as his role in negotiating the merger agreement. This $15,000 bonus payment is not conditioned on the closing of the merger.

The Special Meeting **see page 15**

This proxy statement is being furnished to the holders of our common shares for use at the special meeting, and at any adjournments or postponements thereof, in connection with the approval of the merger of Great Lakes REIT with and into Transwestern Superior Acquisition and the other transactions contemplated by the Agreement and Plan of Merger, dated as of January 21, 2004, by and among Great Lakes REIT, Great Lakes REIT, L.P., Aslan Realty Partners II, L.P. and Transwestern Superior Acquisition, L.L.C., all in the manner described in this proxy statement. The special meeting will be held at **[ ]** on April **[ ]**, 2004 at **[9:00]** a.m., local time.

The proposal for the approval of the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of our outstanding common shares. If you fail to return your signed proxy card or to vote in person, or fail to instruct your broker on how to vote, it will have the same effect as a vote against the proposal to approve the merger and the other transactions contemplated by the merger agreement.

As of the record date for the special meeting, our trustees and officers as a group owned or controlled 1,110,721 common shares, which was approximately 6.9% of the total common shares outstanding. Each of our trustees and officers has indicated that he or she intends to vote any common shares owned in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement at the special meeting, but they have no obligation to do so.

Record Date and Quorum Requirement

We have set the close of business on February **[ ]**, 2004 as the record date for determining those shareholders who are entitled to notice of, and to vote at, the special meeting.

The presence at the special meeting, in person or by proxy, of the holders of a majority of the aggregate number of common shares outstanding on the record date will constitute a quorum, allowing us to conduct the business of the special meeting.

Revocation of Proxies

Even after you have properly submitted your proxy card, or given your proxy authorization by telephone or over the Internet, you may change your vote at any time before the proxy is exercised by delivering to our Secretary either a notice of revocation or a duly executed proxy bearing a later date. In addition, the powers of the proxy holders will be suspended with respect to your proxy if you attend the special meeting in person and so request. Attendance at the special meeting will not, by itself, revoke a previously granted proxy. If you have instructed a bank or broker to vote your common shares and want to revoke your proxy or change your vote, you should follow the directions received from your bank or broker to change your instructions.

Payment Procedures

Promptly after completion of the merger and the other transactions contemplated by the merger agreement, you will receive a letter of transmittal describing how you may exchange your certificates evidencing common shares for the merger consideration. At that time, you must send in your share certificates with your completed letter of transmittal to the paying agent. *You should not send your common share certificates to us or anyone else until you receive these instructions.* Promptly after surrendering your share certificates and such other documents

identified in the instructions, you will receive payment of your portion of the merger consideration in exchange for your common shares.

Vote Required

The proposal for approval of the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of a majority of our outstanding common shares. A properly executed proxy marked "**ABSTAIN**" will be counted for purposes of determining whether there is a quorum present but will not be voted. *An abstention, therefore, will have the same effect as a vote against the proposal to approve the merger and the other transactions contemplated by the merger agreement.*

If you hold your common shares in "street name" (that is through a broker or other nominee), your broker or nominee will not vote your common shares unless you provide instructions on how to vote. You should instruct your broker how to vote your common shares by following the directions your broker provides. *If you do not provide instructions to your broker, your common shares will not be voted and this will have the same effect as a vote against the proposal to approve the merger and the other transactions contemplated by the merger agreement.*

Conditions to the Merger **see page 42**

The merger is subject to the approval of our common shareholders as well as other conditions, including the receipt of lender consents. However, the merger is not conditioned on Aslan Realty Partners II obtaining financing for the merger consideration. Further, the merger is not conditioned on the consummation of any sale of property permitted under the merger agreement and described under "Proposal to Approve the Merger The Merger Agreement Covenants of All of the

Parties Sale of Certain Properties."

In addition, the consummation of the merger is subject to the satisfaction or waiver of the following conditions:

the representations and warranties of each of the parties to the merger agreement must be true and correct, generally subject to qualifications as to materiality;

each of the parties to the merger agreement must have performed in all material respects all covenants and obligations required to be performed under the merger agreement;

there must be no temporary restraining order, preliminary or permanent injunction or other order by any court of competent jurisdiction, or other legal restraint or prohibition, then in effect that prevents the consummation of the merger, provided that the party invoking this condition must have used its reasonable best efforts to have any order, injunction or restraint vacated;

no event may have occurred since the date of the merger agreement that would reasonably be expected to have a material adverse effect on us;

Aslan Realty Partners II must have received an opinion of Jones Day in form and substance reasonably satisfactory to it (based upon customary representations, assumptions and limitations) to the effect that:

for all taxable years commencing with our taxable year ended December 31, 1993, we were organized and have operated in conformity with the requirements for qualification and taxation as a REIT under the Code, and

for all taxable years commencing with our taxable year ended December 31, 1996, our operating partnership has been properly classified as a partnership (and not as a

publicly traded partnership within the meaning of Section 7704 of the Code) for federal income tax purposes;

we must have obtained consents and waivers from all required third parties, subject to qualifications as to materiality;

we must have obtained certain specified modifications to our agreements with certain of the lenders under our debt arrangements;

the limited partnership units of our operating partnership that are not owned by us or our subsidiaries must have been redeemed, and the other transactions contemplated by the agreements entered into with holders of those limited partnership units must have been consummated;

we must have obtained a private letter ruling from the Internal Revenue Service that is reasonably acceptable in form and substance to Aslan Realty Partners II granting to GLR Milwaukee Center SPE Corp., a wholly owned subsidiary of our operating partnership, an extension of time to elect to be treated as a "taxable REIT subsidiary" under the Code;

we must have redeemed all of our outstanding preferred shares of beneficial interest with the proceeds from the issuance of a new series of preferred shares of beneficial interest, which will be issued to Aslan Realty Partners II in accordance with the terms of a subscription agreement between us and Aslan Realty Partners II;

Aslan Realty Partners II must have received an opinion of Venable LLP reasonably satisfactory to Aslan Realty Partners II to the effect that the redemption of our outstanding preferred shares of beneficial interest has been duly consummated in accordance with Maryland law; and

we must have obtained release agreements from certain of our officers relating to, among other things, claims arising from the officer's termination of employment in connection with the consummation of the merger.

If our common shareholders do not approve the merger and the other transactions contemplated by the merger agreement, or the merger agreement is otherwise abandoned, then the proposed merger and the redemption of our outstanding preferred shares will not occur. If our common shareholders approve the merger and the other transactions contemplated by the merger agreement, and the other conditions to the merger are satisfied or waived, then we intend to complete the merger as soon as practicable following the special meeting. However, some of these conditions are beyond our control, and we cannot assure you that any of the conditions, including the conditions within our control, will be met or waived.

Appraisal Rights see page 64

Under Maryland law, because our common shares are listed on the New York Stock Exchange, or NYSE, appraisal rights are not available to holders of our common shares in connection with the merger.

Material Federal Income Tax Considerations see page 65

The merger will have tax consequences for you. Any gains resulting from the receipt of cash in exchange for your common shares will be taxable for federal income tax purposes. Your tax consequences will depend on your personal situation. You are urged to consult your own tax advisor for a full understanding of the tax consequences of the merger to you. For a more detailed description of the material federal income tax consequences of the merger, see "Material Federal Income Tax Considerations" on page 65.

Our Ability to Accept a Superior Acquisition Proposal see page 46

The merger agreement permits our board of trustees to receive unsolicited inquiries and proposals regarding other potential business combinations and to furnish information to, or enter into discussions or negotiations with, third parties with respect to those proposals when our board of trustees determines in good faith that failure to do so would create a reasonable probability of a breach of its duties to our common shareholders. The merger agreement permits our board of trustees to approve and recommend a bona fide acquisition proposal made by a third party that a majority of the members of our board of trustees determines in good faith to be more favorable to our common shareholders from a financial point of view than the merger and that our board of trustees determines is reasonably capable of being consummated (which is sometimes referred to in this proxy statement as a "superior acquisition proposal"). Upon approving and recommending a superior acquisition proposal, our board of trustees may withdraw or modify its approval or recommendation of the merger and the merger agreement and authorize us to enter into an agreement with respect to the superior acquisition proposal. If, prior to the special meeting of our common shareholders, our board of trustees withdraws or modifies its approval or recommendation of the merger and the merger agreement, and the merger agreement is terminated, we will be required to pay to Aslan Realty Partners II a "break-up fee" in an amount equal to $6.5 million. For more information, see "Proposal to Approve the Merger The Merger Agreement Termination of the Merger Agreement" on page 46 and "Proposal to Approve the Merger The

Merger Agreement Termination Fees and Expenses" on page 47.

Termination of the Merger Agreement see page 46

The merger agreement may be terminated at any time prior to the effective time of the merger upon mutual agreement between us and Aslan Realty Partners II, whether before or after the special meeting of our common shareholders.

In addition, we or Aslan Realty Partners II may terminate the merger agreement by written notice to the other party, whether before or after the special meeting of our shareholders, if:

- the merger is not consummated before August 31, 2004, except that the terminating party must not have breached in any material respect its obligations under the merger agreement in any manner that has proximately contributed to the failure to complete the merger before August 31, 2004;

- any judgment, injunction, order, decree or action by any competent governmental authority preventing the consummation of either the merger or the agreements entered into with holders of limited partnership units of our operating partnership for the purpose of redeeming those limited partnership units has become final and non-appealable;

- upon the vote at the special meeting or any adjournment of the meeting, the approval of our common shareholders of the merger and the other transactions contemplated by the merger agreement is not obtained;

- certain specified modifications to our agreements with certain of the lenders under our debt arrangements have not been obtained by August 26, 2004; or

- the private letter ruling from the Internal Revenue Service relating to an extension of time for GLR Milwaukee Center SPE Corp. to elect to be treated as a "taxable REIT subsidiary" under the Code has not been obtained by August 26, 2004.

Aslan Realty Partners II may terminate the merger agreement by written notice to us, whether before or after the special meeting of our common shareholders, if:

- we breach or fail to perform our representations, warranties, covenants, obligations or agreements set forth in the merger agreement, or any of our representations or warranties set forth in the merger agreement become untrue so that the conditions to completion of the merger with respect to our representations, warranties and covenants would be incapable of being satisfied by August 31, 2004;

- prior to the special meeting, our board of trustees has withdrawn or modified, in any manner adverse to Aslan Realty Partners II, its approval or recommendation of the merger or the merger agreement in connection with, or approved or recommended, any superior acquisition proposal, or we have entered into a definitive agreement with respect to any acquisition proposal other than the merger agreement and the other transactions contemplated thereby; or

- any judgment, injunction, order, decree or action by any competent governmental authority prevents the consummation of the redemption of our outstanding preferred shares of beneficial interest by August 26, 2004, provided that Aslan Realty Partners II is not in default under the subscription agreement between us and Aslan

Realty Partners II relating to the issuance of a new series of preferred shares of beneficial interest, the proceeds of which will be used to redeem our outstanding preferred shares of beneficial interest.

We may terminate the merger agreement by written notice to Aslan Realty Partners II, whether before or after the special meeting of our common shareholders, if:

Aslan Realty Partners II or Transwestern Superior Acquisition breach or fail to perform their representations, warranties, covenants, obligations or agreements set forth in the merger agreement, or any of their representations or warranties set forth in the merger agreement become untrue so that the conditions to completion of the merger with respect to their representations, warranties and covenants would be incapable of being satisfied by August 31, 2004; or

prior to the special meeting, our board of trustees has withdrawn or modified its approval or recommendation of the merger or the merger agreement in connection with, or approved or recommended, a superior acquisition proposal.

The merger agreement provides that, upon termination in specified circumstances, we must pay a $6.5 million "break-up fee" to Aslan Realty Partners II and, in other specified circumstances, we must pay an "expense fee" of up to $1.0 million. However, if the merger agreement is terminated as a result of our failure to obtain certain specified modifications to our agreements with certain of the lenders under our debt arrangements, we must pay Aslan Realty Partners II a fee of $500,000.

Determination of the Merger Consideration **see page 19**

The merger consideration to be paid to our common shareholders in the merger was determined based on arms' length negotiations between our company and Transwestern, and no other particular method of determining the merger consideration was used.

Regulatory and Other Approvals **see page 63**

No federal or state regulatory approvals that are required to complete the transactions contemplated by the merger agreement remain to be complied with other than the filing of the articles of merger with, and the acceptance of the articles for record by, the State Department of Assessments and Taxation of Maryland.

Conduct of Our Company in the Event the Merger is Not Completed **see page 64**

If the merger is not completed, we will continue to operate as an independent entity as discussed under the heading "Proposal to Approve the Merger Background of the Merger" on page 20.

Fees and Expenses **see page 64**

We estimate that our company will incur, and will be responsible for paying, transaction-related fees and expenses, consisting primarily of filing fees, fees and expenses of our investment banker, real estate advisor, attorneys and accountants, other related charges and costs associated with obtaining lender consents, totaling approximately $6.0 million, assuming the merger and the other transactions contemplated by the merger agreement are completed.

Questions and Additional Information

For additional information regarding the procedure for delivering your proxy, see "The Special Meeting Voting and Revocation of Proxies" on page 16 and "The Special Meeting Solicitation of Proxies" on page 16.

You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold common shares in more than one brokerage account, you will receive a separate voting instruction card for each account in which you hold your common shares. If you are a holder of record of common shares and your shares are registered in more than one name, you will also receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

If you have more questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement, the enclosed proxy card or voting instructions, you should contact **[name and address of proxy solicitor to come,]** or our Secretary at our executive offices at 823 Commerce Drive, Suite 300, Oak Brook, Illinois 60523, or by telephone at (630) 368-2900.

The Parties to the Transactions

Great Lakes REIT is a Maryland real estate investment trust that is the successor to a business that was organized and began operations in 1992, and is a fully integrated, self-administered and self-managed real estate company. As of December 31, 2003, we owned and operated 44 properties in the Chicago, Milwaukee, Detroit, Columbus, Minneapolis, Denver and Cincinnati areas. We have elected to be treated for federal income tax purposes as a real estate investment trust, or REIT. Our main office is located at 823 Commerce Drive, Suite 300, Oak Brook, Illinois 60523 and our telephone number at that location is (630) 368-2900. Our common shares are listed on the NYSE under the symbol "GL."

Great Lakes REIT, L.P. is a Delaware limited partnership of which we are the sole general partner. We conduct substantially all of our operations through our operating partnership.

Aslan Realty Partners II, L.P. is an Illinois limited partnership and an affiliate of Transwestern. Aslan Realty Partners II currently is the exclusive funding vehicle for all investments sponsored by Transwestern. Aslan Realty Partners II is a fully-discretionary fund with capital contributions and equity commitments totaling $680 million at December 31, 2003. Aslan Realty Partners II's main office is located at 150 N. Wacker Drive, Suite 800, Chicago, Illinois 60606 and its telephone number at that location is (312) 499-1900. The information provided herein regarding Transwestern and Aslan Realty Partners II has been provided to us by Transwestern.

Transwestern Superior Acquisition, L.L.C. is a Maryland limited liability company that is wholly owned by Aslan Realty Partners II and was formed solely for purposes of completing the merger.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This information may be made directly in this proxy statement, and may also be made a part of this proxy statement by reference to other documents filed by us with the Securities and Exchange Commission, which is known as "incorporation by reference."

This proxy statement contains various "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including relating to the financial condition, results of operations, plans, objectives, future performance and businesses of our company, as well as information relating to the merger and other transactions contemplated by the merger agreement, including statements concerning the expected closing of the merger, the conduct of the business of our company pending the completion of the merger, the conduct of the business of our company if the merger is not completed and the tax consequences of the merger. Words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "objective," "goal" and words and terms of similar substance used in connection with any discussion of future operating or financial performance, or the merger, identify forward-looking statements. These forward-looking statements are based on management's current expectations, assumptions, estimates and projections about the current economic environment, our company and its industry. You should not place undue reliance on forward-looking statements. Our forward-looking statements are based on management's current views about future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

In addition to any assumptions and other factors referred to specifically in connection with the forward-looking statements, the following risks related to the merger and our business, among others, could cause or contribute to actual results differing materially from those described in the forward-looking statements:

- risks associated with the satisfaction of the conditions to complete the merger, including the failure to obtain the common shareholder approval, required lender consents or private letter ruling from the Internal Revenue Service in a timely manner or at all;
- conflicts of interest that may influence our trustees and officers to support or recommend the merger;
- the continuing contribution of our key personnel and our ability to attract and retain new personnel;
- conditions in the financial markets generally and the market for real estate finance specifically;
- local or national economic conditions;
- the pace of office space development and sub-lease availability;
- tenant office space demand;
- the financial position of our tenants, including changes in such financial position that may lead to increases in tenant defaults;
- actual tenant default rates compared to anticipated default rates;
- changes in interest rates;
- the impact of current or pending litigation, including pending shareholder litigation;
- other risks inherent in the real estate business; and

- the other risks and uncertainties discussed in our reports and other documents filed with the Securities and Exchange Commission from time to time.

We caution you not to place undue reliance on our forward-looking statements, which speak only as of the date of this proxy statement or the date of the document incorporated by reference in this proxy statement. Except as required by law, we are under no obligation, and expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

For additional information about factors that could cause actual results to differ materially from those described in the forward-looking statements, please see the periodic reports that we have filed with the Securities and Exchange Commission as described under "Where You Can Find More Information."

All forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

THE SPECIAL MEETING

This proxy statement is furnished in connection with the solicitation of proxies by our board of trustees in connection with a special meeting of our shareholders.

Date, Time and Place of the Special Meeting

The special meeting is scheduled to be held on April **[ ]**, 2004 at **[9:00]** a.m., local time at **[ ]**.

Proposal to be Considered at the Special Meeting

At the special meeting, holders of our common shares will be asked to consider and approve the merger of Great Lakes REIT with and into Transwestern Superior Acquisition and the other transactions contemplated by the Agreement and Plan of Merger that Great Lakes REIT and its operating partnership, Great Lakes REIT, L.P., entered into with Aslan Realty Partners II, L.P. and Transwestern Superior Acquisition, L.L.C. In the merger, each holder of common shares of beneficial interest of Great Lakes REIT will be entitled to receive no less than $15.53 per share in cash, without interest.

Record Date

We have set the close of business on February **[ ]**, 2004 as the record date for determining those shareholders who are entitled to notice of, and to vote at, the special meeting. On that date, we had 16,090,628 common shares outstanding and there were approximately **[ ]** holders of record of common shares entitled to vote at the special meeting.

Voting Rights; Vote Required for Approval

At the special meeting, you will be entitled to one vote for each common share you hold of record as of February **[ ]**, 2004.

The presence at the special meeting, in person or by proxy, of the holders of a majority of the aggregate number of common shares outstanding on the record date will constitute a quorum, allowing us to conduct the business of the special meeting. The proposal for approval of the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of our outstanding common shares. A properly executed proxy marked "**ABSTAIN**" will be counted for purposes of determining whether there is a quorum present but will not be voted. An abstention, therefore, will have the same effect as a vote against the proposal to approve the merger and the other transactions contemplated by the merger agreement.

As of the record date for the special meeting, our trustees and officers as a group owned or controlled 1,110,721 common shares, which was approximately 6.9% of the total common shares outstanding. Each of our trustees and officers has indicated that he or she intends to vote any common shares owned in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement at the special meeting, but they have no obligation to do so.

If you hold your common shares in "street name" (that is through a broker or other nominee), your broker or nominee will not vote your common shares unless you provide instructions on how to vote. You should instruct your broker how to vote your common shares by following the directions your broker provides. *If you do not provide instructions to your broker, your common shares will not be voted and this will have the same effect as a vote against the proposal to approve the merger and the other transactions contemplated by the merger agreement.*

Our transfer agent, American Stock Transfer and Trust Company, will tabulate the votes.

Voting and Revocation of Proxies

After carefully reading and considering the information contained in this proxy statement, each holder of common shares should complete, date and sign its proxy card and mail the proxy card in the enclosed return envelope as soon as possible so that those shares are represented at the special meeting, even if holders plan to attend the special meeting in person. You can also submit your proxy authorization by telephone by calling the number on your proxy card or over the Internet by visiting the Web site designated on your proxy card. You must have your control number and proxy card available if you intend to submit your proxy authorization by telephone or over the Internet. If submitting your proxy authorization by telephone, follow the instructions on your proxy card and use the telephone keypad to submit any required information and your voting instructions after the appropriate voice prompts. If submitting your proxy authorization over the Internet, please follow the on-screen instructions and the instructions on your proxy card. Do not send in your share certificates with your proxy card.

Proxies received at any time before the special meeting and not revoked or superseded before being voted will be voted at the special meeting. If the proxy indicates a specification, it will be voted in accordance with the specification. If no specification is indicated, the proxy will be voted "**FOR**" the proposal to approve the merger and the other transactions contemplated by the merger agreement. You may also vote in person by ballot at the special meeting. Pursuant to our bylaws, no other business is permitted to be transacted at the special meeting of our common shareholders. On any motion to adjourn the special meeting, only those common shares represented by proxies entitled to vote "**FOR**" the proposal to approve the merger and the other transactions contemplated by the merger agreement will be voted by the named proxies "**FOR**" such adjournment.

If you hold your shares in "street name" through a broker or other nominee and have instructed a broker or nominee to vote your common shares, until your proxy is exercised at the special meeting, you can revoke your proxy and change your vote by following the directions received from your broker or nominee to change those instructions.

If you are a registered holder of common shares, until your proxy is exercised at the special meeting, you can revoke your proxy and change your vote in any of the following ways:

- by delivering a written revocation to our Secretary;
- by delivering a proxy of a later date by mail, telephone or Internet; or
- by attending the special meeting and voting in person, provided that your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting.

Solicitation of Proxies

We will bear the expenses in connection with the solicitation of proxies. We have engaged the services of **[name and address of proxy solicitor to come]**, to solicit proxies and to assist in the distribution of proxy materials. In connection with its retention by us, **[name of proxy solicitor]** has agreed to provide consulting and analytic services and to assist in the solicitation of proxies, primarily from banks, brokers, institutional investors and individual shareholders. We have agreed to pay **[name of proxy solicitor]** a fee of approximately $**[ ]** plus out-of-pocket expenses for these services. Arrangements will also be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of common shares held of record by those persons, and we may reimburse them for their reasonable transaction and clerical expenses. Solicitation of proxies will be made principally by mail. Proxies may also

be solicited in person, or by telephone, facsimile, telegram or other means of communication, by our officers and regular employees. These people will receive no additional compensation for these services, but will be reimbursed for any transaction expenses incurred by them in connection with these services.

You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold common shares in more than one brokerage account, you will receive a separate voting instruction card for each account in which you hold your common shares. If you are a holder of record of common shares and your shares are registered in more than one name, you will also receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

PROPOSAL TO APPROVE THE MERGER

The Merger

The merger agreement provides for our merger with and into Transwestern Superior Acquisition, a wholly owned subsidiary of Aslan Realty Partners II and an affiliate of Transwestern. Transwestern Superior Acquisition will continue as the surviving company in the merger. The merger will be effective when the articles of merger have been accepted for record by the State Department of Assessments and Taxation of Maryland in accordance with Maryland law, which is expected to occur within three business days after shareholder approval of the merger and the other transactions contemplated by the merger agreement and the satisfaction or waiver of all other conditions to closing under the merger agreement.

Pursuant to the merger agreement, Transwestern Superior Acquisition agreed to pay $14.98 per share in cash to our common shareholders upon the closing of the merger. The terms of the merger agreement permit us to sell certain of our properties, including our portfolio of medical office buildings and Minnesota assets. Our portfolio of medical office buildings and the Minnesota assets were sold for their contract prices prior to the date of this proxy statement.

As of the effective time of the merger, holders of our common shares will have no further ownership interest in the surviving company. Instead, each holder of our common shares outstanding (including specified holders of our common shares that are subject to restriction) immediately prior to the effective time of the merger will be entitled to receive, based on the net proceeds from the sales of our portfolio of medical office buildings and Minnesota assets calculated as of the date of this proxy statement, $15.53 per share in cash, without interest, upon surrender of the certificates formerly evidencing the common shares. The merger consideration will be increased automatically in the event we consummate, prior to the filing of articles of merger with the State Department of Assessments and Taxation of Maryland, one or more sales of nine specified properties providing net proceeds in excess of the applicable agreed value. The amount of any increase in the merger consideration will be equal to each common share's ratable portion of the increase, rounded to the nearest whole cent. See "The Merger Agreement Covenants of All of the Parties Sales of Certain Properties" below. We will publicly announce any increase in the merger consideration prior to the completion of the merger. However, there are no understandings or contracts with respect to the nine potential sale properties and there can be no assurance that we will sell any of those properties.

Pursuant to the merger agreement, our board of trustees has suspended the monthly dividend on our common shares and terminated our dividend reinvestment and direct share purchase and sale plan. Accordingly, you will not receive additional dividends prior to the effective time of the merger.

In addition, immediately prior to the effective time of the merger, each then outstanding option to purchase common shares, including those options held by our trustees and officers, whether or not then vested or exercisable, that has an exercise price less than the merger consideration will be surrendered or converted in exchange for alternative consideration equal to the product of (1) the number of common shares provided for in the option and (2) the excess of (a) the merger consideration less (b) the exercise price per share provided for in the option. Each outstanding option, whether or not then vested, that has an exercise price equal to or greater than the merger consideration, will be surrendered or converted in exchange for $0.05 per common share issuable upon exercise of the option. All payments will be made net of any applicable withholding

taxes.

Redemption of Limited Partnership Units

Each holder of limited partnership units of our operating partnership, other than us and our subsidiaries, has executed an irrevocable notice of redemption, which, among other things, provides that those holders will irrevocably agree to the redemption of their limited partnership units on the closing

date of the merger immediately prior to the effective time of the merger and their limited partnership units will be converted into the right to receive common shares in our company in the amounts provided for in the partnership agreement with respect to our operating partnership. Pursuant to the notices of redemption, immediately prior to the effective time of the merger, the transactions contemplated by the notices of redemption will be automatically consummated.

In addition, we have formed a new wholly owned corporation, which will file an election to be treated as a taxable REIT subsidiary. We will sell 100 limited partnership units of our operating partnership to the new subsidiary for an amount equal to the merger consideration per limited partnership unit.

Redemption of Series A Preferred Shares

Prior to the effective time of the merger, we will redeem all of our issued and outstanding Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, par value $.01 per share (sometimes referred to in this proxy statement as our "outstanding preferred shares"). Under the merger agreement, we must issue notice to holders of our outstanding preferred shares, in accordance with the articles supplementary to our declaration of trust, for redemption of our outstanding preferred shares at least 31 days prior to the closing date of the merger.

The redemption will be funded from the proceeds of the issuance and sale of a new series of preferred shares of beneficial interest (sometimes referred to in this proxy statement as the "new preferred shares") to Aslan Realty Partners II pursuant to a subscription agreement entered into between us and Aslan Realty Partners II. The aggregate purchase price to be paid by Aslan Realty Partners II for the new preferred shares will be a cash amount equal to $37.5 million plus the amount of any accrued and unpaid dividends on our outstanding preferred shares through and including the redemption date. The number of preferred shares to be purchased by Aslan Realty Partners II will be equal to the purchase price for the new preferred shares described above divided by $1,000. The terms and conditions of the new preferred shares will be identical to the terms and conditions of our outstanding preferred shares except:

- the dividend rate will be 9% per annum;
- dividends on the new preferred shares will not begin to accrue until January 1, 2005;
- the redemption price for the new preferred shares will be $1,000 per share; and
- the first date that the new preferred shares may be redeemed will be January 1, 2009.

As of the effective time of the merger, each new preferred share will automatically be cancelled and will be converted into the right to receive $1,000 in cash, without interest. The redemption of our outstanding preferred shares will not occur unless all of the conditions to the merger have been satisfied or waived.

Determination of the Merger Consideration

The merger consideration to be paid to our common shareholders in the merger was determined based on arms' length negotiations between our company and Transwestern, and no other particular method of determining the merger consideration was used.

Payment of Merger Consideration and Surrender of Share Certificates

If we complete the merger, our company will be merged with and into Transwestern Superior Acquisition, which will continue as the surviving company, and our operating partnership will be controlled by Aslan Realty Partners II. Upon the completion of the merger, each of our common shareholders will be entitled to receive $15.53 in cash, without interest, less required withholding taxes,

for each common share that they own at the time the merger is completed. Aslan Realty Partners II has designated **[to come]**, as the paying agent to make the cash payments contemplated by the merger agreement. At or prior to the effective time of the merger, Aslan Realty Partners II will deposit in trust with the paying agent funds in an aggregate amount equal to the merger consideration for all shareholders. The paying agent will deliver to you your merger consideration according to the procedure summarized below.

At the effective time of the merger, we will close our share ledger. After that time, if you present common share certificates to the paying agent, the paying agent will exchange them for cash as described in this section.

Promptly after the effective time of the merger, the paying agent will send you, or cause to be sent to you, a letter of transmittal and instructions advising you how to surrender your certificates in exchange for the merger consideration.

The paying agent will promptly pay you your merger consideration after you have (1) surrendered your certificates to the paying agent and (2) provided to the paying agent any other items specified by the letter of transmittal.

Interest will not be paid or accrue in respect of cash payments of merger consideration. The amount of any merger consideration paid to you will be reduced by any applicable withholding taxes.

If the paying agent is to pay some or all of your merger consideration to a person other than you, you must have your certificates properly endorsed or otherwise in proper form for transfer, and you must pay any transfer or other taxes payable by reason of the transfer or establish to the surviving company's satisfaction that the taxes have been paid or are not required to be paid.

You should not forward your share certificates to the paying agent without a letter of transmittal, and you should not return your share certificates with the enclosed proxy.

The transmittal instructions will tell you what to do if you have lost your certificate, or if it has been stolen or destroyed. You will have to provide an affidavit to that fact and, if required by the surviving company, post a bond in an amount that the surviving company reasonably directs as indemnity against any claim that may be made against it in respect of the certificate.

One year after the merger occurs, the paying agent will return to the surviving company all funds in its possession, and the paying agent's duties will terminate. After that time, common shareholders may surrender their certificates to the surviving company and, subject to applicable abandoned property, escheat and similar laws, will be entitled to receive the merger consideration without interest. None of us, the paying agent, the surviving company, Aslan Realty Partners II or any other person will be liable to any common shareholder for any merger consideration delivered to a public official pursuant to applicable abandoned property, escheat and similar laws.

Background of the Merger

During 2000, we initiated a review of strategic issues facing us and alternatives that might be available to enhance shareholder value. We hired Lehman Brothers to provide financial advice in this regard. Among the transactions considered in this process were sales of some or all of our assets and various business combinations or other change in control transactions involving us. In connection with this process, Lehman Brothers contacted over 25 strategic and financial buyers to determine whether they would be interested in pursuing a possible business combination or other strategic transaction with us. Over 15 of these parties signed confidentiality agreements with us and performed preliminary due diligence. Through this process, we received preliminary indications of interest to acquire Great Lakes REIT, and several of the participating parties conducted additional due diligence. We had additional discussions with some of those parties; however, no definitive agreement was reached with any of these

parties. Based on the indicated levels of interest that were expressed during this process, in September 2000, our board of trustees determined that the pursuit of a possible business combination or other strategic transaction was not in the best interests of our shareholders at that time. As a result, we terminated our engagement of Lehman Brothers and ended the formal strategic alternatives process. Transwestern was one of the parties contacted by Lehman Brothers in 2000 as part of this process. Transwestern executed a confidentiality agreement and conducted preliminary due diligence on us as part of this process. Transwestern informed Lehman Brothers of its level of interest at that time. Because Transwestern's preliminary indication of potential value was lower than those of other participants in this process, Transwestern's participation in this process ceased in mid-2000.

Over the next three years, demand for office space in the United States generally and in the Midwestern real estate markets in which we operate in particular declined, which led to a decline in the leasing environment in our markets and a decline in our operating results. Beginning in late 2002, in light of these market conditions, our board of trustees and management again initiated a review of issues facing our company and alternatives that might be available to enhance shareholder value. At that time, our markets were suffering from a decline in demand for office space and a continuing supply of new office buildings, resulting in increasing vacancies and negative rental pricing trends. Despite these negative leasing trends, however, valuations of office properties in our markets were relatively stable and, in some cases, increasing as evidenced by sale transactions completed in our markets by other public and private real estate companies. We believe that these valuation trends were attributable to increasing amounts of institutional capital and capital from non-U.S. sources and the availability of relatively low cost debt financing targeted for real estate investments.

Also in late 2002, in connection with management's development of our operating budget for 2003, our board of trustees instructed management to present an evaluation of our ability to continue paying the current monthly dividend of $0.135 per common share through the end of 2003. As a result of this analysis, in November 2002, our board indicated its intention to maintain that dividend rate throughout 2003 and issued a press release announcing this intention. The press release indicated that the payment of dividends beyond 2003 was necessarily dependent on several factors, including but not limited to our future cash position, operating results, cash flows and general financial condition.

In February 2003, in light of the negative leasing conditions but positive real estate investment trends described above, our board of trustees instructed our management to begin evaluating alternatives that might be available to take advantage of these conditions and enhance shareholder value. In response to this directive, in March and April of 2003, our management had discussions with professionals from several real estate brokerage and other financial advisory firms that our management believed could assist us in determining whether there were strategic alternatives that should be pursued. These discussions focused on the various firms' views as to what alternatives might be available to us and what services those firms might be able to provide in this regard. Our management received proposals from three firms to serve as our advisor in connection with this process. In April 2003, after evaluating these proposals, our management recommended that Cushman & Wakefield, a global real estate services firm with more than 11,000 employees and offices in 49 countries, be retained as our real estate advisor in the event our board determined that it would be prudent to further explore strategic alternatives designed to enhance shareholder value.

On March 7, 2003, the only equity research analyst covering Great Lakes REIT common shares issued a "strong sell" recommendation for our common shares, targeting a price of $11.00 to $11.50 per share. The analyst's report indicated that this recommendation was based on the negative leasing conditions identified above and his belief that our board would need to reduce the dividend on our common shares as a result of sharp declines in occupancy and lease rates, combined with expected increased capital expenditure requirements necessary to attract new tenants. On March 6, 2003, the last trading day prior to the issuance of the "strong sell" recommendation, the last reported sales price of our common shares on the New York Stock Exchange was $15.40 per share. On March 10, 2003, the

trading price of our common shares on the New York Stock Exchange hit a new 52-week low of $13.74 per share, and the common shares traded as low as $12.76 per share on March 12, 2003.

At an April 16, 2003 board meeting, management reviewed our current financial position and prospects. At the same meeting, Jones Day, our outside legal counsel, reviewed the trustees' duties as they applied generally and as they applied in the event our board decided to engage in a possible sale or change in control transaction. In addition, representatives of Cushman & Wakefield discussed with our board of trustees the strategic alternatives that they believed might be available to us. Following these discussions, our board determined that it would be appropriate to explore all strategic alternatives that might be available to enhance shareholder value. The alternatives considered included a potential change in control transaction, sales of some or all of our real estate assets and a reduction in the dividend rate paid on our common shares while continuing to operate our business as an independent public company. After this board meeting, we retained Cushman & Wakefield as our real estate advisor, and authorized the firm to solicit preliminary indications of interest from potential parties that might be interested in a possible business combination with, investment in or acquisition of our company or some or all of our assets. On April 21, 2003, we issued a press release announcing that our board had engaged Cushman & Wakefield as a real estate advisor to assist it in analyzing alternatives to improve shareholder value. In connection with this decision to explore strategic alternatives, our board of trustees formed a strategic alternatives committee comprised of three independent trustees, Matthew Dominski, Daniel Kearney and Richard Terry. These trustees were selected due to

their independence and extensive experience in mergers and acquisitions and other capital markets transactions. The strategic alternatives committee's function was to provide guidance and direction to management and our advisors and to review matters relating to the strategic assessment process before submission of those matters to our entire board for its consideration.

At the direction of our board, Cushman & Wakefield contacted over 175 strategic and financial buyers (including Transwestern) from April 2003 through November 2003 regarding the possibility of a strategic transaction with Great Lakes REIT. Most of these parties were identified by Cushman & Wakefield and us based on a determination of which parties might realistically be a candidate to conclude a possible strategic transaction with us. In addition, some of the potential interested parties approached us independently following our public announcement that we had retained Cushman & Wakefield in connection with our decision to explore strategic alternatives to improve shareholder value. Thirty-eight of these parties entered into confidentiality agreements and received nonpublic information about our business operations and properties. In May and June 2003, at our direction, Cushman & Wakefield and our other advisors arranged for various meetings between members of Great Lakes REIT management and potential interested parties, arranged for potential buyers to visit data rooms and review documents relating to our business and provided additional information in response to follow-up inquiries from potential interested parties.

During this period, the strategic alternatives committee of our board met on a number of occasions and received updates from Cushman & Wakefield and management regarding the process undertaken by Cushman & Wakefield at the direction of our board. In addition, the strategic alternatives committee received proposals from and interviewed several investment banking firms before selecting Houlihan Lokey in June 2003 to provide financial advisory services in connection with the strategic alternatives process.

In late June 2003, we received preliminary written indications of interest to acquire our company from eight parties. These preliminary written indications of interest reflected potential valuations of our company within a range of approximately $535 million to $550 million on the low end and $560 to $610 million on the high end. The highest indicated potential valuation of $610 million was submitted by Transwestern. Following receipt of the preliminary indications of interest, Cushman & Wakefield held follow-up discussions with each of the potential interested parties. At a July 2, 2003 board meeting, Cushman & Wakefield and management led our board through an analysis of each of the

written indications of interests, identifying the positives and negatives of each proposal. Except for the proposal from Transwestern, each of the proposals at the high end of the range of indicated valuations had apparent issues associated with the financing of the proposal or the prospective bidder's ability to close a transaction with us. While the information provided to our board of trustees indicated that Transwestern appeared to be the most likely party to be able to complete a significant transaction at an acceptable price (based on Transwestern's reputation, access to capital and knowledge of our real estate markets), none of the other proposals was rejected at that time. At the conclusion of this discussion, our board instructed management and Cushman & Wakefield to continue discussions with Transwestern and to work with the other potential interested parties to determine whether they could increase their indicated valuations and whether any of the issues identified with respect to these other proposals could be eliminated or reduced. Following Cushman & Wakefield's discussions with the other potential interested parties, Transwestern's indicated valuation remained significantly higher than the other indicated valuations as those other parties declined to increase their indicated valuations, in part because a number of the potential interested parties were not interested in acquiring our entire real estate portfolio.

Commencing in June 2003, in connection with the ongoing strategic alternative process and at the direction of the strategic alternatives committee of our board, Houlihan Lokey conducted an analysis of alternative transactions that might be available to us. These alternative transactions included the sale of our real estate portfolio to multiple buyers as well as the possibility of creating a liquidating trust and attempting to dispose of our real estate assets in an orderly fashion. Houlihan Lokey presented the results of its analysis at a meeting of our board held on July 25, 2003. The analysis presented an overview of the potential risks that could impede the successful execution of any of these alternative transactions. Houlihan Lokey did not quantify these risks, but rather provided a general description of the risks and the limitations on possible increases in value to our shareholders. For example, the transaction costs associated with these alternative transactions were likely to be significant, and our company would continue to incur public company costs as we would still be obligated to file periodic reports with the Securities and Exchange Commission. Based in part on input from our advisors, our board of trustees declined to pursue further any of these alternative transaction structures at that time.

Throughout July and August of 2003, our management and advisors continued to pursue a possible transaction with Transwestern, with Transwestern continuing to spend significant time and resources on due diligence with respect to our company and the properties comprising our real estate portfolio. Throughout this period, Cushman & Wakefield remained in contact with the other potential interested parties and provided them with updated financial and other information about our business operations and properties when requested. On August 15, 2003, Jones Day circulated to Transwestern and its advisors a form of proposed agreement providing for the acquisition of Great Lakes REIT in an all-cash transaction. As a result of the ongoing negotiations and Transwestern's ongoing due diligence review of Great Lakes REIT and our real estate portfolio, on August 25, 2003, Transwestern notified us that, based on information provided to them by us and subject to further due diligence,

they valued our real estate portfolio at approximately $600 million. Transwestern also provided us with an estimated per share valuation of our company that was based on a number of assumptions, including assumptions with respect to potential liabilities and transaction costs. Implicit in Transwestern's per share valuation was the assumption that our board of trustees would agree to suspend dividend payments on our common shares and that Transwestern's per share valuation would decrease to the extent dividend payments on our common shares were to continue. In addition, the strategic alternatives committee of our board received regular updates from management and our advisors regarding the strategic assessment process. Based on these discussions, Cushman & Wakefield advised our senior management that Transwestern's indicated valuation continued to be significantly higher than what other potential interested parties would be willing to pay for Great Lakes REIT and that none of the other potential interested parties in the higher valuation range possessed the committed capital, experience and knowledge of our portfolio that would be important in successfully concluding a transaction.

At a meeting of our board of trustees held on September 2, 2003, our board and management again considered the possibility of continuing to operate the business. However, all of the negative conditions that existed when our board determined to pursue strategic alternatives designed to enhance shareholder value in April 2003 continued to exist, and some had worsened. For example, capital requirements for leasing transactions had continued to increase while net rental rates had continued to decline. In addition, though the status of the United States economy in general had improved, market vacancies remained high and the outlook for office space demand in our real estate markets remained uncertain. In this regard, our board considered the fact that, according to statistics published by the Federal Reserve Bank of Chicago, the metropolitan Chicago area, where the majority of our properties are located, lost more than two times the national average of jobs in the business-service sector during the three years ended September 2003 as a result of job losses or cuts related to corporate takeovers, the impact of the recession on technology-related businesses and the migration of businesses to other parts of the country. The impact of job losses in this sector further reduced demand for office space in our real estate markets as most of our current and prospective tenants are engaged in businesses in the business-service sector. Our board recognized that there was substantial uncertainty regarding whether the market price of our common shares would fully recover in the foreseeable future if we reduced the dividend and continued operating the business. The lack of securities analyst coverage of our common shares, the relatively low average trading volume of our common shares and the continuing costs associated with our public company status, as well as increased regulatory costs associated with compliance with the Sarbanes-Oxley Act of 2002, further reinforced this view. As a result of all of these adverse conditions, if we continued to operate our business as an independent public company, it could be necessary to reduce the monthly dividend. Although our board did not reach a decision with respect to the extent or timing of any such dividend cut, it was anticipated that the market price of our common shares would be adversely affected by any reduction in the dividend rate.

Members of our senior management and advisors continued to have discussions with Transwestern during September and October of 2003. These discussions were principally focused on the values assigned to the various properties in our portfolio as well as due diligence matters that were raised by Transwestern. In early October 2003, another publicly-traded REIT that had submitted a written preliminary indication of interest in June 2003 contacted Cushman & Wakefield to discuss further a potential transaction. Several discussions, which involved our management, Cushman & Wakefield and the other party, were held regarding a potential transaction. Following these discussions, our senior management met with senior management of this party to discuss a potential transaction with the expectation that the possible buyer would propose an indicated valuation for our company in the range of what Transwestern had proposed. Following this meeting, however, Cushman & Wakefield and our senior management concluded that this potential buyer's indicated valuation would continue to represent a substantial discount to Transwestern's proposal. In addition, this potential buyer indicated that it was not interested in our entire real estate portfolio, which would require that we seek out another buyer for the remaining properties in the portfolio. This transaction structure could lead to significant increases in transaction costs, significantly increase the risk of unsuccessful execution and adversely affect the ultimate consideration to be paid to our shareholders.

Beginning in October 2003, we began to pursue the sales of some of our real estate assets that we believed could be sold in a timely manner at prices that would generate an attractive return to our company. Based on indications of interest received by Cushman & Wakefield and members of our management, we believed the sale of some or all of these properties at their indicated valuations would be in the short- and long-term best interests of our company and our shareholders even if we determined not to pursue a sale of the entire company. The assets that we began to market were our portfolio of medical office buildings in the Chicago area and our two office buildings in Minneapolis. We also marketed some of our other properties in the Chicago, Columbus and Detroit markets. In October 2003, Cushman & Wakefield approached LaSalle Investment Management and two other potential interested parties regarding our portfolio of medical office buildings. These three parties had

periodically contacted us regarding these assets since we acquired them in 2002. We received preliminary indications of interest from these parties reflecting potential valuations of the medical office building portfolio within a range of approximately $62 million on the low end to $65 million on the high end. Transwestern had assigned a preliminary valuation of approximately $64 million to this portfolio and had indicated

that it was unwilling to increase this valuation, in part because of its lack of experience with owning and operating medical office building assets. We had follow-up discussions with LaSalle and the other potential interested parties, with LaSalle indicating that they would be able to increase their valuation to approximately $69 million pending completion of due diligence. This price represented a potential gain of approximately $10 million over our investment in this portfolio, which we had acquired less than 18 months earlier. Based on this information, our board authorized management to work towards negotiating a definitive agreement for the sale of this portfolio to LaSalle. This decision was made after the other potential interested parties indicated that they were unwilling to increase their valuations to a level that was higher than LaSalle's and taking into account LaSalle's reputation, access to capital and ability to execute the transaction within a short time period.

In early November 2003, we and Cushman & Wakefield had discussions with Fortis Asset Management and another potential interested party regarding our Court International property in Minneapolis. Both of these potential interested parties assigned a valuation of approximately $35 million to this property, which was significantly higher than Transwestern's $31.5 million valuation. Following these discussions, we determined to negotiate a definitive agreement providing for a sale of this property to Fortis, taking into account Fortis' reputation, access to capital and ability to execute the transaction within a short time period, as well as Fortis' willingness to purchase our other Minneapolis asset, University Office Plaza, if we could not find another buyer for that asset. We also had determined to negotiate a definitive agreement providing for a sale of the University Office Plaza property to the University of Minnesota, which had expressed an interest in acquiring this property on several occasions over the past few years and had offered to pay approximately $7 million for this asset. This price represented approximately $1 million more than Fortis' valuation and was approximately $2.5 million higher than Transwestern's valuation.

We continued discussions with Transwestern in November 2003 regarding the possibility of Transwestern acquiring our company, informing Transwestern's representatives that we were marketing some of our real estate assets that we believed could be sold for prices higher than the prices assigned to those assets by Transwestern and that Transwestern's agreement to permit the sale of those properties was integral to our continuing to discuss a possible transaction. We also informed Transwestern that they needed to provide us with a definitive per share valuation of our company so that our shareholders could readily evaluate any proposal. Transwestern indicated that these conditions generally were acceptable to them and Transwestern continued to perform due diligence on Great Lakes REIT and our portfolio of real estate assets through November 2003.

During this period, our board of trustees and the strategic alternatives committee met on several occasions. At these meetings, our board and the committee discussed the continued difficult leasing environment for our properties, the future capital expenditures associated with these properties, the prospects for recovery and the potential impact of these conditions on the dividend rate on our common shares after 2003. In addition, our board continued to explore the potential transaction with Transwestern and the developments related to the ongoing discussions with Transwestern and the other possible asset sales. We also continued to pursue the sales of our portfolio of medical office buildings and Minnesota assets to the previously identified potential buyers throughout this period.

In mid-November 2003, Transwestern indicated that it continued to be interested in pursuing a transaction with us and was prepared to negotiate a definitive transaction agreement with us only if we would agree to negotiate exclusively with Transwestern until at least December 22, 2003 while it completed its due diligence review of our company. Transwestern was unwilling to invest additional resources into its pursuit of a transaction with us unless we agreed to negotiate exclusively with

Transwestern during this period. Transwestern indicated that, as a condition to its agreement to continue to negotiate with us, we would need to agree to pay Transwestern a "break-up" fee of $1 million, plus expenses, if we failed to reach agreement on a definitive agreement with Transwestern during the exclusivity period and subsequently sold our company to another party within the next 12 months. Our management and advisors indicated that they thought that the proposed break-up fee was excessive but that they would discuss Transwestern's proposal with our board of trustees. As part of its revised proposal, Transwestern indicated that its then current valuation of our real estate assets was consistent with its August 25, 2003 preliminary indication of value, pending completion of due diligence. Our management informed Transwestern that we continued to need the flexibility to sell some of our assets if we could obtain higher sales prices for those properties than the prices assigned to them by Transwestern. Transwestern indicated that it continued to be amenable to providing us with this flexibility with respect to certain of our properties, including the medical office portfolio and the Minneapolis properties.

Our board of trustees met on November 24, 2003 to consider Transwestern's exclusivity request. Representatives of Cushman & Wakefield, Houlihan Lokey and Jones Day were present at this meeting. Jones Day reminded the board members of their duties in general and as they relate to a potential change in control transaction in particular. No decision to pursue a particular course was made at this meeting. However, after extensive discussions in which our board of trustees, its advisors and management considered, among other things, the process undertaken to date, Transwestern's request for exclusivity, the lack of other viable proposals for the purchase of the entire company and the risks of losing Transwestern as a potential buyer of our company and those associated with continuing to operate our company, our board of trustees authorized us to negotiate with Transwestern on an exclusive basis but instructed management and our advisors to negotiate a reduction to the proposed break-up fee to no more than $500,000 of actual expenses incurred by Transwestern following that date. In connection with this determination,

our board, its advisors and management considered and rejected the possibility of setting up a liquidating trust to conduct an orderly sale of our company's real estate assets because of the high transaction costs associated with such an approach and because our board believed it was unlikely that any significant additional value could be achieved through that approach compared to the sale of our company to Transwestern. Following that board meeting, we and Jones Day negotiated the definitive terms of the exclusivity agreement with Transwestern and its legal advisors and, on December 1, 2003, we entered into an exclusivity agreement with Transwestern. As part of the exclusivity agreement, we agreed to reimburse Transwestern for up to $500,000 of its out-of-pocket expenses incurred subsequent to November 24, 2003 if we did not consummate a transaction with Transwestern and instead entered into a significant transaction with another party within the next 12 months.

During December 2003, representatives of Great Lakes REIT, Jones Day and Transwestern and its counsel met on several occasions regarding the terms of Transwestern's proposal, and Jones Day and Transwestern's counsel exchanged a number of drafts of a merger agreement providing for Transwestern's acquisition of Great Lakes REIT in an all-cash transaction. During this process, Transwestern indicated that it did not intend to retain any of our senior management on a long-term basis. From the outset, one of Transwestern's requirements was that all members of our senior management who were entitled to receive payments pursuant to their preexisting employment or change in control agreements in connection with the possible merger execute releases in favor of Transwestern. Transwestern recognized that these releases were not required by the terms of the preexisting agreements with these management members but insisted that these be agreed upon nonetheless. In addition, Transwestern required that once an acquisition agreement was executed, our board agree to suspend dividend payments on our common shares pending completion of the merger and that we obtain consents from the lenders under our existing debt arrangements to the proposed transaction and certain other matters.

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Transwestern continued its due diligence during this period, and we continued our efforts to sell our portfolio of medical office buildings and Minnesota assets. On December 22, 2003, our board of trustees again met to consider the matter. No decision to pursue a particular course with Transwestern was made at this meeting. At the meeting, however, our board approved the proposed sale of our Court International property in Minneapolis to Fortis for a contract price of approximately $35 million. This price would represent a gain of approximately $9.3 million to us. In addition, our board received an update regarding the status of negotiations with Transwestern and the status of the proposed sales of our portfolio of medical office buildings and University Office Plaza, our other Minneapolis asset.

Our board of trustees met again on January 6, 2004 to consider the process. Representatives of Cushman & Wakefield, Houlihan Lokey and Jones Day were present at this meeting. No decision to pursue a particular course of action with Transwestern was made at this meeting. However, after extensive discussions in which our board of trustees, its advisors and management considered, among other things, the process undertaken to date, the lack of other proposals to acquire our company and the potential risk of losing the Transwestern proposal, including the significant risks associated with continuing to operate our company in light of the declining demand for office space in our real estate markets, decreases in rental rates for our portfolio and projected increases in capital expenditures across our portfolio, our board of trustees authorized us to continue to negotiate with Transwestern on an exclusive basis. At that meeting, our board of trustees also approved the proposed sale of our portfolio of medical office buildings to LaSalle for a contract price of approximately $69 million and the proposed sale of our University Office Plaza property in Minneapolis to the University of Minnesota for a contract price of approximately $7 million. These prices would represent an aggregate gain of approximately $10.2 million to us. In addition, our board of trustees approved a contract pursuant to which Fortis would agree to purchase the University Office Plaza property for a contract price of approximately $6 million in the event the sale to the University of Minnesota was not consummated. In exchange for Fortis' agreement to "backstop" that sale, we agreed to pay Fortis $500,000 of the additional $1 million that the University of Minnesota was willing to pay for the University Office Plaza property if the sale to the University of Minnesota closed on the contract terms.

Between January 7, 2004 and January 20, 2004, representatives of Great Lakes REIT, Transwestern and their respective legal counsel negotiated definitive documentation relating to Transwestern's proposal. Matthew Dominski, one of our trustees and a member of the strategic alternatives committee of our board, also participated in these negotiations. In addition, senior members of our management had discussions with representatives of Transwestern relating to follow-up due diligence and real estate valuation issues. Terms that were extensively negotiated included price, closing conditions (specifically lender consents and the receipt of a private letter ruling from the Internal Revenue Service), termination rights, limitations on our ability to solicit or negotiate alternative transactions, the amount of the break-up fee, the amount of our expense reimbursement obligation, the circumstances under which we would be required to pay a break-up fee or reimburse Transwestern for its out-of-pocket expenses, the nature and scope of representations, warranties and covenants and Transwestern's request that our officers execute releases in connection with their expected receipt of change in control, severance and other payments upon the closing of the proposed merger.

On January 9, 2004, we entered into a backstop agreement with Fortis with respect to the University Office Plaza property, on January 15, 2004, we entered into the definitive agreement providing for the sale of our portfolio of medical office buildings to LaSalle for a contract price of approximately $69 million and on January 19, 2004, we entered into the definitive agreement providing for the sale of the University Office Plaza property to the University of Minnesota for a contract price of approximately $7 million.

On January 19, 2004, Transwestern informed us that its per share offer was a minimum of $15.00 in cash per common share of beneficial interest to acquire our company. This per share price was

based on, and subject to the accuracy of, various assumptions regarding potential liabilities and transaction costs. This amount would be subject to increase in the event that we were able to sell certain of our real estate assets for values in excess of the values assigned to those assets by Transwestern. Based on the previously executed contracts to sell our portfolio of medical office buildings and Minnesota assets and a comparison of the contract prices with respect to those pending asset sales to the values assigned to those assets by Transwestern, our management believed that the per share price to be paid by Transwestern in the merger would increase to approximately $15.55 per common share of beneficial interest, assuming these sales closed on their contract terms.

During this period, our board of trustees met on three separate occasions to discuss the matter (January 15 (one meeting) and January 20 (two meetings)). In addition to senior management, representatives of Cushman & Wakefield, Houlihan Lokey and Jones Day participated in each of the meetings. At the January 15 board meeting, management and our advisors provided our board with an update regarding the ongoing negotiations with Transwestern and its advisors, and our board directed management and our advisors to continue to negotiate with Transwestern and to resolve the outstanding valuation and legal issues. Each member of our board of trustees was provided with copies of the draft transaction documents on January 17, 2004. At the first board meeting held on January 20, our board again received an update from management and our advisors regarding the status of negotiations with Transwestern and its advisors and discussed with Jones Day the outstanding legal issues and various provisions of the draft merger agreement that had been distributed to our board the previous weekend. Following that meeting, our board directed management and our advisors to continue to negotiate with Transwestern in an effort to determine whether an acceptable agreement could be reached. Our board agreed to reconvene later that evening to receive a report as to the status of ongoing negotiations. At the board meeting held in the evening on January 20, our board received a further update regarding negotiations with Transwestern. Management reported that the parties had reached an understanding with respect to the principal legal and valuation issues with the exception of Transwestern's request for management releases. Our board acknowledged that the releases that were being sought by Transwestern were not required to be signed by management. Nonetheless, our board asked management to dedicate their full efforts to finalizing the terms of the requested releases and resolving any other outstanding issues. Our board determined to reconvene the following day to consider the transaction, including consideration of Houlihan Lokey's financial analyses of the proposed transaction, which had been provided to our board earlier that evening.

On January 20, 2004, Transwestern informed us that it proposed reducing the minimum per share consideration payable in cash at the closing of the merger from $15.00 per common share to $14.98 per common share because of increases in anticipated transaction costs to be incurred by us. Our board of trustees also discussed this matter with its advisors and our management at the second board of trustees meeting held that day.

On January 21, 2004, our board of trustees met. Representatives of senior management, Cushman & Wakefield, Houlihan Lokey and Jones Day also participated in the meeting. At this meeting, representatives of Houlihan Lokey again summarized the third party solicitation process that had been conducted by Cushman & Wakefield and Great Lakes REIT management and the principal financial terms of Transwestern's proposal. Houlihan Lokey then presented its financial analyses of the proposed transaction with Transwestern and delivered the firm's opinion to our board of trustees that, as of January 21, 2004 and based upon and subject to the limitations and qualifications set forth in the written opinion, the minimum price of $14.98 per common share in cash to be received by the holders of our common shares of beneficial interest pursuant to the merger agreement was fair from a financial point of view to those holders. Management then informed our board that they had agreed to execute releases in favor of Transwestern in connection with the change in control in connection with severance and other payments to be made to them in connection with the merger, despite the fact that they were under no contractual obligation to do so, in an effort to finalize an agreement that management

believed to be in the best interests of the Great Lakes REIT common shareholders. Jones Day again reviewed the trustees' duties, including those duties in connection with a sale of our company. Jones Day then reviewed with our board of trustees the key issues that had been negotiated in connection with the merger agreement, as well as interests of our trustees and officers that could reasonably be said to be different than, or in addition to, those of our shareholders generally. (These interests are discussed in "Interests of Trustees and Officers in the Merger" in this proxy statement.)

Following these presentations but prior to our board's consideration of the possible merger, our board once again considered the possibility of not pursuing the transaction with Transwestern and instead continuing to operate our business as an independent public company. Following

an extensive discussion regarding this possible alternative, our board determined that a significant cut in the dividend rate for 2004 would be necessary, which our board believed, based on input from Houlihan Lokey and its other advisors, would have a materially adverse impact on the market price of our common shares. Our board's determination that a significant cut in the dividend rate would be necessary was precipitated by our management's then current expectations for fiscal 2004, specifically with respect to FFO (funds from operations, a REIT industry measurement that approximates cash flow before property capital costs and expenses) per common share, and the continuing negative trends in leasing activity and occupancy rates for our portfolio. In addition, our board focused on the other risks associated with continuing to operate our business, specifically that, even if we were to experience an increase in demand for office space in our markets, we would need to incur significant capital expenditures and other costs in connection with attracting new tenants to our properties.

Following extensive discussion and consideration of the possible merger, our board, by unanimous vote of all trustees present, determined that the merger agreement, and the other agreements and documents to be executed by us and our operating partnership in connection therewith, and the transactions contemplated thereby, including the merger, were advisable, fair to and in the best interests of Great Lakes REIT and our common shareholders, approved the merger agreement and resolved to recommend that the holders of our common shares of beneficial interest vote in favor of approving the merger and the other transactions contemplated by the merger agreement. In connection with our board's approval of the merger and the other transactions contemplated by the merger agreement, our board suspended payment of monthly dividends on our common shares pending completion of the merger.

The merger agreement was then signed on January 21, 2004 and publicly announced before the opening of trading in our common shares the following morning.

Unanimous Recommendation of Our Board of Trustees and Reasons for the Merger

As described above under the heading " Background of the Merger," our board of trustees determined that the merger and the other transactions contemplated by the merger agreement were advisable and unanimously voted to approve the merger and the other transactions contemplated by the merger agreement at a meeting held on January 21, 2004. Our board of trustees believes that the terms of the merger and the other transactions contemplated by the merger agreement are advisable, fair to and in the best interests of Great Lakes REIT and our common shareholders. Accordingly, our board of trustees recommends approval by our common shareholders of the merger and the other transactions contemplated by the merger agreement.

In reaching its conclusions, our board of trustees consulted with our management team, our legal counsel, our investment banker in this transaction, Houlihan Lokey, and our real estate advisor in this transaction, Cushman & Wakefield. In particular, our board of trustees considered the factors listed below, which in the aggregate it deemed favorable, in reaching its decision to approve the merger and the other transactions contemplated by the merger agreement.

Our board of trustees considered the following potentially positive factors in its deliberation concerning the merger and the other transactions contemplated by the merger agreement.

Exhaustive Solicitation of Third Party Interest. Our board of trustees is of the view that there has been an exhaustive solicitation of third party interest in acquiring Great Lakes REIT and each potentially interested party has been provided with several opportunities to increase or otherwise improve its valuation of our company; our board of trustees concluded that the final proposal by Transwestern was the best offer received taking into account both price and certainty of closure (see the section titled " Background of the Merger" for additional information regarding the negotiations).

Value and Form of Merger Consideration. The $15.53 per share consideration to be received by holders of our common shares in the merger, which was determined based on arm's length negotiations without using any other particular method of determination, represents a premium over the historical market price of our common shares; in particular, the merger consideration represents a 7.1% premium over the closing price of our common shares on April 21, 2003, the date on which we issued a press release announcing that our board of trustees had engaged a real estate advisor to assist it in analyzing alternatives to improve shareholder value, an 8.8% premium over the average price of our common shares for the 30-day period prior to the April 21, 2003 press release and a 21.7% premium over the 52-week low trading price of our common shares of $12.76.

Our board of trustees also considered the possibility that the amount to be paid to our common shareholders would automatically increase upon the sale of certain of our properties prior to the completion of the merger if the net proceeds from those sales exceed the agreed value for those properties.

In addition, our board of trustees considered the fact that the merger consideration is all cash, which provides liquidity and certainty of value to our common shareholders.

Our Prospects. Over the past three years, the real estate markets in which we operate have suffered from a decline in demand for office space and a continuing supply of new office buildings, resulting in increased vacancies and negative rental pricing trends. As a result of these negative trends and based on our management's expectations for fiscal 2004, our board of trustees determined that a significant cut in our dividend rate for 2004 would be necessary, which our board believed based on input from our advisors, would have a materially adverse impact on the trading price of our common shares.

Other Available Strategic Alternatives. For the reasons described above, our board of trustees determined that the merger represents the best alternative available to us. In addition, our board of trustees believes that the merger represents a more desirable alternative for our common shareholders than continuing to operate as an independent public company.

Houlihan Lokey Howard & Zukin Financial Advisors, Inc.'s Analyses and Fairness Opinion. Our board of trustees considered as favorable to its determination the opinion, analyses and presentations of Houlihan Lokey described under the heading " Fairness Opinion of Houlihan Lokey Howard & Zukin Financial Advisors, Inc." on page 33, including the oral opinion of Houlihan Lokey, which was subsequently confirmed in writing, that, as of the date of the written fairness opinion and based upon and subject to the limitations and qualifications set forth in the written opinion, the minimum price of $14.98 per common share in cash to be received by holders of our common shares as specified in the merger agreement is fair from a financial point of view to the holders of our common shares. In rendering its opinion, Houlihan Lokey did not opine on the consideration to be received by the holders of our preferred shares of beneficial interest or the holders of limited partnership units of our operating partnership.

High Probability of Transaction Completion. Our board of trustees considered as favorable that, in its judgment, there is a high probability of completing the proposed merger and the other transactions contemplated by the merger agreement. Based on our discussions with and analysis of Aslan Realty Partners II and after consulting with our financial advisors, our board of trustees determined that Aslan Realty Partners II has the financial capacity to complete the merger and the other transactions contemplated by the merger agreement. In addition, the merger agreement does not contain any financing contingency and Aslan Realty Partners II and Transwestern Superior Acquisition would be liable to us for damages in the event that Aslan Realty Partners II fails or refuses to proceed with the closing of the transaction in circumstances in which they are otherwise obligated to do so. Under the merger agreement, Aslan Realty Partners II and Transwestern Superior Acquisition have represented to us that they collectively have member financing commitments in an aggregate amount sufficient to enable them to timely perform their obligations under the merger agreement.

Our Termination Rights in the Event of a Superior Acquisition Proposal. Our board of trustees considered the terms of the merger agreement that allow our board of trustees to accept a superior acquisition proposal. The merger agreement permits our board of trustees to receive unsolicited inquiries and proposals regarding other potential business combinations and to furnish information to, or enter into discussions or negotiations with, third parties with respect to those proposals when our board of trustees determines in good faith that failure to do so would create a reasonable probability of a breach of its duties to shareholders. The merger agreement also permits our board of trustees to approve and recommend a superior acquisition proposal. Upon approving and recommending a superior acquisition proposal, our board of trustees may withdraw or modify its approval or recommendation of the merger and the other transactions contemplated by the merger agreement and authorize us to enter into an agreement with respect to the superior acquisition proposal. If, prior to the special meeting of our common shareholders, our board of trustees withdraws or modifies its approval or recommendation of the merger and the merger agreement, and the merger agreement is terminated, we will be required to pay to Aslan Realty Partners II a "break-up fee" in an amount equal to $6.5 million.

Our board of trustees also considered the following potentially negative factors in its deliberations concerning the merger and the other transactions contemplated by the merger agreement.

Holders of Our Common Shares Unable to Receive Future Dividend Payments and Unable to Share in Our Future Performance and Share Price Appreciation. Our board acknowledged that the merger would preclude the holders of our common shares from having the opportunity to participate in the future performance of our assets and any future appreciation in the value of our common shares. The holders of our common shares will no longer share in the future growth of our company or receive dividend payments. In addition, as discussed elsewhere in this proxy statement, in connection with the proposed merger, our board of trustees has suspended the monthly dividend on our common shares and terminated our dividend reinvestment and direct share purchase and sale plan pending completion of the merger. Our common shareholders received monthly dividends of $0.135 per share for each of the months in the 12-month period ended December 31, 2003. However, as discussed under " Background of the Merger," our board has indicated that, should the merger not be completed, it would likely reduce the dividend rate on our common shares in light of our management's expectations for fiscal 2004 and the continuing negative trends in leasing activity and occupancy rates for our portfolio.

Tax Consequences to Our Common Shareholders. Our board of trustees acknowledged that the merger is a taxable transaction and, as a result, holders of our common shares will be required to pay taxes on any gain that results from their receipt of the cash consideration in the merger. See "Material U.S. Federal Income Tax Consequences" on page 65.

Significant Costs Involved. Our board of trustees considered the significant costs involved in connection with completing the merger and the other transactions contemplated by the merger agreement, the substantial management time and effort required to effectuate the merger and the related disruption to our operations. If the merger is not approved, or is not completed, then our company may be required to bear these expenses and the costs of those disruptions.

Prohibition Against Soliciting Other Offers. Even though the merger agreement permits our board of trustees to receive unsolicited inquiries and proposals regarding other potential business combinations, it also prohibits us from soliciting alternative proposals from other potential purchasers of our company.

Potential Benefits to Certain Trustees and Officers. Our board of trustees also considered the potential benefits to certain trustees and officers discussed under the heading " Interests of Trustees and Officers in the Merger" on page 37, including the acceleration of the vesting of share options, the lapsing of restrictions on certain common shares and the severance payments to be received by our officers in connection with the merger.

Potential Payment of Fees if Merger is Not Completed. Our board of trustees also considered the potential that, upon termination of the merger agreement in specified circumstances, we could be required to pay a $6.5 million "break-up fee" to Aslan Realty Partners II and, in other specified circumstances, we could be required to pay an "expense fee" of up to $1.0 million. If the merger agreement is terminated as a result of our failure to obtain certain specified modifications to our agreements with the lenders under our debt arrangements, we could be required to pay Aslan Realty Partners II a fee of $500,000.

The above discussion of the material factors considered by our board of trustees is not intended to be exhaustive, but sets forth the principal factors considered by our board of trustees. Our board of trustees collectively reached its conclusion to approve the merger and the other transactions contemplated by the merger agreement in light of the various factors described above and other factors that each member of our board of trustees believed were appropriate. In view of the wide variety of factors considered in connection with its evaluation of the merger and the other transactions contemplated thereby and the complexity of these matters, our board of trustees found it impracticable, and did not attempt, to quantify, rank or otherwise assign relative weights to the specific factors it considered or determine that any factor was of paramount importance in reaching its determination that the merger and the other transactions contemplated by the merger agreement are advisable, fair to and in the best interests of our common shareholders. Rather, our board of trustees viewed its recommendations as being based upon its judgment, in light of the totality of the information presented and considered, of the overall effect of the merger on our common shareholders compared to any alternative transaction or remaining a publicly traded company. In considering the factors discussed above, individual trustees may have given different weights to different factors. Our board of trustees analyzed the fairness of the per share consideration to be received by the holders of our common shares in light of the other considerations referred to above. Our board of trustees did not attempt to distinguish between factors that support a determination that the merger is "fair" and factors that support a determination that the merger is in the "best interests" of our shareholders.

After taking into consideration all the factors set forth above, our board of trustees determined that the potential benefits of the merger substantially outweighed the potential detriments associated with the merger. Our board of trustees believes that the merger is advisable, fair to and in the best interests of our common shareholders. By a unanimous vote, our board of trustees recommended that you vote "**FOR**" the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Fairness Opinion of Houlihan Lokey Howard & Zukin Financial Advisors, Inc.

The strategic alternatives committee of the board of trustees of Great Lakes REIT retained Houlihan Lokey to render an opinion to our board of trustees as to the fairness, from a financial point of view, of the consideration to be received by the holders of our common shares in connection with the merger.

The strategic alternatives committee retained Houlihan Lokey based upon Houlihan Lokey's experience in the valuation of businesses and their securities in connection with mergers, acquisitions, recapitalizations and similar transactions, particularly with respect to real estate investment trusts and other real estate-related companies. Houlihan Lokey is a nationally recognized investment banking firm that is continually engaged in providing financial advisory services and rendering fairness opinions in connection with mergers and acquisitions, leveraged buyouts, business valuations and securities valuations for a variety of regulatory and planning purposes, recapitalizations, financial restructurings and private placements of debt and equity securities.

On January 21, 2004, Houlihan Lokey delivered its written opinion to our board of trustees to the effect that, as of the date of the opinion, on the basis of its analysis summarized below and subject to the limitations described below and in the written opinion, the consideration to be received by the holders of our common shares in connection with the merger is fair to them from a financial point of view.

The full text of Houlihan Lokey's opinion, which is attached as Annex B to this proxy statement and is incorporated herein by reference, describes, among other things, the assumptions made, general procedures followed, matters considered and limitations on the review undertaken by Houlihan Lokey in rendering its opinion. The opinion does not constitute a recommendation to our board of trustees or any of our common shareholders on whether or not to support the merger and does not constitute a recommendation to any common shareholder on whether or not to vote in favor of or against any matter related to the merger. The opinion is furnished for the benefit of our board of trustees in evaluating the merger, and, by its terms, may not be relied upon by any other person without the written consent of Houlihan Lokey, except to the extent required by applicable law. This summary is qualified in its entirety by reference to the full text of such opinion. You are urged to read the opinion carefully and in its entirety.

As compensation to Houlihan Lokey for its services in connection with the merger, we agreed to pay Houlihan Lokey an aggregate fee of $600,000 in addition to Houlihan Lokey's reasonable out-of-pocket expenses in connection therewith. No portion of Houlihan Lokey's fee or its right to expense reimbursement is contingent upon the successful completion of the merger, any other related transaction or the conclusions reached in the Houlihan Lokey opinion. We also agreed to indemnify Houlihan Lokey and related persons against certain liabilities, including liabilities under federal securities laws, that arise out of the engagement of Houlihan Lokey, and to reimburse Houlihan Lokey for certain expenses.

The Houlihan Lokey opinion does not address the underlying business decision to effect the merger. Houlihan Lokey did not, and was not requested by us or any other person to, solicit third party indications of interest in acquiring all or any part of our company or to make any recommendations as to the form or amount of consideration in connection with the merger. Houlihan Lokey was not asked to opine and does not express any opinion as to: (1) the tax consequences of the merger, including, but not limited to, tax or legal consequences to us or any of our shareholders; (2) the public market values or realizable value of our common shares; (3) the fairness of the consideration to be received by the holders of our preferred shares of beneficial interest and the holders of limited partnership units of our operating partnership; or (4) the fairness of any aspect of the merger not expressly addressed in its fairness opinion. Houlihan Lokey did not perform an independent appraisal of our assets or those of our subsidiaries.

In connection with this opinion, Houlihan Lokey undertook such reviews, analyses and inquiries as it deemed necessary and appropriate under the circumstances. Among other things, Houlihan Lokey:

- reviewed our annual reports on Form 10-K for the fiscal years ended December 31, 2002 and 2001 and quarterly reports on Form 10-Q for the first, second and third quarters ended March 31, 2003, June 30, 2003 and September 30, 2003, respectively, and interim financial statements prepared by our management for the period ended December 31, 2003 which our management has identified as being the most current financial statements available;
- reviewed a draft of the merger agreement dated January 21, 2004;
- met with certain members of our senior management to discuss our operations, financial condition, future prospects and projected operations and performance,
- had discussions with representatives of our real property broker, Cushman & Wakefield;

visited certain of our facilities and business offices;

reviewed forecasts and projections prepared by our management with respect to our company for the fiscal years ended December 31, 2004 through 2008;

reviewed debt schedules as of December 31, 2003 and projected for March 31, 2004, prepared by our management;

reviewed projected transaction consideration schedules as of March 31, 2004, prepared by our management;

reviewed the historical market prices and trading volume for our publicly traded securities;

reviewed certain other publicly available financial data for certain companies that Houlihan Lokey deemed comparable to us, and publicly available prices and premiums paid in other transactions that Houlihan Lokey considered similar to the merger; and

conducted such other studies, analyses and inquiries as Houlihan Lokey deemed appropriate.

Analyses

The following is a summary of the material financial analyses used by Houlihan Lokey in connection with providing its opinion. This summary is qualified in its entirety by reference to the full text of such opinion, which is attached as Annex B to this proxy statement. You are urged to read the full text of the opinion carefully and in its entirety.

Houlihan Lokey's analyses included an analysis of Great Lakes REIT's common equity value based upon various alternative valuation methodologies compared to the cash consideration to be paid to the common shareholders of Great Lakes REIT pursuant to the merger of no less than $14.98 per share. Each valuation methodology provided an estimate of our common equity value that was considered by Houlihan Lokey in its assessment of the fairness, from a financial point of view, of the consideration to be received by the holders of our common shares in connection with the merger.

Market Multiple Methodology. The market multiple methodology is a valuation methodology in which the value of a company is determined based upon the trading multiples of comparable publicly-traded companies. This approach involved the determination of a level of earnings before interest, taxes, depreciation and amortization, or EBITDA, and funds from operations, or FFO, which were considered to be representative of our future performance, and capitalizing these figures by a risk-adjusted multiple.

Houlihan Lokey reviewed certain financial, operating and stock market information of comparable publicly-traded real estate investment companies selected solely by Houlihan Lokey. The comparable public companies included: Kilroy Realty Corp., Arden Realty, Inc., Mack Cali Realty Corp., Prentiss Properties Trust, Reckson Associates Realty Corp., Brandywine Realty Trust, Highwoods Properties, Inc., Bedford Property Investors, Inc., Carramerica Realty Corp., Glenborough Realty Trust, Inc., Parkway Properties, Inc. and HRPT Properties Trust. Houlihan Lokey calculated certain financial ratios for the comparable companies based on the most recent publicly available information, including multiples of: (1) enterprise value to EBITDA for the latest twelve months for which information was publicly available, which we refer to as LTM; and (2) market value of equity to projected FFO for the fiscal year 2004. Projected FFO for the comparable companies was based on publicly available analyst estimates. Enterprise value was calculated by adding an entity's market value of equity plus the book value of its existing debt, preferred stock and minority interests, less cash balances. The comparable companies exhibited a range of LTM EBITDA multiples from 8.6x to 12.3x and a range of 2004 FFO multiples from 7.6x to 11.3x, with medians of 10.8x and 9.6x, respectively.

There are inherent differences between the businesses, operations, and prospects of Great Lakes REIT and the comparable companies used in the market multiple analysis. Accordingly, Houlihan Lokey believed that it was inappropriate to, and therefore did not, rely solely on the above-described quantitative results of the market multiple analysis and accordingly also made qualitative judgments concerning differences between the financial and operating characteristics and prospects of Great Lakes REIT and the comparable companies that would, in Houlihan Lokey's opinion, affect the public market valuation of such companies. Specifically, the comparable companies hold real estate assets in

different geographic markets and, in most cases, the comparable companies are significantly larger than us in terms of enterprise value and revenue.

Houlihan Lokey derived enterprise value indications for us by applying EBITDA multiples of 10.0x to 10.5x to operating results for the twelve months ended December 31, 2003 and by applying FFO multiples of 9.0x to 9.5x to projected operating results for the twelve months ended December 31, 2004, and adding the value of total net debt and preferred stock. A control premium of 15% (based upon a recent study of control premiums in REIT transactions) was then added to the implied equity value. The resulting indications of enterprise value of the operations of Great Lakes REIT ranged from approximately $552 to $573 million under this approach, or approximately $12.82 to $14.11 per common share.

Entity Level Unleveraged Discounted Cash Flow Approach. Houlihan Lokey performed an unleveraged discounted cash flow analysis based upon financial forecasts prepared by management with respect to fiscal years 2004 to 2008. Houlihan Lokey determined our weighted average cost of capital to be approximately 11.0% based upon our existing capital structure. After calculating the net present value of cash flows for the applicable periods using discount rates of 9.0% to 13.0% (using 11.0% as the midpoint), a terminal value was calculated based upon exit capitalization rates of 9.50% to 10.50% and this terminal value was discounted to a present value based upon the same range of discount rates. Based on this analysis, Houlihan Lokey calculated indications of our enterprise value of between approximately $507 million and $569 million, or approximately $10.02 to $13.86 per common share.

Leveraged Discounted Cash Flow Approach. Houlihan Lokey also performed a leveraged discounted cash flow analysis based upon financial forecasts prepared by management with respect to fiscal years 2004 to 2008. Houlihan Lokey determined Great Lakes REIT's cost of equity to be approximately 12.5% based upon the market volatility of our common shares and other factors. After calculating the net present value of cash flows for the applicable periods using discount rates of 10.0% to 15.0% (using 12.5% as the midpoint), a terminal value was calculated based upon exit capitalization rates of 9.50% to 10.50% and this terminal value was discounted to a present value based upon the same range of discount rates, resulting in an equity value range of approximately $222 to $264 million. Great Lakes REIT's total net debt and preferred shares were added to the equity value in order to calculate enterprise value. Based on this analysis, Houlihan Lokey calculated indications of our enterprise value of between approximately $568 million and $610 million or approximately $13.80 to $16.40 per common share.

Trading Price Approach. In the trading price approach, a premium was applied to the market capitalization of our market value of equity as of January 20, 2004 and April 18, 2003 (the day prior to our announcement that our board of trustees had engaged Cushman & Wakefield to assist it in analyzing alternatives to improve shareholder value). The range of premiums utilized was 7.5% to 15.0% and was based on the premiums to trading prices observed in a number of recent REIT transactions involving a change in control. Great Lakes REIT's total net debt and preferred shares were added to the equity value in order to calculate enterprise value. Based on this analysis, Houlihan Lokey calculated indications of our enterprise value of between approximately $614 million and $622 million or approximately $16.68 to $17.15 per common share.

Asset-Level Unleveraged Discounted Cash Flow Approach. Houlihan Lokey performed an unleveraged discounted cash flow analysis based upon financial forecasts prepared by management with respect to fiscal years 2004 to 2008 for each real estate asset held by Great Lakes REIT. Individual capitalization and discount rates were selected based on rankings of each asset in the categories of quality of the physical asset, quality of the location of the asset within its market, quality of the overall market, quality of the tenant base, and the current level of occupancy. These factors among others were used to calculate adjustments to the baseline capitalization rates obtained from the Market Monitor National Real Estate and Korpacz Real Estate Investor Survey databases. Based on this analysis, Houlihan Lokey calculated indications of our enterprise value of between approximately $526 million and $593 million or approximately $11.20 to $15.35 per common share.

Conclusion

Based on the analyses discussed above, Houlihan Lokey determined that the appropriate range of value of our common shares was from approximately $12.70 to approximately $15.17 per common share. Houlihan Lokey therefore concluded that, as of the date of the opinion and subject to the limitations and qualifications set forth therein, the $14.98 per common share minimum cash consideration to be received by the holders of our common shares in connection with the merger is fair to them from a financial point of view.

Assumptions

As a matter of course, we do not publicly disclose forward-looking financial information. Nevertheless, in connection with its review, Houlihan Lokey considered financial projections that were prepared by our management. The financial projections were prepared under market conditions as they existed as of approximately January 2004 and our management does not intend to provide Houlihan Lokey with any updated or revised financial projections in connection with the merger or otherwise. The financial projections do not take into account any circumstances or events occurring after the date they were prepared. In addition, factors such as industry performance, general business, economic, regulatory, market and financial conditions, as well as changes to the business, financial condition or results of operations of Great Lakes REIT, may cause the financial projections or the underlying assumptions to be inaccurate. As a result, the financial projections should not be relied upon as necessarily indicative of future results.

In arriving at its opinion, Houlihan Lokey reviewed key economic and market indicators, including, but not limited to, growth in the U.S. Gross Domestic Product, inflation rates, interest rates, consumer spending levels, manufacturing productivity levels, unemployment rates and general stock market performance. Houlihan Lokey's opinion is based on the business, economic, market and other conditions as they existed as of January 21, 2004 and on the financial projections provided to Houlihan Lokey as of that date. In rendering its opinion, Houlihan Lokey has relied upon and assumed, without independent verification, that the financial and other information provided to Houlihan Lokey by our management, including the projections, was accurate, complete, reasonably prepared and reflects the best currently available estimates of the financial results and condition of Great Lakes REIT, and that no material changes have occurred in the information reviewed between the date the information was provided and the date of the Houlihan Lokey opinion. Houlihan Lokey did not independently verify the accuracy or completeness of the information supplied to it with respect to Great Lakes REIT and does not assume responsibility for it. Houlihan Lokey did not make any independent appraisal of the specific properties or assets of Great Lakes REIT.

The summary set forth above describes the material points of more detailed analyses performed by Houlihan Lokey in arriving at its opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis, and application of those methods to the particular circumstances, and is therefore not readily susceptible to summary description. In arriving at its opinion, Houlihan Lokey made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Houlihan Lokey believes that its analyses and summary set forth above must be considered as a whole and that selecting portions of its analyses, without considering all analyses and factors, or portions of this summary, could create an incomplete and/or inaccurate view of the processes underlying the analyses set forth in Houlihan Lokey's opinion. In its analysis, Houlihan Lokey made numerous assumptions with respect to Great Lakes REIT, the merger, industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of the respective entities. The estimates contained in such analyses are not necessarily indicative of actual values or predictive of future results or values, which may be more or less favorable than suggested by such analyses. Additionally, analyses relating to the value of businesses or securities of Great Lakes REIT are not appraisals. Accordingly, such analyses and estimates are inherently subject to substantial uncertainty.

Interests of Trustees and Officers in the Merger

In considering the recommendation of our board of trustees in connection with the merger, shareholders should be aware that, as described below, some of our trustees and officers have interests in, and will receive benefits from, the merger that may be different from, or are in addition to (and therefore may conflict with), the interests of our shareholders generally. The number of our common

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shares beneficially owned by our trustees and certain officers appears below under "Security Ownership of Certain Beneficial Owners and Management" on page 68. Our board of trustees was aware of these interests and considered them in approving the merger and the other transactions contemplated by the merger agreement. These additional interests, to the extent material, are described below. In addition to the following, the information relating to compensation plans and executive compensation as described in our proxy statement for our 2003 annual meeting of shareholders, filed on April 10, 2003, is incorporated by reference into this proxy statement, except as amended or superseded by the following.

Share Options and Restricted Shares. In connection with the merger and pursuant to the merger agreement, immediately prior to the effective time of the merger, each then outstanding option to purchase common shares, including those options held by our trustees and officers, whether or not then vested or exercisable, that has an exercise price less than the merger consideration will be surrendered or converted in exchange for alternative consideration equal to the product of (1) the number of common shares provided for in the option and (2) the excess of (a) the merger consideration less (b) the exercise price per share provided for in the option. Each outstanding option, whether or not then vested, that has an exercise price equal to or greater than the merger consideration, will be surrendered or converted in exchange for $0.05 per common share issuable upon exercise of the option. All payments will be made net of any applicable withholding tax. Prior to the effective time of the merger, we must use our reasonable best efforts to obtain agreements from all holders of options providing for the surrender or conversion and payment described above. The following officers will be entitled to receive the following amounts in exchange for the surrender and cancellation of their existing options: Richard May (our Chairman and Chief Executive Officer): $28,739; Patrick Hunt (our President and Chief Operating

Officer): $93,580; Richard Rasley (our Executive Vice President and Co-General Counsel): $71,845; James Hicks (our Chief Financial Officer): $34,633; and Raymond Braun (our Chief Investment Officer): $14,991. Our trustees and officers as a group (including the individuals listed above) will be entitled to receive an aggregate amount of $360,686 with respect to all of their existing options. These amounts are based on merger consideration of $15.53 per share and will increase to the extent that the net proceeds from the sale of specified properties increase the merger consideration. See " The Merger Agreement Covenants of All of the Parties Sale of Certain Properties" on page 60.

In addition, the completion of the merger will constitute a change in control under agreements, each dated June 1, 2000, by which we issued restricted shares to Messrs. May, Hunt, Rasley, Hicks and Braun. Restrictions and forfeiture provisions with respect to those restricted shares will lapse as a result of the merger, and those officers will be entitled to receive the merger consideration with respect to those shares. As of the date of the merger agreement, Messrs. May, Hunt, Rasley, Hicks, and Braun held restricted shares in the amounts of 23,793, 19,909, 12,081, 13,775 and 13,775, respectively, that will vest immediately prior to the completion of the merger. The total value (based on the merger consideration) of the restricted shares held by those officers is approximately $1.3 million. This amount is based on merger consideration of $15.53 per share and will increase to the extent that the net proceeds from the sale of specified properties increase the merger consideration. See " The Merger Agreement Covenants of All of the Parties Sale of Certain Properties" on page 60.

Employment Agreements and Change in Control Agreements. Under the merger agreement, we will terminate the employment of each of our and our subsidiaries' employees, including our officers, immediately prior to the effective time of the merger. We have entered into employment agreements or change in control agreements with ten of our officers pursuant to which those officers will be entitled to severance pay and health benefits as a result of the termination of their employment in connection with a change in control of our company. The completion of the merger and the other transactions contemplated by the merger agreement will constitute a change in control under those agreements.

Our employment agreements with Messrs. May and Hunt (our Chairman and Chief Executive Officer and President and Chief Operating Officer, respectively), dated as of June 1, 2000, provide that, upon any termination of employment (other than due to death, disability or retirement) during the one-year period commencing on the date of a change in control, each of these officers will receive a lump sum cash payment equal to three times the sum of (1) his highest base pay for any period prior to the termination of his employment and (2) an amount equal to the product of such base pay multiplied by the greater of (a) a fraction, the numerator of which is the average of the aggregate amounts of incentive pay earned by the executive during each of the three then most recently completed fiscal years of our company, and the denominator of which is the average base pay (as in effect for each of the three most recently completed fiscal years of our company), or (b) a fraction, the numerator of which is the aggregate amount of incentive pay earned by the executive during the most recently completed fiscal year of our company (or a successor thereto) and the denominator of which is the executive's base pay as in effect for the most recently completed fiscal year of our company (or a successor thereto).

In addition, any payments made to Messrs. May and Hunt pursuant to their employment agreements will be increased, or "grossed up," as required if the contractual payments become subject to excise tax imposed by Section 4999 of the Code. Additional payments may be made so that after the payment of all income excise taxes, Messrs. May and Hunt will be in the same after-tax position as if no excise tax under Section 4999 had been imposed.

Our employment agreements with Messrs. Rasley, Hicks, Braun, Mills and Scurto (our Executive Vice President, Chief Financial Officer, Chief Investment Officer, Senior Vice President, Leasing, and Senior Vice President, Medical Properties, respectively), dated as of June 1, 2000, provide that, upon any termination of employment (other than due to death, disability or retirement) during the one-year period commencing on the date of a change in control, each of these officers will receive a lump sum cash payment equal to two times the sum of (1) his or her highest base pay for any period prior to the termination of his or her employment and (2) an amount equal to the product of such base pay multiplied by the greater of (a) a fraction, the numerator of which is the average of the aggregate amounts of incentive pay earned by the executive during each of the three then most recently completed fiscal years of our company, and the denominator of which is the average base pay (as in effect for each of the three most recently completed fiscal years of our company), or (b) a fraction, the numerator of which is the aggregate amount of incentive pay earned by the executive during the most recently completed fiscal year of our company (or a successor thereto) and the denominator of which is the executive's base pay as in effect for the most recently completed fiscal year of our company (or a successor thereto).

Our change in control agreements with Adam Berman (our Senior Vice President and Co-General Counsel), Brett Brown (our Senior Vice President, Financial Reporting) and Eric Niederman (our Senior Vice President, Asset Management), dated as of June 1, 2000, provide that, upon any termination of employment (other than due to death, disability or retirement) during the one-year period commencing on the date of a change in control, each of these officers will receive a lump sum cash payment equal to two times the sum of (1) his highest base pay for any period prior to the termination of his employment and (2) an amount equal to the average incentive pay earned by the executive during each of the three then most recently completed fiscal years of our company immediately preceding the change in control.

In addition, as executed, the employment agreements and change in control agreements described above provided that, for a period of 12 months following termination of employment, each officer who has entered into an employment agreement or change in control agreement would be entitled to receive such continuing employee welfare benefits (including any medical, dental and other group health plan benefits) as are substantially similar to those that the officer was receiving or entitled to receive immediately prior to the termination of employment in connection with the change in control.

However, in connection with the merger, each of the officers has agreed to amend his or her employment agreement or change in control agreement, as applicable, and to waive his or her rights to certain employee welfare benefits. These officers have not waived their respective rights to healthcare coverage, short-term disability coverage, long-term disability coverage, term life insurance benefits, any eligible payments pursuant to Section 125 of the Great Lakes REIT Cafeteria Plan and, in the case of Messrs. May, Hunt, Hicks, Braun and Rasley, any outstanding financial planning reimbursement payments. Under the merger agreement, to the extent required by law, Aslan Realty Partners II has agreed to provide the officers with the welfare benefits to which the officers are entitled under their employment agreements or change in control agreements. To the extent such continued coverage is not required by law, each of the officers will be entitled to receive a lump sum payment in an amount equal to the cost of obtaining individual and family coverage, as applicable, that is substantially equivalent to such officer's existing health benefits as determined as of the effective time of the merger through a solvent and nationally reputable health insurer willing to provide such coverage selected by Aslan Realty Partners II and reasonably acceptable to us.

The employment agreements and change in control agreements described above also provide that, for a period of one year following termination of employment, the officers may not engage in any competitive activity in any geographical market where our company (or a successor thereto) operates on the date of termination. Under these agreements, "competitive activity" is defined to include the officer's participation in the management of any business enterprise without the written consent of our company (or a successor thereto) if:

- the enterprise engages in substantial and direct competition with our company (or a successor thereto) and that enterprise's revenues attributable to any operations that are competitive with any revenue generating operations of our company (or a successor thereto) amount to at least 10% of that enterprise's net revenues for its most recently completed fiscal year; and

- the net revenues of our company (or a successor thereto) attributable to those operations amounted to at least 10% of total net revenues for the most recently completed fiscal year of the company (or a successor thereto).

"Competitive activity" does not include the mere ownership of securities in any enterprise (including the exercise of rights relating thereto) or participating in the management of an enterprise except in connection with competitive operations of that enterprise. In addition, no officer may disclose to any person any of our or our successor's confidential or proprietary information.

The maximum amount of payments that the officers may be entitled to receive pursuant to the employment agreements or change in control agreements is as follows:

Officer	Payment*
Mr. May	$ 1,531,588
Mr. Hunt	$ 1,365,792
Mr. Braun	$ 615,407
Mr. Hicks	$ 582,515
Mr. Rasley	$ 519,873
Mr. Mills	$ 487,761
Mr. Berman	$ 482,197
Ms. Scurto	$ 453,159
Mr. Niederman	$ 387,997
Mr. Brown	$ 387,778