

OPPORTUNITY/CHALLENGE

In April 2004, Transwestern was awarded leasing and management services for most of the former Great Lakes REIT portfolio in Metropolitan Chicago, Wisconsin and Michigan, consisting of 1.9 million square feet of office product in suburban Chicago, 1.1 million square feet in the Milwaukee area, 900,000 square feet in suburban Detroit and 216,000 square feet in Denver. The Great Lakes REIT acquisition increased assets under management for Transwestern in the Midwest region from 3.0 million to 7.1 million square feet.

SOLUTION

Transwestern quickly augmented its management infrastructure to support a 137% increase in square footage. Prior to the takeover, all of the Great Lakes property managers and many of the assistant managers and engineers were interviewed by Transwestern's Midwest president and controller. Transwestern retained 45 former Great Lakes REIT employees. The MRI user support group and accounting team converted 26 properties including all tenant and vendor data to MRI accounting software. Accounting responsibility for all 26 properties was moved to Transwestern's Houston office. All new employees attended a full day orientation program and managers, assistant managers and engineers were trained in Transwestern policies and procedures over several days. A new regional director of property management was hired and a regional senior engineering team was established, including directors of engineering in Chicago, Detroit and Milwaukee.

VALUE ADDED BY TRANSWESTERN

Transwestern worked in partnership with ownership to eliminate \$5.2 million of overhead from the REIT and implemented a new automated tenant work order system for all properties under management. The management could now communicate service requests using Angus Anywhere, a web-based program accessible through each employee's computer work station. Transwestern's management team executed an aggressive first year capital plan by improving signage, lobbies, landscaping, and by adding amenities such as food operations and building conference rooms. All properties were benchmarked for ENERGY STAR® consideration. Transwestern abstracted 437 leases for input into MRI.