GREAT LAKES REIT
Form 10-Q
August 09, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

/X/ Quarterly Report Pursuant to Section 13 OR 15(d)
of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2001

OR

/ /Transition Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Commission file number: 1-14307

Great Lakes REIT

(Exact name of Registrant as specified in its Charter)

Maryland	36-4238056
(State or other jurisdiction of incorporation or organization)	(IRS employer identification no.)

823 Commerce Drive, Suite 300, Oak Brook, IL 60523
(Address of principal executive offices) (Zip Code)

(630) 368 - 2900
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

Number of shares of the registrant's common shares of beneficial interest, $.01 par value per share, outstanding as of August 3, 2001: 16,751,929

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June 30, 2001

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Great Lakes REIT
Consolidated Balance Sheets (unaudited)
(in thousands, except per share data)

	June 30, 2001
Assets	
Properties:	
Land	$
Buildings and improvements	4
	4
Less accumulated depreciation	
	4
Cash and cash equivalents	
Real estate tax escrows	
Rents receivable	
Deferred financing and leasing costs, net of accumulated amortization	
Goodwill, net of accumulated amortization	
Other assets	
Total assets	$4
Liabilities and shareholders' equity	

Bank loan payable	$
Mortgage loans payable	1
Bonds payable	
Accounts payable and accrued liabilities	
Accrued real estate taxes	
Dividends payable	
Prepaid rent	
Security deposits	
Total liabilities	2
Minority interests	
Preferred shares of beneficial interest ($0.01 par value, 10,000 shares authorized; 1,500 9 3/4% Series A Cumulative Redeemable shares, with a $25.00 per share Liquidation Preference, issued and outstanding in 2001 and 2000)	
Common shares of beneficial interest ($0.01 par value, 60,000 shares authorized; 18,295 and 18,275 shares issued in 2001 and 2000, respectively)	
Paid-in-capital	2
Retained earnings (deficit)	(1
Employee share loans	(2
Deferred compensation	(
Treasury shares, at cost (1,543 shares in 2001 and 2000)	(2
Total shareholders' equity	2
Total liabilities and shareholders' equity	$4

The accompanying notes are an integral part of these financial statements.

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Great Lakes REIT
Notes to Consolidated Financial Statements
(Unaudited)
Dollars in thousands, except per share data

1. Basis of Presentation

Great Lakes REIT, a Maryland real estate investment trust (the Company), was formed in 1992 to invest in income-producing real property. The principal business of the Company is the ownership, management, leasing, renovation and acquisition of suburban office properties, primarily located in the Midwest region of the United States. At June 30, 2001, the Company owned and operated 36 properties, primarily located in suburban areas of Chicago, Detroit, Milwaukee, Denver, Cincinnati, Columbus and Minneapolis. The Company leases office space to over 500 tenants that are engaged in a variety of businesses.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries and controlled partnership. Intercompany accounts and transactions have been eliminated in consolidation.

The accompanying consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and cash flows in conformity with generally accepted accounting principles. These statements should be read in conjunction with the Company s most recent year-end audited

financial statements which are contained in the Company s Annual Report on Form 10-K for the year ended December 31, 2000, (the 2000 10-K). In the opinion of management, the financial statements contain all adjustments (which are normal and recurring) necessary for a fair statement of financial results for the interim periods. For further information, refer to the consolidated financial statements and notes thereto included in the 2000 10-K.

2. Derivatives and Hedging Activities

In June 1998, the Financial Accounting Standards Board issued Statement No. 133, Accounting for Derivatives and Hedging Activities, and its amendments, Statements No. 137 and 138, in June 1999 and June 2000, respectively. Statement No. 133, as amended, requires the Company to recognize all derivatives on its balance sheet at fair value effective January 1, 2001. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative are either offset against the change in fair value of the assets, liabilities or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative s change in fair value will be immediately recognized in earnings.

The Company had purchased an interest rate cap agreement to hedge its exposure to increases in interest costs under its variable rate debt. In June 2001, the interest rate cap agreement expired. During the six months ended June 30, 2001, the Company recorded $78 of interest expense, which reduced the carrying value of the cap to -0-.

3. Segment Information

The Company has two reportable segments, distinguished by property type. The property types are office (89%) and office/service center (11%) (as measured by square feet) of the Company s overall portfolio, respectively. Office buildings are generally single-story or multi-story buildings used by tenants for office activities. The buildings generally have common area lobbies and other amenities, including food service areas, atriums and limited underground parking facilities. Office/office service buildings are one-story buildings with no common areas. Tenant spaces generally have less than 100% office use with the non-office space used for showroom, technical or light storage purposes. As of June 30, 2001, the properties were leased to more than 500 tenants, no single tenant accounted for more than 5% of the aggregate annualized base rent of the Company s portfolio and only 20 tenants individually represented more than 1% of such aggregate annualized base rent.

The Company evaluates performance and makes investment decisions in part based on net operating income, which is property revenues (rental and reimbursement income) less property operating expenses and real estate taxes. Net operating income is a widely-recognized industry measure of a property s performance.

The following table represents a summary report of segment information for the three and six months ended June 30, 2001 and 2000;

	Three months ended June 30,		Six months ended June 30,	
	2001	2000	2001	2000
Revenues				
Office	$23,768	$22,277	$46,363	$44,785
Office/service center	1,296	1,631	2,823	3,365
Deferred rental revenues	-	142	-	142
Interest and other	892	836	1,751	1,073
Total	$25,956	$24,886	$50,937	$49,365
Net operating income				
Office	$13,792	$13,042	$27,094	$26,215
Office/service center	723	1,133	1,702	2,245
Total	$14,515	$14,175	$28,796	$28,460
Depreciation and amortization				
Office	$4,238	$3,724	$8,251	$7,369
Office/service center	315	312	628	659
Other	158	136	283	271

Total	$4,711	$4,127	$9,162	$8,299
Interest expense				
Office	$3,334	$3,424	$6,594	$6,796
Office/service center	197	385	443	760
Total	$3,531	$3,809	$7,037	$7,556

Additions to properties			
Office	$3,372	$2,489	$32,417
Office/service center	50	8	602
Other	-	8	-
Total	$3,422	$2,505	$33,019
Income before allocation to minority interests			
Office net operating income	$13,792	$13,042	$27,094
Office/office service center net operating income	723	1,133	1,702
Office interest expense	(3,334)	(3,424)	(6,594)
Office/office service center interest expense	(197)	(385)	(443)
Office depreciation	(4,238)	(3,724)	(8,251)
Office/office service depreciation	(315)	(312)	(628)
Deferred rental revenues	-	142	-
Interest and other income	892	836	1,751
General and administrative	(1,337)	(1,291)	(2,625)
Other depreciation	(158)	(136)	(283)
Income before allocation to minority interests	$5,828	$5,881	$11,723

Following is a summary of segment assets at June 30, 2001 and December 31, 2000:

	June 30, 2001	December 31, 2000
Assets		
Office	$414,443	$394,972
Office/service center	24,246	24,782
Other	18,309	11,856
Total	$456,998	$431,610

4. Long-Term Debt

On March 23, 2001, the Company entered into a credit agreement that provides for a new unsecured credit facility and replaced the Company's existing $150,000 unsecured credit facility that was scheduled to mature in April 2001. The new unsecured credit facility matures on March 23, 2004 and also has a maximum amount available of $150,000. The interest rate on borrowings under the new credit facility is LIBOR plus 1.0% to 1.2% depending on overall Company leverage. The new credit facility contains financial covenants, including requirements for a minimum tangible net worth, maximum liabilities to asset values, debt service requirements, maximum liabilities to asset values, debt service coverage and net property operating income. The new credit facility also contains restrictions on, among other things, indebtedness, investments, dividends, liens, mergers and development activities.

On June 1, 2001 the Company entered into a $33,046 loan agreement with an institutional lender. The loan is secured by a first mortgage lien on its Milwaukee Center property, located in Milwaukee, Wisconsin, and bears interest at a fixed annual interest rate of 7.435% with a ten-year term. The net proceeds from the loan (approximately $33 million) were used to repay a portion of the Company s new credit facility.

5. Property Acquisitions

On March 1, 2001, the Company acquired 1600 Corporate Center, a 252,000 square foot multi-story office building located in Rolling Meadows, Illinois, for a contract price of $26,000.

6. Restricted Share Grants

On June 1, 2000, the Company issued 200,000 restricted common shares to certain officers and employees. The shares vest ten years from the date of issuance provided the recipient is still employed by the Company, but may vest earlier in increments during the period ending December 31, 2002 subject to the Company achieving certain performance objectives. Upon a change in control of the Company, up to 100,000 of the restricted shares issued to certain officers of the Company vest immediately. The total fair value of the restricted shares at the date of issuance ($3,138) is being amortized into expense over ten years on a straight-line basis, subject to adjustment when the Company determines that it is probable to achieve certain performance objectives which accelerate the full or partial vesting of the shares. The Company recorded compensation expense of $72 and $144 for the three and six months ended June 30, 2001, respectively.

7. Earnings per Share

The unvested restricted common share grants (158,331 shares at June 30, 2001) are excluded from the common shares used to compute basic earnings per share. The unvested restricted common shares are included in the shares used to compute fully diluted earnings per share using the treasury stock method whereby the unamortized deferred compensation related to these shares is assumed to be the exercise value of these shares.

The Company has 40,199 operating partnership units outstanding at June 30, 2001, which are convertible to common shares on a one for one basis at the option of the holder.

8. Goodwill

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, Business Combinations, and No. 142, Goodwill and Other Intangible Assets, effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill will no longer be amortized but will be subject to annual impairment tests in accordance with the Statements.

The Company will apply the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of 2002. Application of the non-amortization provisions of the Statement is expected to result in an increase in net income of $75 per year. During 2002, the Company will perform the first of the required impairment tests of goodwill as of January 1, 2002, and has not yet determined what the effect of these tests will be on the earnings and financial position of the Company.

9. Commitments and Contingencies

In 2000, the Company entered into a contract to acquire a 99,500 square foot office building currently under construction in suburban Milwaukee for a contract price of $8,500. The total investment in this property, including tenant improvements, is expected to be $11,700. The Company has guaranteed a letter of credit in the amount of $2,000 to secure its obligations related to this property.

The Company has entered into a contract to sell its 777 Eisenhower Plaza property, located in Ann Arbor, Michigan, for a contract price of $31,500.

The Company has entered into a contract to acquire a 202,000 square foot three-story office building located in Bannockburn, Illinois for a contract price of $31,800.

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ITEM 2. Management's Discussion and Analysis of Results of Operations and Financial Condition (Dollars in thousands)

The following is a discussion and analysis of the consolidated financial condition and results of operations for the three and six months ended June 30, 2001. The following should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere

herein and the consolidated financial statements and related notes contained in the 2000 10-K.

Overview

The principal business of the Company is the ownership, management, leasing, renovation, and acquisition of suburban office properties located primarily in the Midwest region of the United States. At June 30, 2001, the Company owned and operated 36 properties, primarily located in suburban areas of Chicago, Detroit, Milwaukee, Columbus, Minneapolis, Denver and Cincinnati. The Company leases space to over 500 tenants that are engaged in a variety of businesses.

Three months ended June 30, 2001 compared to three months ended June 30, 2000.

In analyzing the operating results for the three months ended June 30, 2001, the changes in rental and reimbursement income, real estate taxes, and other property operating expenses from 2000 are due principally to: (i) the addition of a full year s operating results in 2001 of properties acquired in 2000 compared to the partial year s operating results from the dates of their respective acquisitions in 2000, (ii) the addition of operating results of the property acquired in 2001 from the date of its acquisition, (iii) the effect of property dispositions in 2000 and (iv) changes in operations of properties during 2001 compared to 2000. Other property operating expenses include contract services, repairs, maintenance, utilities, personnel, insurance and other costs directly associated with the leasing, management and operation of the properties.

	Rental income	Reimbursement income	Real estate taxes	Proper operat expen
Increase due to properties acquired in 2000	$ 313	$269	$113	$1
Increase due to property acquired in 2001	721	558	257	3
Effect of property dispositions in 2000	(458)	(313)	(35)	(18
Increase (decrease) in 2001 as compared to 2000	604	(680)	494	(15
Total	$1,180	($166)	$829	$1

Telecommunications income only increased by $5 during the quarter ended June 30, 2001 as compared to 2000 due to reduced collections of amounts due from Teligent, Inc and Winstar Communications.

Tenant service income increased to $109 in the quarter ended June 30, 2001 as a result of the Company s initiative to increase this income, which commenced in mid-2000.

Interest income decreased by $117 during the quarter ended June 30, 2001, as compared to 2000 as the Company had a higher average cash balance in 2000 as compared to 2001.

General and administrative expenses decreased by $129 during the quarter ended June 30, 2001 as compared to 2000 due to decreased bonus compensation costs and decreased compensation expenses associated with the restricted share plan.

Interest expense declined by $278 during the quarter ended June 30, 2001 as compared to 2000 as the Company had lower average amounts outstanding under its unsecured credit facility as well as lower interest rates on its unsecured credit facility in 2001.

Depreciation and amortization expenses increased by $539 during the quarter ended June 30, 2001 as compared to 2000 because the Company had a gross book value of depreciable assets of $430,179 at June 30, 2001 as compared to $407,214 at June 30, 2000.

Six months ended June 30, 2001 compared to six months ended June 30, 2001

In analyzing the operating results for the six months ended June 30, 2001, the changes in rental and reimbursement income, real estate taxes, and other property operating expenses from 2000 are due principally to: (i) the addition of a full year s operating results in 2001 of properties acquired in 2000 compared to the partial year s operating results from the dates of their respective acquisitions in 2000, (ii) the addition of operating results of the property acquired in 2001 from the date of its acquisition, (iii) the effect of property dispositions in 2000 and (iv) changes in operations of properties during 2001 compared to 2000. Other property operating expenses include contract services, repairs, maintenance, utilities, personnel, insurance and other costs directly associated with the leasing, management and operation of the properties.

	Rental	Reimbursement	Real estate	Property

	income	income	taxes	operating expenses
Increase due to properties acquired in 2000	$ 619	$525	$226	$315
Increase due to property acquired in 2001	946	738	372	484
Effect of property dispositions in 2000	(1,251)	(665)	(242)	(370)
Increase (decrease) in 2001 as compared to 2000	1,361	(939)	377	(462)
Total	$1,675	($341)	$733	($33)

Telecommunications income increased by $43 during the six months ended June 30, 2001 as compared to 2000 due to agreements signed in 2000 having six months of revenue in 2001compared to a partial period in 2000.

Tenant service income increased to $188 in the six months ended June 30, 2001 as a result of the Company's initiative to increase this income, which commenced in mid-2000.

Interest income decreased by $51 during the six months ended June 30, 2001 as compared to 2000 as the Company had a higher average cash balance in 2000 as compared to 2001.

General and administrative expenses increased by $229 during the six months ended June 30, 2001 as compared to 2000 primarily due to increased state income taxes ($61), increased director insurance ($39), increased professional fees ($39), and increased marketing costs ($54).

Interest expense declined by $519 during the six months ended June 30, 2001 as compared to 2000 as the Company had lower average amounts outstanding under its unsecured credit facility as well as lower interest rates on its unsecured credit facility in 2001.

Depreciation and amortization expenses increased by $863 during the six months ended June 30, 2001 as compared to 2000 because the Company had a gross book value of depreciable assets of $430,179 at June 30, 2001 as compared to $407,214 at June 30, 2000.

Segment Operations

The Company has two reportable segments, distinguished by property type. The property types are office (89%) and office/service center (11%) (as measured by square feet) of the Company's overall portfolio, respectively. Office buildings are generally single-story or multi-story buildings used by tenants for office activities. The buildings generally have common area lobbies and other amenities including food service areas, atriums and limited underground parking facilities. Office/office service buildings are one-story buildings with no common areas. Tenant spaces generally have less than 100% office use with the non-office space used for showroom, technical or light storage purposes.

The net income for the office segment is as follows:

	Three months ended June 30		Six months ended June 30	
	2001	2000	2001	2000
Net operating income	$13,792	$13,042	$27,094	$26,215
Interest expense	(3,334)	(3,424)	(6,594)	(6,796)
Depreciation	(4,238)	(3,724)	(8,251)	(7,369)
Segment net income	$ 6,220	$ 5,894	$12,249	$12,050

The increase in net operating income for the three months and six months ended June 30, 2001 as compared to 2000 was due to the acquisition of additional office buildings in 2000 and 2001 which offset the sale of the Company s Woodcreek office property and the sale of 183 Inverness Drive in 2000.

The net income for the office/office service center segment is as follows:

	Three months ended June 30		Six months ended June 30	
	2001	2000	2001	2000

Net operating income	$ 723	$ 1,133	$1,702	$ 2,245
Interest expense	(197)	(385)	(443)	(760)
Depreciation	(315)	(312)	(628)	(619)
Segment net income	$ 211	$ 436	$ 631	$ 826

The decrease in net operating income for the three months and six months ended June 30, 2001 as compared to 2000 was due to the sale of the Company s Woodcreek office/service center property in 2000 as well as decreases caused by declining occupancies in this property segment.

Liquidity and Capital Resources

The Company expects to meet its short-term liquidity requirements principally through its working capital and net cash provided by operating activities. The Company considers its cash provided by operating activities to be adequate to meet operating requirements and to fund the payment of dividends in order to comply with certain federal income tax requirements applicable to real estate investment trusts (REITs).

On March 23, 2001, the Company entered into a credit agreement that provides for a new unsecured credit facility replacing the Company s $150,000 unsecured credit facility that was scheduled to mature in April 2001. The new unsecured credit facility matures on March 23, 2004 and also has a maximum amount available of $150,000. Borrowings under the new credit facility bear interest at LIBOR plus 1.0% to 1.2%, depending on overall Company leverage. The new credit facility contains financial covenants, including requirements for a minimum tangible net worth, maximum liabilities to asset values, debt service coverage and net property operating income. The new credit facility also contains restrictions on, among other things, indebtedness, investments, dividends, liens, mergers and development activities.

On June 1, 2001, the Company entered into a $33,046 loan agreement with an institutional lender. The loan is secured by a first mortgage lien on its Milwaukee Center property, located in Milwaukee, Wisconsin, and bears interest at a fixed annual interest rate of 7.435% with a ten-year term. The net proceeds from the loan (approximately $33 million) were used to repay a portion of the outstanding borrowings under the Company s new credit facility.

The Company expects to meet its liquidity requirements for property acquisitions and significant capital improvements through property dispositions and additional borrowings under its new unsecured credit facility. The Company had $67,000 available for future borrowings under this credit facility at June 30, 2001.

The Company expects to meet its long-term liquidity requirements (such as scheduled mortgage debt maturities, property acquisitions and significant capital improvements) through long-term collateralized and uncollateralized borrowings, the issuance of debt or equity securities and targeted property dispositions.

The Company entered into a contract in 2000 to acquire a 99,500 square foot office building currently under construction in suburban Milwaukee, Wisconsin, for a contract price of $8,500. The total investment in this property, including tenant improvements, is expected to be $11,700. The Company expects to acquire this property in early 2002. The Company has guaranteed a letter of credit in the amount of $2,000 to secure its obligations related to this property.

In January 2001, the Company entered into an option agreement under which the Company may elect to acquire approximately 23 acres of land in Englewood, Colorado for a purchase price of approximately $8,500. Under current zoning, the Company may construct up to 200,000 square feet of office space on this site. If notice is given to the seller of the property prior to October 31, 2001, the Company may terminate the contract and receive a full refund of its earnest money. If the Company is unable to secure an anchor tenant to pre-lease a substantial portion of the building, the Company will terminate the purchase contract prior to the end of October.

The Company has entered into a contract to acquire a 202,000 square foot three-story office building located in Bannockburn, Illinois for a contract price of $31,800. Funds for this purchase are expected to come from the Company s unsecured line of credit.

Forward-Looking Statements

Statements regarding the Company s liquidity requirements and certain other statements in this report are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words believe, expect, anticipate and similar expressions identify forward-looking statements. Although the Company believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there can be no assurance that such expectations will be met. Various factors could cause actual results to differ materially from the Company s expectations, including interest rates, unexpected delays in project lease-up, changes in the local or national economies, unanticipated vacancies in competitive properties, increased sub-lease availability which could negatively impact space absorption, and other risks inherent in the real estate business. Many of these factors are beyond the Company s ability to control or predict. Forward-looking statements are not guarantees of performance. For forward-looking statements made in this report, the Company claims the protection of the safe

harbor for forward-looking statements made in the Private Securities Litigation Reform Act of 1995. The Company assumes no obligation to update or supplement forward-looking statements.

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ITEM 3. MARKET RISK (Dollars in thousands)

The Company's interest income is sensitive to changes in the general levels of U.S. short-term interest rates.

The Company s interest expense is sensitive to changes in the general level of U.S. short-term and long-term interest rates as the Company has outstanding indebtedness at fixed and variable rates.

The Company s variable rate debt bears interest at LIBOR plus 1% to 1.2% per annum depending on overall Company leverage. Increases in LIBOR rates would increase the Company s interest expense and reduce its cash flow. Conversely, declines in LIBOR rates would decrease its interest expense and increase its cash flow.

At June 30, 2001, the Company had $129,352 of fixed rate debt outstanding at an average rate of 7.07%. If the general level of interest rates in the United States were to fall, the Company would not likely have the opportunity to refinance this fixed rate debt at lower interest rates due to prepayment restrictions and penalties on its fixed rate debt.

In general, the Company believes long-term fixed rate debt is preferable as a financing vehicle for its operations due to the long-term fixed contractual rental income the Company receives from its tenants. As a result, 59.8% of the Company s long-term debt outstanding at June 30, 2001 was at fixed rates. The Company may, as market conditions warrant, enter into additional fixed rate long-term debt instruments on either a secured or unsecured basis.

A tabular presentation of interest rate sensitivity is as follows:

	Interest Rate Sensitivity Principal Amount by Expected Maturity Average Interest Rate				
	2001(1)	2002	2003	2004	2005
Liabilities:					
Fixed Rate					
Mortgage loans payable	$1,511	$3,514	$14,853	$6,229	$3,910
Average interest rate	7.02%	7.02%	7.07%	7.83%	6.93%
Variable Rate					
Bank loan payable				$83,000	
Average interest rate (2)					
Bonds payable	-	$340	$375	$415	$460
Average interest rate	(3)	(3)	(3)	(3)	(3)

(1) For the period July 1, 2001 to December 31, 2001.

(2) As of June 30, 2001, the interest rate on this debt was LIBOR + 1.1%. The average interest rate for the six months ended June 30, 2001 was 6.53%.

(3) The interest rate on the bonds payable is reset weekly. After factoring in credit enhancement costs for the bonds, the average interest rate for the six months ended June 30, 2001 was 3.26%.

Part II Other Information

ITEM 4. Submission of Matters to a Vote of Security Holders

On May 31, 2001, the Company conducted its 2001 Annual Shareholders' Meeting in Oak Brook, Illinois, pursuant to a Notice of Meeting and Proxy Statement dated April 18, 2001.

Seven members of the Company's Board of Trustees were nominated and elected to serve a one-year term at such Annual Meeting. The following is a list of individuals who were nominated and elected to the Board of Trustees: James J. Brinkerhoff, Matthew S. Dominski, Patrick R. Hunt, Daniel E. Josephs, Daniel P. Kearney, Richard A. May, and Donald E. Phillips.

Issue: Election of Directors

Nominees:	Votes For	Votes Withheld	Total
James J. Brinkerhoff	12,410,573	178,250	12,588,823
Matthew S. Dominski	12,458,202	130,621	12,588,823
Patrick R. Hunt	12,479,182	109,641	12,588,823
Daniel E. Josephs	12,449,771	139,052	12,588,823
Daniel P. Kearney	12,475,070	113,753	12,588,823
Richard A. May	12,454,177	134,646	12,588,823
Donald E. Phillips	12,448,964	139,859	12,588,823

Three other matters were submitted to a vote at the Annual Meeting. The following is a brief description of the other matters voted upon at the Annual Meeting and of the voting on each matter.

1. Ratification of the appointment of Ernst & Young LLP as the independent auditors of the Company for the year ending December 31, 2001. The proposal was approved by the Company s shareholders with the following vote totals: 12,554,798 for, 10,021 against and 24,004 abstentions.

2. Approve the Amended and Restated Great Lakes REIT Equity and Performance Incentive Plan and an increase of 1,000,000 in the share reservation thereunder. The proposal was approved with the following vote totals: 8,565,969 for, 1,589,266 against and 40,701 abstentions.

3. Shareholder proposal on the independence of the Chairman of the Board of Trustees. The proposal was defeated with the following vote totals: 1,499,023 for, 8,561,244 against and 135,667 abstentions.

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ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following exhibits are attached hereto:

Exhibit Number	Description of Document

(b) Reports on Form 8-K dated June 20, 2001 reporting the following item:

Item 5. Other Events- Mortgage Loan secured by Milwaukee Center, Milwaukee, Wisconsin

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Great Lakes REIT.
(Registrant)

Date: August 9, 2001

/s/ James Hicks
Chief Financial Officer and Treasurer
(Principal Financial and
Accounting Officer)