

# GRUBB & ELLIS HEALTHCARE REIT, INC.

## FORM 8-K

(Current report filing)

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported):

November 14, 2008

**Grubb & Ellis Healthcare REIT, Inc.**

(Exact name of registrant as specified in its charter)

Maryland

000-53206

20-4738467

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

1551 N. Tustin Avenue, Suite 300, Santa Ana,  
California

92705

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

714-667-8252

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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### **Item 1.01 Entry into a Material Definitive Agreement.**

#### AMENDED ADVISORY AGREEMENT

On November 14, 2008, we entered into an amended and restated advisory agreement with Grubb & Ellis Healthcare REIT Holdings, L.P., or our operating partnership, Grubb & Ellis Healthcare REIT Advisor, LLC, or our advisor and Grubb & Ellis Realty Investors, LLC, or Grubb & Ellis Realty Investors, the managing member of our advisor, or the Amended Advisory Agreement. The Amended Advisory Agreement was effective as of October 24, 2008, the expiration date of our previous advisory agreement, and expires on September 20, 2009. The material terms of the Amended Advisory Agreement are summarized below.

#### I. Acquisition Fee

The Amended Advisory Agreement reduces the acquisition fee payable to our advisor or its affiliates for services rendered in connection with the investigation, selection and acquisition of our properties from up to 3.0% to an amount determined as follows:

- for the first \$375,000,000 in aggregate contract purchase price for properties acquired directly or indirectly by us after October 24, 2008, 2.5% of the contract purchase price of each such property;
- for the second \$375,000,000 in aggregate contract purchase price for properties acquired directly or indirectly by us after October 24, 2008, 2.0% of the contract purchase price of each such property, which amount is subject to downward adjustment, but not below 1.5%, based on reasonable projections regarding the anticipated amount of net proceeds to be received in our offering; and
- for above \$750,000,000 in aggregate contract purchase price for properties acquired directly or indirectly by us after October 24, 2008, 2.25% of the contract purchase price of each such property.

The Amended Advisory Agreement also provides that we will pay an acquisition fee in connection with the acquisition of real estate related securities in an amount equal to 1.5% of the amount funded to acquire or originate each such real estate related security.

Our advisor or its affiliates will be entitled to receive these acquisition fees for properties and real estate related securities acquired with funds raised in our offering, including acquisitions completed after the termination of the Amended Advisory Agreement, subject to certain conditions.

#### II. Asset Management Fee

The Amended Advisory Agreement reduces the monthly asset management fee we pay to our advisor in connection with the management of our assets from one-twelfth of 1.0% of our average invested assets to one-twelfth of 0.5% of our average invested assets.

#### III. Self-Management Plan

We currently intend to pursue a program of self-management pursuant to which we do not intend to internalize (acquire from) any functions of our advisor. We currently have a Chief Executive Officer, Scott D. Peters, with whom we have entered into an employment agreement, as described in Item 5.02 below. We also intend to engage one or more asset managers and potentially other employees. Our advisor has agreed to use reasonable efforts to cooperate with us in pursuing this strategy of self-management, including timely providing information to us, reviewing the processes and procedures currently in place for providing information to us for approval of material matters, and establishing a liaison program with us. As we pursue our self-management plan, the duties and responsibilities of our advisor may be adjusted. To the extent our board of directors determines that it is in the best interests of our stockholders, we may decide in the future to internalize certain functions of our advisor, subject to negotiation and approval by our independent directors and our advisor.

#### IV. Personnel

We agree in the Amended Advisory Agreement not to solicit any of the current and/or future employees of our advisor for two years following the termination of our initial public offering. In addition, our advisor has agreed to take reasonable steps to retain key employees designated by us so that they are available to provide ongoing, non-exclusive services for us consistent with the Amended Advisory Agreement.

#### V. Future Offerings

We do not currently intend to conduct a follow-on public offering after the expiration of our initial public offering on September 20, 2009, although nothing limits our rights to pursue such an offering in the future. If Grubb & Ellis Realty Investors or one of its affiliates determines to sponsor a new real estate investment trust, or REIT, focused on acquiring healthcare properties, Grubb & Ellis Realty Investors has agreed to coordinate the timing of any offering by such new healthcare REIT so as not to negatively impact our offering.

#### AMENDED PARTNERSHIP AGREEMENT

On November 14, 2008, we entered into an amendment to the partnership agreement for our operating partnership, or the Partnership Agreement Amendment. Pursuant to the terms of the Partnership Agreement Amendment, our advisor may elect to defer its right to receive a

subordinated distribution from our operating partnership after the termination of the Amended Advisory Agreement, subject to certain conditions.

The Partnership Agreement Amendment provides that after the termination of the Amended Advisory Agreement, if there is a listing of our shares on a national securities exchange or a merger with a company that has shares listed on a national securities exchange, our advisor will be entitled to receive a distribution from our operating partnership in an amount equal to 15.0% of the amount, if any, by which (1) the fair market value of the assets of our operating partnership (determined by appraisal as of the listing date or merger date, as applicable) owned as of the termination of the Amended Advisory Agreement, plus any assets acquired after such termination for which our advisor was entitled to receive an acquisition fee (as described above under Amended Advisory Agreement — Acquisition Fee), or the Included Assets, less any indebtedness secured by the Included Assets, plus the cumulative distributions made by our operating partnership to us and the limited partners who received partnership units in connection with the acquisition of the Included Assets, from our inception through the listing date or merger date, as applicable, exceeds (2) the sum of the total amount of capital raised from stockholders and the capital value of partnership units issued in connection with the acquisition of the Included Assets through the listing date or merger date, as applicable, (excluding any capital raised after the completion of our offering) (less amounts paid to redeem shares pursuant to our share repurchase plan) plus an annual 8.0% cumulative, non-compounded return on such invested capital and the capital value of such partnership units measured for the period from inception through the listing date or merger date, as applicable.

In addition, the Partnership Agreement Amendment provides that after the termination date in the event of a liquidation or sale of all or substantially all of the assets of the operating partnership, or an other liquidity event, then our advisor will be entitled to receive a distribution from our operating partnership in an amount equal to 15.0% of the net proceeds from the sale of the Included Assets, after subtracting distributions to our stockholders and the limited partners who received partnership units in connection with the acquisition of the Included Assets of (1) their initial invested capital and the capital value of such partnership units (less amounts paid to repurchase shares pursuant to our share repurchase program) through the date of the other liquidity event plus (2) an annual 8.0% cumulative, non-compounded return on such invested capital and the capital value of such partnership units measured for the period from inception through the other liquidity event date.

The foregoing summaries of the material terms of the Amended Advisory Agreement and the Partnership Agreement Amendment are qualified in their entirety by the terms of the Amended Advisory Agreement and the Partnership Agreement Amendment attached as Exhibits 10.1 and 10.2 to this Current Report on Form 8-K and incorporated herein by reference.

#### **Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

(c) On November 14, 2008, we entered into an employment agreement for a term beginning November 1, 2008 to November 1, 2010, or the Employment Agreement, with Scott D. Peters, our Chief Executive Officer, President and Chairman of the Board of Directors. The Employment Agreement provides for an initial annual base salary of \$350,000. Mr. Peters is eligible to receive an annual bonus, based upon performance goals to be established by the compensation committee of our board of directors, after discussion of such goals with Mr. Peters. The maximum annual bonus payable to Mr. Peters upon the achievement of the applicable performance goals initially has been set at 100% of his base salary. The terms of his compensation will be reviewed in six months by the compensation committee and may be increased or decreased at such time; provided, however, that the compensation committee will not decrease his annual base salary by more than twenty percent from his initial base salary. The Employment Agreement also provides that Mr. Peters is entitled to four weeks of paid vacation time per calendar year and that we will pay Mr. Peters' monthly premium for medical, dental, vision and/or prescription drug plans for a six month period beginning on November 1, 2008, and ending on April 30, 2009, and at the conclusion of such six-month period, the compensation committee will evaluate alternatives for health coverage for Mr. Peters.

In the event that, during the two-year employment period, we terminate Mr. Peters' employment without cause (as defined in the Employment Agreement), Mr. Peters will be entitled to receive a lump sum severance payment equal to 0.5 times his annual base salary and a payment equal to a pro-rata portion of his annual bonus for the year in which his date of termination occurs.

In addition, on November 14, 2008, we granted Mr. Peters 40,000 shares of restricted common stock under, and pursuant to the terms and conditions of, our 2006 Incentive Plan, as amended. The shares of restricted common stock will vest and become non-forfeitable in equal annual installments of 33.3% each, on the first, second and third anniversaries of the grant date.

The foregoing summary of the material terms of the Employment Agreement is qualified in its entirety by the Employment Agreement attached as Exhibit 10.3 to this Current Report on Form 8-K and incorporated herein by reference.

#### **Item 9.01 Financial Statements and Exhibits.**

10.1 Amended and Restated Advisory Agreement by and among Grubb & Ellis Healthcare REIT, Inc., Grubb & Ellis Healthcare REIT

Holdings, LP, Grubb & Ellis Healthcare REIT Advisor, LLC and Grubb & Ellis Realty Investors, LLC, dated as of November 14, 2008

10.2 Amendment No. 1 to Agreement of Limited Partnership of Grubb & Ellis Healthcare REIT Holdings, LP by and between Grubb & Ellis Healthcare REIT, Inc. and Grubb & Ellis Healthcare REIT Advisor, LLC, dated as of November 14, 2008

10.3 Employment Agreement by and between Grubb & Ellis Healthcare REIT, Inc. and Scott D. Peters, dated November 14, 2008

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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 hereunto duly authorized.

*November 19, 2008*

Grubb & Ellis Healthcare REIT, Inc.

By: */s/ Scott D. Peters*

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*Name: Scott D. Peters*

*Title: Chief Executive Officer and President*

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Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.1	Amended and Restated Advisory Agreement by and among Grubb & Ellis Healthcare REIT, Inc., Grubb & Ellis Healthcare REIT Holdings, LP, Grubb & Ellis Healthcare REIT Advisor, LLC and Grubb & Ellis Realty Investors, LLC, dated as of November 14, 2008
10.2	Amendment No. 1 to Agreement of Limited Partnership of Grubb & Ellis Healthcare REIT Holdings, LP by and between Grubb & Ellis Healthcare REIT, Inc. and Grubb & Ellis Healthcare REIT Advisor, LLC, dated as of November 14, 2008
10.3	Employment Agreement by and between Grubb & Ellis Healthcare REIT, Inc. and Scott D. Peters, dated November 14, 2008

## AMENDED AND RESTATED ADVISORY AGREEMENT

THIS AMENDED AND RESTATED ADVISORY AGREEMENT (this “**Agreement**”), dated as of November 14, 2008 and effective as of October 24, 2008 (the “**Effective Date**”), is by and among **GRUBB & ELLIS HEALTHCARE REIT, INC.**, a Maryland corporation (the “**Company**”), **GRUBB & ELLIS HEALTHCARE REIT HOLDINGS, LP**, a Delaware limited partnership (the “**Partnership**”), **GRUBB & ELLIS HEALTHCARE REIT ADVISOR, LLC**, a Delaware limited liability company (the “**Advisor**”) and, solely for purposes of Sections 17 and 37 of this Agreement, **GRUBB & ELLIS REALTY INVESTORS, LLC**, a Virginia limited liability company (“**GERI**”) and amends, restates, and supersedes in its entirety that certain Advisory Agreement dated September 20, 2006, as amended by a First Amendment to Advisory Agreement dated November 16, 2006 (collectively, the “**Original Advisory Agreement**”) executed by the Company, Partnership, Advisor and GERI. From and after the execution and delivery of this Agreement, the Original Advisory Agreement shall be of no further force and effect.

### WITNESSETH

WHEREAS, the Company has filed with the Securities and Exchange Commission a Registration Statement on Form S-11 (File No. 333-133652) (the “**Registration Statement**”) covering the initial public offering of its common stock, par value \$0.01 per share (the “**Shares**”);

WHEREAS, the Company has qualified as a REIT (as defined below), and intends to continue to invest its funds in investments permitted by the terms of the Company’s Articles of Incorporation and Sections 856 through 860 of the Code (as defined below);

WHEREAS, the Company is the general partner of the Partnership and intends to continue to conduct all of its business and make all of its investments in Properties and Real Estate Related Securities through the Partnership;

WHEREAS, the Company and the Partnership desire to avail themselves of the experience, sources of information, advice, assistance and certain facilities available to the Advisor (as defined below) and to have the Advisor undertake the duties and responsibilities hereinafter set forth, on behalf of, and subject to the supervision of, the Board of Directors of the Company all as provided herein; and

WHEREAS, the Advisor is willing to undertake to render such services, subject to the supervision of the Board of Directors, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

**1. Definitions** . As used in this Agreement, the following terms have the definitions hereinafter indicated:

**Acquisition Expenses** . Any and all expenses incurred by the Company, the Partnership, the Advisor, or any Affiliate of either in connection with the selection, evaluation, acquisition and development of, and investment in Properties, whether or not acquired or made so long as the Board of the Company approved the acquisition of the Properties, including, but not limited to, legal fees and expenses, travel and communications expenses, cost of appraisals and surveys, nonrefundable option payments on property not acquired, accounting fees and expenses, computer use related expenses, architectural, engineering and other property reports, environmental and asbestos audits, title insurance and escrow fees, loan fees or points or any fee of a similar nature paid to a third party, however designated, transfer taxes, and personnel and miscellaneous expenses related to the selection, evaluation and acquisition of properties.

**Acquisition Fee** . The Acquisition Fee payable to the Advisor as defined in Section 8(a) .

**Advisor** . Grubb & Ellis Healthcare REIT Advisor, LLC, a Delaware limited liability company, any successor advisor to the Company and the Partnership to which Grubb & Ellis Healthcare REIT Advisor, LLC or any successor advisor subcontracts substantially all of its functions.

**Affiliate or Affiliated** . An Affiliate of another Person includes only the following: (i) any Person directly or indirectly owning, controlling, or holding with the power to vote ten percent (10%) or more of the outstanding voting securities of such other Person; (ii) any Person ten percent (10%) or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held, with power to vote, by such other Person; (iii) any Person directly or indirectly controlling, controlled by, or under common control with such other Person; (iv) any executive officer, director, trustee, or general partner of such other Person;

and (v) any legal entity for which such Person acts as an executive officer, director, trustee, or general partner. An entity shall not be deemed to control or be under common control with an Advisor-sponsored program unless (i) the entity owns ten percent (10%) or more of the voting equity interests of such program or (ii) a majority of the board of directors (or equivalent governing body) of such program is comprised of Affiliates of the entity.

**Appraised Value** . Value according to an appraisal made by an Independent Appraiser.

**Articles of Incorporation** . The Articles of Incorporation of the Company under Title 2 of the Corporations and Associations Article of the Annotated Code of Maryland dated as of April 20, 2006, as amended from time to time.

**Asset Management Fee** . The Asset Management Fee payable to the Advisor as defined in Section 8(b) .

**Average Invested Assets** . For a specified period, the average of the aggregate Book Value of the assets of the Company invested, directly or indirectly, in Real Estate Related Securities or Properties, before reserves for depreciation, bad debts or other similar non-cash reserves, computed by taking the average of such values at the end of each month during such period.

**Board of Directors or Board** . The persons holding such office, as of any particular time, under the Articles of Incorporation of the Company, whether they be the Directors named therein or additional or successor Directors.

**Book Value** . The value of an asset on the books of the Company, before allowance for depreciation or amortization.

**Bylaws** . The bylaws of the Company, as the same are in effect from time to time.

**Capped O&O Expenses** . All Organizational and Offering Expenses other than selling commissions, the marketing support fee and the due diligence reimbursement as described under “Plan of Distribution” to the Registration Statement.

**Cause** . With respect to the termination of this Agreement, fraud, criminal conduct, willful misconduct or willful or grossly negligent breach of fiduciary duty by the Advisor, or a material breach of this Agreement by the Advisor, provided that (i) the Advisor does not cure any such material breach within thirty (30) days of receiving notice of such material breach from the Company or the Partnership, or (ii) such material breach is not of a nature that can be remedied within such period.

**Code** . Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor provision thereto, as interpreted by any applicable regulations as in effect from time to time.

**Company** . Grubb & Ellis Healthcare REIT, Inc., a corporation organized under the laws of the State of Maryland.

**Competitive Real Estate Commission** . A real estate or brokerage commission for the purchase or sale of a property which is reasonable, customary, and competitive in light of the size, type, and location of the property.

**Contract Purchase Price** . The amount actually paid or allocated by the Company in respect of the purchase, development, construction or improvement of a Property, or the amount funded to acquire or originate a Real Estate Related Security, in each case exclusive of Acquisition Fees and Acquisition Expenses.

**Contract Sales Price** . The total consideration received by the Company for the sale of a Property exclusive of the applicable Disposition Fee.

**Director** . A member of the Board of Directors of the Company.

**Disposition Fee** . The fee payable to the Advisor under certain circumstances in connection with the Sale of one or more Properties pursuant to Section 8(c) .

**Distributions** . Any distributions of money or other property by the Company to owners of Shares, including distributions that may constitute a return of capital for federal income tax purposes.

**Fiscal Year** . Any period for which any income tax return is submitted by the Company to the Internal Revenue Service and which is treated by the Internal Revenue Service as a reporting period.

**Good Reason** . With respect to the termination of this Agreement, (i) any failure to obtain a satisfactory agreement from any successor to the Company and the Partnership to assume and agree to perform the Company's and the Partnership's obligations under this Agreement; or (ii) any material breach of this Agreement by the Company, provided that (x) the Company does not cure such material breach within thirty (30) days of receiving notice of such material breach from the Advisor, or (y) such material breach is not of a nature that can be remedied within such period.

**Gross Income** . All cash receipts derived from the operation of any Property, excluding (i) tenant security deposits unless and until such deposits are forfeited upon a tenant default and (ii) proceeds from insurance claims, condemnation proceedings, sales or refinancings.

**Gross Offering Proceeds** . The aggregate purchase price of all Shares sold for the account of the Company through an Offering, without deduction for volume discounts or Organizational and Offering Expenses. For the purpose of computing Gross Offering Proceeds, the purchase price of any Share for which reduced selling commissions are paid to the dealer manager or a soliciting dealer (where net proceeds to the Company are not reduced) shall be deemed to be the full amount of the offering price per Share pursuant to the prospectus for such Offering without reduction.

**Grubb & Ellis Realty Investors, LLC** . Grubb & Ellis Realty Investors, LLC, a Virginia limited liability company.

**Independent Appraiser** . A person or entity with no material current or prior business or personal relationship with the Advisor or the Directors, who is engaged to a substantial extent in the business of rendering opinions regarding the value of assets of the type held by the Company, and who is a qualified appraiser of real estate as determined by the Board. Membership in a nationally recognized appraisal society such as the American Institute of Real Estate Appraisers or the Society of Real Estate Appraisers shall be conclusive evidence of such qualification.

**Independent Director** . A Director who is not and within the last two years has not been directly or indirectly associated with the Advisor by virtue of (i) ownership of an interest in the Advisor or its Affiliates, (ii) employment by the Advisor or its Affiliates, (iii) service as an officer or director of the Advisor or its Affiliates, (iv) performance of services, other than as a Director, for the Company, (v) service as a director or trustee of more than three REITs advised by the Advisor, or (vi) maintenance of a material business or professional relationship with the Advisor or any of its Affiliates. A business or professional relationship is considered material if the gross income derived by the Director from the Advisor and Affiliates (excluding fees for serving as a director of the Company or other REIT or real estate programs organized or advised by the Advisor or its Affiliates) exceeds five percent (5%) of either the Director's annual gross income during either of the last two years or the Director's net worth on a fair market value basis. An indirect relationship shall include circumstances in which a Director's spouse, parents, children, siblings, mothers or fathers-in-law, sons or daughters-in-law, or brothers or sisters-in-law is or has been associated with the Advisor, any of its Affiliates, or the Company.

**Joint Venture** . Any joint venture, partnership, limited liability company or other Affiliate of the Company (other than the Partnership) that owns, in whole or in part on behalf of the Company, any Properties.

**Lease Fee** . The Lease Fee payable to the Advisor, an Affiliate of the Advisor or a non-Affiliated third party as the Property Manager as defined in Section 8(d).

**Listing** . The term "**Listing**" shall mean that the Shares have been approved for trading on (i) the New York Stock Exchange, the American Stock Exchange, or the Global Market or the Global Select Market of the Nasdaq Stock Market (or any successor to such entities) or (ii) a national securities exchange (or tier or segment thereof) that has listing standards that the Securities and Exchange Commission has determined by rule are substantially similar to the listing standards applicable to securities described in Section 18(b)(1)(A) of the Securities Act of 1933, as amended. Upon such Listing, the Shares shall be deemed Listed.

**NASAA Guidelines** . The NASAA Statement of Policy Regarding Real Estate Investment Trusts as in effect on the date hereof.

**Net Income** . For any period, the total revenues applicable to such period, less the total expenses applicable to such period excluding additions to reserves for depreciation, bad debts or other similar non-cash reserves; provided, however, Net Income for purposes of calculating total allowable Operating Expenses (as defined herein) shall exclude the gain from the sale of the Company's assets.

**Offering** . Any offering of Shares that is registered with the SEC, excluding Shares offered under any employee benefit plan.

**Offering Stage** . The period from the commencement of the Company's initial public equity offering through the termination

of the Company's last public equity offering prior to Listing, but in no event later than September 20, 2009. For purposes of this definition, "public equity offering" does not include offerings on behalf of selling stockholders or offerings related to a distribution reinvestment plan, employee benefit plan or the redemption of interests in the Partnership.

**Operating Expenses** . All costs and expenses incurred by the Company, as determined under generally accepted accounting principles, which in any way are related to the operation of the Company or to Company business, including fees paid to the Advisor, but excluding (i) the expenses of raising capital such as Organizational and Offering Expenses, legal, audit, accounting, underwriting, brokerage, listing, registration, and other fees, printing and other such expenses and tax incurred in connection with the issuance, distribution, transfer, registration and Listing of the Shares, (ii) interest payments, (iii) taxes, (iv) non-cash expenditures such as depreciation, amortization and bad loan reserves, (v) incentive fees paid in compliance with Section IV.F of the NASAA Guidelines and (vi) Acquisition Fees and Acquisition Expenses, real estate commissions on resale of property, and other expenses connected with the acquisition, disposition, and ownership of real estate interests, mortgage loans or other property (such as the costs of foreclosure, insurance premiums, legal services, maintenance, repair and improvement of property).

**Organizational and Offering Expenses** . Any and all costs and expenses, including selling commissions, the marketing support fee and the due diligence expense reimbursement, incurred by the Advisor or any Affiliate in connection with the formation, qualification and registration of the Company and the marketing and distribution of the Shares, including, without limitation, the following: total underwriting and brokerage discounts and commissions (including fees of the underwriter's attorneys); printing, engraving, mailing and distributing costs; salaries of employees while engaged in sales activity; telephone and other telecommunications costs; all advertising and marketing expenses (including the costs related to investor and broker-dealer sales meetings); charges of transfer agents, registrars, trustees, escrow holders, depositories and experts; and fees, expenses and taxes related to the filing, registration and qualification of the sale of the Shares under federal and state laws, including accountants' and attorneys' fees.

**Partnership** . Grubb & Ellis Healthcare REIT Holdings, LP, a Delaware limited partnership formed to own and operate properties on behalf of the Company.

**Partnership Agreement** . The Agreement of Limited Partnership of the Partnership, as amended from time to time, between the Company, as General Partner and the Advisor, as the initial Limited Partner.

**Person** . An individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, or any government or any agency or political subdivision thereof, and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

**Property or Properties** . Any land, rights in land (including leasehold interests), and any buildings, structures, improvements, furnishings, fixtures and equipment located on or used in connection with land and rights or interests in land, or any portion thereof, transferred or conveyed to the Company or the Partnership, either directly or indirectly, or such investments the Board of Directors and the Advisor mutually designate as Properties to the extent such investments could be classified as either Properties or Real Estate Related Securities.

**Property Management Fee** . The Property Management Fee payable to the Advisor, an Affiliate of the Advisor or a non-Affiliated third party as the Property Manager as defined in Section 8(d).

**Property Manager** . Any entity that has been retained to perform and carry out property rental, leasing, operation and management services at one or more of the Properties, excluding persons, entities or independent contractors retained or hired to perform facility management or other services or tasks at a particular Property.

**REIT** . A real estate investment trust under Sections 856 through 860 of the Code.

**Real Estate Related Securities** . Any real estate related securities investments transferred or conveyed to the Company or the Partnership, either directly or indirectly, or such investments the Board of Directors and the Advisor mutually designate as Real Estate Related Securities to the extent such investments could be classified as either Real Estate Related Securities or Properties.

**Sale or Sales** . (i) Any transaction or series of transactions whereby: (A) the Company or the Partnership (except as described in other subsections of this definition) sells, grants, transfers, conveys, or relinquishes its ownership of any Property or portion thereof, including the lease of any Property consisting of the building only, and including any event with respect to any Property which gives rise to a significant amount of insurance proceeds or condemnation awards; (B) the Company or the Partnership (except as described in other subsections of this definition) sells, puts, transfers, conveys, or relinquishes its ownership

of all or substantially all of the interest of the Company or the Partnership in any joint venture in which it is a co-venturer or partner; (C) any joint venture (except as described in other subsections of this definition) in which the Company or the Partnership as a co-venturer or partner sells, grants, transfers, conveys, or relinquishes its ownership of any Property or portion thereof, including any event with respect to any Property which gives rise to insurance claims or condemnation awards; (D) the Company or the Partnership directly or indirectly (except as described in other subsections of this definition) sells, grants, conveys or relinquishes its interest in any loan or mortgage or any portion thereof (including with respect to any mortgage or loan, all payments thereunder or in satisfaction thereof other than regularly scheduled interest payments) of amounts owed pursuant to such loan or mortgage and any event which gives rise to the payment of a significant amount of insurance proceeds or condemnation or similar award; or (E) the Company or the Partnership directly or indirectly (except as described in other subsections of this definition) sells, grants, transfers, conveys or relinquishes its ownership of any other Property not previously described in this definition or any portion thereof, but (ii) not including any transaction or series of transactions specified in clause (i)(A), (i)(B), (i)(C), (i)(D) or (i)(E) above in which the proceeds of such transaction or series of transactions are reinvested in one or more Properties within one hundred eighty (180) days thereafter.

**Stockholders** . The registered holders of the Shares.

**Total Development Cost** . With regard to any Property acquired by the Company prior to or during the development or acquisition stages, all costs and expenses paid or incurred by the Company that are in any way related to the development of such Property, including, but not limited to, land and construction costs.

**2%/25% Guidelines** . The requirement pursuant to the NASAA Guidelines that, in any twelve (12)-month period, total Operating Expenses not exceed the greater of two percent (2%) of the Company's Average Invested Assets during such twelve (12)-month period or twenty-five percent (25%) of the Company's Net Income over the same twelve (12)-month period.

**2. Appointment** . The Company and the Partnership appoints the Advisor to serve as its advisor and asset manager as of the Effective Date, on the terms and conditions set forth in this Agreement, and the Advisor accepts such appointment as of the Effective Date.

**3. Duties and Authority of the Advisor** . The Advisor undertakes to use its reasonable efforts (1) to present to the Company and the Partnership potential investment opportunities in order to provide a continuing and suitable investment program consistent with the investment objectives and policies of the Company as determined and adopted from time to time by the Board and (2) to manage, administer, promote, maintain, and improve the Properties on an overall portfolio basis in a diligent manner. The services of the Advisor are to be of scope and quality not less than those generally performed by professional asset managers of other similar property portfolios. The Advisor shall make available the full benefit of the judgment, experience and advice of the members of the Advisor's organization and staff with respect to the duties it will perform under this Agreement. The Advisor may also engage a Property Manager, which may include Affiliates of the Advisor, to manage, promote, and lease the Properties. To facilitate the Advisor's performance of these undertakings, but subject to the restrictions included in Sections 4 and 7 and the provisions of Section 11 and to the continuing and exclusive authority of the Board and the general partner of the Partnership, the Company and the Partnership hereby delegate to the Advisor the authority to, and the Advisor hereby agrees to, either directly or by engaging an Affiliate:

(a) serve as the Company's and the Partnership's investment and financial advisor and, as requested by the Board, provide research and economic and statistical data in connection with the Company's assets and investment policies;

(b) provide the daily management of the Company and the Partnership and perform and supervise the various administrative functions reasonably necessary for the management of the Company and the Partnership;

(c) maintain and preserve the books and records of the Company, including (i) a stock ledger reflecting a record of the Stockholders and their ownership of the Company's Shares, (ii) acting as transfer agent for the Company's Shares or selecting, engaging and overseeing the performance by a third party transfer agent, and (iii) maintaining the accounting and other record-keeping functions at the Property and Company levels;

(d) investigate, select, and, on behalf of the Company and the Partnership, engage and conduct business with such Persons as the Advisor deems necessary to the proper performance of its obligations hereunder, including but not limited to consultants, accountants, correspondents, lenders, technical advisors, attorneys, brokers, underwriters, corporate fiduciaries, escrow agents, depositaries, custodians, agents for collection, insurers, insurance agents, banks, builders, developers, property owners, real estate management companies, real estate operating companies, securities investment advisors, mortgagors, and any and all agents for any of the foregoing, including Affiliates of the Advisor, and Persons acting in any other capacity deemed by the Advisor necessary or desirable for the performance of any of the foregoing services, including but not limited to entering into contracts in the name of the Company and the Partnership with any of the foregoing;

**(e)** make investments in and dispositions of Real Estate Related Securities within the discretionary limits and authority as granted by the Board and in accordance with the Articles of Incorporation;

**(f)** consult with the officers of the Company and the Board and assist the Board in the formulation and implementation of the Company's financial policies, and, as necessary, furnish the Board with advice and recommendations with respect to the making of investments consistent with the investment objectives and policies of the Company and in connection with any borrowings proposed to be undertaken by the Company and the Partnership;

**(g)** select joint venture partners, structure corresponding agreements and oversee and monitor these relationships;

**(h)** recommend to the Board of Directors appropriate transactions which would provide liquidity to the Stockholders;

**(i)** oversee the performance by a third party or Affiliated Property Manager of its duties, including collection of payments due from third parties under contracts related to use of any Property and other assets of the Company and payment of Property expenses and maintenance;

**(j)** conduct periodic on-site visits to some or all (as the Advisor deems reasonably necessary) of the Properties to inspect the physical condition of the Properties and to evaluate the performance of a third party or Affiliated Property Manager of its duties;

**(k)** review, analyze and comment upon the operating budgets, capital budgets and leasing plans prepared and submitted by a third party or Affiliated Property Manager and aggregate these property budgets into the Company's overall budget;

**(l)** review and analyze on-going financial information pertaining to each Property, each Real Estate Related Security and the overall portfolio of Properties and Real Estate Related Securities;

**(m)** if a transaction requires approval by the Board of Directors, deliver to the Board of Directors all documents requested by them in their evaluation of the proposed investment in the Property or the Real Estate Related Security;

**(n)** formulate and oversee the implementation of strategies for the administration, promotion, management, operation, maintenance, improvement, financing and refinancing, marketing, leasing, and disposition of Properties on an overall portfolio basis;

**(o)** subject to the provisions of Sections 3(m) and 4 hereof, (i) locate, analyze and select potential investments in Properties, (ii) structure and negotiate the terms and conditions of transactions pursuant to which investment in Properties will be made; (iii) make investments in Properties on behalf of the Company or the Partnership in compliance with the investment objectives and policies of the Company; (iv) arrange for financing and refinancing and make other changes in the asset or capital structure of, and dispose of, reinvest the proceeds from the sale of, or otherwise deal with the investments in, Property; (v) enter into leases, supply agreements and other income-producing contracts relating to third party use of any Property and other assets of the Company; (vi) enter into service contracts for any Property, including oversight of Affiliated companies that perform property management services for the Company and the Partnership; (vii) if applicable, oversee a non-Affiliated Property Manager and any other non-Affiliated Persons who perform services for the Company; and (viii) to the extent necessary, perform all other operational functions for the maintenance and administration of such Property;

**(p)** obtain the prior approval of the Board, any particular Directors specified by the Board or any committee of the Board, as the case may be, for any and all investments in Properties;

**(q)** negotiate on behalf of the Company and the Partnership with banks or lenders for loans to be made to the Company, and negotiate on behalf of the Company and the Partnership with investment banking firms and broker-dealers or negotiate private sales of Shares and other securities or obtain loans for the Company and the Partnership, but in no event in such a way so that the Advisor shall be acting as broker-dealer or underwriter; provided, further, that any fees and costs payable to third parties incurred by the Advisor in connection with the foregoing shall be the responsibility of the Company or the Partnership;

**(r)** on behalf of the Company and the Partnership, maintain, with respect to any Property and to the extent available, title insurance or other assurance of title and customary fire, casualty and public liability insurance;

**(s)** obtain reports (which may be prepared by the Advisor or its Affiliates), where appropriate, concerning the value of investments or contemplated investments of the Company and the Partnership in Properties or Real Estate Related Securities;

(t) from time to time, or at any time reasonably requested by the Board, provide information or make reports to the Board related to its performance of services to the Company and the Partnership under this Agreement;

(u) from time to time, or at any time reasonably requested by the Board, make reports to the Board of the investment opportunities it has presented to other Advisor-sponsored programs or that it has pursued directly or through an Affiliate;

(v) provide the Company and the Partnership with all necessary cash management services;

(w) deliver to or maintain on behalf of the Company copies of all appraisals obtained in connection with the investments in Properties and all valuations of Real Estate Related Securities as may be required to be obtained by the Board;

(x) notify the Board of all proposed material transactions before they are completed;

(y) at the direction of Company management, prepare the Company's periodic reports and other filings made under the Securities Exchange Act of 1934, as amended, and the Company's Post-Effective Amendments to the Registration Statement as well as all related prospectuses, prospectus supplements and supplemental sales literature and assist in connection with the filing of such documents with the appropriate regulatory authorities;

(z) supervise the preparation and filing and distribution of returns and reports to governmental agencies and to investors and act on behalf of the Company in connection with investor relations;

(aa) effect any private placements of Shares or other interests in Properties as may be approved by the Board;

(bb) establish and maintain bank accounts on behalf of the Company and the Partnership pursuant to Section 5 of this Agreement;

(cc) provide office space, equipment and personnel as required for the performance of the foregoing services as the Advisor;

(dd) use reasonable efforts to cooperate with the Company, consistent with the Company's current strategic plan (which may change from time to time) to self-manage operations and to achieve substantial self-management by the end of the Offering Stage pursuant to Section 11 below;

(ee) continue to timely provide key asset information to the Company and proactively manage, with Company approval, the Properties and Real Estate Related Securities on a coordinated basis. The Advisor will work directly with and will timely provide information to and incorporate the approval of designated Company representatives (including the Company's Chief Executive Officer, any asset manager or managers engaged by the Company and the Company's executive management team), both at the asset management and property management levels. The parties will review existing processes and procedures (including property specific budgeting, leasing and releasing, capital improvements, *etc.* ), and provide for Company approval of all material matters, consistent with the Company's transition to self-management; and

(ff) do all things it reasonably deems necessary to assure its ability to render the services described in this Agreement.

**4. Modification or Revocation of Authority of Advisor** . The Board may, at any time upon the giving of notice to the Advisor, modify or revoke the authority or approvals set forth in Section 3 ; *provided, however* , that such modification or revocation shall be effective upon receipt by the Advisor and shall not be applicable to investment transactions to which the Advisor has committed the Company and the Partnership prior to the date of receipt by the Advisor of such notification.

**5. Bank Accounts** . At the direction of the Board of Directors, the Advisor may establish and maintain one or more bank accounts in its own name for the account of the Company and the Partnership or in the name of the Company and the Partnership and may collect and deposit into any such account or accounts, and disburse from any such account or accounts, any money on behalf of the Company and the Partnership, under such terms and conditions as the Board may approve, provided that no funds shall be commingled with the funds of the Advisor; and the Advisor shall from time to time render appropriate accountings of such collections and payments to the Board and to the auditors of the Company.

**6. Records; Access** . The Advisor shall maintain appropriate records of all its activities hereunder and make such records available for inspection by the Board and by counsel, auditors and authorized agents of the Company, at any time or from time to time during normal business hours. The Advisor shall at all reasonable times have access to the books and records of the Company and the Partnership.

**7. Limitations on Activities** . Anything else in this Agreement to the contrary notwithstanding, the Advisor shall refrain from taking any action which, in its sole judgment made in good faith, would (a) adversely affect the status of the Company as a REIT, (b) subject the Company to regulation under the Investment Company Act of 1940, as amended, or (c) violate any law, rule, regulation or statement of policy of any governmental body or agency having jurisdiction over the Company or the Partnership, its Shares or its other securities, or otherwise not be permitted by the Articles of Incorporation or Bylaws of the Company, except if such action shall be ordered by the Board, in which case the Advisor shall notify promptly the Board of the Advisor's judgment of the potential impact of such action and shall refrain from taking such action until it receives further clarification or instructions from the Board. In such event the Advisor shall have no liability for acting in accordance with the specific instructions of the Board so given. Notwithstanding the foregoing, the Advisor, its directors, officers, employees and stockholders, and stockholders, directors and officers of the Advisor's Affiliates shall not be liable to the Company, the Partnership, the Board or to the Stockholders for any act or omission by the Advisor, its directors, officers, employees or stockholders, or stockholders, directors or officers of the Advisor's Affiliates taken or omitted to be taken in the performance of their duties under this Agreement except as provided in Sections 23 and 24 of this Agreement.

## **8. Fees** .

### **(a) Acquisition Fee** .

**(i)** The Advisor or its Affiliates shall receive as compensation for services rendered in connection with the investigation, selection and acquisition of Properties or Real Estate Related Securities (by purchase, investment or exchange) funded by equity raised during the Offering Stage by the Advisor or its Affiliates, including any acquisitions completed after the end of the Offering Stage and/or the termination of this Agreement an acquisition fee payable by the Company (the "**Acquisition Fee**"). The Acquisition Fees shall be calculated as provided below.

**(ii)** The total Acquisition Fee paid to the Advisor or its Affiliates for services provided by the Advisor, its Affiliates or sub-contractors thereof, but excluding real estate commissions paid to real estate broker Affiliates of the Advisor, shall be (x) with respect to Real Estate Related Securities, one and one-half percent (1.5%) of the Contract Purchase Price of each such Real Estate Related Security and (y) with respect to Properties, determined as follows:

- (A)** for the first Three Hundred Seventy-Five Million Dollars (\$375,000,000) in aggregate Contract Purchase Price for Properties acquired directly or indirectly by the Company after the Effective Date, two and one-half percent (2.5%) of the Contract Purchase Price of each such Property;
- (B)** for the second Three Hundred Seventy-Five Million Dollars (\$375,000,000) in aggregate Contract Purchase Price for Properties acquired directly or indirectly by the Company after the Effective Date, two percent (2.0%) of the Contract Purchase Price of each such Property; provided that if based on reasonable projections regarding the net proceeds to be obtained from the Company's initial public offering (assuming the use of leverage equal to 50% of the Contract Purchase Price for the Company's Properties and taking into account actual or anticipated purchases of Real Estate Related Securities) the Company does not believe that the Company will have adequate net proceeds to be able to acquire the full Three Hundred Seventy-Five Million Dollars (\$375,000,000) in aggregate Contract Purchase Price for Properties contemplated by this clause (B), then the Acquisition Fee for the remaining Properties to be acquired shall be adjusted downward, but not below one and one-half percent (1.5%); and
- (C)** for above Seven Hundred Fifty Million Dollars (\$750,000,000) in aggregate Contract Purchase Price for Properties acquired directly or indirectly by the Company after the Effective Date, two and one-quarter percent (2.25%) of the Contract Purchase Price of each such Property.

**(iii)** In the event that (x) the Advisor terminates this Agreement other than pursuant to Section 20(c) and (y) the average Acquisition Fee for acquisitions taking place after the Effective Date for which the Advisor is entitled to a fee exceeds an average of two and one-quarter percent (2.25%) for Properties (for whatever reason), the Company shall be entitled to repayment in the amount equal to the aggregate amount of such Acquisition Fees over such average. If the Company is entitled to repayment of any Acquisitions Fees pursuant to this Section 8(a)(iii), then the Advisor shall repay such amounts within five (5) business days of the date of termination.

**(iv)** At the Advisor's discretion, a portion of the Acquisition Fee may be paid to third-party developers for services rendered. Acquisition Fees shall be payable on the acquisition of a specific Property, on the acquisition of a portfolio of Properties through a purchase of assets, controlling securities or by joint venture, by a merger or similar business combination or other comparable transaction, or on the completion of development of a Property or Properties for the Company, including the acquisition of any Properties funded by equity raised during the Offering Stage by the Advisor or its Affiliates which are

completed after the end of the Offering Stage and/or the termination of this Agreement. However, the total of all Acquisition Fees and Acquisition Expenses payable with respect to any Property or Real Estate Related Security that is acquired shall not exceed six percent (6%) of the Contract Purchase Price or the Total Development Cost (as applicable) of such Property or Real Estate Related Security unless fees in excess of such amount are approved by a majority of the Board of Directors, including a majority of the Independent Directors, and the total of all Acquisition Fees and Acquisition Expenses payable with respect to all Properties or Real Estate Related Securities, whether or not acquired, shall not exceed six percent (6%) of the Contract Purchase Price or the Total Development Cost (as applicable) of the Properties and Real Estate Related Securities actually acquired unless fees in excess of such amount are approved by a majority of the Board of Directors, including a majority of the Independent Directors.

**(b) Asset Management Fee** . Subject to the overall limitations contained below in this Section 8(b), commencing on the Effective Date, the Advisor shall be paid a monthly fee for the services rendered in connection with the management of the Company's assets (the "**Asset Management Fee**") in an amount equal to one-twelfth of one-half of one percent (0.5%) of the Average Invested Assets calculated as of the close of business on the last day of each preceding month; provided, however, that the Company's obligation to pay the Asset Management Fee shall be subject to the Stockholders receiving annualized Distributions in an amount equal to five percent (5%) per annum of Invested Capital (as such term is defined in the Articles of Incorporation). The Asset Management Fee shall be payable by the Company in cash or in Shares at the election of the Advisor in whole or in part, from time to time, by the Advisor (without interest); provided, however, that the Company may object to the Advisor's election and refuse to pay the Advisor in Shares if such payment would result in a conflict with any provision of the Articles of Incorporation. If the Advisor elects to receive the Asset Management Fee in the form of Shares and such election does not conflict with any provision of the Articles of Incorporation, then the Shares shall be valued at a price per share equal to the average closing price of the Shares over the ten trading days immediately preceding the date of such election if the Shares are Listed at such time. If the Shares are not Listed and the Company is still in its Offering Stage at such time, the Advisor will estimate the per share value of the Shares at a price per share equal the most recent price paid to acquire a Share (excluding any Shares sold at purchase price discounts for certain categories of purchasers). If the Shares are not Listed and the Offering Stage has been completed for twelve (12) months at such time, the Shares shall be valued at a price per share equal the published annual estimated value of the shares as determined by the Advisor based upon the Appraised Value of the Properties on the date of election.

**(c) Disposition Fee** . If the Advisor or an Affiliate of the Advisor provides a substantial amount of the services (as determined by a majority of the Independent Directors) in connection with the Sale of one or more Properties, the Advisor or such Affiliate shall receive at closing a disposition fee equal to the lesser of (i) one and three quarters percent (1.75%) of the Contract Sales Price of such Property or Properties, or (ii) fifty percent (50%) of a Competitive Real Estate Commission given the circumstances surrounding the sale (the "**Disposition Fee**"). In each case in which a Disposition Fee may be payable, the precise amount of the fee within the limits set forth in the preceding sentence shall be determined by the Board, including a majority of the Independent Directors, based upon the extent of the services provided by the Advisor or its Affiliate and market norms for the services provided. Notwithstanding anything to the contrary herein, no Disposition Fee shall be payable to the Advisor or its Affiliate for Property Sales if such Sales involve the Company selling all or substantially all of its Properties in one or more transactions designed to effectuate a business combination transaction (as opposed to a Company liquidation, in which case the Disposition Fee would be payable if the Advisor or an Affiliate provides a substantial amount of services as provided above). Any Disposition Fee payable under this section may be paid in addition to real estate commissions paid to non-Affiliates, provided that the total real estate commissions (including such Disposition Fee) paid to all Persons by the Company for each Property shall not exceed an amount equal to the lesser of (i) six percent (6%) of the Contract Sales Price of the Property or (ii) the Competitive Real Estate Commission for the Property.

**(d) Property Management Fee; Lease Fee** . Either the Advisor, an Affiliate of the Advisor or a non-Affiliated third party as the Property Manager shall receive a monthly property management fee equal to four percent (4%) of the monthly Gross Income from each Property managed by such Property Manager (the "**Property Management Fee**"). In addition, the Advisor, an Affiliate of the Advisor or a non-Affiliated third party as the Property Manager may receive a separate fee for any leasing activities in an amount not to exceed the fee customarily charged in arm's length transactions by others rendering similar services in the same geographic area for similar properties, as determined by a survey of brokers and agents in such area (the "**Lease Fee**"). The Lease Fee is generally expected to range from three percent (3%) to eight percent (8%) of the gross revenues generated during the initial term of the lease. In addition to the above Property Management Fee and Lease Fee, for each Property managed directly by a non-Affiliated Property Manager but where an Affiliate of the Advisor has oversight responsibility over such non-Affiliated Property Manager, the Company will pay such Affiliate of the Advisor a monthly oversight fee of up to one percent (1%) of the Gross Income from the Property.

## **9. Expenses**

**(a) Reimbursable Expenses** . In addition to the compensation paid to the Advisor pursuant to Section 8 hereof, the Company

or the Partnership shall pay directly or reimburse the Advisor for all of the expenses paid or incurred by the Advisor (to the extent not reimbursable by another party, such as the dealer manager) in connection with the services it provides to the Company and the Partnership pursuant to this Agreement, including, but not limited to:

(i) the Organizational and Offering Expenses; *provided, however*, that within sixty (60) days after the end of the month in which an Offering terminates, the Advisor shall reimburse the Company to the extent (i) Capped O&O Expenses borne by the Company exceed the maximum amount permitted pursuant to the prospectus for the Offering and (ii) Organizational and Offering Expenses borne by the Company exceed fifteen percent (15%) of the Gross Offering Proceeds raised in a completed Offering;

(ii) Acquisition Fees and Acquisition Expenses incurred in connection with the selection and acquisition of Properties, subject to the aggregate six percent (6%) cap on Acquisition Fees and Acquisition Expenses set forth in Section 8(a) above;

(iii) the actual cost of goods and services used by the Company and obtained from entities not Affiliated with the Advisor, other than Acquisition Expenses, including brokerage fees paid in connection with the purchase and sale of Real Estate Related Securities;

(iv) interest and other costs for borrowed money, including discounts, points and other similar fees;

(v) taxes and assessments on income of the Company or any of the Properties;

(vi) costs associated with insurance required in connection with the business of the Company or by the Board;

(vii) expenses of managing and operating Properties owned by the Company, whether payable to an Affiliate of the Company or a non-Affiliated Person;

(viii) all compensation and expenses payable to the Company's employees and Independent Directors and all expenses payable to the non-Independent Directors in connection with their services to the Company and the Stockholders and their attendance at meetings of the Directors and the Stockholders;

(ix) expenses associated with Listing or with the issuance and distribution of securities other than the Shares, such as selling commissions and fees, advertising expenses, taxes, legal and accounting fees, listing and registration fees;

(x) expenses connected with payments of Distributions in cash or otherwise made or caused to be made by the Company to the Stockholders;

(xi) expenses of organizing, redomesticating, merging, liquidating or dissolving the Company or of amending the Articles of Incorporation or the Bylaws;

(xii) expenses of maintaining communications with Stockholders or their financial advisors, including the cost of preparation, printing, and mailing annual reports and other Stockholder reports, proxy statements and other reports required by governmental entities;

(xiii) administrative service expenses (including (a) personnel costs; *provided, however*, that no reimbursement shall be made for costs of personnel to the extent that such personnel perform services in transactions for which the Advisor receives a separate fee, and (b) the Company's allocable share of other overhead of the Advisor such as rent and utilities);

(xiv) transfer agent and registrar's fees and charges paid to third parties;

(xv) expenses associated with the disposition of Properties, including, subject to Section 8(c), real estate commissions;

(xvi) audit, accounting, legal and other professional fees; and

(xvii) all other costs and expenses in any way relating to the operations of the Company or the Partnership or the business of the Company or the Partnership (other than any fees payable to the Advisor or its Affiliates).

(b) *Other Services*. Should the Board request that the Advisor, any Affiliate of the Advisor or any director, officer or employee thereof render services for the Company and the Partnership other than set forth in Section 3, such additional services,

if the Advisor elects to perform them, shall be separately compensated at such rates and in such amounts as are agreed by the Advisor and the Board, including a majority of the Independent Directors, subject to the limitations contained in the Articles of Incorporation, shall not exceed an amount that would be paid to non-Affiliated third parties for similar services, and shall not be deemed to be services pursuant to the terms of this Agreement.

**(c) *Timing of and Limitations on Reimbursements*** .

**(i)** Expenses incurred by the Advisor on behalf of the Company and the Partnership and payable pursuant to this Section 9 shall be reimbursed no less than monthly to the Advisor. The Advisor shall prepare a statement documenting the expenses of the Company and the Partnership during each quarter, and shall deliver such statement to the Company and the Partnership within forty-five (45) days after the end of each quarter.

**(ii)** The Company shall not reimburse the Advisor at the end of any fiscal quarter Operating Expenses that, in the four consecutive fiscal quarters then ended (the “ **Expense Year** ”) exceed (the “ **Excess Amount** ”) the 2%/25% Guidelines for such year unless a majority of the Independent Directors determines that such excess was justified, based on unusual and nonrecurring factors which a majority of the Independent Directors deems sufficient. If a majority of the Independent Directors does not approve such excess as being so justified, any Excess Amount paid to the Advisor during a fiscal quarter shall be repaid to the Company. If a majority of the Independent Directors determines such excess was justified, then within sixty (60) days after the end of any fiscal quarter of the Company for which total reimbursed Operating Expenses for the Expense Year exceed the 2%/25% Guidelines, the Advisor, at the direction of a majority of the Independent Directors, shall send to the Stockholders a written disclosure of such fact, together with an explanation of the factors the Independent Directors considered in determining that such excess expenses were justified. The Company will ensure that such determination will be reflected in the minutes of the meetings of the Board of Directors. All figures used in the foregoing computation shall be determined in accordance with generally accepted accounting principles applied on a consistent basis.

**(iii)** The foregoing reimbursements of expenses, as limited by this Agreement, will be made regardless of whether any cash distributions are made to the Stockholders.

**10. Statements** . The Advisor shall furnish to the Company not later than the thirtieth (30th) day following the end of each Fiscal Year, a statement showing a computation of the fees or other compensation payable to the Advisor or an Affiliate of the Advisor with respect to such Fiscal Year under Sections 8 and 9 hereof. The final settlement of compensation payable under Sections 8 and 9 hereof for each Fiscal Year shall be subject to adjustments in accordance with, and upon completion of, the annual audit of the Company’s financial statements.

**11. Self-Management; Internalization** . Company and Advisor agree that Company is not required to pursue an internalization of management or any other functions provided by the Advisor and the Property Manager. The Advisor acknowledges that Company intends (but is not obligated) to proceed with a self-management program that will not require internalization except as and when determined by Company. Notwithstanding the provisions of Section 3 above, as the Company proceeds with the self-management program, the duties and authorities of the Advisor shall be subject to adjustment as determined by the Company from time to time. Advisor further acknowledges that Company currently has a full-time Chief Executive Officer, and intends (but is not obligated) to hire an asset manager and other employees as part of its self-management program. To the extent that Company’s Board of Directors determines that it is in the best interests of the stockholders of Company to internalize (acquire from the Advisor) any management functions provided by Advisor, the compensation payable to the Advisor for such specific internalization shall be negotiated and agreed upon by the Independent Directors and the Advisor. In the event Company does not self-manage property management services, Company agrees to consider Advisor for continuation of such services beyond the Offering Stage consistent with applicable market standards and competitive rates.

**12. Other Activities of the Advisor** . Nothing herein contained shall prevent the Advisor from engaging in other activities, including, without limitation, the rendering of advice to other Persons (including other REITs) and the management of other programs advised, sponsored or organized by the Advisor or its Affiliates; nor shall this Agreement limit or restrict the right of any director, officer, employee, or stockholder of the Advisor or its Affiliates to engage in any other business or to render services of any kind to any other partnership, corporation, firm, individual, trust or association. The Advisor may, with respect to any investment in which the Company or the Partnership is a participant, also render advice and service to each and every other participant therein. The Advisor shall report to the Board the existence of any condition or circumstance, existing or anticipated, of which it has knowledge, which creates or could create a conflict of interest between the Advisor’s obligations to the Company and the Partnership and its obligations to or its interest in any other partnership, corporation, firm, individual, trust or association.

**13. Non-Solicitation** . The Company agrees not to solicit any current and/or future employees of Advisor for employment or in any consulting or similar capacity during the Offering Stage and for two (2) years following the termination of the Offering

Stage.

**14. Key Persons** . The Advisor agrees to take reasonable steps to retain key employees designated in writing by the Company so that they are available to provide ongoing non-exclusive services consistent with this Agreement for the benefit of Company until the end of the Offering Stage and for any remaining services to be provided thereafter by the Advisor. The Company acknowledges that such key employees are at-will employees and will be providing services to other investment programs managed by the Advisor and its Affiliates.

**15. Liaison** . The Advisor shall establish a proactive liaison program under which a person designated by the Advisor shall participate on an ongoing basis with key persons at the Company in (1) reviewing proposed business transactions and other matters and (2) timely providing to the Company ongoing information concerning the Advisor, including the information requested by the Company from time to time. The program shall also include the Chief Executive Officer and the executive management team of the Company meeting on an ongoing basis with designated representatives ( e.g., Gary Hunt and/or Jeff Hanson) of the Advisor.

**16. Information Furnished to the Advisor** . The Board of Directors will keep the Advisor informed concerning the investment and financing policies of the Company. The Board of Directors shall notify the Advisor promptly of its intention to make any investments or to sell or dispose of any existing investments. Upon request of the Advisor, the Company shall furnish the Advisor with a certified copy of any Company financial statements, a signed copy of each report prepared by independent certified public accountants, and such other information with regard to its affairs as the Advisor may reasonably request.

**17. Coordination — New REIT** . The Company acknowledges that if GERI (or an Affiliate of GERI) takes steps to establish a new healthcare REIT, GERI agrees to coordinate the timing, marketing and other activities for such new healthcare REIT, so that same shall not negatively impact the existing REIT. Based on the existing REIT continuing in business, the equity raising for any new healthcare REIT shall not begin until after the end of the Offering Stage; provided that, consistent with industry practice and standards and without there being any negative impact on the equity raising of the Company (as reasonably determined by the Company), any new healthcare REIT may initiate a limited equity raise from a limited broker dealer group, commencing August 1, 2009 or later, to satisfy the escrow requirements applicable to any new healthcare REIT.

**18. Relationship of Advisor and Company** . The Company, the Partnership and the Advisor are not partners or joint venturers with each other, and nothing in this Agreement shall be construed to make them such partners or joint venturers or impose any liability as such on either of them.

**19. Term** . This Agreement shall continue in force until September 20, 2009, subject to earlier termination as set forth herein.

**20. Termination** .

**(a) By Either Party** . This Agreement may be terminated upon sixty (60) days written notice without cause or penalty, by either party (if by the Company, only upon approval of a majority of the Independent Directors).

**(b) By the Company** . At the sole option of the Company, this Agreement shall be terminated immediately, subject to the thirty (30)-day cure period for a “for Cause” termination due to a material breach of this Agreement, upon written notice of termination from the Board of Directors to the Advisor if any of the following events occur:

**(i)** For Cause;

**(ii)** A court of competent jurisdiction enters a decree or order for relief in respect of the Advisor in any involuntary case under the applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appoints a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Advisor or for any substantial part of its property or orders the winding up or liquidation of the Advisor’s affairs; or

**(iii)** The Advisor commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, or consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Advisor or for any substantial part of its property, or makes any general assignment for the benefit of creditors, or fails generally to pay its debts as they become due.

The Advisor agrees that if any of the events specified in subsections (ii) or (iii) of this Section 20(b) occur, it will give written notice thereof to the Company within seven (7) days after the occurrence of such event.

**(c) *By the Advisor*** . At the sole option of the Advisor, this Agreement shall be terminated immediately, subject to the thirty (30)-day cure period for a “Good Reason” termination due to a material breach of this Agreement, upon written notice of termination from the Advisor to the Company that the Advisor has Good Reason to terminate this Agreement.

**(d) *Survival*** .

**(i)** The provisions of Sections 11, 13, 14, 22 through 37, and the provisions of Section 8(a), but only to the extent the provisions of Section 8(a) relate to matters after the termination of this Agreement, shall survive expiration or termination of this Agreement; and

**(ii)** The provisions of Section 17 shall survive the termination of this Agreement through the Offering Stage unless the Company terminates this Agreement other than pursuant to Section 20(b).

**21. Assignment** . This Agreement shall not be assigned by the Advisor to a non-Affiliate. This Agreement may be assigned by the Advisor to an Affiliate with the approval of the Board, including a majority of the Independent Directors. Notwithstanding the foregoing, the Advisor may assign any rights to receive fees or other payments under this Agreement without obtaining the approval of the Board. This Agreement shall not be assigned by the Company or the Partnership without the consent of the Advisor, except in the case of an assignment by the Company or the Partnership to a corporation or other organization which is a successor to all of the assets, rights and obligations of the Company or the Partnership, as the case may be, in which case such successor organization shall be bound hereunder and by the terms of said assignment in the same manner as the Company and the Partnership is bound by this Agreement.

**22. Payments to and Duties of Advisor Upon Termination** . Payments to the Advisor pursuant to this Section 22 shall be subject to the 2%/25% Guidelines to the extent applicable.

**(a)** After the expiration or termination of this Agreement, the Advisor shall not be entitled to compensation for further services hereunder except that it shall be entitled to the Acquisition Fee to the extent provided by Section 8(a) and it shall be entitled to receive from the Company within thirty (30) days after the effective date of such termination all unpaid reimbursements of expenses and all earned but unpaid fees payable to the Advisor prior to termination of this Agreement; and

**(b)** The Advisor shall promptly upon termination:

**(i)** pay over to the Company all money collected and held for the account of the Company pursuant to this Agreement, after deducting any accrued compensation and reimbursement for its expenses to which it is then entitled;

**(ii)** deliver to the Board a full accounting, including a statement showing all payments collected by it and a statement of all money held by it, covering the period following the date of the last accounting furnished to the Board;

**(iii)** deliver to the Board all assets, including Properties and Real Estate Related Securities, and documents of the Company then in the custody of the Advisor; and

**(iv)** cooperate with the Company to provide an orderly management transition.

**23. Indemnification by the Company** .

**(a)** The Company shall indemnify and hold harmless the Advisor and its Affiliates, including their respective officers, directors, partners and employees, from all liability, claims, damages or losses arising in the performance of their duties hereunder, and related expenses, including reasonable attorneys’ fees, to the extent such liability, claims, damages or losses and related expenses are not fully reimbursed by insurance, provided that the Company shall not indemnify and hold harmless the Advisor or its Affiliates unless:

**(i)** the Advisor or its Affiliates have determined, in good faith, that the course of conduct which caused the loss or liability was in the best interests of the Company;

(ii) the Advisor or its Affiliates were acting on behalf of or performing services for the Company;

(iii) such liability or loss was not the result of negligence or misconduct by the Advisor or its Affiliates; and

(iv) such indemnification or agreement to hold harmless is recoverable only out of Company's net assets and not from its stockholders.

The obligation of the Company to indemnify or hold harmless the Advisor and its Affiliates shall also be subject to any limitations imposed by Maryland law.

**24. Indemnification by Advisor** . The Advisor shall indemnify and hold harmless the Company from contract or other liability, claims, damages, taxes or losses and related expenses, including attorneys' fees, to the extent that such liability, claims, damages, taxes or losses and related expenses are not fully reimbursed by insurance and are incurred by reason of the Advisor's bad faith, fraud, willful misfeasance, misconduct, or reckless disregard of its duties, but the Advisor shall not be held responsible for any action of the Board in following or declining to follow advice or recommendation given by the Advisor.

**25. Fidelity Bond** . The Advisor shall not be required to obtain or maintain a fidelity bond in connection with the performance of its services hereunder.

**26. Notices** . Any notice, report or other communication required or permitted to be given hereunder shall be in writing unless some other method of giving such notice, report or other communication is required by the Articles of Incorporation, the Bylaws, or accepted by the party to whom it is given, and shall be given by being delivered by hand or by overnight mail or other overnight delivery service to the addresses set forth herein:

To the Board and to the Company:	Grubb & Ellis Healthcare REIT, Inc. Suite 200 1551 N. Tustin Avenue Santa Ana, CA 92705 Attention: Chief Executive Officer
To the Partnership:	Grubb & Ellis Healthcare REIT Holdings, LP Suite 200 1551 N. Tustin Avenue Santa Ana, CA 92705 Attention: Chief Executive Officer of Grubb & Ellis Healthcare REIT, Inc., its General Partner
To the Advisor:	Grubb & Ellis Healthcare REIT Advisor, LLC Suite 200 1551 N. Tustin Avenue Santa Ana, CA 92705 Attention: Chief Executive Officer
With a copy to:	Cox, Castle & Nicholson LLP 2049 Century Park East, Suite 2800 Los Angeles, CA 90067 Attention: John F. Nicholson, Esq.

Either party may at any time give notice in writing to the other party of a change in its address for the purposes of this Section 26.

**27. Amendments** . This Agreement shall not be changed, modified, terminated, or discharged, in whole or in part, except by an instrument in writing signed by each of the parties hereto, or their respective successors or assignees.

**28. Severability** . The provisions of this Agreement are independent of and severable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

**29. Construction** . The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the State of Maryland.

**30. Entire Agreement.** This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing.

**31. Indulgences, Not Waiver.** Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

**32. Gender.** Words used herein regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

**33. Titles Not to Affect Interpretation.** The titles of sections and subsections contained in this Agreement are for convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation hereof.

**34. Execution in Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when the counterparts hereof, taken together, bear the signatures of all of the parties reflected hereon as the signatories.

**35. Name.** Grubb & Ellis Healthcare REIT Advisor, LLC or an Affiliate thereof has a proprietary interest in the name "Grubb & Ellis." Accordingly, and in recognition of this right, if at any time the Company or the Partnership ceases to retain Grubb & Ellis Healthcare REIT Advisor, LLC or an Affiliate thereof to perform the services of the Advisor under this Agreement, the Company or the Partnership, as the case may be, will, promptly after receipt of written request from Grubb & Ellis Healthcare REIT Advisor, LLC, cease to conduct business under or use the name "Grubb & Ellis" or any variation or derivative thereof and the Company and the Partnership shall each use its best efforts to change their respective names (and the names of any of their Affiliates) to a name that does not contain the name "Grubb & Ellis" or any other word or words that might, in the sole discretion of the Advisor, be susceptible of indication of some form of relationship between the Company and the Advisor or any Affiliate thereof. Consistent with the foregoing, the parties acknowledge and agree that the Advisor or one or more of its Affiliates has in the past and may in the future organize, sponsor or otherwise permit to exist other investment vehicles (including vehicles for investment in real estate) and financial and service organizations having "Grubb & Ellis" as a part of their name, all without the need for any consent (and without the right to object thereto) by the Company or its Board.

**36. Follow-On Offering by REIT.** The Company acknowledges that it currently does not intend to pursue a follow-on offering, provided nothing herein limits the Company's rights in the future.

**37. Right of First Refusal.** In the event that GERI identifies an opportunity to make an investment in one or more office buildings or other facilities for which greater than fifty percent (50%) of the gross rentable space at such office buildings or other facilities is leased to, or is reasonably expected to be leased to, one or more medical or healthcare-related tenants, either directly or indirectly through an Affiliate or in a joint venture or other co-ownership arrangement, for itself or for any other GERI-sponsored or managed program, then GERI agrees that it shall provide the Company with the first opportunity to purchase such investment and that it shall provide all necessary information to the Advisor in order to enable the Board of Directors to determine whether to proceed with such investment. The Advisor shall present such information to the Board of Directors within three (3) business days of receipt from GERI. In the event that the Board of Directors does not affirmatively authorize the Advisor to proceed with the investment on behalf of the Company within seven (7) days of receipt of such information from the Advisor, then GERI may proceed with the investment opportunity for its own account or offer the investment opportunity to any other person or entity. This section shall remain in effect after the end of the Offering Stage so long as monies raised by Advisor are available for funding new acquisitions of Properties for which Advisor will continue to be eligible to receive an Acquisition Fee pursuant to Section 8(a) hereof.

**[Signatures Appear on Next Page]**

**IN WITNESS WHEREOF**, the parties hereto have executed this Advisory Agreement as of the day and year first above written.

GRUBB & ELLIS HEALTHCARE REIT, INC.

By: /s/ Scott D. Peters

Name: Scott D. Peters

Title: Chief Executive Officer & President

GRUBB & ELLIS HEALTHCARE REIT HOLDINGS, LP

By: Grubb & Ellis Healthcare REIT, Inc.,

its General Partner

By: /s/ Scott D. Peters

Name: Scott D. Peters

Title: Chief Executive Officer &

President

GRUBB & ELLIS HEALTHCARE REIT ADVISOR, LLC

By: /s/ Andrea R. Biller

Name: Andrea R. Biller

Title: Executive Vice President

GRUBB & ELLIS REALTY INVESTORS, LLC (solely for purposes of Sections 17 and 37  
of this Agreement)

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By: /s/ Jeffrey T. Hanson

Name: Jeffrey T. Hanson

Title: President

**AMENDMENT NO. 1 TO  
AGREEMENT OF LIMITED PARTNERSHIP  
OF  
GRUBB & ELLIS HEALTHCARE REIT HOLDINGS, LP**

THIS AMENDMENT NO. 1 TO AGREEMENT OF LIMITED PARTNERSHIP OF GRUBB & ELLIS HEALTHCARE REIT HOLDINGS, LP (this “Amendment”), dated as of November 14, 2008, is entered into by and among Grubb & Ellis Healthcare REIT, Inc., a Maryland corporation, as general partner (the “General Partner”), and Grubb & Ellis Healthcare REIT Advisor, LLC (referred to herein as the “Initial Limited Partner” or the “Advisor”, as applicable).

**W I T N E S S E T H**

WHEREAS, the General Partner and the Initial Limited Partner formed Grubb & Ellis Healthcare REIT Holdings, LP (the “Partnership”) as a limited partnership pursuant to the Act by filing a certificate of limited partnership with the Secretary of State of the State of Delaware on April 20, 2006;

WHEREAS, the General Partner and the Initial Limited Partner are parties to that certain Agreement of Limited Partnership dated September 20, 2006 (the “Agreement”);

WHEREAS, the General Partner and the Initial Limited Partner desire to amend the Agreement as herein provided;

WHEREAS, the Agreement, as amended by this Amendment shall be binding upon all Persons now or at any time hereafter who are Partners;

NOW, THEREFORE, in consideration of the mutual covenants and obligations set forth in this Amendment, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending legally to be bound, hereby agree as follows:

**1. Definitions.**

**(a) Amended Definitions.** The definitions of the following terms in the Agreement are deleted in their entirety and replaced with the following:

**1.4 “Advisor”** means Grubb & Ellis Healthcare REIT Advisor, LLC, the advisor to the Partnership and the General Partner pursuant to the Advisory Agreement.

**1.5 “Advisory Agreement”** means that certain Amended and Restated Advisory Agreement by and among the Advisor, the Partnership, the General Partner and for limited purposes Grubb & Ellis Realty Investors, LLC, dated as of November 14, 2008 and effective as of October 24, 2008.

**1.8 “Agreement”** means the Agreement of Limited Partnership of Grubb & Ellis Healthcare REIT Holdings, LP, as originally executed, as amended by this Amendment and as it may be further amended, modified, supplemented or restated from time to time, as the context requires.

**1.32 “General Partner”** means Grubb & Ellis Healthcare REIT, Inc., a Maryland corporation, and any successor as general partner of the Partnership.

**1.37 “Initial Limited Partner”** means Grubb & Ellis Healthcare REIT Advisor, LLC.

**1.63 “Partnership”** means Grubb & Ellis Healthcare REIT Holdings, LP, and any successor thereto.

**(b) New Definitions.** The following defined terms are hereby added to the Agreement:

**1.102 “Deferred Payment Election”** has the meaning set forth in Section 5.1(e).

**1.103 “Deferred Termination Amount”** has the meaning set forth in Section 5.1(e).

**1.104 “Included Assets”** means the Partnership Assets owned by the Partnership as of the date of the Termination Event plus any Partnership Assets acquired after the date of the Termination Event for which the Advisor was entitled to receive an Acquisition Fee (as defined in the Advisory Agreement) pursuant to Section 8(a)(i) of the Advisory Agreement for services rendered; provided, however, no assets shall be counted twice.

**1.105 “Other Liquidity Event”** means a Liquidating Event, a liquidation, sale of all or substantially all of the assets of the Partnership or the merger of the Partnership with another entity where the stockholders of the General Partner receive in exchange for their shares of REIT Stock shares of a company that are traded on a national securities exchange (“**Merger**”).

**1.106 “Separate Asset Value”** has the meaning set forth in Section 5.1(e).

**1.107 “Self-Management Program”** has the meaning set forth in Section 5.1(e).

**2. Organizational Matters**. Section 2.2 of the Agreement shall be deleted in its entirety and replaced with the following:

## **2.2 Name**

The name of the Partnership is Grubb & Ellis Healthcare REIT Holdings, LP. The Partnership’s business may be conducted under such name or under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words “Limited Partnership,” “LP,” “Ltd.” or similar words or letters shall be included in the Partnership’s name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner, acting in its sole and absolute discretion without the Consent of any Limited Partner, may change the name of the Partnership. The General Partner shall notify the Limited Partners of any such name change in the next regular communication to the Limited Partners. Upon termination of the Partnership or the termination, resignation or withdrawal of the Initial Limited Partner as the Advisor, all of the Partnership’s right, title and interest in and to the use of the name “Grubb & Ellis Healthcare REIT Holdings, LP” and any variation thereof, shall become the property of the Initial Limited Partner, and if requested to do so by the Initial Limited Partner, the Partnership shall change the name of the Partnership to exclude the term “Grubb & Ellis.” Neither the Partnership nor any Limited Partner other than the Initial Limited Partner shall have any right or interest in and to the use of any such name or mark.

**3. Distributions**. Section 5.1(e) of the Agreement shall be deleted in its entirety and replaced with the following:

### **(e) Distribution to Advisor Upon Termination**

(i) Upon a Termination Event, the Advisor shall no longer be entitled to any distributions of the Advisor Participation in Sales Proceeds under Section 5.1(c). If a Listing Event has not occurred as of the date of a Termination Event, then the Advisor (in its capacity as Partner) shall receive a distribution (the “Termination Amount”), which shall be paid within five (5) Business Days of the date of such Termination Event, in an amount equal to 15% of the amount, if any, by which (A) the Appraised Value of all of the Partnership Assets as of the date of the Termination Event, less any indebtedness secured by such assets, plus the cumulative distributions made to the General Partner from the inception of the Partnership through the date of the Termination Event, exceeds (B) the sum of (1) the Invested Capital of the General Partner as of such date, and (2) the 8% Return that has accrued with respect to the Invested Capital of the General Partner from the inception of the Partnership through the date of the Termination Event; *provided, however*, that, if the Advisory Agreement is not renewed because the General Partner has decided to pursue a self-management program (the “Self-Management Program”), then the Advisor, in its sole discretion, may elect, within five (5) Business Days of the date of such Termination Event, to forego a distribution of the Termination Amount

upon such Termination Event and instead elect (“Deferred Payment Election”) to receive a deferred termination amount (the “Deferred Termination Amount”), which, notwithstanding any other provisions herein to the contrary, shall exclude any new Partnership Assets acquired and/or owned by the General Partner (either directly or through third parties) after such Termination Event, other than the Included Assets (the “Separate Asset Value”). The Deferred Termination Amount, if any, shall be paid within five (5) Business Days of the first to occur of (x) a Listing Event or (y) an Other Liquidity Event, in an amount equal to:

(A) if in connection with a Listing Event, 15% of the amount, if any, by which (I) the Appraised Value as of the Listing Date of the Included Assets, less any indebtedness secured by such assets as of the Listing Date, plus the cumulative distributions made to the General Partner and to any Limited Partners (other than the Initial Limited Partner) with respect to Partnership Units issued in connection with the acquisition of the Included Assets from the inception of the Partnership through the Listing Date, exceeds (II) the sum of (1) the Invested Capital of the General Partner as of the Listing Date (excluding Invested Capital relating to the Separate Asset Value), (2) the capital value of any Partnership Units issued in connection with the acquisition of the Included Assets to the Limited Partners (other than the Initial Limited Partner) as valued by the General Partner as of the date of such issuance, and (3) the 8% Return that has accrued with respect to such Invested Capital of the General Partner and that has accrued to any Limited Partners (other than the Initial Limited Partner) with respect to Partnership Units issued in connection with the acquisition of the Included Assets for the period from the inception of the Partnership through the Listing Date; or

(B) if in connection with an Other Liquidity Event (except in connection with a Merger, which is addressed in Paragraph (C) below), after the Unrecovered Contribution Account and 8% Return Account of the General Partner and similar accounts of each Limited Partner (other than the Initial Limited Partner), in each case as of the date of the Other Liquidity Event, have been reduced to zero (\$0), 15% of any Net Sales Proceeds received from the Sale of Included Assets shall be distributed to the Advisor (in its capacity as Partner), and 85% of such Net Sales Proceeds shall be distributed to the Partners as determined by the General Partner in its sole and absolute discretion in accordance with their respective Percentage Interests as of the applicable Partnership Record Date; or

(C) if in connection with an Other Liquidity Event involving a Merger, 15% of the amount, if any, by which (I) the Appraised Value as of the Merger of the Included Assets, less any indebtedness secured by such assets as of the date of the Merger, plus the cumulative distributions made to the General Partner and to any Limited Partners (other than the Initial Limited Partner) with respect to Partnership Units issued in connection with the acquisition of the Included Assets from the inception of the Partnership through the date of the Merger, exceeds (II) the sum of (1) the Invested Capital of the General Partner as of the date of the Merger (excluding Invested Capital relating to the Separate Asset Value), (2) the capital value of any Partnership Units issued in connection with the acquisition of the Included Assets to the Limited Partners (other than the Initial Limited Partner) as valued by the General Partner as of the date of such issuance, and (3) the 8% Return that has accrued with respect to such Invested Capital of the General Partner and that has accrued to any Limited Partners (other than the Initial Limited Partner) with respect to Partnership Units issued in connection with the acquisition of the Included Assets for the period from the inception of the Partnership through the date of the Merger;

Provided further that if the Advisor makes a Deferred Payment Election, the Advisor shall not be entitled to receive any other amounts under Sections 5.1(c) or (d) following the date of such election.

Notwithstanding any other provisions herein to the contrary, the Advisor acknowledges and agrees that: (i) the Advisor has not received and the General Partner has not provided any assurance or representation of any kind relating to the Deferred Termination Amount; (ii) the Advisor does not have any expectation of any minimum level of the Deferred Termination Amount; (iii) the Advisor shall not have any rights or interests of any kind with respect to the Separate Asset Value; (iv) neither the General Partner nor any director, officer, shareholder, partner, member, employee, trustee, representative or agent of the General Partner shall have any liability or responsibility to the Advisor for any act or omission performed or failed to be performed by it, or for any losses, claims, costs, damages, or liabilities arising from any such act or omission relating to the

acquisition, management, operation, or disposition of the Partnership Assets; (v) the General Partner shall have full power, authority, discretion and control with respect to the Partnership Assets and in pursuing and conducting the Self-Management Program; (vi) the Deferred Termination Amount, if any, is and shall be deemed to be a contingent interest; (vii) nothing herein shall in any way limit or restrict the General Partner's rights to pursue a follow-on offering; (viii) any rights of the Advisor to the Deferred Termination Amount, if any, are personal to the Advisor and, notwithstanding any other provisions herein to the contrary, may not be assigned by the Advisor except to an Affiliate or successor entity; and (ix) payment of the Deferred Termination Amount, if any, is subject to the Advisor fully and reasonably cooperating with the General Partner and the Self-Management Program, including, without limitation, executing any documents reasonably requested by the General Partner, provided nothing herein shall limit the Advisor's (or its Affiliates') rights to pursue and engage in other offerings in the same or other asset class(es), subject to the Advisory Agreement. The foregoing provisions are of material importance to the General Partner. The Advisor acknowledges and agrees that the General Partner has agreed to payment of the Deferred Termination Amount (subject to the provisions herein), if any, in reliance of the Advisor's agreement to the foregoing provisions.

(ii) Any Termination Amount or Deferred Termination Amount, if any and as applicable, shall be paid, as determined by the General Partner's board of directors, including a majority of the independent directors, either in the form of cash or the issuance to the Advisor of an interest-bearing promissory note (the "Termination Note") in an amount equal to the Termination Amount or the Deferred Termination Amount, as applicable; provided, however, in connection with a Merger, the General Partner shall have the right, at its sole discretion, to pay the Deferred Termination Amount, if any, in the form of REIT Stock prior to such Merger or in the form of the stock of the surviving company traded on a national securities exchange, in connection with such Merger. Interest on the Termination Note will accrue beginning on the date that the Termination Amount or Deferred Termination Amount, as applicable, would otherwise be due and payable, at a rate deemed fair and reasonable by the General Partner. In the event the Termination Amount or the Deferred Termination Amount, as applicable, is paid in the form of the Termination Note, the Partnership shall repay the Termination Note using Net Sales Proceeds prior to making any distributions under Section 5.1(c) until the Termination Note is paid in full, including all accrued but unpaid interest. If the Termination Note has not been paid in full within five (5) years after the date of the issuance of the Termination Note, then the General Partner (as determined by the General Partner's board of directors, including a majority of the independent directors) shall purchase the Termination Note from the Advisor in exchange for either cash or REIT Stock with a Value equal to the aggregate amount outstanding under the Termination Note, including principal and accrued but unpaid interest. The Advisor agrees to execute such documents as the General Partner may reasonably require in connection with the issuance of REIT Stock if the Termination Note is purchased with REIT Stock as provided herein.

**4. Redemption Right** . Section 8.6(l) of the Agreement is deleted in its entirety and replaced with the following:

(l) Redemptions by the Advisor . For so long as the Advisor remains the advisor to the Partnership and General Partner under the Advisory Agreement, or in the event the Advisor makes a Deferred Payment Election pursuant to Section 5.1(e), until payment of the Deferred Termination Amount, if any and as applicable, neither the Advisor nor any Affiliate of the Advisor (other than the General Partner) may redeem any portion of the Partnership Units held by such Person; provided that, upon the occurrence of a Listing Event, immediately following the distribution to the Advisor of all amounts required to be distributed to the Advisor pursuant to Section 5.1(d) or Section 5.1(e), as applicable, the Partnership shall redeem all of the Partnership Units held by the Advisor and its Affiliates (other than the General Partner), at a redemption price equal to and in the form of the Redemption Amount. In addition, upon the occurrence of a Termination Event, immediately following the distribution to the Advisor of all amounts required to be distributed to the Advisor pursuant to Section 5.1(e) (including, but not limited to the repayment of the Termination Note in full, if applicable), the Partnership shall redeem all of the Partnership Units held by the Advisor and its Affiliates (other than the General Partner), at a redemption price equal to and in the form of the Redemption Amount. With respect to any automatic redemption of Partnership Units held by the Advisor or its Affiliates (other than the General Partner) pursuant to this Section 8.6(l), the General Partner will elect for payment of the Redemption Amount by the Partnership to the Advisor and/or any such Affiliate to be the Cash Amount.

**5. Transfers by the Advisor** . Section 11.3(g) of the Agreement is deleted in its entirety and replaced with the

following:

(g) **Transfers by the Advisor** . For so long as the Advisor remains the advisor to the Partnership and the General Partner under the Advisory Agreement, or in the event the Advisor makes a Deferred Payment Election pursuant to Section 5.1(e), until payment of the Deferred Termination Amount, if any and as applicable, neither the Advisor nor any Affiliate of the Advisor (other than the General Partner) may transfer any portion of the Partnership Units held by the Advisor to any Person, other than (i) Transfers to any Affiliate of the Advisor, and (ii) deemed Transfers to the General Partner pursuant to Section 8.6(c).

**6. The Advisor** . Notwithstanding any other provisions in the Agreement or this Amendment to the contrary, upon a Termination Event, the Advisor shall not have any rights, powers, authorities or interests of any kind relating to the management, control, or operation of the Partnership or the Partnership Assets.

**7. Separate Assets** . Notwithstanding any other provisions in the Agreement or this Amendment to the contrary, the General Partner shall have the ability to form a new partnership for which it serves as General Partner for the purpose of acquiring real estate and other assets after the date of the Termination Event, other than the Included Assets.

**8. Further Action** . The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Amendment.

**9. Binding Effect** . This Amendment shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

**10. Counterparts** . This Amendment may be executed in counterparts, all of which together shall constitute one agreement binding on all of the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Amendment immediately upon affixing its signature hereto.

**11. Applicable Law** . This Amendment shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of laws thereof.

**12. Invalidity of Provisions** . If any provision of this Amendment is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

**13. Entire Agreement** . The Agreement, as amended by this Amendment, contains the entire understanding and agreement among the Partners with respect to the subject matter hereof and supersedes any other prior written or oral understandings or agreements among them with respect thereto.

[SIGNATURE PAGE FOLLOWS]

**IN WITNESS WHEREOF** , the parties hereto have executed and delivered this Amendment No. 1 to Agreement of Limited Partnership as of the day and year first above written.

**GENERAL PARTNER:**

Grubb & Ellis Healthcare REIT, Inc.

By: /s/ Scott D. Peters

Name: Scott D. Peters

Title: Chief Executive Officer & President

**INITIAL LIMITED PARTNER/ADVISOR:**

Grubb & Ellis Healthcare REIT Advisor, LLC

By: Andrea R. Biller  
Name: Andrea R. Biller  
Title: Executive Vice President

November 14, 2008

Mr. Scott D. Peters  
1551 North Tustin Avenue  
Suite 300  
Santa Ana, CA 92705

Dear Scott:

As you are aware, the Board of Directors of Grubb & Ellis Healthcare REIT, Inc. (the “Company”) desires to become self-managed. As an initial step, we are hiring you to spearhead this endeavor.

On November 11, 2008, the Board of Directors of the Company approved the terms of your initial compensation arrangement with the Company, which will be re-evaluated after six (6) months, as described below. This letter agreement (“Letter Agreement”) sets forth the terms and conditions of your initial compensation package and your employment arrangement as Chief Executive Officer and President of the Company, as approved by the Board of Directors of the Company (the “Board”). After you have reviewed the terms of this Letter Agreement, please sign below to signify your acceptance.

You are hereby employed as of November 1, 2008 as the Chief Executive Officer and President of the Company. In your capacity as Chief Executive Officer and President of the Company, you will have the duties, responsibilities and authority commensurate with such position as shall be assigned to you by the Board. In your capacity as Chief Executive Officer and President of the Company, you will report directly to the Board.

Your employment shall be for a term beginning on November 1, 2008 and ending on November 1, 2010 (the “Employment Period”), unless terminated earlier as described below. The Letter Agreement will expire at midnight on that date. During the Employment Period, the Company understands that you intend to live in Arizona and to perform the services hereunder primarily at the Company’s offices located in or near Phoenix, Arizona or Scottsdale, Arizona. You acknowledge and agree that the nature of the Company’s business will require you to travel from time to time.

During the Employment Period, you will be entitled to four (4) weeks of paid vacation time per calendar year, and accrual of vacation time is capped at a maximum of five (5) weeks. A maximum of one (1) week of any unused vacation may carry over from calendar year to calendar year in accordance with the general policies of the Company and subject to applicable law.

During the Employment Period, you agree to devote your full business time and best efforts to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to you hereunder, to use your best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it will not be a violation of this Letter Agreement for you to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not interfere with the performance of your responsibilities as an employee of the Company in accordance with this Letter Agreement and do not involve competition with the Company or any other actual or apparent conflict of interest with the Company. You agree that you shall not otherwise perform any services for any other business or be employed or engaged as a consultant by any other person or enterprise during the Employment Period.

Effective November 1, 2008, your initial annual base salary has been set at the annual rate of three hundred fifty thousand dollars (\$350,000.00) (“Base Salary”), payable in semi-monthly installments. During the Employment Period, you will be eligible to receive an annual cash bonus, based upon the achievement of performance goals set by the Compensation Committee of the Board (the “Committee”) from time to time, after discussion of such goals with you. The amount of any such bonus and the decision as to whether to pay such a bonus shall be in the sole discretion of the Company. The maximum annual bonus payable to you upon the achievement of the applicable performance goals initially has been set at one hundred percent (100%) of your Base Salary. The Company will pay your annual bonus, if any, no later than March 15 of the year following the year in which you earned the bonus. Your maximum bonus for fiscal year 2008, if any, will be prorated based on the number of days that you were employed by the Company during such fiscal year. These Base Salary and bonus terms shall be subject to review and modification by the Company in its sole discretion at any time after April 30, 2009, as described below.

We understand that, upon your separation from Grubb & Ellis Company, you elected to continue participation in Grubb & Ellis Company’s group medical, dental, vision and/or prescription drug plan benefits under Section 4980B of the Internal Revenue Code (COBRA). During the six month period beginning on November 1, 2008, and ending on April 30, 2009, we will pay your applicable monthly premium under COBRA for participation in such plans subject to the condition that you remain eligible for participation in those plans. At the conclusion of such six month period, in connection with its review of your compensation arrangement described below, the Committee will evaluate alternatives for medical, dental, vision and/or prescription drug plan

coverage for you. Any decisions made with respect to such coverage will be made by the Committee, after consultation with you, but in the Committee's sole discretion.

On November 14, 2008 (the "Grant Date"), the Board granted you forty thousand (40,000) restricted shares of the Company's common stock (the "Restricted Shares"). Subject to your continued employment by the Company through each vesting date, the Restricted Shares will vest and become non-forfeitable in equal annual installments of 33-1/3% each, on the first, second and third anniversaries of the Grant Date. The Restricted Shares will be granted pursuant to, and will be subject to the terms and conditions of, the NNN Healthcare/Office REIT, Inc. 2006 Incentive Plan and the Company's standard Restricted Stock Agreement. If there is any inconsistency or ambiguity among this Letter Agreement, the Plan or the Restricted Stock Agreement, the Plan shall prevail.

Nothing in any of the Company's personnel policies will be deemed to constitute a contract of employment or otherwise to be contractually binding. At all times, your employment with the Company is "at-will" which means that you may resign at any time for any reason and the Company may terminate your employment at any time for any reason, with or without advance notice. If your employment is terminated for any reason, this Letter Agreement will terminate automatically and the Company shall have no further obligations to you, other than for payment of your base salary through the date of termination to the extent not theretofore paid. Notwithstanding the foregoing, if, during the Employment Period, the Company terminates your employment other than for Cause or Disability (each as defined below), and, within forty-five (45) days after your date of termination, you enter into a separation agreement including a general release of claims and obligations against Company and its affiliates in a form and substance acceptable to the Company, then you will be entitled to (A) a severance payment equal to 0.5 times your Base Salary, payable in a lump sum in cash within sixty (60) days after your date of termination, the exact payment date to be determined by the Company but in no event earlier than eight (8) days after you execute the separation agreement; and (B) a payment equal to a pro-rata portion of your annual bonus for the performance year in which your date of termination occurs, determined by multiplying a fraction, the numerator of which is the number of days during the performance year of termination that you are employed by the Company and the denominator of which is 365, by the amount you would be able to receive if the date of termination were the end of the performance year. The bonus payment described in (B) will be payable to you in a lump sum in cash within sixty (60) days after your date of termination, but in no event earlier than eight (8) days after you execute the separation agreement.

For purposes of this Letter Agreement, "Cause" shall consist of any of the following (i) your failure to meet performance standards agreed upon by you and the Board; (ii) your failure to follow the lawful directions of the Board; (iii) any act of fraud, misappropriation, dishonesty or embezzlement by you, whether or not such act was committed in connection with the business of the Company; (iv) your breach of this Letter Agreement that is not cured by you within thirty (30) days of written notice by the Company; (v) your failure to abide by laws applicable to you in your capacity as an employee, executive or representative of Company or applicable to Company or any of its parents or subsidiaries; (vi) your conviction of, or plea of guilty or nolo contendere to, the commission of a felony or a crime involving moral turpitude (including pleading guilty or nolo contendere to a felony or lesser charge which results from plea bargaining), whether or not such felony, crime or lesser offense is connected with the business of the Company; or (vii) violation of the Company's policy against harassment or its equal employment opportunity policy or a material violation of any other policy or procedure of the Company.

For purposes of this Letter Agreement, "Disability" shall mean your inability to perform the essential functions of your job, with or without reasonable accommodation for a period of at least ninety (90) substantially continuous days.

This Letter Agreement shall be interpreted and administered in a manner so that any amount or benefit payable hereunder shall be paid or provided in a manner that is either exempt from or compliant with the requirements Section 409A of the Internal Revenue Code (the "Code") and applicable Internal Revenue Service guidance and Treasury Regulations issued thereunder (and any applicable transition relief under Section 409A of the Code).

Notwithstanding anything in this Letter Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code would otherwise be payable or distributable hereunder by reason of your termination of employment, such amount or benefit will not be payable or distributable to you by reason of such circumstance unless (i) the circumstances giving rise to such termination of employment meet any description or definition of "separation from service" in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definitions), or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A of the Code by reason of the short-term deferral exemption or otherwise. If this provision prevents the payment or distribution of any amount or benefit, such payment or distribution shall be made on the date, if any, on which an event occurs that constitutes a Section 409A-compliant "separation from service," or such later date as may be required by the following paragraph.

If any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the

Code would otherwise be payable or distributable under this Letter Agreement by reason of your separation from service during a period in which you are a "specified employee" (as defined in Section 409A of the Code and applicable regulations), then payment or commencement of such non-exempt amounts or benefits shall be delayed until the earlier of (i) thirty (30) days following your death, or (ii) the first day of the seventh month following your separation from service.

In connection with the Board's approval of the terms of your compensation and employment arrangement as provided herein, it reserved the right to review and revise such terms after a period of six months (approximately April 30, 2009). At such time and at any time thereafter, the Board or the Committee may, in its sole discretion, change the terms of your employment arrangement and compensation provided herein, including, but not limited to, increasing or decreasing the rate of your annual base salary and/or your annual cash bonus opportunity. Notwithstanding the foregoing, in connection with such six month review of your compensation arrangement, the Company will not decrease your annual base salary by more than twenty percent (20%) from the Base Salary provided herein. In its six-month review, the Board or the Committee will consider, among other things, your performance and the Company's performance. After this initial six-month period, the Board or the Committee will review your compensation at least annually and may increase or decrease your compensation and/or your annual cash bonus opportunity from year to year. The annual review of your compensation by the Board or the Committee will consider, among other things, your own performance, and the Company's performance.

You agree that upon termination of this Letter Agreement or your employment or at any time upon request of the Company, you shall return to the Company immediately any and all records, files, software, software code, memoranda, reports, price lists, customer lists, drawings, plans, sketches, documents, technical information, contracts, sales or marketing materials, personnel information financial information, and the like (together with all copies of such documents and things) relating to the business of Company and all other property of the Company and shall not retain or provide to others any copies, excerpts, summaries, abstracts or other representations thereof.

The provisions of this Letter Agreement are severable from one another and the invalidity of one part of the Letter Agreement shall not invalidate any other part.

This Letter Agreement shall be deemed to be made in and shall in all respects be interpreted, construed and governed by and in accordance with the laws of the State of Maryland (without giving effect to the conflict of law principles thereof). No provision of this Agreement or any related documents shall be construed against, or interpreted to the disadvantage of either of us by any court or any governmental or judicial authority by reason of either of us having, or being deemed to have, structured or drafted such provision or any portion of this Letter Agreement.

This Letter Agreement is intended to be the final expression of our agreement with respect to the subject matter hereof and this is the complete and exclusive statement of the terms of that agreement, notwithstanding any representations, statements or agreements to the contrary made by either of us. This Agreement supersedes any former agreements governing the same subject matter. This Letter Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

If the foregoing is acceptable to you, please so indicate by signing a copy of this letter where indicated below and returning it to the undersigned.

Very truly yours,

GRUBB & ELLIS HEALTHCARE REIT, INC.

By: /s/ Andrea R. Biller  
Andrea R. Biller  
Executive Vice President

Agreed and accepted this 14th day of November, 2008.

/s/ Scott D. Peters  
Scott D. Peters