

**TALON REAL ESTATE HOLDING CORP.  
AUDIT COMMITTEE CHARTER**

**Adopted: June 7, 2013**

**PURPOSE**

The Audit Committee (the “*Committee*”) is appointed by the board of directors (the “*Board*”) of Talon Real Estate Holding Corp. (the “*Company*”) to assist the Board in overseeing:

- management’s processes for ensuring the quality and integrity of the Company’s financial statements;
- the Company’s accounting and financial reporting processes and audits of its financial statements;
- management’s processes to monitor, control and report on significant corporate risk exposures;
- the qualifications, independence and performance of the Company’s independent auditor;
- management’s processes for ensuring compliance by the Company with legal and regulatory requirements;
- the Company’s system of disclosure, accounting and financial controls and legal and ethical compliance programs; and
- the Company’s investment and cash management policies.

Consistent with this function, the audit committee should encourage continuous improvement of, and should foster adherence to, the company’s policies, procedures, and practices at all levels.

**MEMBERSHIP**

The Committee shall consist of three or more non-employee directors, each of whom is able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. The members of the Committee shall be appointed by, and may be replaced by, the Board. Each member of the Committee shall meet the independence and experience requirements of the stock exchange or automated quotation system upon which the Company’s common stock is listed or traded, if any (as may be modified or supplemented), federal securities laws and the rules and regulations of the Securities and Exchange Commission (“*SEC*”). At least one member of the Committee shall be an “audit committee financial expert” as defined by the SEC.

**AUTHORITY**

The Committee shall have the authority and responsibility to appoint and retain or replace the independent auditor, to determine the independent auditor’s compensation and terms of engagement, and to oversee the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.

The Committee shall have the authority and responsibility to adopt, modify and oversee the Company’s investment and cash management policies; including to adopt and amend such policies and oversee management’s administration of these policies.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting, investment or other advisors. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor and to any advisors employed by the Committee, and for the payment of administrative expenses of the

Committee that are necessary and appropriate in carrying out its duties. The Committee is empowered to investigate any matter brought to its attention.

The Committee shall pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, except for non-audit services that qualify for any de minimus exception under federal securities laws. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, so long as decisions of such subcommittee to grant pre-approvals are presented to the full Committee at its next scheduled meeting.

#### **MEETINGS AND COMMUNICATIONS**

The Committee shall meet as often as it determines necessary, but not less frequently than quarterly. A majority of the members shall constitute a quorum. The chairperson of the Committee shall be appointed by the Board. The Committee is to maintain free and open communications with the independent auditor, financial and senior management. This communication shall include separate executive sessions, at least annually, with each of these parties. The Committee shall maintain written minutes of its meetings and make regular reports to the full Board, and shall provide the required report in the Company's annual proxy statement.

#### **RESPONSIBILITIES**

To fulfill its oversight role, the Committee will, to the extent it deems necessary or appropriate:

#### **FINANCIAL STATEMENT AND DISCLOSURE MATTERS**

1. Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in Management's Discussion and Analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
2. Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to their release and the filing of the Form 10-Q, including disclosures made in Management's Discussion and Analysis, and the results of the independent auditor's review of the quarterly financial statements.
3. Review other relevant reports or financial information submitted by the Company to any governmental body or the public, including management certifications as required by the Sarbanes-Oxley Act of 2002 and relevant reports rendered by the independent auditor.
4. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
5. At least annually, review with management the effectiveness of the Company's disclosure controls and procedures.
6. Review and discuss with management and the independent auditor any major issues as to the adequacy of the Company's internal controls, any actions to be taken in light of significant or material control deficiencies, and the adequacy of disclosures about changes in internal control over financial reporting.
7. Review and discuss with management and the independent auditors the Company's report regarding internal control over financial reporting and the related attestation report prepared by the independent auditor prior to the filing of the Company's Form 10-K.

8. Review and discuss reports received, at least annually, from the independent auditors on:
  - (a) All critical accounting policies and practices used.
  - (b) All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
  - (c) Material written communications between the independent auditor and management, including any management letter or schedule of unadjusted differences.
9. Discuss with management the types of information and types of presentations to be made in the Company's earnings releases, and provided to analysts and rating agencies.
10. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives, changes in generally accepted accounting principles, and off-balance sheet structures on the Company's financial statements.
11. Discuss with management the Company's major risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

#### OVERSIGHT OF THE COMPANY'S RELATIONSHIP WITH THE INDEPENDENT AUDITOR

12. Discuss with the independent auditor the matters required to be discussed by applicable accounting standards relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
13. Review and evaluate the lead partner of the independent auditor team.
14. Obtain and review a written report from the independent auditor at least annually regarding:
  - (a) the independent auditor's internal quality control procedures,
  - (b) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm,
  - (c) any steps taken to deal with any such issues, and
  - (d) all relationships between the independent auditor and the Company, consistent with applicable rules of the Public Company Accounting Oversight Board.
15. Discuss with the independent auditor any relationships or services that may impact the objectivity and independence of the independent auditor.
16. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, taking into account the opinions of management. The Committee shall present its conclusions with respect to the independent auditor to the Board.
17. Ensure the rotation of the lead audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.
18. Review and approve both audit and nonaudit services to be provided by the independent auditor. The authority to grant preapprovals may be delegated to one or more designated members of the

Committee, whose decisions will be presented to the full Committee at its next regularly scheduled meeting.

19. Establish policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.
20. Require the independent auditor to review and discuss with the Committee issues on which the Company's audit team consulted with the national office of the independent auditor.
21. Meet with the independent auditor in a timely manner to discuss the planning and staffing of the audit.

#### OVERSIGHT OVER COMPLIANCE AND CONTROLS

22. Review periodically with management and the independent auditor the design and operating effectiveness of the Company's internal controls and any significant findings together with management's response. Review quarterly the disclosures made by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Company's periodic reports about any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting and any fraud involving management or other employees who have a significant role in the Company's internal controls.
23. Obtain from the independent auditor assurance that it has not detected or become aware of any illegal acts involving the Company.
24. Periodically review the Code of Business Conduct and Ethics and the Insider Trading Policy applicable to Company directors, officers and employees, review any reports from management, the Company's counsel and the independent auditor regarding compliance by the Company and its affiliates with applicable legal requirements and such codes and policy, advise the Board regarding such compliance and recommend to the Board any changes to such code and policy.
25. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by employees of concerns regarding accounting or auditing matters.
26. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
27. Discuss with the Company's counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.
28. Review and approve related party transactions between the Company and its officers, directors, any nominee for director, any stockholder owning more than five percent of any class of voting stock, or immediate family members of any of the foregoing.

#### OVERSIGHT OVER INVESTMENT AND CASH MANAGEMENT POLICIES

29. Establish an investment and cash management policy for the Company's cash and investment assets.
30. Review and approve modifications of the Company's investment and cash management policies.
31. Oversee management's administration of these policies, including the appointment of investment consultants, advisors, custodians and managers of the Company's cash and investment assets.
32. Serve as or appoint the members of the investment committee for the administration of an investment or cash management policy.

#### OTHER MATTERS

33. Review and approve the report required by the rules of the SEC to be included in the Company's annual proxy statement.
34. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
35. Annually review the performance of the Committee.

#### **LIMITATION OF COMMITTEE'S ROLE**

The Committee relies on the expertise and knowledge of management, the independent auditor, investment advisors, legal counsel and other advisors in carrying out its oversight responsibilities. It is not the duty of the Committee to plan or conduct audits, to determine that the Company's financial statements and disclosures are complete, accurate and in accordance with generally accepted accounting principles and applicable rules and regulations or to make specific investment asset management decisions. These are the responsibilities of the independent auditor and management. Management is also responsible for establishing and maintaining an appropriate system of (i) internal controls and procedures for financial reporting, and (ii) disclosure controls and procedures, in accordance with applicable law.

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**TALON REAL ESTATE HOLDING CORP.  
CODE OF BUSINESS CONDUCT AND ETHICS**

**Adopted June 7, 2013**

**INTRODUCTION**

This Code of Business Conduct and Ethics (this “*Code*”) of Talon Real Estate Holding Corp. (together with its subsidiaries, the “*Company*”) applies to all directors, officers and employees of the Company. The Company’s Chief Executive Officer, Chief Financial Officer and Controller are subject to additional requirements set forth in the Addendum to this Code. This Code covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide business conduct related to the Company. All of our directors, officers and employees must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. This Code should also be provided to and followed by the Company’s agents and representatives, including advisers, consultants and contractors.

If a law conflicts with a policy in this Code, you must comply with the law. If you have any questions about these conflicts, you should contact the appropriate person listed on Schedule A to this Code.

Those who violate the standards in this Code will be subject to disciplinary action, up to and including termination of employment. *If you are in a situation which you believe may violate or lead to a violation of this Code, follow the guidelines described in Section 15 of this Code.*

**1. COMPLIANCE WITH LAWS, RULES AND REGULATIONS**

It is the Company’s policy to comply with all applicable laws, rules and regulations. It is the personal responsibility of each director, officer, employee and representative of the Company to adhere to the standards and restrictions imposed by those laws, rules and regulations. It would be impossible to summarize here all the laws, rules and regulations with which the Company, our directors, officers, employees and representatives must comply; this Code refers to only a few of them.

**2. PUBLIC DISCLOSURE**

It is the Company’s policy that the information in our public communications, including Securities and Exchange Commission filings, be full, fair, honest, accurate, timely and understandable. All directors, officers, employees and representatives of the Company who are involved in our disclosure process (including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) are responsible for acting in furtherance of this policy. In particular, these individuals are required to maintain familiarity with the disclosure requirements applicable to the Company and are prohibited from knowingly misrepresenting, omitting or causing others to misrepresent or omit material facts about the Company to others, whether within or outside the Company, including the Company’s independent auditors. In addition, any director, officer, employee or representative of the Company who has a supervisory role in the Company’s disclosure process has an obligation to discharge his or her responsibilities diligently.

**3. CONFLICTS OF INTEREST**

A “conflict of interest” occurs when an individual’s private interest interferes in any way, or even appears to interfere, with the interests of the Company as a whole. A conflict situation can arise when a director, officer, employee or representative of the Company takes actions or has interests that may make it difficult to perform his or her work for the Company objectively and effectively.

Personal conflicts of interest are prohibited as a matter of Company policy, unless they have been waived in writing by the Company. In particular, no director, officer, employee or representative of the

Company may use or attempt to use his or her position at the Company to obtain any improper personal benefit for himself or herself, for his or her family members, or for any other person, including loans or guarantees of obligations, from any person or entity. Service to the Company should never be subordinated to personal gain and advantage. Conflicts of interest should, to the extent possible, be avoided. The term “family member” means a person’s spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person’s home.

Any director, officer, employee or representative of the Company who is aware of a material transaction or relationship that could reasonably be expected to give rise to a conflict of interest should discuss the matter promptly with an appropriate contact person listed in Schedule A to this Code.

#### **4. INSIDER TRADING**

The Company demands compliance with all securities laws and regulations. U.S. securities laws prohibit persons from trading in the securities of a company on the basis of material non-public information. Material non-public information includes any information concerning a company’s business, prospects, securities or market that an investor might consider important in deciding whether to buy or sell the securities of the company or that could affect the market price of the securities. Examples of material information include: possible mergers; acquisitions or divestitures; actual or estimated financial results; changes in dividends; purchases and sales of investments in companies; obtaining or losing significant contracts; significant product developments; threatened major litigation or developments in such matters; and major changes in business strategies. If you have access to material information, whether it pertains to the Company or another company, do not buy or sell Company securities or those of the other company until at least two business days after the information has been disclosed to the public by press release or similar announcement.

Two simple rules can help protect you in this area: (1) do not use material non-public information for personal gain, and (2) do not pass along such information to someone else who does not have a reason to know.

You must also comply at all times with the Company’s separate, more detailed policy on insider trading.

#### **5. CORPORATE OPPORTUNITIES**

Directors, officers, employees and representatives of the Company owe a duty to the Company to advance the Company’s legitimate business interests when the opportunity to do so arises. Directors, officers, employees and representatives of the Company are prohibited from taking for themselves, or directing to a third party, a business opportunity that is discovered through the use of corporate property, information or position, unless the Company has already been offered the opportunity and turned it down. More generally, directors, officers, employees and representatives of the Company are prohibited from using Company property, information or position for personal gain or competing, directly or indirectly, with the Company.

#### **6. COMPETITION AND FAIR DEALING**

The Company believes in succeeding through honest business competition. We do not seek competitive advantages through illegal or unethical business practices. Each director, officer, employee and representative of the Company should endeavor to deal fairly with the Company’s customers, service providers, suppliers, competitors and employees.

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered, given, provided or accepted by any director, officer, employee and representative of the Company unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) cannot be construed as a bribe or payoff and (5) does not violate any laws or

regulations. Please discuss with an appropriate contact person listed in Schedule A to this Code any gifts or proposed gifts which you are not certain are appropriate.

## **7. DISCRIMINATION AND HARASSMENT**

The diversity of the Company's employees is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances.

## **8. HEALTH AND SAFETY**

It is the Company's policy to establish and manage a safe and healthy work environment and to manage our business in ways that are sensitive to the environment and conserve natural resources. The Company will comply with all environmental, health and safety laws and will internally establish and comply with our own stricter standards where we believe the applicable laws do not adequately protect health, safety or the environment.

The Company strives to provide a safe and healthy work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs or alcohol in the workplace will not be tolerated.

## **9. RECORD-KEEPING**

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. For example, only the true and actual number of hours worked should be reported.

Many employees regularly use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, contact the appropriate person listed on Schedule A to this Code.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos and formal reports.

## **10. CONFIDENTIALITY**

In carrying out the Company's business, directors, officers, employees and representatives of the Company often learn confidential or proprietary information about the Company, our customers, prospective customers or other third parties. Directors, officers, employees and representatives of the Company must maintain the confidentiality of all information so entrusted to them, except when disclosure is authorized or legally mandated. Confidential or proprietary information includes, among other things, any non-public information concerning the Company, including all non-public information that might be of use to competitors or harmful to the Company or our customers if disclosed. The obligation to preserve confidential information continues even after a director, officer, employee or representative ceases to perform services for the Company.

## **11. PROTECTION AND PROPER USE OF COMPANY ASSETS**

All directors, officers, employees and representatives of the Company should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on our profitability. Any suspected incident of fraud or theft should be reported immediately for investigation. The Company's assets should not be used for non-company business, though incidental personal use may be permitted. Any act that involves theft, fraud, embezzlement or misappropriation of any property is prohibited.

The obligation of directors, officers, employees and representatives of the Company to protect our assets includes our proprietary information, intellectual property and innovative ideas. These intangible assets are very valuable to the Company and must be appropriately managed and protected. Information pertaining to acquisition and divestiture plans, technology, competitive position, directional strategy, customers, salaries, product costs, trade secrets and other proprietary information must be protected from misuse.

Intellectual property rights, including patents, trademarks, copyrights, trade secrets and know-how, are valuable assets and must be planned for and managed with the same degree of care as any other valuable asset. New concepts and ideas will be identified for purposes of evaluation and protection, as appropriate, to support the Company's long-term and short-term goals.

Employees and representatives of the Company also have an obligation to protect and manage any software that is proprietary to, or licensed by, the Company. "Software" includes programs, routines and procedures that cause a computer system to perform a predetermined function or functions, as well as the supporting documentation. This includes algorithms, flow charts, diagrams, specifications, diagnostic testing materials and operating or maintenance manuals. Employees and representatives of the Company developing, using or acquiring software must make sure that the appropriate intellectual property rights (copyrights, patents and trade secrets) in the software are obtained. All software must be developed and used in compliance with applicable laws and contractual obligations assumed by the Company, including copyright laws and necessary licensing. No employee or representative of the Company may use unlicensed software or create or use unauthorized copies of software.

## **12. PAYMENTS TO GOVERNMENT PERSONNEL**

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, the U.S. government has a number of laws and regulations regarding business gratuities which may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules.

## **13. WAIVERS OF THE CODE OF BUSINESS CONDUCT AND ETHICS**

This Code may be amended or modified only by the Company's board of directors. Any waivers of the provisions in this Code for the Company's directors or executive officers may be granted only by the Company's board of directors. Any waivers of the provisions in this Code for any other employee of the Company may be granted only by the Company's Chief Executive Officer, or his or her designee. Any amendment to, or waiver of, a provision of this Code that applies to a director or other executive officer will be publicly disclosed as required by applicable law, regulation or requirement of the stock exchange or automated quotation system upon which the Company's common stock is listed, if any.

## 14. REPORTING VIOLATION AND ENFORCEMENT

All directors, officers, employees and representatives of the Company must understand and comply with this Code. Violation of this Code will not be tolerated and will result in discipline for employees and other appropriate consequences for non-employees.

Any person who knows or believes that any director, employee or representative of the Company has engaged or is engaging in Company-related conduct that violates this Code should report such information to an appropriate contact person listed in Schedule A to this Code.

You may report such conduct openly or anonymously without fear of retaliation. The Company will not discipline, discriminate against or retaliate against any person who reports such conduct in good faith, whether or not such information is ultimately proven to be correct, or who cooperates in any investigation or inquiry regarding such conduct. Confidentiality regarding those who make compliance reports and those potentially involved is maintained to the extent possible during a compliance investigation.

Each report of a suspected violation of this Code will be treated seriously and investigated diligently by the Company. Depending on the nature of a suspected violation, and the parties involved, the investigation will be conducted by management, the Company's board of directors or outside professions hired specifically for the investigation. In order to facilitate a complete investigation of a suspected violation, a reporting person should be prepared to provide as many details as possible, including a description of the questionable practice or behavior, the names of any persons involved, the names of possible witnesses, dates, times, places and any other available details.

Based on its investigation, the Company will take prompt and appropriate corrective action in response to the concern, if necessary, to ensure compliance with legal and ethical requirements.

Violation of this Code may result in disciplinary action, up to and including termination of employment, removal from the board or other appropriate consequences for non-employees. Any supervisor who directs or approves of any conduct in violation of this Code, or who has knowledge of such conduct and does not immediately report it, also will be subject to disciplinary action, up to and including termination of employment.

The Company also may commence legal proceedings, if necessary, to recover the amount of any improper expenditures, any profits realized by the offending director, employee or representative of the Company and any financial detriment sustained by the Company. In appropriate circumstances, violations of this Code will be reported to the applicable authorities.

## 15. COMPLIANCE PROCEDURES

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know if a violation has occurred. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask Yourself Questions. If you are in doubt about a business conduct situation, ask yourself the following questions:
  - Is it legal?
  - Does it violate this Code?
  - Is it consistent with the Company's values?
  - Is it fair and just?
  - How would it look in a newspaper article?

- Does it have the appearance of impropriety?
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from Company resources. If you feel that it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, discuss it with the appropriate person listed on Schedule A to this Code.
- Always ask first, act later: If you are unsure of whether something that you plan to do, or have been asked to do, may violate this Code, seek guidance before you act.

## SCHEDULE A

### CONTACT LIST

#### **Directors and Executive Officers**

**Contact:**

- Chairperson of the Board
- Chairperson of the Audit Committee
- Chief Executive Officer
- Chief Financial Officer

#### **Other Employees**

**Contact:**

- The employee's immediate supervisor
- Chief Financial Officer
- Chairperson of the Audit Committee

#### **Representatives, Agents and Consultants**

**Contact:**

- Chairperson of the Board
- Chairperson of the Audit Committee
- Chief Financial Officer

This contact list is subject to change from time to time. Any change to this contact list shall not be deemed an amendment to this Code.

## RECEIPT AND ACKNOWLEDGMENT

I acknowledge that I have received and will comply with the Code of Business Conduct and Ethics of Talon Real Estate Holding Corp. I understand and agree that the Code of Business Conduct and Ethics is **not** an employment contract between Talon Real Estate Holding Corp. and me.

I understand that if I have questions related to the standards of conduct outlined in the Code of Business Conduct and Ethics, I am to discuss them promptly with an appropriate contact person listed in Schedule A attached to the Code of Business Conduct and Ethics.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Print Name \_\_\_\_\_

Location \_\_\_\_\_

Return this page to: Talon Real Estate Holding Corp.  
5500 Wayzata Blvd. Suite 1070  
Minneapolis, Minnesota 55416  
Attention: Chief Financial Officer

## ADDENDUM FOR SENIOR FINANCIAL MANAGEMENT

*Applicability.* This Addendum supplements the Talon Real Estate Holding Corp. Code of Business Conduct and Ethics (the “Code”) applicable to all employees and applies to the Company’s Chief Executive Officer, Chief Financial Officer and Controller (the “Senior Financial Management”).

*Purpose.* This Addendum is designed to deter wrongdoing and to promote:

- honest and ethical conduct;
- full, fair, accurate, timely and understandable disclosure by the Company;
- compliance with applicable laws, rules and regulations;
- prompt reporting of violations of the Code or this Addendum; and
- accountability for adherence to the Code and this Addendum.

*Requirements.* All members of the Senior Financial Management shall:

- Provide full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with or submits to the Securities and Exchange Commission, and in other public communications by the Company.
- Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing the individual’s independent judgment to be subordinated.
- Share knowledge and maintain skills relevant to carrying out the individual’s duties within the Company.
- Proactively promote ethical behavior among peers and employees under the individual’s supervision at the Company.
- Achieve responsible use of and control over all assets and resources of the Company entrusted to the individual.
- Promptly report to the Chairperson of the Audit Committee any information concerning violations of the Code or this Addendum, significant deficiencies in the design or operation of the Company’s internal financial controls, or any fraud involving management or other employees who have a significant role in the Company’s financial reporting, disclosures or internal controls.

*Reporting Violations.* Any person who has information concerning any violation of the Code or this Addendum by any member of the Senior Financial Management shall promptly bring such information to the attention of the Chairperson of the Audit Committee. The Audit Committee will oversee the handling of reports involving accounting, internal control or audit matters and any report or involving the Senior Financial Management, and will refer other reports to the Chief Executive Officer or Chief Financial Officer for appropriate handling and response.

*Sanctions.* Violations of the Code or this Addendum may subject the officer to appropriate sanctions, including censure, suspension or termination. These sanctions shall be reasonably designed to deter wrongdoing and promote accountability for adherence to the Code and this Addendum.

*Waivers and Amendments.* Waivers of or amendments to the provisions of the Code or this Addendum may be granted or approved only by the Board of Directors of the Company. Any such waivers or amendments shall be promptly disclosed as required by law, regulation or requirement of the stock exchange or automated quotation system upon which the Company’s common stock is listed, if any.

**TALON REAL ESTATE HOLDING CORP.**  
**COMPENSATION COMMITTEE CHARTER**

**Adopted: June 7, 2013**

**PURPOSE**

The Compensation Committee (the “*Committee*”) assists the Board of Directors (the “*Board*”) of Talon Real Estate Holding Corp . (the “*Company*”) in:

- approving compensation and employment arrangements for executive officers;
- administering compensation plans for employees;
- considering nominees for election as corporate officers; and
- evaluating the compensation structure for management employees and developing an implementation plan; and
- determining the compensation of non-employee directors.

**COMMITTEE MEMBERSHIP**

The Committee shall consist of two or more directors, who will be appointed by and may be removed by the Board. Each member of the Committee shall be independent in accordance with the listing standards and requirements of the stock exchange or automated quotation system upon which the Company’s common stock or CHESSE Depository Interests is listed or traded, if any (as may be modified or supplemented and including any independence standard specifically applicable to members of the Committee) and any other applicable laws or regulations, shall be a “non-employee director” as defined in Rule 16b-3(b)(3) under the Securities Exchange Act, and shall be an “outside director” as defined in regulations adopted under section 162(m) of the Internal Revenue Code.

**COMMITTEE AUTHORITY**

The Committee shall have the resources and authority to discharge its duties and responsibilities, including the authority to retain any compensation consulting firm, independent counsel or other advisors as the Committee may deem appropriate. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consulting firm, independent counsel or other advisors retained by the Committee.

The Committee may form and delegate authority to subcommittees consisting of one or more members when deemed appropriate by the Committee. The Committee may also delegate to the Chief Executive Officer (“*CEO*”) the authority, within pre-existing guidelines established by the Committee and as permitted by applicable law, to approve equity compensation awards to employees other than executive officers of the Company under established stock-based compensation plans of the Company. Any exercise of delegated authority will be reported to the Committee at its next regularly scheduled meeting.

The Committee may also delegate non-discretionary administrative authority under Company compensation and benefit plans in its discretion and consistent with any limitations specified in the applicable plans.

**COMMITTEE MEETINGS AND COMMUNICATIONS**

The Committee shall meet as often as it determines. A majority of the members shall constitute a quorum. The chairperson of the Committee shall be appointed by the Board. The Committee shall regularly report its actions and recommendations to the Board.

## **COMMITTEE RESPONSIBILITIES**

To fulfill its role, the Committee will have the following responsibilities:

### EXECUTIVE COMPENSATION

1. Review and approve on an annual basis the goals and objectives relevant to the CEO's compensation, as well as the CEO's compensation program. The Committee will annually assess the performance and overall effectiveness of the CEO based on relevant and objective criteria and discuss the assessment with the CEO. The Committee will evaluate the performance of the CEO, including the degree to which goals and objectives relevant to the CEO's compensation have been achieved and such other factors as the Committee deems relevant to establish the CEO's annual compensation, including salary, bonus, incentive and equity-based compensation. The CEO may not be present during the Committee's voting or deliberations on his or her compensation.
2. Annually review the evaluation of the performance of the executive officers of the Company, and approve their annual compensation, including salary, bonus, incentive and equity-based compensation. The Committee shall also provide general oversight of management's decisions regarding the performance and compensation of other management employees.
3. Review and approve the terms of the compensation for newly hired and newly promoted executive officers.

### COMPENSATION PROGRAMS

4. Periodically review the Company's compensation structure for management employees, including incentive, deferred and equity-based compensation plans, and approve or recommend to the Board any changes as needed.
5. Periodically review and approve the evaluations of senior management employees.
6. Review and approve the annual incentive plan goals for executive officers, review actual performance against goals and approve annual incentive plan awards.
7. Oversee and administer the Company's incentive compensation, deferred compensation, profit sharing, equity-based compensation and supplemental retirement plans for employees, including the approval of participants and awards under equity-based compensation plans.
8. Periodically review the compensation paid to non-employee directors and recommend to the Board any adjustments in director compensation and related plans.

### EMPLOYMENT AND COMPLIANCE MATTERS

9. Review and approve employment agreements, change in control agreements, severance arrangements and special or supplemental benefits for executive officers.
10. Monitor compliance with prohibitions on personal loans to directors and executive officers.
11. Monitor compliance with executive officer and director stock ownership policies and periodically review such policies. Discuss compliance with the Board and recommend changes.

### OTHER MATTERS

12. Periodically assess the adequacy of this charter and recommend any proposed changes to the Board for its approval.
13. Periodically review and report to the Board on the performance of the Committee.

14. As required by applicable rules of the Securities and Exchange Commission (“SEC”), produce a Compensation Committee Report for inclusion in the Company’s proxy statement for its annual meeting of stockholders.
15. Review and discuss with Company management and advisors the compensation and employment related disclosures to be made in the Company’s filings with the SEC.

## TALON REAL ESTATE HOLDING CORP.

### COMPLAINT PROCEDURES REGARDING FINANCIAL, ACCOUNTING AND AUDIT MATTERS

The Company is committed to fair, accurate and transparent accounting of financial matters of the Company and expects all employees, officers, directors and agents to act in accordance with the highest ethical standards in the performance of their responsibilities for the Company. The Company requires full compliance with all applicable securities laws and regulations, accounting standards, accounting controls and audit practices and prohibits violations of applicable securities or other laws relating to fraud against stockholders. The Company relies on all employees, officers, directors and agents of the Company to conduct themselves in accordance with the requirements and spirit of this policy and to report any suspected violations of this policy or other questionable financial, accounting or audit matters without fear of retaliation.

#### Reporting Complaints, Concerns or Questionable Financial Practices

Any person who has complaints or concerns about the Company's accounting, internal accounting controls or auditing matters, or who becomes aware of questionable accounting or auditing matters, is strongly encouraged to report such matters to the Audit Committee of the Company.

To raise complaints or concerns about or report a questionable accounting or auditing matter to the Audit Committee, employees should provide details in writing to the Audit Committee by sending information to:

Marc Agar  
701 Lake Street East Suite 230  
Wayzata, MN 55391  
e-mail: [magar@cacommunications.com](mailto:magar@cacommunications.com)

In order to facilitate a complete investigation, employees should be prepared to provide as many details as possible, including a description of the questionable practice or behavior, the names of any persons involved, the names of possible witnesses, dates, times, places, and any other available details. The Company encourages all employees with complaints or concerns to come forward with information and prohibits retaliation against employees raising concerns. Nonetheless, if an employee feels more comfortable doing so, reports may be made confidentially and/or anonymously in the manner described above.

Supervisors and managers who become aware of any questionable accounting or auditing matters, or who receive complaints or concerns from other employees, must immediately report them directly to the Audit Committee in accordance with this policy. Supervisors and managers who receive complaints of questionable accounting or auditing matters must consult with the Audit Committee before undertaking an investigation or other action. The Audit Committee has final responsibility and authority for the investigation and handling of any concerns or complaints relating to accounting and auditing practices.

#### Investigation and Response

The Audit Committee will oversee the receipt and handling of allegations of questionable accounting or auditing matters, including directing an appropriate investigation and response. Based on its investigation, the Audit Committee will direct the Company to take prompt and appropriate corrective action in response to the complaint or concern if necessary to ensure compliance with legal and ethical requirements relating to financial, accounting and audit matters of the Company. If the Audit Committee

determines that a particular complaint or concern is not covered by this policy, it will refer the complaint or concern to the Company's legal counsel for appropriate handling and response.

### **Confidentiality and Non-retaliation**

Reports of questionable accounting or audit practices will be kept confidential to the extent possible consistent with the Audit Committee's obligation to investigate and correct unlawful or unethical accounting or audit practices. In order to ensure confidentiality, an employee may elect to make a complaint anonymously.

The Company will not retaliate or take any form of reprisal against any person who makes a report pursuant to this policy or who participates in an investigation regarding a violation of the applicable securities laws, rules or regulations, or any provision of other laws regarding fraud against stockholders. Any such retaliation or reprisal by a Company employee is forbidden. Any employee who retaliates against another employee or a witness as described above will be subject to discipline, up to and including discharge. Employees who believe they are subject to retaliation because they have made a report or participated in an investigation should report such suspected retaliation to the Audit Committee in the same manner as described above for the reporting of questionable practices.

Questions about this policy should be directed to the Chair of the Audit Committee, at the contact information noted above.

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**TALON REAL ESTATE HOLDING CORP.  
RELATED PERSON TRANSACTION APPROVAL POLICY**

**Adopted: June 7, 2013**

**TRANSACTIONS SUBJECT TO POLICY**

Any transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships in which Talon Real Estate Holding Corp. (including any of its subsidiaries) (the “*Company*”) is or will be a participant and in which a Related Person has a direct or indirect interest is a “*Related Person Transaction*.” In order for the transaction, arrangement or relationship to be subject to this policy, there must be a financial aspect to the transaction, which may, for example, involve payments or otherwise providing value between the Company and the Related Person or an entity in which the Related Person has an interest.

“*Related Persons*” include:

- all directors and executive officers of the Company;
- any nominee for director of the Company;
- any immediate family member of a director, nominee for director or executive officer of the Company; and
- any beneficial owner of more than 5% of any class of the Company’s voting securities, or an immediate family member of such holder.

“*Immediate family members*” include children, stepchildren, parents, stepparents, spouses, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, bothers- and sisters-in-law and any other person (other than a tenant or employee) sharing the household of one of the individuals listed above.

An “*indirect*” interest of a Related Person in a transaction includes a Related Person serving as an officer or general partner of, or being a significant investor or equity holder in, an entity that is a party to a transaction with the Company.

The following transactions are exempt from this policy:

- payment of compensation by the Company to a Related Person for the Related Person’s service to the Company in the capacity or capacities that give rise to the person’s status as a “*Related Person*,”
- transactions available to all employees or all stockholder of the Company on the same terms; and
- transactions, which when aggregated with the amount of all other transactions between the Company and the Related Person or any entity in which the Related Person has an interest, involve less than \$120,000 in a fiscal year of the Company.

**APPROVAL OR RATIFICATION OF RELATED PERSON TRANSACTIONS**

The Audit Committee of the Board of Directors of the Company (the “*Committee*”) is to approve any Related Person Transaction subject to this policy before commencement of the Related Person Transaction or if applicable, before stockholder approval of the Related Person Transaction. The Related Person Transaction should be presented to the Committee by an executive officer of the Company requesting that the Committee consider the Related Person Transaction at its next meeting.

If the Company’s Chief Executive Officer or Chief Financial Officer becomes aware of a Related Person Transaction subject to this policy that has not previously been approved under this policy:

- if it is pending or ongoing, it will be submitted to the Committee promptly and the Committee will consider the transaction in light of the standards of approval listed below. Based on this evaluation, the Committee will consider all options, including ratification, amendment or termination of the Related Party Transaction; and
- if the transaction is completed, the Committee will evaluate the transaction in accordance with the same standards to determine whether rescission of the transaction is appropriate and feasible, and seek to ascertain the reason the transaction was not previously submitted to the Committee for prior approval.

#### **STANDARDS FOR APPROVAL OF TRANSACTIONS**

The Committee will analyze the following factors, in addition to any other factors the Committee deems appropriate, in determining whether to approve a Related Person Transaction:

- whether the terms are fair to the Company;
- whether the transaction is material to the Company;
- the role the Related Person has played in arranging the Related Person Transaction;
- the structure of the Related Person Transaction; and
- the interests of all Related Persons in the Related Person Transaction.

A Related Person Transaction will only be approved by the Committee if the Committee determines that the Related Person Transaction is beneficial to the Company and the terms of the Related Person Transaction are fair to the Company.

#### **APPROVAL PROCESS**

The Committee may, in its sole discretion, approve or deny any Related Person Transaction. Approval of a Related Party Transaction may be conditioned upon the Company and the Related Person taking any or all of the following additional actions, or any other actions that the Committees deems appropriate:

- requiring the Related Person to resign from, or change position within, an entity that is involved in the Related Person Transaction with the Company;
- assuring that the Related Person will not be directly involved in negotiating the terms of the Related Person Transaction or in the ongoing relationship between the Company and the other persons or entities involved in the Related Person Transaction;
- limiting the duration or magnitude of the Related Person Transaction;
- requiring that information about the Related Person Transaction be documented and that reports reflecting the nature and amount of the Related Person Transaction be delivered to the Committee on a regular basis;
- requiring that the Company have the right to terminate the Related Person Transaction by giving a specified period of advance notice; or
- appointing a Company representative to monitor various aspects of the Related Person Transaction.

**TALON REAL ESTATE HOLDING CORP.  
AUDIT COMMITTEE PRE-APPROVAL POLICY**

**Approved: June 7, 2013**

**Statement of Principles**

As reflected in its charter and, to the extent applicable, under the Sarbanes-Oxley Act of 2002 (the “*Act*”), the Audit Committee is responsible for the appointment, compensation, retention and oversight of the work of the independent auditor for Talon Real Estate Holding Corp. and its subsidiaries (the “*Company*”). In connection with such responsibilities, the Audit Committee is required to approve the audit and non-audit services performed by the Company’s independent auditor in order to assure that such services do not impair the auditor’s independence. To implement these provisions of the Act, the Securities and Exchange Commission (the “*SEC*”) has issued rules specifying the types of services that an independent auditor may not provide to its audit client, as well as the audit committee’s administration of the engagement of the independent auditor. Accordingly, the Audit Committee has adopted this Pre-Approval Policy, which sets forth the procedures and conditions for pre-approving audit and permitted non-audit services to be performed by the independent auditor. The Audit Committee will review this Policy periodically to ensure its continued appropriateness and compliance with applicable law and listing standards, including regulations of the SEC and the Public Company Accounting Oversight Board (“*PCAOB*”).

The SEC’s rules establish two different approaches to pre-approving services, which the SEC considers to be equally valid. Proposed services may be pre-approved without consideration of specific case-by-case services by the Audit Committee (i.e., “general pre-approval”) or may be subject to case-by-case pre-approval by the Audit Committee (i.e., “specific pre-approval”). The Audit Committee believes that the combination of these two approaches in this Policy will result in an effective and efficient procedure to pre-approve services performed by the independent auditor. As set forth in this Policy, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit Committee if it is to be provided by the independent auditor. Any proposed services exceeding pre-approved cost levels or budgeted amounts will also require specific pre-approval by the Audit Committee.

For both types of pre-approval, the Audit Committee will consider whether the services to be performed by the auditor are consistent with applicable SEC and PCAOB rules on auditor independence. The Audit Committee also will consider whether the independent auditor is best positioned to provide the most effective and efficient service, for reasons such as its familiarity with the Company’s business, people, culture, accounting systems, risk profile and other factors, and whether the service might enhance the Company’s ability to manage or control risk or improve audit quality. All such factors will be considered as a whole, and no one factor should necessarily be determinative.

A list of the SEC’s prohibited non-audit services is attached to this Policy as Schedule 1. The independent auditors shall not provide any of these services to the Company. The Audit Committee may determine to prohibit other services that in its view may compromise, or appear to compromise, the independence and objectivity of the independent auditor. The SEC’s rules and relevant guidance, including without limitation, regulations, interpretations or other guidance promulgated by PCAOB, should be consulted to determine the appropriateness of any non-audit service, as well as for the precise definitions of prohibited services and the applicability of exceptions to certain of the prohibitions.

The Audit Committee will periodically approve the type and amount of audit, audit-related, tax and any other services to be performed by the Company’s independent auditor taking into account the

guidelines set forth in this Policy. Any pre-approval will be reflected by resolution and will apply for a period of 12 months from the date of pre-approval, unless otherwise specified in the applicable resolution(s), provided that pre-approvals pursuant to the delegated authority in Section II below will be reflected in the minutes of the next scheduled meeting of the Audit Committee following exercise of such delegated authority.

## I. Delegation

To ensure prompt handling of unexpected matters, and as provided in the Act and the SEC rules, the Audit Committee delegates to the Chair of the Committee the authority individually to pre-approve the engagement of the independent auditor to provide permitted audit and non-audit services and/or to change the terms, conditions and/or fees of any previously approved services, provided that:

- the aggregate fees incurred pursuant to such new engagement or change in terms shall not exceed \$100,000 prior to the next scheduled Audit Committee meeting; and
- the Chair of the Committee believes such new engagement or change in terms is consistent with the SEC's rules on auditor independence and this Policy, and would not impair the independence of the auditor.

The Chair of the Committee will report, for informational purposes only, any interim pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee will not delegate its responsibilities to pre-approve services performed by the independent auditor to the Company's management.

## II. Audit Services

The engagement terms and fees for the Company's annual audit of its consolidated financial statements will be subject to the specific approval of the Audit Committee. Audit services include, but are not limited to, the annual financial statement audit (including required quarterly reviews), subsidiary audits, equity investment audits, consents, accounting consultations for significant or unusual transactions and other procedures required to be performed by the independent auditor to be able to form an opinion on the Company's consolidated financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control over financial reporting and consultations relating to the audit or quarterly review. Audit services also include attestation services that generally only the independent auditor can provide (such as any required internal control over financial reporting report under §404 of the Act). The Audit Committee will monitor the annual audit engagement on a quarterly basis or more often if circumstances warrant, and also will approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, Company structure or other items.

In addition to the annual audit engagement, the Audit Committee may approve other audit services, which are those services that only the independent auditor reasonably can provide. Other audit services may include statutory audits or financial audits for subsidiaries or affiliates of the Company and services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings.

## III. Audit-Related Services

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements or that are

traditionally performed by the independent auditor. The Audit Committee may pre-approve audit-related services, including, but not limited to:

- due diligence services pertaining to potential business acquisitions or dispositions;
- accounting consultations related to accounting, financial reporting or disclosure matters not classified as audit services;
- assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities;
- financial audits of employee benefit plans;
- agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters; and
- assistance with internal control reporting requirements.

#### IV. Tax Services

The Audit Committee believes that the independent auditor can provide tax services to the Company such as tax compliance, tax planning and tax advice without impairing the auditor's independence. However, the Audit Committee will not permit the retention of the independent auditor in connection with a transaction initially recommended by the independent auditor, the sole business purpose of which may be tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. Additionally, no income tax services shall be permitted for which the fees to be paid are contingent on the results of the services provided. The Audit Committee may consult with management or its independent advisors, including counsel, to determine that the tax planning and reporting positions are consistent with this Policy.

#### V. Other Services

The Audit Committee may pre-approve other services that the Audit Committee has reviewed and believes would not impair the independence of the auditor and are consistent with the SEC's rules on auditor independence. These services include permitted corporate finance services and certain advisory services such as real estate, treasury, employee benefit plans and risk management.

#### VI. Fee Levels

Fee levels for all services to be provided by the independent auditor will be established annually by the Audit Committee and reviewed as the Audit Committee deems appropriate. Any proposed services exceeding these levels or amounts will require specific approval by the Audit Committee or a Designee pursuant to Section II above. The Audit Committee is mindful of the overall relationship of fees for audit and non-audit services in determining whether to approve any such services. In this regard, the Audit Committee may, but will not be required to, determine, for each fiscal year, the appropriate ratio between the total amount of fees for audit, audit-related and tax services and the total amount of fees for certain permissible non-audit services classified as all other services.

## VII. Documentation

With respect to each proposed approved service, the independent auditor will provide detailed documentation to the Company's management and to the Audit Committee regarding the specific services to be provided.

## VIII. Monitoring Procedures

The Audit Committee has designated the Chief Financial Officer to monitor the performance of all services provided by the independent auditor and to determine whether such services are in compliance with this Policy. The Chief Financial Officer will report promptly to the Chair of the Audit Committee any non-compliance (or attempted non-compliance) with this Policy of which the Chief Financial Officer becomes aware.

## **PROHIBITED NON-AUDIT SERVICES**

- BOOKKEEPING OR OTHER SERVICES RELATED TO THE ACCOUNTING RECORDS OR FINANCIAL STATEMENTS OF THE AUDIT CLIENT
- FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION
- APPRAISAL OR VALUATION SERVICES, FAIRNESS OPINIONS OR CONTRIBUTION-IN-KIND REPORTS
- ACTUARIAL SERVICES
- INTERNAL AUDIT OUTSOURCING SERVICES
- MANAGEMENT FUNCTIONS
- HUMAN RESOURCES
- BROKER-DEALER, INVESTMENT ADVISER OR INVESTMENT BANKING SERVICES
- LEGAL SERVICES
- EXPERT SERVICES UNRELATED TO THE AUDIT
- TAX SERVICES TO INDIVIDUAL EXECUTIVES

**TALON REAL ESTATE HOLDING CORP.  
GOVERNANCE AND NOMINATING COMMITTEE CHARTER**

**Adopted: June 7, 2013**

**PURPOSE**

The Governance and Nominating Committee (the “*Committee*”) assists the Board of Directors (the “*Board*”) of Talon Real Estate Holding Corp. (the “*Company*”) in:

- identifying qualified individuals to become Board members;
- determining the composition of the Board and its committees;
- assessing and enhancing the effectiveness of the Board and individual directors;
- developing and implementing the Company’s Corporate Governance Guidelines; and
- evaluating the performance of the Chief Executive Officer and ensuring that succession planning takes place for critical senior management positions.

**COMMITTEE MEMBERSHIP**

The Committee shall consist of one or more directors. The members of the Committee shall be appointed and may be removed by the Board. Each member of the Committee shall be independent in accordance with the listing standards and requirements of the stock exchange or automated quotation system upon which the Company’s common stock is listed or traded, if any (as may be modified or supplemented) and any other applicable laws or regulations.

**COMMITTEE AUTHORITY**

The Committee shall have the resources and authority to discharge its duties and responsibilities, including the authority to retain any search firm to assist in identifying director candidates, and any independent counsel or other advisors as the Committee may deem appropriate. The Committee shall have the sole authority to approve related fees and retention terms.

The Committee may form and delegate authority to subcommittees consisting of one or more members when deemed appropriate by the Committee.

**COMMITTEE MEETINGS AND COMMUNICATIONS**

The Committee shall meet as often as it determines. A majority of the members shall constitute a quorum. The chairperson of the Committee shall be appointed by the Board. The Committee shall regularly report its actions and recommendations to the Board.

**COMMITTEE RESPONSIBILITIES**

To fulfill its role, the Committee will have the following responsibilities:

COMPOSITION OF THE BOARD AND COMMITTEES

1. Annually, and as needed, consider and recommend to the Board the size and composition of the Board and the necessary and desirable competencies of directors.
2. Evaluate, based on criteria in the Corporate Governance Guidelines and the charters of the respective Board committees, and on the Committee’s assessment of the needs of the Board and its committees, possible nominees (including those recommended by stockholders in accordance with the Corporate Governance Guidelines) for election as directors, conduct appropriate inquiries into the background and qualifications of possible nominees, and recommend to the

Board suitable nominees for election either annually by shareholders or, in the event of a vacancy, by the Board.

3. Consider and establish procedures for identifying and recruiting potential director nominees who meet criteria for Board membership, including utilizing the resources of board leadership and board membership associations and the Committee's network of contacts, and engaging professional search firms as appropriate.
4. Annually review the Board committee structure, the composition of the standing committees and Board succession plans, and recommend to the Board for its approval directors to serve as members of the standing committees of the Board. Recommend additional committee members to fill vacancies as needed.

#### EVALUATION OF THE BOARD AND DIRECTORS

5. Develop and oversee an annual self-evaluation process of the Board, its committees, the directors, and the performance of each of the foregoing.
6. Periodically evaluate the participation and contribution of each director.

#### GOVERNANCE EFFECTIVENESS

7. Periodically review and recommend to the Board any modifications of the Corporate Governance Guidelines, and oversee the implementation of the Corporate Governance Guidelines.
8. Periodically assess the adequacy of this charter and recommend any proposed changes to the Board for its approval.
9. Oversee the process for providing an orientation to the Company for new directors, and for periodically providing materials or briefing sessions for all directors on subjects that would assist them in discharging their duties.
10. Recommend an annual calendar of meetings for the Board.
11. Periodically review and report to the Board on the performance of the Committee.

#### SENIOR MANAGEMENT

12. Recommend to the Board succession plans for the Chief Executive Officer ("CEO") and other critical, senior management positions, and review such plans periodically with the CEO.
13. Recommend to the Board the selection, re-election or, if necessary, the replacement of the CEO.

#### OTHER MATTERS

14. Provide advice and counsel to the CEO on shareholder relations and other matters as requested.
15. Evaluate, oversee preparation and recommend to the Board proxy statement responses to shareholder proposals.

**TALON REAL ESTATE HOLDING CORP.  
INSIDER TRADING POLICY**

**and Guidelines with Respect to  
Certain Transactions in Company Securities**

Adopted: June 7, 2013

Federal and state securities laws prohibit individuals from trading in the securities of a company while they are aware of material information about that company that is not generally known or available to the public. Such trading is often referred to as “insider trading.” The purpose of this Insider Trading Policy is to prevent insider trading or allegations of insider trading, and to protect the reputation for integrity and ethical conduct of Talon Real Estate Holding Corp. (the “Company”).

**APPLICABILITY OF POLICY**

**A. *Material Nonpublic Information*** means material information (described below) that has either not been disclosed to the public generally, or has been disclosed so recently that sufficient time has not yet passed to allow the information to become widely available among investors and the financial community.

**B. *Material Information*** means information about a company that would be expected to affect the investment or voting decision of a reasonable investor, or information that could reasonably be expected to have an effect on the price of that company’s securities. Examples of what might be considered material information are listed later in this Policy.

**C. *Covered Individuals.*** This Policy applies to:

1. *Company Personnel.* All directors, officers and employees of the Company and its subsidiaries (“*Company personnel*”), as well as members of their immediate families and others living in the same household.

2. *Consultants and Advisors.* All consultants and advisors to the Company and its subsidiaries whose work for the Company or its subsidiaries brings them into contact with material nonpublic information.

3. *Related Parties.* Any other person or entity, including a trust, corporation, partnership or other association, whose transactions in Company securities are directed by any person covered by paragraph C(1) or C(2) or are subject to that person’s influence or control.

The individuals and entities described in paragraphs C(1), C(2) and C(3) are referred to as “*Covered Persons.*”

**D. *Covered Companies.*** This Policy applies to trading in the securities of:

- the Company; and
- any other company with which the Company or any of its subsidiaries is or may be doing business, such as customers, suppliers or companies with which a major transaction such as a merger, acquisition or divestiture may be or is being negotiated.

**E. *Covered Transactions.*** The securities trading that this Policy covers includes purchases and sales of common stock, options to acquire common stock and any other securities the Company may issue from time to time, such as preferred stock, warrants and convertible debentures, and purchases and sales of derivative securities relating to the Company’s stock, whether or not issued by the Company,

such as exchange-traded options. Trading covered by this Policy may or may not include transactions under Company-sponsored plans as follows:

1. *Stock Option Exercises.* The Policy's trading restrictions do not apply to the purchase of Company stock through the exercise of stock options granted by the Company. The trading restrictions do apply to any subsequent sale of Company stock acquired through an option exercise.

2. *Employee Stock Purchase Plan Purchases.* The Policy's trading restrictions do not apply to the purchase of Company stock through any Employee Stock Purchase Plan the Company may maintain from time to time (but the Policy's trading restrictions do apply to the sale of any such shares).

## **STATEMENT OF POLICY**

Insider trading involves trading at any time when the person making the purchase or sale *is aware* of material nonpublic information regarding the company whose securities are being traded. If you have a doubt or question about whether you are aware of or in possession of material nonpublic information concerning the Company or another company, you should contact the Company's Chief Financial Officer.

### **A. No Trading on Material Nonpublic Information**

1. *Company Securities.* If you are a Covered Person, you must not purchase or sell any Company securities, or otherwise advise or assist any third party trading of Company securities, while you are aware of material nonpublic information regarding the Company.

2. *Other Companies' Securities.* If you are a Covered Person and you obtain material nonpublic information about any other publicly-held company as a result of your work on behalf of the Company or any of its subsidiaries, you must not trade in that company's securities.

**B. No Disclosure to Others Who Might Trade.** If you are a Covered Person, you must not communicate material nonpublic information to any person who does not need that information for a legitimate business purpose, or recommend to anyone the purchase or sale of securities when you are aware of material nonpublic information about the company involved. This practice, known as "tipping," also violates the securities laws and can result in the same civil and criminal penalties that apply to insider trading, even though you did not actually trade and did not benefit from another's trading.

**C. Protect Material Nonpublic Information.** In order to reduce the possibility that material nonpublic information will be inadvertently disclosed:

- You must treat material nonpublic information as confidential, exercise the utmost caution in preserving the confidentiality of that information, and should not discuss it with any other person who does not need to know it for a legitimate business purpose.
- You should refrain from discussing material nonpublic information relating to the Company or any public company in public places where such discussions can be overheard.
- If you become aware of any leak of material nonpublic information, whether inadvertent or otherwise, you should report the leak immediately to the Company's Chief Financial Officer.

**D. Specific Material Developments.** From time to time, material developments known only to a limited number of Company personnel may occur to cause the Company to impose on an appropriate group of Company personnel additional restrictions on trading. You will be notified if you become part of such a group, and you should not disclose to others the fact that you have been so notified and that restrictions on trading have been imposed.

## **ADDITIONAL RESTRICTIONS ON CORPORATE INSIDERS**

If you are a Corporate Insider (directors and Section 16 officers of the Company and other officers and key employees of the Company and its subsidiaries who have been designated as Corporate Insiders by the Chief Financial Officer), you are subject to additional restrictions on trading Company securities as set out in the attached Addendum. The Company may also, from time to time, impose on all or an appropriate group of Covered Persons additional restrictions on trading Company securities when circumstances warrant. These additional restrictions will be communicated by the Chief Financial Officer.

## **DISCIPLINARY ACTION AND POTENTIAL CIVIL AND CRIMINAL PENALTIES**

**A. *Disciplinary Action.*** Company personnel who fail to comply with this Policy will be subject to appropriate disciplinary action, which may include ineligibility to participate in the Company's equity incentive plans or termination of employment.

**B. *Civil and Criminal Penalties.*** The penalties for violating insider trading laws are severe. If you trade on (or tip) material nonpublic information, you are subject to civil penalties of up to three times the profit gained or loss avoided, criminal fines of up to \$5,000,000 and up to 20 years imprisonment. If the Company fails to take appropriate steps to prevent insider trading, the Company and its directors, officers and other supervisory personnel may be subject to "controlling person" liability and potential civil and criminal penalties.

## **MATERIAL INFORMATION**

There are various categories of information that are particularly sensitive and, as a general rule, such presumptively be considered material. Examples of such information include:

- Financial results or financial condition
- Projections of future earnings or losses
- News of a pending or proposed merger, divestiture, or acquisition
- Default under a significant financing arrangement, or financial liquidity problems
- Gain or loss of a material customer or vendor relationship
- New product announcements of a significant nature
- Significant product modifications
- Significant pricing changes
- New equity or debt offerings
- Significant litigation exposure due to actual or threatened litigation
- Significant regulatory exposure due to actual or threatened action by state or federal regulators
- Major management changes or changes in control of the company
- Major restructuring actions or asset impairments
- Changes in auditors
- Major events regarding a company's securities (such as defaults, redemptions, stock splits, repurchase plans, changes in dividends)

## **INQUIRIES**

Inquiries regarding any of the provisions or procedures of this Insider Trading Policy should be directed to the Chief Financial Officer.

## ADDENDUM

### ADDITIONAL REQUIREMENTS AND RESPONSIBILITIES FOR CORPORATE INSIDERS

**A. Purpose.** This Addendum supplements the Company's *Insider Trading Policy* and applies to the Company's directors and officers as well as to key employees designated by the Chief Financial Officer. These people are subject to both the general requirements of the Insider Trading Policy as well as to additional procedures and requirements described below to help prevent inadvertent violations of federal securities laws, to avoid even the appearance of impermissible insider trading, and to facilitate their compliance with certain legal requirements not applicable to Company personnel generally.

**B. Persons Covered.**

**1. Directors and Section 16 Officers.** All provisions of this Addendum apply to the directors and officers of the Company subject to Section 16 of the Securities Exchange Act (referred to herein as "*Section 16 Officers*").

**2. Other Officers and Key Employees.** Designated provisions of this Addendum apply to the other officers of the Company and to designated key employees. These other officers and key employees, whose duties cause them to regularly have access to material nonpublic information about the Company, will be notified by the Chief Financial Officer that they are subject to this Addendum.

**3. Related Parties.** If you are covered by paragraph B.1 or B.2, then this Addendum also applies to the same extent to your immediate family members and other individuals living in your household, and to any other person or entity, including a trust, corporation, partnership or other association, whose transactions in Company securities are directed by you or are subject to your influence or control.

The individuals and entities described in paragraphs B(1), B(2) and B(3) above are collectively referred to as "*Corporate Insiders*."

**C. Blackout Periods for all Corporate Insiders**

**1. Trading Not Permitted During Blackout Periods.** If you are a Corporate Insider, you may not purchase, sell or otherwise trade Company securities during the period beginning 10 days before the last day of each fiscal quarter and continuing through the second trading day following the public release of the Company's financial results for that fiscal quarter. If a Corporate Insider wishes to trade outside of a blackout period, the person may do so only if he or she is not then aware of any material nonpublic information. In addition, before directors and Section 16 officers may trade outside of any blackout period, they must comply with the notification and pre-clearance procedures described below.

**2. Illustration – Blackout Period:** If financial results for the quarter ended March 31 are released after the stock market closes on April 26, then Corporate Insiders are prohibited from trading from March 21 through April 28, but could trade from April 29 through June 20, assuming that April 27 and 28 are trading days on the stock exchange or quotation system on which the Company's common stock is listed or quoted and unless they are aware of material nonpublic information.

**D. Required Preclearance of Trades**

**1. Notices of Intended Transaction and Requests for Approval.** If you are a Corporate Insider, you may not engage in any transaction involving Company securities without first obtaining pre-clearance of that transaction from the Company's Chief Financial Officer. Prior to initiating any transaction in Company securities, you must deliver to the Chief Financial Officer a written notice describing any intended transaction in Company securities by you during a permitted trading period (a form to request pre-clearance is attached as Exhibit A.) Notices of intended transactions and requests for approval may be delivered by fax or e-mail to the Chief Financial Officer.

**2. Clearance to Proceed with a Transaction.** Clearance in response to a written request for approval will generally be valid until the end of the current permitted trading period, unless an earlier deadline is imposed by the Chief Financial Officer.

**E. Additional Restrictions on Trading by Directors and Section 16 Officers**

**1. Restricted Transactions.** Directors and Section 16 officers are also prohibited from engaging in the following transactions with respect to Company securities:

- Purchasing Company securities on margin, or otherwise pledging Company securities;
- Short sales of Company securities (selling securities not owned at the time of sale);
- Buying or selling put or call options on Company securities, or entering into “costless collar” or similar transactions intended to preserve value;
- Engaging in limit orders or other pre-arranged transactions that execute automatically, except for “same-day” limit orders and approved 10b5-1 plans.

**2. Short-swing Trading Restrictions.** Directors and Section 16 officers of the Company must also comply with the reporting obligations and limitations on short-swing trading transactions imposed by Section 16 of the Securities Exchange Act of 1934. Among other things, Section 16 requires directors and Section 16 officers to pay over to the Company any profit realized from any purchase and sale (in either order) of Company securities that occur within six months of each other. Section 16 and its related rules are very complex, and the Company will provide to each director and Section 16 officer a separate memorandum discussing compliance with Section 16 and its related rules.

**F. Exceptions for Approved 10b5-1 Plans**

Transactions by Corporate Insiders in Company securities that are executed pursuant to a 10b5-1 plan approved in writing in advance by the Chief Financial Officer are not subject to prohibition on trading on the basis of material nonpublic information or the restrictions in this Addendum relating to the pre-clearance approval process or window periods.

Rule 10b5-1 provides an affirmative defense from insider trading liability under the federal securities laws for trading plans that meet certain requirements. In general, a 10b5-1 plan must be entered into during a permitted trading period and when you are not aware of material nonpublic information. Once the plan is adopted, you must not exercise any influence over the securities subject to the plan, including the amount of securities to be traded, the price at which they are traded or the date of the trade. The plan must either specify (including by formula) the amount, pricing and timing of the transactions in advance or delegate discretion on those matters to an independent party.

**NOTICE OF INTENT TO TRADE IN TALON REAL ESTATE HOLDING CORP. SECURITIES**

To: Chief Financial Officer of Talon Real Estate Holding Corp. (the "Company")  
RE: Pending Securities Transaction

From: \_\_\_\_\_  
Date: \_\_\_\_\_

I request approval to execute the following transaction(s) relating to Company securities on or before \_\_\_\_\_ (insert date):

**Type of Transaction:**

- Purchase                       Sale                       Exercise of Option                       Exercise of Option and Sale of Securities

Other (explain: ) \_\_\_\_\_

**Company Securities to be Traded:**

Number of shares or principal amount: \_\_\_\_\_

**If You Are Buying or Selling Securities (check one)::**

- Securities held/to be held directly by me
- Securities held/to be held by securities holder other than me:  
Print name of holder: \_\_\_\_\_  
Relationship of securities holder to me: \_\_\_\_\_

I hereby represent that the transaction(s) referenced above will occur within the current permitted trading period of \_\_\_\_\_ to \_\_\_\_\_.

In connection therewith, I hereby certify that, in making this request, I am in compliance with the applicable provisions of the Company's *Insider Trading Policy*. I understand that clearance for the transaction(s), if granted, will be valid only until the applicable permitted trading period ends, unless it is revoked earlier.

Signed: \_\_\_\_\_

**For Chief Financial Officer Use Only**

Date and Time Received: \_\_\_\_\_ By: \_\_\_\_\_

- Approved                       Rejected

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Chief Financial Officer

**Insider Trading Compliance Program – Preclearance Checklist**

Individual Proposing to Trade: \_\_\_\_\_

Compliance Officer: \_\_\_\_\_

Proposed Trade: \_\_\_\_\_

Date: \_\_\_\_\_

Trading Window. Confirm that the trade will be made during a permitted trading period.

Section 16 Compliance. Confirm, if the Section 16 officer is a director or Section 16 officer, that the proposed trade will not give rise to any potential liability under Section 16 as a result of matched past (or intended future) transactions. With respect to sales of stock acquired under Rule 16b-3 plans, ensure that a stock option has been held for at least six months from the date of grant until the sale of the underlying shares, and that employee stock purchase plan shares have been held for at least six months from the date the purchase price was determined. Also ensure that a Form 4 has been or will be completed and will be timely filed.

Prohibited Trades. Confirm, if the individual is a director or an Section 16 officer subject to Section 16, that the proposed transaction is not a “short sale,” put, call or other prohibited transaction.

Rule 144 Compliance. Confirm, if the individual is potentially an “affiliate,” that:

- Current public information requirement has been met;
- Shares are not restricted or, if restricted, the applicable holding period has been met;
- Volume limitations are not exceeded (confirm the individual’s sale need not be aggregated with sales by others);
- The manner of sale requirements have been met; and
- The Notice on Form 144 has been completed and filed.

Rule 10b-5 Concerns. Confirm that (i) the individual has been reminded that trading is prohibited when aware of any material nonpublic information regarding the Company, and (ii) the Chief Financial Officer has discussed with the individual any information known to the individual or the Chief Financial Officer which might be considered material, so that an informed judgment can be made as to the presence of material nonpublic information.

\_\_\_\_\_  
Signature of Compliance Officer

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**TALON REAL ESTATE HOLDING CORP.**  
**POLICY REGARDING DISCLOSURE CONTROLS AND PROCEDURES**

**ADOPTED JUNE 7, 2013**

**PURPOSE**

This Policy establishes a Disclosure Committee and the framework for a system of disclosure controls and procedures designed to ensure that the public disclosures of Talon Real Estate Holding Corp. (the “*Company*”) are accurate and complete and fairly present its financial position and results of operations in all material respects, and are made on a timely basis in compliance with applicable laws and stock exchange requirements (if applicable).

**DISCLOSURE COMMITTEE**

**Establishment and Organization**

A Disclosure Committee is established to assist the Company’s Chief Executive Officer (“*CEO*”) and Chief Financial Officer (“*CFO*”) (together, the “*Certifying Officers*”) in meeting their responsibilities with regard to the Company providing accurate and timely public disclosures. The Company’s Disclosure Committee is appointed by and reports to the Certifying Officers and shall initially consist of the following Company employee(s) and consultants:

- Jessica Fitch
- Jim Sankovitz

Members of the Disclosure Committee may be replaced, or additional members added, at any time by the Certifying Officers. One member of the Disclosure Committee shall be appointed by the Certifying Officers as chair person, who shall be responsible for scheduling and presiding over meetings and preparing agendas. The Certifying Officers may, in their discretion, assume any or all responsibilities of the Disclosure Committee identified in this Policy.

**Committee Process**

*Meetings.* The Disclosure Committee shall meet at least once per quarter to (i) review, discuss and comment on drafts of the Company’s earnings press release and related materials as well as its annual report on Form 10-K, quarterly report on Form 10-Q, annual report to shareholders and proxy statement, as applicable; and (ii) complete the evaluation of the Company’s disclosure controls and procedures as of the end of the most recent quarter. Any member of the Disclosure Committee may call such additional meetings of its members at any time as such person determines is necessary or appropriate.

*Delegation of Authority.* The Disclosure Committee may designate a subcommittee comprised of designees who are knowledgeable about the Security and Exchange Commission’s (the “*SEC*”) disclosure requirements and financial reporting requirements, to act on behalf of the full Disclosure Committee. The Disclosure Committee may also delegate selected duties to one or more officers, employees, consultants or outside advisors of the Company, subject to the Disclosure Committee’s obligation to monitor any such delegation.

*Amendment of Policy.* This policy may be amended in whole or in part by the Disclosure Committee with the approval of the Certifying Officers. The audit committee shall be kept informed of any changes made by the Committee in this policy, including in disclosure timelines or checklists.

**DISCLOSURE COMMITTEE RESPONSIBILITIES**

The Disclosure Committee shall be responsible for the following, subject to the oversight of the Certifying Officers:

- (1) Establishing controls and other procedures (which may include procedures currently used by the Company) that are designed to ensure that (a) information required to be disclosed by the Company in registration statements, reports or other documents filed with or submitted to the SEC (“*SEC Filings*”) is recorded, processed, summarized and reported accurately and on a timely basis, (b) information is collected and communicated to management, including the Certifying Officers, in such a manner as to permit timely decisions regarding such required disclosure, and (c) other information that the Company may disclose to the investment community or the general public is accurate and not misleading and is publicly communicated. These controls and procedures are referred to as the “*Disclosure Controls*” and shall reflect the general requirements outlined below under the caption “Disclosure Controls Requirements.”
- (2) Evaluating the integrity and effectiveness of the Company’s Disclosure Controls as of the end of each fiscal quarter and prior to the filing with the SEC of each of the Company’s annual reports on Form 10-K and quarterly reports on Form 10-Q (“*Periodic Reports*”), and ensuring that such Disclosure Controls are properly documented, communicated and implemented.
- (3) Reviewing any issues raised regarding weaknesses in the Company’s system of internal control over financial reporting as well as any changes in such system as of the end of each fiscal quarter and prior to the filing with the SEC of each of the Company’s Periodic Reports.
- (4) Assessing the materiality of information relating to or affecting the Company and timely determining any associated disclosure obligations of the Company.
- (5) Determining the Company personnel and outside advisors who shall be responsible for the drafting of the SEC filings or portions thereof.
- (6) Reviewing the preparation and content of the Company’s SEC Filings to insure their accuracy, clarity and completeness and their timely filing with or submission to the SEC.
- (7) Discussing with the Certifying Officers (i) on a quarterly basis all relevant information with regard to the Committee’s proceedings and disclosure recommendations with respect to the applicable Periodic Report, the Committee’s evaluation of the effectiveness of the Disclosure Controls and the progress of the preparation and filing of the applicable Periodic Report, and (ii) on such other occasions as may be necessary or desirable the Disclosure Committee’s actions and recommendations relating to the public disclosure of other material information concerning the Company.
- (8) Consulting with the Company’s external auditors, outside counsel, internal auditors and other professional advisors as may be necessary or desirable.
- (9) Periodically reviewing the content of investor-related information on the Company’s website as well as the Company’s use of social media and information “push” technologies generally to assess compliance with this Policy.
- (10) Providing a certification to the Certifying Officers prior to the filing of each Periodic Report with the SEC in the form requested by the Certifying Officers.
- (11) Reviewing the status of outstanding SEC comments involving accounting and disclosure matters and considering appropriate disclosures should such comments not be resolved prior to the filing of any Periodic Report.

- (11) Reviewing periodically this Policy and proposing to the Certifying Officers any necessary or advisable revisions.

## **DISCLOSURE CONTROLS REQUIREMENTS**

The system of Disclosure Controls established and maintained by the Disclosure Committee shall include the following features:

- (1) The Company's accounting department shall be responsible for having a "rules check" performed on each SEC Filing to verify that it complies as to form with the applicable accounting and legal requirements.
- (2) The Company's accounting department shall be responsible for maintaining accurate records indicating how each SEC Filing was prepared, including the retention of work papers and other documents that provide the basis for the disclosures made therein. Records of other disclosures to and interactions with the investment community shall be maintained by the Company's investor relations department.
- (3) The Company's accounting department, and management responsible for the internal audit function, shall periodically inform the Disclosure Committee regarding compliance with other policies or procedures of the Company, such as those relating to compliance with the reporting requirements of Section 16 of the Securities Exchange Act, related person transactions, and transactions by directors and officers in the Company's securities, that could affect the information required to be disclosed about the Company or its officers and directors.
- (4) The Company's accounting department, and management responsible for the internal audit function, shall report to the Disclosure Committee as necessary regarding changes in SEC reporting requirements, applicable accounting standards and stock exchange rules affecting disclosure obligations.
- (5) Prior to the end of each fiscal quarter, the Disclosure Committee shall distribute detailed disclosure schedules to all parties (i) responsible for the preparation or review of any portion of any Periodic Report, proxy statement or annual report to shareholders, and/or (ii) responsible for the quarterly earnings announcements (if any). The disclosure schedules shall set forth in reasonable detail the tasks and activities to be performed in connection with the preparation, review and filing/distribution of the applicable document, the persons or groups responsible for the completion of those tasks and activities, and the timetable and deadlines for the completion of those tasks and activities. Each schedule will provide for the circulation of draft documents well in advance of filing/distribution deadlines and allow for reasonable periods of time for review and comment, including by the Disclosure Committee, outside advisors and the Audit Committee, and for any necessary redrafting and further review. The schedules will also incorporate and allow sufficient time for the Disclosure Committee and Certifying Officers to evaluate the effectiveness of the Company's Disclosure Controls as a basis for the required SEC certifications.
- (6) The Disclosure Committee will ensure that the Company's external auditors, members of management responsible for the internal audit function, legal department (with the assistance of outside counsel as necessary) and appropriate corporate and business unit management personnel review and are provided a meaningful opportunity to comment on all SEC filings and other material public disclosure documents based on their knowledge of the Company and applicable rules and regulations.
- (7) The Company will utilize outside counsel to assist in the disclosure review process as

determined to be necessary or advisable by the Disclosure Committee. The level of review to be provided by outside counsel will vary depending on factors such as the nature of the disclosure document, the complexity of applicable rules and regulations and the novelty of the disclosure issues presented.

- (8) The Disclosure Committee or the Certifying Officers may require sub-certifications or other affirmations from selected members of management and other designated personnel of the Company with respect to the business or staff units they supervise and/or their areas of knowledge and expertise to support the work of the Disclosure Committee and the certifications to be provided by the Certifying Officers in connection with the Company's Periodic Reports. The Disclosure Committee shall insure that any sub-certifications are tailored to the areas of responsibility or expertise of the individual making the sub-certification. The Disclosure Committee may designate a subcommittee comprised of business unit personnel for the purpose of managing and obtaining such sub-certifications.
- (9) The Disclosure Committee will cause to be periodically distributed to such members of the Company's management as the Disclosure Committee deems appropriate a list of events currently reportable on Form 8-K so that members of management who become aware of a currently reportable event can provide timely notice of that event to the Certifying Officers or any member of the Disclosure Committee. An initial list of such events is attached hereto as Exhibit 2.
- (10) The Disclosure Committee may designate from time to time personnel of the Company who are primarily responsible for providing to the Disclosure Committee and the Company personnel or advisors identified by the Disclosure Committee as responsible for the drafting of SEC Filings or portions thereof information within their respective areas of expertise or responsibility within the Company that is relevant to the Company's disclosure obligations.

**DISCLOSURE COMMITTEE SUB-CERTIFICATION**

To: Chief Executive Officer  
Chief Financial Officer  
Talon Real Estate Holding Corp.

I, \_\_\_\_\_ [fill in name and title] of Talon Real Estate Holding Corp. (the “Company”), hereby certify that:

1. I have reviewed the Company’s [quarterly report on Form 10-Q for the period ended [date]] [the Company’s annual report on Form 10-K for the fiscal year ended [date]] (the “Report”).
2. Based on my knowledge, the Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by the Report.
3. Based on my knowledge, the financial statements and other financial information contained in the Report fairly present, in all material respects, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in the Report.
4. I am a member of the Company’s Disclosure Committee, which is charged with assisting the Company’s CEO and CFO in establishing and maintaining disclosure controls and procedures (as defined in Rule 13a-15 under the Securities and Exchange Act of 1934) for the Company that are designed to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the CEO and CFO by knowledgeable individuals within the Company and its subsidiaries. In connection therewith:
  - (a) The effectiveness of the Company’s disclosure controls and procedures has been evaluated as of the end of the fiscal quarter covered by the Report;
  - (b) The Committee has received and reviewed subcertifications from all Company personnel designated in the Company Disclosure Controls and procedures Policy;
  - (c) I have reviewed and agree with the disclosures contained in the Report about the effectiveness of the disclosure controls and procedures based on the evaluation referred to above; and
  - (d) Based on my knowledge and belief, there have been no significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of the evaluation referred to above, except for the following matters:  
  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_

[Insert “None” if no exceptions noted.]

5. Since the date of the evaluation referred to above, I have disclosed (or hereby disclose) to the CEO and the CFO:

(a) There are no significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which could adversely affect the Company's ability to record, process, summarize and report financial data, except as are summarized below:

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[Insert "None" if no significant deficiencies noted.]

(b) There has not been any fraud of which I am aware, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls, except as summarized below:

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[Insert "None" if no fraud reported.]

Date: \_\_\_\_\_

\_\_\_\_\_

[Name]

[title]

## EXHIBIT 1

### EVENTS CURRENTLY REPORTABLE ON FORM 8-K

Any of the following events affecting the Company (including its subsidiaries) must be publicly reported by the Company within four business days of when it occurs. Although many of the events are very specialized in nature and would not be expected to occur with any regularity, the first nine types of events listed below (items A through I) merit special attention because they involve events that may occur with some regularity or may be triggered by events beyond the control of the Company.

- A. Departure or Appointment of Certain Officers** - The departure, for any reason, of certain officers of the Company, or the appointment of a new individual to certain officer positions.
- B. Departure or Appointment of Directors** - A director leaves the Company's board for any reason, or a new director is named to the Company's board other than through a shareholder vote.
- C. Entry Into, or Amendment of, a Material Compensatory Arrangement** - The entry into, adoption or commencement of a material compensatory plan, contract or arrangement involving the CEO, CFO or any other executive named in the Company's proxy statement, or any material amendment to such a plan, contract or arrangement.
- D. Reporting Voting Results from a Shareholder Meeting** - Disclose the voting results on each matter subject to a shareholder vote at any shareholder meeting.
- E. Material Agreements** - Entering into a material definitive agreement that is not made in the ordinary course of the Company's business, or materially amending or terminating such an agreement. Guidance as to what to report is provided by the following key terms and phrases:
  - *Only "definitive" agreements* - Agreements that give rise to obligations that are enforceable by or against the Company; non-binding letters of intent, for example, are not included.
  - *Only "material" agreements* - An agreement important enough that news of its establishment, amendment or termination "would be reasonably certain to have a substantial effect on the market price" of the Company's stock, or whether "a reasonable person would consider news of the event important in deciding whether to buy or sell" the Company's stock.
  - *Only agreements "not in the ordinary course of the Company's business"* - The SEC has indicated that the following types of contracts are not in the ordinary course of business, even though they may occur fairly regularly:
    1. Any contract to which directors or officers of the Company are parties.
    2. Any contract on which the Company's business is substantially dependent (even if it is a customer or vendor contract that otherwise seems to be "in the ordinary course").
    3. Any contract involving the purchase or sale of property, plant or equipment for a price exceeding 15% of the Company's consolidated fixed assets
    4. Any "material" lease.
  - *"Termination" of a contract* - does not include the expiration of a contract on the

stated date of expiration or because both parties have performed their obligations under the contract.

**F. Material Direct Financial Obligations** - Creating or incurring a material long-term debt obligation, capital lease obligation, operating lease obligation or a short-term debt obligation that arises outside of the ordinary course of business.

**G. Material Contingent Financial Obligations** - Creating or incurring any of the following contingent obligations if they are material:

- Entering into a contract to guarantee the payment or performance of the obligations of another party;
- Entering into a derivatives contract such as an interest rate or commodity swap agreement;
- Retaining an interest in assets transferred to another entity for purposes of credit, liquidity or market risk support to that entity; or
- Holding an interest in a non-subsidiary entity that provides financial support to, or engages in financial transactions with, the Company.

**H. Completion of the Acquisition or Disposition of Significant Assets** - Completion of a transaction outside the ordinary course of business involving the acquisition or disposition of a significant amount of assets.

- *“Significant” amount of assets* - in this context means more than 10% of the Company’s consolidated assets, or a business that would be considered a “significant subsidiary” (generally representing more than 10% of the Company’s consolidated assets or 10% of its income from continuing operations).
- *“Disposition” of assets* - includes a pledge of assets, as collateral or the abandonment of assets.

**I. Results of Operations and Financial Condition** - The occurrence of any public announcement disclosing material non-public information regarding the Company and results of operation or financial condition for a completed quarter or fiscal year.

**J. Events That Accelerate or Increase Material Direct or Contingent Financial Obligations** - The occurrence of a triggering event that accelerates the payment of or increases a material direct or contingent financial obligation, or causes a material contingent financial obligation to become a direct financial obligation.

- Primary example would be a default by the Company under a direct financial obligation, or a default by a third party on a financial obligation for which the Company is a guarantor.
- A triggering event that causes the Company to record a material accrual for a probable loss in connection with any contingent obligation must be reported. An example would be a material adverse judgment in connection with litigation.

**K. Material Costs Associated with Exit or Disposal Activities** - The board, a board committee or an authorized member of management definitively commits the Company to an exit or disposal plan with regard to a business or assets or to a plan to terminate employees, in any case under which material charges will be incurred by the Company.

**L. Material Asset Impairments** - The board, a board committee or an authorized member

of management determines that the Company is required to record a material asset impairment charge.

**M. Change in Independent Auditor** - The Company's independent auditor resigns or is dismissed, or a new independent auditor is engaged.

**N. Non-Reliance on Previously Issued Financial Statements** - The board, a board committee or an authorized member of management determines that investors should no longer rely on financial statements previously issued by the Company, or the Company is advised by its external auditor that investors should no longer rely on an audit report or interim review previously issued or conducted by that audit firm.

**O. Communications to and from a stock exchange**

- Receipt of a notice from the Company's stock exchange(s) that the Company or its common stock no longer satisfies their listing standards, that the stock exchange has applied to the SEC to delist the Company's common stock, or that the Company's common stock has been delisted.
- Receipt of a public reprimand letter from the stock exchange.
- Notification by the Company to the stock exchange that the Company has violated a listing standard.
- The board, a board committee or an authorized member of management has acted to terminate or transfer the listing of the Company common stock from the stock exchange.

**P. Amendment to Certificate of Incorporation or Bylaws** - Any amendment is made to the Company's certificate of incorporation or bylaws that was not proposed to shareholders in a previously filed proxy statement.

**Q. Amendment to or Waiver of Code of Ethics and Business Conduct** - Certain amendments to, or waivers of the requirements of, the Company's Code of Ethics and Business Conduct, that applies to the CEO, CFO, chief accounting officer or controller.

**R. Sale of Unregistered Equity Securities** - The Company sells 1% or more of its outstanding common shares in one or more transactions not registered with the SEC.

**S. Change in Fiscal Year** - A change in the Company's fiscal year other than by shareholder vote or amendment to the certificate of incorporation or bylaws.

**T. Material Modifications to Rights of Securities Holders** - Material modifications are made to indentures and other instruments that govern the rights of the Company's security holders, such as introducing or changing working capital restrictions and limitations on the payment of dividends.

**U. Suspension of Trading in Employee Benefit Plans** - The Company temporarily suspends trading in the Company's stock within an employee benefit plan (such as in connection with a change in the trustee or record keeper for a 401(k) plan) and by officers and directors outside of such a plan in accordance with Regulation BTR.

**V. Bankruptcy or Receivership** - The Company is involved in proceedings under the Bankruptcy Act or under any other law in which a court or governmental authority assumes control over the Company's business and assets.

**W. Change in Control of the Company** - A change in control of the Company has occurred.

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