Griffin-American Healthcare REIT II, Inc.

Griffin-American Healthcare REIT II became effective in 2009 to acquire medical office buildings and healthcare-related facilities. As of the end of the third quarter, the REIT had $1.1 billion in assets in 121 properties totaling 4.5 million square feet. The REIT is in the Stabilization stage of effective REITS, which is marked by the distinct formation of the REIT's investment premise and stabilization of operating metrics. The investment style of this REIT is considered to be "Core," which is typically defined as a REIT that generates a high percentage of its total return from income and a modest percentage from asset appreciation. REITs in this category are also expected to exhibit low volatility in asset values.

Key Highlights

- In November 2011, the REIT announced that it had changed its name from Grubb & Ellis Healthcare REIT II and changed advisors to Griffin-American Healthcare REIT Advisor. The senior management of the Grubb & Ellis Advisor moved to Griffin-American.
- The REIT cleaned up its ownership with a purchase of 200 units of limited partnership interests in its operating partnership from BGC Partners for $4.3 million.
- The REIT's $1.5 billion follow-on offering was filed with the SEC in June.
- On November 7, 2012, the offering share price was increased to $10.22 per share for the balance of outstanding shares from the Initial Offering. DRIP shares will be offered at $9.71 per share.

Capital Stack Review

- Capital Raise – The REIT raised $195.2 million in the third quarter, bringing it to $886.1 million raised since inception and $398 million raised year to date.
- Debt Ratio – 33.9%, up from 16.1% at year-end 2011 with 61.2% in fixed instruments.
- Debt Maturity – 45.1% of debt is due to be repaid before or in 2015 with 39.7% in 2017 or later.
- Loan Activity – A $200 million credit agreement, expandable to $350 million, was entered into in June.
- Cash on Hand – 0.9%, below median for the LifeStage.

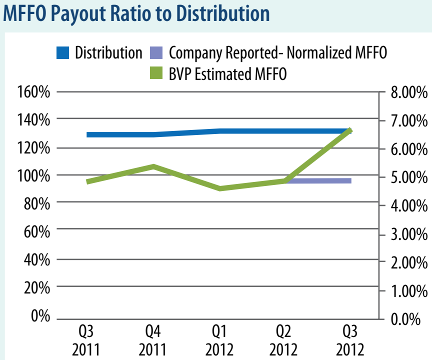
Metrics

- Distribution Rate – 6.60% for the year-to-date, up from 6.50% in 2011.
- MFFO Payout Ratio – 106% year-to-date (based on IPA guidelines), up slightly from the 103% as of year-end 2011. The Company's reported normalized MFFO was 92% year-to-date which includes the purchase of a subordinated distribution.
- Distribution Source – 32.3% of distributions were funded from cash flow from operations with the balance from proceeds of the offering.
- Fee Waivers and Deferrals – None reported.
- Interest Coverage Ratio – 4.3, above median compared to other REITs in this LifeStage.
- Impairments – None reported.

Real Estate

- Acquisitions – $277.4 million was purchased in the third quarter bringing the REIT's 2012 total to $654.7 million in 65 buildings, of note:
  - A $166.5 million, nine city portfolio of skilled nursing properties was completed in the first quarter.
  - Nine portfolio purchases have been made in 2012.
  - 53% of acquisitions were medical office buildings with the balance being skilled nursing facilities, hospitals, and assisted living facilities.
- Occupancy – 96.8%, up slightly from year-end.
- Lease Expirations – Weighted average lease term remaining of 9.4 years.
- Dispositions – None reported.
- Diversification – Based on assets, the portfolio is broken down by the following reportable segments; Medical Office (50%), Skilled Nursing (32%), Hospital (14%) and Assisted Living (3%).

MFFO Payout Ratio to Distribution



Debt Ratio to YTD Interest Coverage Ratio