Griffin Capital Net Lease REIT, Inc.

Griffin Capital Net Lease REIT became effective in 2009 and acquires single tenant net lease properties that are leased to creditworthy corporate tenants. As of the end of the third quarter 2012, the REIT had $276.7 million in total assets which included 11 properties encompassing 2.8 million square feet. The REIT is in the Growth Lifestage of effective REITs, which is characterized by accelerated growth in capital raise and acquisitions. 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

- The initial offering was extended until May 5, 2013 in August by the board of directors. A follow-on offering has been approved for $1.1 billion in shares to commence on or before the expiration of the initial offering.
- A significant portion of the REIT's debt is due to be repaid in 2014, which potentially exposes the REIT to interest rate and refinance risk.
- Metrics are trending toward more stable levels but still reflect unevenness typical of Growth Lifestage REITs.

Capital Stack Review

- $103.9 million has been raised since inception in the public offering with $16.4 million raised this past quarter. The $49.6 million raised through three quarters has exceeded the 2011 total raise.
- Debt – Current debt ratio is 58.6% down from 63.1% in Q1 2012 with 59% of the REIT's debt in variable rate instruments.
- Debt Maturity – 60.3% of the REIT's debt is due to be repaid in 2014.
- Loan Activity – The REIT added Fifth Third Bank to the KeyBank Credit Agreement, adding a $35 million commitment. In addition, in November the REIT added Union Bank of California to the KeyBank Credit Agreement with a $25 million commitment, bringing the agreement to an aggregate $175 million.
- Cash on Hand – 2.1%, which is below median for the LifeStage.

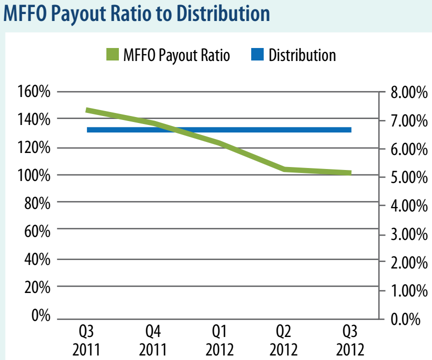
Metrics

- Distribution – Yield remained steady at 6.75% over the past eleven quarters.
- Distribution source – Year-to-date, 57% of distributions have been funded with cash flow from operations with the balance with proceeds from the offering.
- MFFO Payout Ratio – 107% year-to-date, down from 158% for year-end 2011 and better than median for the Lifestage.
- Fee Waivers and Deferrals – None reported.
- Interest Coverage Ratio – 2.2 for the quarter up from 1.7 at year-end.
- Impairments – None reported.

Real Estate

- Acquisitions – No acquisitions were completed in the third quarter; however, $105.3 million ($203 per square foot) in acquisitions were completed in the first half of the year.
  - 4 properties were purchased this year at a weighted average implied cap rate of 7.77%.
  - Two properties have been purchased in November for a total of $32.6 million.
- Occupancy – The portfolio is 100% leased which is in line with year-end 2011.
- Lease Expirations – 96.6% of the REIT's leases expire in 2017 or later.
- Dispositions – None reported.
- Diversification – Tenant concentrations exist with LTI (20.7%), AT&T (13.6%) and Plainfield (13.1%) of the aggregate rental income received by the REIT.

MFFO Payout Ratio to Distribution



Debt Ratio to YTD Interest Coverage Ratio