Grubb & Ellis Healthcare REIT II, Inc.

Grubb & Ellis Healthcare REIT II, Inc. was formed in 2009 to acquire medical office buildings and healthcare-related facilities. As of the end of the third quarter, the REIT had $454.5 million in assets in 55 properties totaling 1.93 million square feet. The REIT is in the Stabilizing LifeStage of Effective REITS that is marked by the formation of a distinct personality for the REIT in asset allocation and diversification. The investment style for 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 terms of asset values.

Key Highlights

- The REIT announced in November 2011 that the REIT had changed advisors to Griffin-American Healthcare REIT Advisor and its dealer-manager to Griffin Capital Securities. The senior management of the Grubb & Ellis advisor moved to Griffin-American.
- Total capital raise since inception of $398.4 million has been significantly bolstered by $244.6 million raised in 2011.

Capital Stack Review

- Capital Raised – Steadily climbing to a high of $101.2 million this past quarter, up from $82.2 million and $61.2 million in Q2 and Q1, respectively.
- Debt – With a debt ratio of only 24.2%, the REIT has a below median usage of debt for Effective REITs. Exposure to interest rate risk that is variable rate has been mitigated with interest rate swaps on 66% of financing.
- Debt Maturity – Only 34% of the REIT's debt matures in 2016 or later, with 41% maturing in 2012.
- Loan Activity – In June 2011, a revolving credit facility of $71.5 million was established with KeyBank, which is in addition to the Bank of America facility of $45 million.
- Cash on Hand – Is very low at 1.9%, especially for a REIT at this LifeStage.

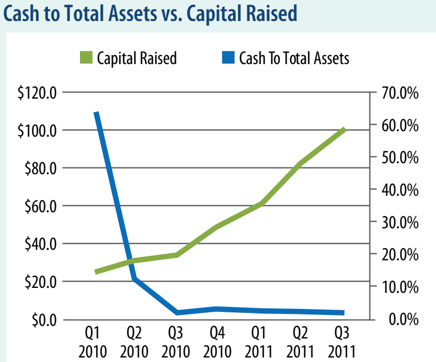
Metrics

- Distribution – Steady at 6.5% for past seven quarters.
- Distribution Source – Some distributions have been paid from offering proceeds and borrowings.
- MFFO Payout Ratio – Well-positioned at 96% for the quarter, with an average that is steadily trending downward.
- Fee Waivers and Deferrals – None reported.
- Interest Coverage Ratio – 3.7x EBITDA, reflects the low debt ratio in the REIT.
- Impairments – None reported.

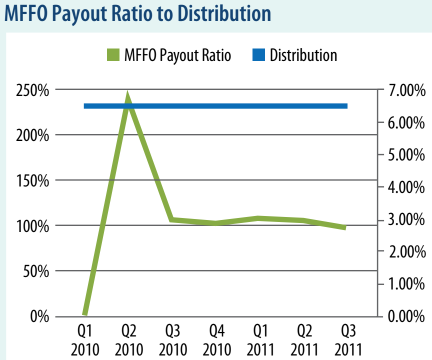
Real Estate

- Acquisitions – $237 million in acquisitions have been made in 2011 in 11 transactions. In 3Q2011, two acquisitions were completed totaling $19.3 million. Notable Acquisitions:
  - Philadelphia Skilled Nursing Facility Portfolio – $75 million.
  - Dixie-Lobo MOB Portfolio – Multiple locations for $30 million.
  - Milestone MOB Portfolio – N.J. and Arkansas for $44 million.
- Occupancy – 97%, in line with previous quarters.
- Revenue – The REIT commenced segment reporting in 2011 on three major segments – Medical Office Buildings, Hospitals, and Skilled Nursing Facilities. Revenue was not reported on a same-store basis to compare with previous years.
- Dispositions – None reported.
- Diversification – Significant ownership concentrations exist in Pennsylvania (18.6%), Texas (11.8%), and Virginia (10.8%).

Cash to Total Assets vs. Capital Raised



MFFO Payout Ratio to Distribution



Debt Ratio to Interest Coverage Ratio