

Griffin Capital Net Lease REIT became effective with the SEC in 2009 and acquires single-tenant net lease properties that are leased to creditworthy corporate tenants. As of the end of the second quarter 2011, the REIT had \$173 million in assets in 7 properties totaling 2.3 million square feet. The Company has extended the offering date to November 2012. The REIT is in the Growth Lifestage of effective REITs, which is characterized by accelerated growth in capital raise and acquisitions.

Key Highlights

- The REIT has issued limited partnership units as part of the capital to complete five acquisitions.
- Metrics are trending toward more stable levels but still reflect unevenness typical of Growth LifeStage REITs.

Capital Stack Review

- \$8.4 million was raised in 2Q 2011, continuing a trend of steadily increasing quarters.
- Debt – Current debt ratio is at 59.9%, up slightly from the previous quarter with 92% of the REIT's debt in fixed instruments.
- Debt Maturity – 53% of the REIT's debt matures in 2016 or later, with the first substantial maturity in 2013 (35%).
- Loan Activity – A bridge loan with KeyBank was expanded and extended by \$12.5 million to fund the acquisition of the LTI property.
- Cash on Hand – The Ratio of 1.9% reflects good management of cash.

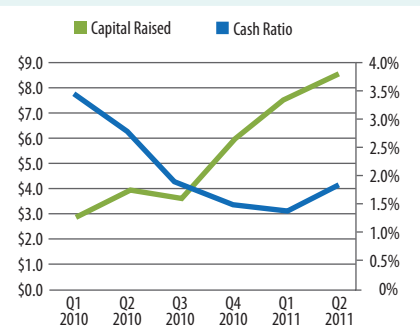
Metrics

- Distribution – The distribution yield has remained steady at 6.75% over the last 6 quarters.
- Distribution Source – Year-to-date distributions were paid from cash flows from operations and public and private offering proceeds.
- MFFO Payout Ratio – The ratio of 185% year to date is down from last year's average of 230%.
- Interest Coverage Ratio – Remained at 1.5x Adjusted EBIDTA in the second quarter.
- Impairments – None reported.

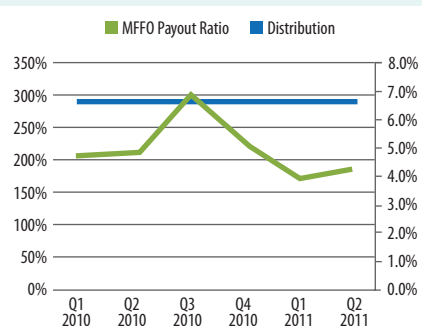
Real Estate

- Acquisitions – The REIT's portfolio consists of two warehouse facilities and five office/industrial properties. During the second quarter, the REIT purchased one office/manufacturing property occupied by LTI in California for \$56 million (\$170/SF) at a 7.23% cap rate. The purchase included the assumption of \$34.8 million in debt and issuance of \$7.8 million in limited partnership units.
- Lease Expirations – 55% of the REIT's annualized lease revenue expires in 2022 or later, with a weighted-average lease term in the portfolio of 9.9 years.
- Occupancy – 100%.
- Dispositions – None reported.
- Diversification – Due to the limited number of properties in the portfolio and the single-tenant nature of the REIT, exposures exist in geographic concentrations.

Cash to Total Assets vs. Capital Raised



MFFO Payout Ratio to Distribution



Debt Ratio to Interest Coverage Ratio

