

Carter Validus Mission Critical REIT was formed in 2010 to acquire mission critical real estate assets focused on data center and healthcare sectors located throughout the United States. As of the end of the third quarter, the REIT had \$40.4 million in assets in one property totaling 20,000 square feet. The REIT is in the Emerging LifeStage for Effective REITs, which is typified by high levels of debt, not meaningful distribution payout levels, and limited distributions. 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

- With only one asset, Carter Validus Mission Critical REIT is at the early stages of its development. Unlike most mainstream real estate sectors, data centers typically trade at higher per square foot prices due to the specialized nature of the facilities.
- Good growth in capital raise has occurred to date with \$12.3 million raised in Q3, almost doubling capital raise since inception.

Capital Stack Review

- Capital Raised – \$19.0 million since inception and \$12.3 million in the third quarter.
- Debt – 39.5% with all in fixed-rate debt.
- Debt Maturity – 91% of the REIT's debt matures in 2015-16.
- Loan Activity – The acquisition was financed with a \$16 million loan.
- Cash on Hand – Stood at 23.4% at the end of the third quarter, reflecting the successful uptick in capital raising activity.

Metrics

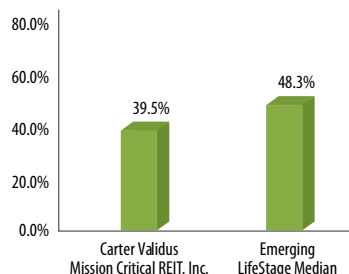
- Distribution – 7.0% which is above median compared with other REITs in this LifeStage.
- Distribution Source – 100% from the proceeds of the offering.

- MFFO Payout Ratio – High at 476%, which is typical of REITs that are in the Emerging LifeStage.
- Fee Waivers and Deferrals – \$73,000 of asset management fees have been deferred.
- Interest Coverage Ratio – 0.8x EBITDA, which is low but also characteristic of Emerging LifeStage REITs.
- Impairments – None reported.

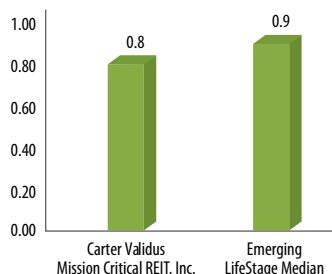
Real Estate

- Acquisitions – In July, the REIT acquired the 20,000-square-foot Richardson Data Center for \$28.9 million, or \$1,447 per square foot. The property was acquired through an operating agreement with an unaffiliated investor who retained 44.2% ownership in the property.
- Occupancy – 100%.
- Dispositions – None reported.
- Diversification – Only one asset held.

Debt to Total Assets vs. Median



Interest Coverage Ratio vs. Median



Distribution Yield vs. Median

