

Carter Validus Mission Critical REIT became effective in 2010 and acquires 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 \$331.6 million in assets in 11 properties totaling 941,000 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

- Typical of this LifeStage, the REIT has experienced dramatic growth in acquisitions and capital raising in 2012.
- In addition to the equity assets owned by the REIT, the REIT owns two notes receivable totaling \$15.7 million.
- Metrics are trending toward more stable levels but still reflect unevenness, typical of Growth Lifestage REITs.

Capital Stack Review

- \$108 million has been raised in 2012 with \$48.1 million raised during the third quarter marking five quarters of steadily increasing capital raise.
- Debt – Current debt ratio is 40.3% up from 18.6% at year-end with 64% of the REIT's debt in fixed instruments.
- Debt Maturity – 37.2% of the REIT's debt is due to be repaid in 2015 or later.
- Loan Activity – The REIT entered into a \$55 million line of credit with KeyBank in the first quarter.
- Cash on Hand – 1.5%, which is below the median for the LifeStage.

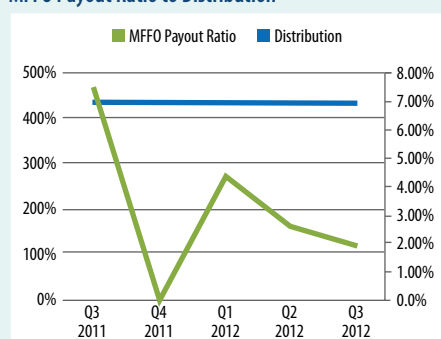
Metrics

- Distribution – The distribution yield remained steady at 7.0% over the past five quarters.
- Distribution source – 27.1% of distributions have been funded with cash from operations and the balance from proceeds from the offering.
- MFFO Payout Ratio – 113% in the quarter down from 282% for Q1 2012.
- Fee Waivers and Deferrals – Effective January 2012, the Advisor waived asset management fees for the periods during which the distribution payout ratio is greater than 100%. Fees of \$621,000 have been waived in 2012.
- Interest Coverage Ratio – 3.1 for the quarter up strongly from 1.4 at year-end 2011.
- Impairments – None reported.

Real Estate

- Acquisitions – \$230 million (\$249 per square foot) in 10 acquisitions have been completed in 2012 including:
 - A 22% joint venture interest in a data center in Atlanta.
 - Five acquisitions were data centers and five were health care.
- Since the closing of the third quarter, two additional acquisitions have been completed totaling \$60.1 million.
- Occupancy – 100% on par with year-end 2011.
- Lease Expirations – weighted average lease term remaining is 12.4 years.
- Dispositions – None reported.
- Diversification – The REIT owns four properties in Texas and two in Georgia; concentrations in ownership are expected in the LifeStage.

MFFO Payout Ratio to Distribution



Debt Ratio to YTD Interest Coverage Ratio

