
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): May 13, 2022

SILA REALTY TRUST, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

000-55435
(Commission
File Number)

46-1854011
(I.R.S. Employer
Identification No.)

**1001 Water St.
Suite 800
Tampa, Florida 33602**
(Address of principal executive offices)

(813) 287-0101
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act: None

Title of each class	Trading Symbol	Name of each exchange on which registered
N/A	N/A	N/A

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On May 13, 2022, Sila Realty Trust, Inc. (the "Company") issued an earnings release announcing its financial results for the quarter ended March 31, 2022. The Company is also making available certain supplemental data for the quarter ended March 31, 2022. Copies of the earnings release and supplemental data for the quarter ended March 31, 2022, are attached hereto as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K, and are incorporated by reference herein.

The information contained in this Item 2.02, including Exhibits 99.1 and 99.2 and incorporated by reference herein, is being "furnished" and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by the specific reference in such filing. By filing this Current Report on Form 8-K and furnishing this information, the Company makes no admission as to the materiality of any information in this Current Report on Form 8-K, including Exhibits 99.1 and 99.2.

Item 8.01 Other Events.

The information reported in Item 2.02 of this Current Report on Form 8-K is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

- 99.1 [Sila Realty Trust, Inc. Earnings Release, dated May 13, 2022.](#)
 - 99.2 [First Quarter Supplemental Data, dated May 13, 2022.](#)
 - 104 Cover Page Interactive Data File (embedded within the Inline XBRL document).
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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SILA REALTY TRUST, INC.

Dated: May 13, 2022

By: /s/ Kay C. Neely
Name: Kay C. Neely
Title: Chief Financial Officer



Sila Realty Trust, Inc.
First Quarter 2022 Results

TAMPA, FL (May 13, 2022) - Sila Realty Trust, Inc., or the Company, a public, non-traded real estate investment trust focused on healthcare properties, today announced operating results for the first quarter ended March 31, 2022.

Highlights of the Quarter Ended March 31, 2022 and Subsequent Events

- Net income attributable to common stockholders totaled \$1.4 million; net income attributable to common stockholders per diluted share was \$0.01.
- Net operating income, or NOI*, attributable to our operating healthcare properties totaled \$41.3 million.
- Funds from operations, or FFO*, attributable to common stockholders equaled \$26.0 million; FFO attributable to common stockholders per diluted share was \$0.12.
- Adjusted funds from operations, or AFFO*, attributable to common stockholders equaled \$28.9 million; AFFO attributable to common stockholders per diluted share was \$0.13.
- On February 8, 2022, the Company placed one operating healthcare property into service.
- On February 10, 2022, the Company sold one land parcel that formerly contained a healthcare property in the Houston, TX market for \$24.0 million and generated net proceeds at closing of approximately \$22.7 million, after transaction costs and other proration.
- On February 15, 2022, the Company entered into a new revolving credit agreement and term loan agreement. Upon closing of the new revolving credit agreement, the Company extinguished all commitments associated with the prior revolving line of credit. The new term loan agreement was entered into to replace the Company's prior term loan, which was paid off in its entirety upon closing of the new revolving credit agreement and the new term loan agreement.
- On March 10, 2022, the Company acquired one healthcare property in the Yukon, OK market for an aggregate purchase price of \$19.6 million. The property is approximately 45,624 rentable square feet and is 100% leased to a single tenant.
- On May 12, 2022, the Company acquired one healthcare property in the Pittsburgh, PA market for an aggregate purchase price of \$14.0 million. The property is approximately 33,712 rentable square feet and is 100% leased to four tenants.

“The first quarter of 2022 resulted in increases in healthcare rental revenue and NOI, as compared to the first quarter of 2021; however, total revenues, including discontinued operations, were lower due to the Company selling a substantial portion of properties comprised of its Data Center portfolio in July 2021,” stated Michael Seton, the Company’s President and Chief Executive Officer.

“Consistent with repositioning ourselves as a pure-play healthcare REIT, we continue to seek out high quality assets to complement our diversified healthcare portfolio across the continuum of care while repositioning any assets that no longer meet our strategic focus. Our balance sheet remains strong and flexible, as evidenced by the recent closing of our

new revolving credit agreement and term loan agreement, which extended our debt maturities and reduced pricing while offering substantial borrowing capacity to continue capitalizing on growth opportunities.”

* An explanation of FFO, AFFO, and NOI, as well as reconciliations of such non-United States generally accepted accounting principles (“GAAP”) financial measures, which should not be considered alternatives to GAAP measures, to the most directly comparable U.S. GAAP measures, are included at the end of this release.

Financial Results

Quarter Ended March 31, 2022, Compared to Quarter Ended March 31, 2021

- Net income attributable to common stockholders was \$1.4 million for the quarter ended March 31, 2022, a decrease of 52%, compared to net income attributable to common stockholders of \$2.9 million for the quarter ended March 31, 2021.
- FFO attributable to common stockholders was \$26.0 million for the quarter ended March 31, 2022, a decrease of 34%, compared to \$39.3 million for the quarter ended March 31, 2021.
- AFFO attributable to common stockholders was \$28.9 million for the quarter ended March 31, 2022, a decrease of 20%, compared to \$36.1 million for the quarter ended March 31, 2021.

	Three Months Ended March 31,			
	2022	2021	\$ Change	% Change
Net income attributable to common stockholders per common share - basic, diluted	\$ 0.01	\$ 0.01	\$ —	— %
FFO per common share - basic, diluted	\$ 0.12	\$ 0.18	\$ (0.06)	(33.33)%
AFFO per common share - basic, diluted	\$ 0.13	\$ 0.16	\$ (0.03)	(18.75)%

The decrease in net income attributable to common stockholders, FFO and AFFO during the periods presented above is primarily due to the Company owning a substantially smaller portfolio of properties subsequent to selling the Data Center portfolio on July 22, 2021, which was partially offset by an increase in rental revenue due to the acquisition of five operating properties and the placement of two development properties in service since January 1, 2021.

Operating Results

Quarter Ended March 31, 2022, Compared to Quarter Ended March 31, 2021

- NOI attributable to our operating healthcare properties was \$41.3 million for the quarter ended March 31, 2022, an increase of 5%, compared to \$39.2 million for the quarter ended March 31, 2021.
- Rental revenue attributable to our operating healthcare properties was \$44.3 million for the quarter ended March 31, 2022, an increase of 4%, compared to \$42.4 million for the quarter ended March 31, 2021.
- Same store NOI attributable to our operating healthcare properties was \$39.3 million for the quarter ended March 31, 2022, an increase of 0.5%, compared to \$39.1 million for the quarter ended March 31, 2021.

The increase in NOI and rental revenue attributable to operating healthcare properties during the quarter ended March 31, 2022, as compared to the quarter ended March 31, 2021, is primarily attributable to the acquisition of five operating properties and the placement of two development properties in service since January 1, 2021.

Portfolio Overview

During the first quarter of 2022, the Company acquired one healthcare property, located in the Yukon, OK market, for an aggregate purchase price of \$19.6 million. The property is composed of 45,624 rentable square feet and is 100% leased to one tenant. The Company also disposed of one land parcel that formerly contained a healthcare property, located in the Houston, TX market, for an aggregate sale price of \$24.0 million, which generated net proceeds of \$22.7 million and resulted in a gain on sale of \$0.5 million.

As of March 31, 2022, the Company owned 126 real estate properties, located in 56 markets, composed of approximately 5.3 million rentable square feet with a total real estate investment of approximately \$2.2 billion. The Company's properties had a weighted average occupancy of 99.4% and weighted-average remaining lease term of 9.5 years.

Balance Sheet and Liquidity

As of March 31, 2022, the Company had liquidity of approximately \$334.6 million, consisting of \$19.6 million in cash and cash equivalents and \$315.0 million in borrowing base availability under its credit facility.

As of March 31, 2022, the Company had total principal debt outstanding of \$485.0 million under the Company's credit facility, with a net debt leverage ratio, which is the ratio of principal debt outstanding less cash to fair market value of real estate plus the total aggregate cost of properties acquired after the net asset value date of May 31, 2021, of 20.2%. The Company's outstanding debt was composed of 82.5% fixed rate debt through the use of interest rate swaps and 17.5% variable rate debt.

On February 15, 2022, the Company, Sila Realty Operating Partnership, LP, or the Operating Partnership, and certain of its subsidiaries, entered into a senior unsecured revolving credit agreement, or the Revolving Credit Agreement, with Truist Bank, as Administrative Agent for the lenders, for aggregate commitments available of up to \$500.0 million, which may be increased, subject to lender approval, through incremental term loans and/or revolving loan commitments in an aggregate amount not to exceed \$1,000.0 million. The maturity date for the Revolving Credit Agreement is February 15, 2026, which, at the Company's election, may be extended for a period of six-months on no more than two occasions, subject to certain conditions, including the payment of an extension fee. The Revolving Credit Agreement was entered into to replace the Company's prior \$500.0 million revolving line of credit, which had a maturity date of April 27, 2022, with the option to extend for one twelve-month period. The Company did not exercise the option to extend. Upon closing of the Revolving Credit Agreement, the Company extinguished all commitments associated with the prior revolving line of credit.

Simultaneously with the Revolving Credit Agreement's execution, on February 15, 2022, the Company, the Operating Partnership, and certain of its subsidiaries, entered into the senior unsecured term loan agreement, or the Term Loan Agreement, with Truist Bank, as Administrative Agent for the lenders. The Term Loan Agreement was fully funded at closing, and is made up of aggregate commitments of \$300.0 million, which may be increased, subject to lender approval, to an aggregate amount not to exceed \$600.0 million. The Term Loan Agreement has a maturity date of December 31, 2024, and, at the Company's election, may be extended for a period of six-months on no more than two occasions, subject to the satisfaction of certain conditions, including the payment of an extension fee. The Term Loan Agreement was entered into to replace the Company's prior term loan, which was paid off in its entirety upon closing of the Revolving Credit Agreement and the Term Loan Agreement. The Revolving Credit Agreement and the Term Loan Agreement have aggregate commitments available of \$800.0 million.

Distributions

The following table summarizes the Company's distributions paid and distributions declared during the first quarter of 2022 (amounts in thousands, except per share amounts):

Common Stock	Cash	DRIP⁽¹⁾	Total Distributions	Distributions Declared Per Share⁽²⁾
Class A	\$ 13,000	\$ 3,616	\$ 16,616	\$ 0.10
Class I	912	625	1,537	\$ 0.10
Class T	1,962	1,734	3,696	\$ 0.10
Class T2	32	37	69	\$ 0.08
	<u>\$ 15,906</u>	<u>\$ 6,012</u>	<u>\$ 21,918</u>	

- (1) Distribution reinvestment plan (DRIP).
- (2) The Company declared weighted average distributions per share of common stock in the amount of \$0.10.

Supplemental Information

The Company routinely provides information for investors and the marketplace through press releases, SEC filings and the Company's website at investors.silarealtytrust.com. The information that the Company posts to its website may be deemed material. Accordingly, the Company encourages investors and others interested in the Company to routinely monitor and review the information that the Company posts on its website, in addition to following the Company's press releases and SEC filings. A glossary of definitions (including those of certain non-GAAP financial measures) and other supplemental information may be found attached to the Current Report on Form 8-K filed on May 13, 2022. A comprehensive listing of the Company's properties is available at silarealtytrust.com/portfolio.

About Sila Realty Trust, Inc.

Sila Realty Trust, Inc. is a public, non-traded real estate investment trust headquartered in Tampa, Florida, that invests in high-quality healthcare properties leased to tenants capitalizing on critical and structural economic growth drivers. The Company is focused on investing in and managing strategic healthcare assets across the continuum of care, with emphasis on lower cost patient settings, which generate predictable, durable and growing income streams. As of March 31, 2022, the Company owned 126 real estate properties located in 56 markets across the United States.

Forward-Looking Statements

Certain statements contained herein, including those regarding our seeking out of high quality assets to complement our diversified healthcare portfolio across the continuum of care while repositioning any assets that no longer meet our strategic focus, other than historical fact may be considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor provided by the same. These statements are based on management's current expectations and beliefs and are subject to a number of trends and uncertainties. No forward-looking statement is intended to, nor shall it, serve as a guarantee of future performance. You can identify the forward-looking statements by the use of words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "outlook," "plan," "potential," "predict," "project," "seek," "should," "will" and other similar terms and phrases, including references to assumptions and forecasts of future results, strategic acquisitions and growth opportunities, and future distributions. Forward-looking statements are subject to various risks

and uncertainties and factors that could cause actual results to differ materially from the Company's expectations, and you should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond the Company's control and could materially affect the Company's results of operations, financial condition, cash flows, performance or future achievements or events. Additional factors include the risk that the expected benefits for the Company's pure-play healthcare REIT strategy are not achieved, and other factors, including those described under the section entitled Item 1A. "Risk Factors" of Part I of the Company's 2021 Annual Report on Form 10-K with the SEC a copy of which is available at www.sec.gov. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.

Investor Relations:

IR@silarealtytrust.com

Miles Callahan, Vice President of Capital Markets and Investor Relations

Condensed Consolidated Balance Sheets (amounts in thousands, except share data)

	(Unaudited) March 31, 2022	December 31, 2021
ASSETS		
Real estate:		
Land	\$ 164,679	\$ 163,992
Buildings and improvements, less accumulated depreciation of \$173,407 and \$165,784, respectively	1,663,679	1,648,685
Construction in progress	—	14,628
Total real estate, net	1,828,358	1,827,305
Cash and cash equivalents	19,563	32,359
Acquired intangible assets, less accumulated amortization of \$74,373 and \$71,067, respectively	177,084	181,639
Goodwill	23,006	23,284
Right-of-use assets - operating leases	25,230	21,737
Right-of-use assets - finance lease	2,291	2,296
Other assets, net	77,599	66,365
Assets held for sale, net	—	22,570
Total assets	\$ 2,153,131	\$ 2,177,555
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Credit facility, net of deferred financing costs of \$681 and \$3,226, respectively	484,319	496,774
Accounts payable and other liabilities	28,967	39,597
Acquired intangible liabilities, less accumulated amortization of \$4,808 and \$4,444, respectively	12,598	12,962
Operating lease liabilities	27,436	23,758
Finance lease liabilities	2,637	2,636
Liabilities held for sale, net	—	698
Total liabilities	555,957	576,425
Stockholders' equity:		
Preferred stock, \$0.01 par value per share, 100,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.01 par value per share, 510,000,000 shares authorized; 239,006,914 and 238,226,119 shares issued, respectively; 224,616,042 and 224,179,939 shares outstanding, respectively	2,246	2,242
Additional paid-in capital	2,008,481	2,004,404
Accumulated distributions in excess of earnings	(421,561)	(400,669)
Accumulated other comprehensive income (loss)	8,008	(4,847)
Total stockholders' equity	1,597,174	1,601,130
Total liabilities and stockholders' equity	\$ 2,153,131	\$ 2,177,555

Condensed Consolidated Quarterly (Unaudited) Statements of Comprehensive Income (amounts in thousands, except share data and per share amounts)

	Three Months Ended March 31,	
	2022	2021
Revenue:		
Rental revenue	\$ 44,282	\$ 42,422
Expenses:		
Rental expenses	3,025	3,214
General and administrative expenses	6,856	6,623
Depreciation and amortization	17,988	18,224
Impairment loss on real estate	7,109	10,423
Impairment loss on goodwill	278	240
Total expenses	35,256	38,724
Gain on real estate disposition	460	—
Income from operations	9,486	3,698
Interest and other expense, net	8,115	8,764
Income (loss) from continuing operations	1,371	(5,066)
Income from discontinued operations	—	7,948
Net income attributable to common stockholders	\$ 1,371	\$ 2,882
Other comprehensive income:		
Unrealized income on interest rate swaps, net	\$ 12,855	\$ 5,792
Other comprehensive income	12,855	5,792
Comprehensive income attributable to common stockholders	\$ 14,226	\$ 8,674
Weighted average number of common shares outstanding:		
Basic	224,499,307	222,481,179
Diluted	225,865,366	222,481,179
Net income (loss) per common share attributable to common stockholders:		
Basic:		
Continuing operations	\$ 0.01	\$ (0.02)
Discontinued operations	—	0.03
Net income attributable to common stockholders	\$ 0.01	\$ 0.01
Diluted:		
Continuing operations	\$ 0.01	\$ (0.02)
Discontinued operations	—	0.03
Net income attributable to common stockholders	\$ 0.01	\$ 0.01
Distributions declared per common share	\$ 0.10	\$ 0.12

Use of Non-GAAP Information

Net operating income, a non-GAAP financial measure, is defined as rental revenue, less rental expenses, which excludes general and administrative expenses, depreciation and amortization, impairment loss on real estate, impairment loss on goodwill, gain on real estate disposition, interest and other expense, net, and income from discontinued operations. The Company believes that net operating income serves as a useful supplement to net income because it allows investors and management to measure unlevered property-level operating results and to compare operating results to the operating results of other real estate companies between periods on a consistent basis. Net operating income should not be considered as an alternative to net income determined in accordance with GAAP as an indicator of financial performance, and accordingly, the Company believes that in order to facilitate a clear understanding of the consolidated historical operating results, net operating income should be examined in conjunction with net income as presented in the condensed consolidated financial statements and data included on the Company's Quarterly Report on Form 10-Q filed with the SEC on May 13, 2022.

The following are reconciliations of net income attributable to common stockholders, which is the most directly comparable GAAP financial measure, to net operating income for the three months ended March 31, 2022 and 2021 (amounts in thousands):

	Three Months Ended March 31,	
	2022	2021
Revenue:		
Rental revenue	\$ 44,282	\$ 42,422
Expenses:		
Rental expenses	3,025	3,214
Net operating income	41,257	39,208
Expenses:		
General and administrative expenses	6,856	6,623
Depreciation and amortization	17,988	18,224
Impairment loss on real estate	7,109	10,423
Impairment loss on goodwill	278	240
Gain on real estate disposition	460	—
Income from operations	9,486	3,698
Interest and other expense, net	8,115	8,764
Income (loss) from continuing operations	1,371	(5,066)
Income from discontinued operations	—	7,948
Net income attributable to common stockholders	\$ 1,371	\$ 2,882

The Company generates its net operating income from property operations. In order to evaluate the overall portfolio, management analyzes the net operating income of same store properties. The Company defines "same store properties" as operating properties that were owned and operated for the entirety of both calendar periods being compared and excludes properties under development and properties or land classified as held for sale. By evaluating the net operating income of the same store properties, management is able to monitor the operations of the Company's existing properties for comparable periods to measure the performance of the current portfolio and determine the effects of new acquisitions and dispositions on net income.

The following table represents the breakdown of the three months ended March 31, 2022, total rental revenue and rental expenses and compares with amounts for the 2021 corresponding periods (amounts in thousands). The Company believes that the below presentation of total rental revenue is not, and is not intended to be, a presentation in accordance with GAAP and allows investors and management to evaluate the Company's performance.

	Three Months Ended March 31,	
	2022	2021
Revenue:		
Same store rental revenue	\$ 39,622	\$ 39,591
Same store tenant reimbursements ⁽¹⁾	2,283	2,136
Non-same store rental revenue	2,126	441
Non-same store tenant reimbursements ⁽¹⁾	250	253
Other operating income	1	1
Total rental revenue	44,282	42,422
Expenses:		
Same store rental expenses	2,626	2,587
Non-same store rental expenses	399	627
Net operating income	\$ 41,257	\$ 39,208

(1) Tenant reimbursements represent expenses, which are paid back to the Company by a tenant.

Funds From Operations ("FFO") and Adjusted Funds From Operations ("AFFO") are non-GAAP financial measures. FFO is calculated using the NAREIT definition: net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property and asset impairment write-downs, plus depreciation and amortization of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures. It should be noted, however, that other REITs may not define FFO in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently than the Company does, making comparisons less meaningful. In addition to FFO, the Company uses AFFO as a supplemental financial performance measure because the Company believes it provides to stakeholders a more complete understanding of its sustainable performance. AFFO is a metric used by management to evaluate the Company's dividend policy. The Company calculates AFFO, a non-GAAP measure, by further adjusting FFO for the following items included in the determination of GAAP net income: amortization of above- and below-market leases, along with amortization of operating leases and finance lease, resulting from above-and below-market leases, straight-line rent adjustments, discount amortization related to the deferred liability in connection with the internalization transaction, impairment loss on goodwill, (gain) loss on extinguishment of debt, amortization of deferred financing costs and stock-based compensation. Other REITs may use different methodologies for calculating AFFO and, accordingly, the Company's AFFO may not be comparable to other REITs.

FFO and AFFO should not be construed to be more relevant or accurate than the current GAAP methodology in calculating net income or in its applicability in evaluating our operational performance. The method used to evaluate the value and performance of real estate under GAAP should be construed as a more relevant measure of operating performance and considered more prominent than the non-GAAP FFO and AFFO measures and the adjustments to GAAP in calculating FFO and AFFO.

The following is a reconciliation of net income attributable to common stockholders, which is the most directly comparable GAAP financial measure, to FFO and AFFO for the three months ended March 31, 2022 and 2021 (amounts in thousands, except share data and per share amounts):

	Three Months Ended March 31,	
	2022	2021
Net income attributable to common stockholders	\$ 1,371	\$ 2,882
Adjustments:		
Depreciation and amortization ⁽¹⁾	17,966	25,962
Gain on real estate disposition from continuing operations	(460)	—
Impairment loss on real estate	7,109	10,423
FFO attributable to common stockholders	<u>\$ 25,986</u>	<u>\$ 39,267</u>
Adjustments:		
Amortization of intangible assets and liabilities ⁽²⁾	119	(613)
Amortization of operating leases and finance lease	254	269
Straight-line rent adjustments ⁽³⁾	(2,510)	(4,626)
Amortization of discount of deferred liability	—	54
Impairment loss on goodwill ⁽⁴⁾	278	240
Loss on extinguishment of debt	3,367	—
Amortization of deferred financing costs	490	996
Stock-based compensation	896	556
AFFO attributable to common stockholders	<u>\$ 28,880</u>	<u>\$ 36,143</u>
Weighted average common shares outstanding - basic	<u>224,499,307</u>	<u>222,481,179</u>
Weighted average common shares outstanding - diluted	<u>225,865,366</u>	<u>222,481,179</u>
Weighted average common shares outstanding - diluted for FFO and AFFO	<u>225,865,366</u>	<u>223,420,969</u>
Net income per common share - basic	<u>\$ 0.01</u>	<u>\$ 0.01</u>
Net income per common share - diluted	<u>\$ 0.01</u>	<u>\$ 0.01</u>
FFO per common share - basic	<u>\$ 0.12</u>	<u>\$ 0.18</u>
FFO per common share - diluted	<u>\$ 0.12</u>	<u>\$ 0.18</u>
AFFO per common share - basic	<u>\$ 0.13</u>	<u>\$ 0.16</u>
AFFO per common share - diluted	<u>\$ 0.13</u>	<u>\$ 0.16</u>

(1) During the three months ended March 31, 2022 and 2021, the Company wrote off in-place intangible assets in the amounts of approximately \$0.4 million and \$1.1 million, respectively, by accelerating the amortization of the acquired intangible assets.

(2) Under GAAP, certain intangibles are accounted for at cost and reviewed for impairment. However, because real estate values and market lease rates historically rise or fall with market conditions, management believes that by excluding charges related to amortization of these intangibles, AFFO provides useful supplemental information on the performance of the real estate.

(3) Under GAAP, rental revenue is recognized on a straight-line basis over the terms of the related lease (including rent holidays, if applicable). This may result in income recognition that is significantly different than the underlying contract terms. During the three months ended March 31, 2022 and 2021, the Company wrote off approximately \$0.0 million and \$0.1 million, respectively, of straight-line rent. By adjusting for the change in straight-line rent receivable, AFFO may provide useful supplemental information on the realized economic impact of lease terms, providing insight on the expected contractual cash flows of such lease terms, and aligns with the Company's analysis of operating performance.

- (4) During the three months ended March 31, 2022, the Company wrote off goodwill related to one reporting unit in the amount of approximately \$0.3 million and during the three months ended March 31, 2021, the Company wrote off goodwill related to one reporting unit in the amount of approximately \$0.2 million. The reporting units were originally recognized as a part of the internalization transaction on September 30, 2020. The Company believes that adjusting for such non-recurring items provides useful supplemental information because such adjustments may not be reflective of ongoing operations and aligns with its analysis of operating performance.



| Sila[®]
realty trust

QUARTERLY SUPPLEMENTAL INFORMATION

First Quarter 2022

www.silarealtytrust.com

Disclosures

Forward Looking Statements

Certain statements contained herein, other than historical fact, may be considered “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor provided by the same. These statements are based on management’s current expectations and beliefs and are subject to a number of trends and uncertainties. No forward-looking statement is intended to, nor shall it, serve as a guarantee of future performance. You can identify the forward-looking statements by the use of words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “outlook,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will” and other similar terms and phrases, including references to assumptions and forecasts of future results and to the anticipated development properties. Forward-looking statements are subject to various risks and uncertainties and factors that could cause actual results to differ materially from the company’s expectations, and investors should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond the company’s control and could materially affect the company’s results of operations, financial condition, cash flows, performance or future achievements or events, including those described under the section entitled Part I, Item 1A. “Risk Factors” of the company’s 2021 Annual Report on Form 10-K. The company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.

Non-GAAP Measures

This presentation contains certain financial information not derived in accordance with the United States generally accepted accounting principles (GAAP). These items include, but are not limited to, earnings before interest, income taxes, depreciation and amortization (EBITDA), EBITDA for real estate (EBITDAre); funds from operations (FFO); adjusted funds from operations (AFFO); interest expense, adjusted; liquidity; net debt; net operating income (NOI); and cash NOI. These measures (and the methodologies used to derive them) may not be comparable to those used by other companies. Refer to the glossary for a detailed explanation of these terms and reconciliations to the most directly comparable GAAP measure, as well as others appearing in the supplement. Management considers each item an important supplemental measure of operating and financial performance and believes they are frequently used by interested parties in the evaluation of real estate investment trusts. These measures should not be considered as alternatives, or superior measures, to net income or loss as an indicator of the company’s performance and should be considered only as a supplement to net income or loss and cash flows from operating, investing or financing activities as measures of profitability and/or liquidity, computed in accordance with GAAP.

Unaudited Financial Information

All quarterly information presented in this supplement is unaudited and should be read in conjunction with the company’s audited consolidated financial statements (and the notes thereto) included in the Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the SEC on March 29, 2022.

Information About the Sale of the Data Center Properties

Prior to the second quarter of 2021, the company operated through two reportable business segments— real estate investments in data centers and healthcare. During the three months ended June 30, 2021, the company’s board of directors made a determination to sell the company’s data center assets. On May 19, 2021, the company and certain of its wholly-owned subsidiaries entered into a purchase and sale agreement for the sale of up to 29 data center properties, which constituted the entirety of the company’s data center segment. On July 22, 2021, the company completed the sale of its 29 data center properties. As of December 31, 2021, the company had no assets or liabilities held for sale related to the data center properties. Operations of the data center properties are classified as income from discontinued operations on the condensed consolidated statements of comprehensive income for the three months ended March 31, 2021.

Supplemental Information as of March 31, 2022

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See the glossary for a description of the company's non-GAAP financial and operating metrics.

Quarterly Financial Summary

(dollars in thousands, except share data and per share amounts)

The following tables summarize the company's quarterly financial results and portfolio metrics.

Financial Results

	Three Months Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Rental revenue	\$ 44,282	\$ 43,606	\$ 43,063	\$ 43,747	\$ 42,422
Income (loss) from continuing operations	\$ 1,371	\$ 12,077	\$ (5,546)	\$ (249)	\$ (5,066)
Income from discontinued operations	\$ —	\$ —	\$ 377,191	\$ 16,305	\$ 7,948
Net income attributable to common stockholders	\$ 1,371	\$ 12,077	\$ 371,645	\$ 16,056	\$ 2,882
Net income attributable to common stockholders per diluted share	\$ 0.01	\$ 0.05	\$ 1.66	\$ 0.07	\$ 0.01
EBITDAre	\$ 34,125	\$ 33,632	\$ 37,444	\$ 59,841	\$ 51,406
FFO attributable to common stockholders	\$ 25,986	\$ 29,144	\$ 615	\$ 46,909	\$ 39,267
FFO attributable to common stockholders per diluted share	\$ 0.12	\$ 0.13	\$ —	\$ 0.21	\$ 0.18
AFFO attributable to common stockholders	\$ 28,880	\$ 27,747	\$ 27,708	\$ 44,094	\$ 36,143
AFFO attributable to common stockholders per diluted share	\$ 0.13	\$ 0.12	\$ 0.12	\$ 0.20	\$ 0.16
Weighted average shares outstanding - diluted	225,865,366	225,031,906	223,661,774	223,082,912	222,481,179

Portfolio Metrics³

	As of				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Number of properties ^{1,2}	126	125	125	154	153
Rentable square feet (in thousands)	5,335	5,245	5,298	8,595	8,542
Weighted average rent escalation	2.2%	2.3%	2.3%	2.4%	2.4%
Weighted average occupancy	99.4%	99.5%	96.0%	93.3%	93.3%
Weighted average remaining lease term	9.5 years	9.5 years	9.8 years	9.3 years	9.4 years

(1) Includes one development property as of December 31, 2021, September 30, 2021, June 30, 2021 and March 31, 2021.

(2) Excludes two undeveloped land parcels as of March 31, 2022. Excludes two undeveloped land parcels and one land parcel held for sale as of December 31, 2021.

(3) Data as of June 30, 2021 and March 31, 2021 includes data center properties that were sold on July 22, 2021.

Financial Statistics and Ratios¹

(dollars in thousands, except per share amounts)

	Three Months Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Adjusted Interest Coverage Ratio					
Interest expense, adjusted ⁶	\$ 8,188	\$ 5,766	\$ 37,386	\$ 13,377	\$ 13,208
EBITDA	27,474	33,718	425,761	50,574	40,979
Adjusted interest coverage ratio	3.4 x	5.8 x	11.4 x	3.8 x	3.1 x
	As of				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Net Debt Ratios					
Principal debt outstanding	\$ 485,000	\$ 500,000	\$ 520,000	\$ 1,404,184	\$ 1,390,298
Less: cash and cash equivalents	19,563	32,359	75,363	47,921	51,039
Net debt	465,437	467,641	444,637	1,356,263	1,339,259
EBITDAre annualized ²	136,500	134,528	149,776	228,328	205,624
Net debt to EBITDAre ratio	3.4 x	3.5 x	3.0 x	5.9 x	6.5 x
Net debt	\$ 465,437	\$ 467,641	\$ 444,637	\$ 1,356,263	\$ 1,339,259
Fair market value of real estate investments	2,301,068	2,316,342	2,282,706	3,550,273	3,259,303
Net debt leverage ratio	20.2 %	20.2 %	19.5 %	38.2 %	41.1 %

Financial Metrics	March 31, 2022	Other Key Metrics	March 31, 2022
Net debt leverage ratio	20.2 %	Total real estate investment	\$ 2,219,621
Net debt to EBITDAre ratio	3.4 x	Net asset value per share ^{4,5}	\$ 8.20
Adjusted interest coverage ratio	3.4 x	Class A annualized distribution per share	\$ 0.40
Liquidity ³	\$ 334,563	Class I annualized distribution per share	\$ 0.40
		Class T annualized distribution per share	\$ 0.40
		Class T2 annualized distribution per share	\$ 0.32

(1) Data for the three months ended September 30, 2021, June 30, 2021 and March 31, 2021 includes data center properties that were sold on July 22, 2021.

(2) EBITDAre is annualized based on actual quarter EBITDAre.

(3) Liquidity represents cash and cash equivalents of \$19.6 million and borrowing base availability on the company's credit facility of \$315.0 million as of March 31, 2022.

(4) The estimated net asset value per share was calculated as of May 31, 2021.

(5) On July 20, 2021, the company's board of directors approved an updated estimated net asset value per share, of \$9.95 of the company's common stock as of May 31, 2021. The special cash distribution reduces the estimated net asset value per share by \$1.75, resulting in a new estimated net asset value per share of \$8.20, effective July 26, 2021.

(6) Interest expense, adjusted, for the three months ended March 31, 2022, includes debt extinguishment costs of \$3.4 million in connection with the pay-off of our prior credit facility and entering into a new credit facility. Interest expense, adjusted, for the three months ended September 30, 2021, includes one-time costs associated with the sale of the data center portfolio, inclusive of defeasance and other loan costs in the amount of \$26.1 million.



Condensed Consolidated Balance Sheets

(dollars in thousands, except share data)

	(Unaudited)	
	March 31, 2022	December 31, 2021
ASSETS		
Real estate:		
Land	\$ 164,679	\$ 163,992
Buildings and improvements, less accumulated depreciation of \$173,407 and \$165,784, respectively	1,663,679	1,648,685
Construction in progress	—	14,628
Total real estate, net	1,828,358	1,827,305
Cash and cash equivalents	19,563	32,359
Acquired intangible assets, less accumulated amortization of \$74,373 and \$71,067, respectively	177,084	181,639
Goodwill	23,006	23,284
Right-of-use assets - operating leases	25,230	21,737
Right-of-use assets - finance lease	2,291	2,296
Other assets, net	77,599	66,365
Assets held for sale, net	—	22,570
Total assets	\$ 2,153,131	\$ 2,177,555
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Credit facility, net of deferred financing costs of \$681 and \$3,226, respectively	484,319	496,774
Accounts payable and other liabilities	28,967	39,597
Acquired intangible liabilities, less accumulated amortization of \$4,808 and \$4,444, respectively	12,598	12,962
Operating lease liabilities	27,436	23,758
Finance lease liabilities	2,637	2,636
Liabilities held for sale, net	—	698
Total liabilities	555,957	576,425
Stockholders' equity:		
Preferred stock, \$0.01 par value per share, 100,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.01 par value per share, 510,000,000 shares authorized; 239,006,914 and 238,226,119 shares issued, respectively; 224,616,042 and 224,179,939 shares outstanding, respectively	2,246	2,242
Additional paid-in capital	2,008,481	2,004,404
Accumulated distributions in excess of earnings	(421,561)	(400,669)
Accumulated other comprehensive income (loss)	8,008	(4,847)
Total stockholders' equity	1,597,174	1,601,130
Total liabilities and stockholders' equity	\$ 2,153,131	\$ 2,177,555

See the glossary for a description of the company's non-GAAP financial and operating metrics.

Condensed Consolidated Statements of Comprehensive Income

(unaudited; dollars in thousands, except share data and per share amounts)

	Three Months Ended March 31,	
	2022	2021
Revenue:		
Rental revenue	\$ 44,282	\$ 42,422
Expenses:		
Rental expenses	3,025	3,214
General and administrative expenses	6,856	6,623
Depreciation and amortization	17,988	18,224
Impairment loss on real estate	7,109	10,423
Impairment loss on goodwill	278	240
Total expenses	35,256	38,724
Gain on real estate disposition	460	—
Income from operations	9,486	3,698
Interest and other expense, net	8,115	8,764
Income (loss) from continuing operations	1,371	(5,066)
Income from discontinued operations	—	7,948
Net income attributable to common stockholders	\$ 1,371	\$ 2,882
Other comprehensive income:		
Unrealized income on interest rate swaps, net	\$ 12,855	\$ 5,792
Other comprehensive income	12,855	5,792
Comprehensive income attributable to common stockholders	\$ 14,226	\$ 8,674
Weighted average number of common shares outstanding:		
Basic	224,499,307	222,481,179
Diluted	225,865,366	222,481,179
Net income (loss) per common share attributable to common stockholders:		
Basic:		
Continuing operations	\$ 0.01	\$ (0.02)
Discontinued operations	—	0.03
Net income attributable to common stockholders	\$ 0.01	\$ 0.01
Diluted:		
Continuing operations	\$ 0.01	\$ (0.02)
Discontinued operations	—	0.03
Net income attributable to common stockholders	\$ 0.01	\$ 0.01
Distributions declared per common share	\$ 0.10	\$ 0.12

See the glossary for a description of the company's non-GAAP financial and operating metrics.

FFO and AFFO

(dollars in thousands, except share data and per share amounts)

	Three Months Ended March 31,	
	2022	2021
Net income attributable to common stockholders	\$ 1,371	\$ 2,882
Adjustments:		
Depreciation and amortization ¹	17,966	25,962
Gain on real estate disposition from continuing operations	(460)	—
Impairment loss on real estate	7,109	10,423
FFO attributable to common stockholders	\$ 25,986	\$ 39,267
Adjustments:		
Amortization of intangible assets and liabilities ²	119	(613)
Amortization of operating leases and finance lease	254	269
Straight-line rent adjustments ³	(2,510)	(4,626)
Amortization of discount of deferred liability	—	54
Impairment loss on goodwill ⁴	278	240
Loss on debt extinguishment	3,367	—
Amortization of deferred financing costs	490	996
Stock-based compensation	896	556
AFFO attributable to common stockholders	\$ 28,880	\$ 36,143
Weighted average common shares outstanding - basic	224,499,307	222,481,179
Weighted average common shares outstanding - diluted	225,865,366	222,481,179
Weighted average common shares outstanding - diluted for FFO and AFFO	225,865,366	223,420,969
Net income per common share - basic	\$ 0.01	\$ 0.01
Net income per common share - diluted	\$ 0.01	\$ 0.01
FFO per common share - basic	\$ 0.12	\$ 0.18
FFO per common share - diluted	\$ 0.12	\$ 0.18
AFFO per common share - basic	\$ 0.13	\$ 0.16
AFFO per common share - diluted	\$ 0.13	\$ 0.16

(1) During the three months ended March 31, 2022 and 2021, the company wrote off in-place lease intangible assets in the amounts of approximately \$0.4 million and \$1.1 million, respectively, by accelerating the amortization of the acquired intangible assets.

(2) Under GAAP, certain intangibles are accounted for at cost and reviewed for impairment. However, because real estate values and market lease rates historically rise or fall with market conditions, management believes that by excluding charges related to amortization of these intangibles, AFFO provides useful supplemental information on the performance of the real estate.

(3) Under GAAP, rental revenue is recognized on a straight-line basis over the terms of the related lease (including rent holidays, if applicable). This may result in income recognition that is significantly different than the underlying contract terms. During the three months ended March 31, 2022 and 2021, the company wrote off approximately \$0.0 million and \$0.1 million, respectively, of straight-line rent. By adjusting for the change in straight-line rent receivable, AFFO may provide useful supplemental information on the realized economic impact of lease terms, providing insight on the expected contractual cash flows of such lease terms, and aligns with the company's analysis of operating performance.

(4) During the three months ended March 31, 2022, the company wrote off goodwill related to one reporting unit in the amount of approximately \$0.3 million and during the three months ended March 31, 2021, the company wrote off goodwill related to one reporting unit in the amount of approximately \$0.2 million. The reporting units were originally recognized as a part of the internalization transaction on September 30, 2020. The company believes that adjusting for such non-recurring items provides useful supplemental information because such adjustments may not be reflective of ongoing operations and aligns with its analysis of operating performance.

See the glossary for a description of the company's non-GAAP financial and operating metrics.

EBITDA and EBITDAre¹

(dollars in thousands)

	Three Months Ended March 31,	
	2022	2021
Net income attributable to common stockholders	\$ 1,371	\$ 2,882
Adjustments:		
Interest and other expense, net ²	8,115	12,130
Depreciation and amortization	17,988	25,967
EBITDA	\$ 27,474	\$ 40,979
Gain on real estate disposition from continuing operations	(460)	—
Impairment loss on real estate	7,109	10,423
Cash deposits interest	2	4
EBITDAre	\$ 34,125	\$ 51,406

(1) Data for the three months ended March 31, 2021 includes the 29 data center properties sold on July 22, 2021.

(2) Includes debt extinguishment costs of \$3.4 million for the three months ended March 31, 2022, in connection with the pay-off of our prior credit facility and entering into a new credit facility.

Net Operating Income (NOI)¹

(dollars in thousands)

Cash Net Operating Income

	Three Months Ended March 31,	
	2022	2021
Rental revenue	\$ 44,282	\$ 42,422
Rental expenses	(3,025)	(3,214)
Net operating income	41,257	39,208
Adjustments:		
Straight-line rent adjustments	(2,510)	(3,409)
Amortization of above- and below-market leases, net	119	124
Amortization of operating leases	125	176
Cash NOI	\$ 38,991	\$ 36,099
Cash NOI margin	88.1 %	85.1 %
Cash NOI yield ²	7.0 %	6.6 %

(1) Attributable to continuing operations.

(2) Calculated using annualized NOI for the three months ended March 31, 2022 and March 31, 2021, respectively, to weighted average total real estate investment since inception.

Same Store NOI and Occupancy Trends



(1) Each quarter's results are based on properties owned and operated as of January 1, 2021, and excludes the 29 data center properties that were sold on July 22, 2021.

Debt

(dollars in millions)

Unsecured Credit Facility Key Covenants

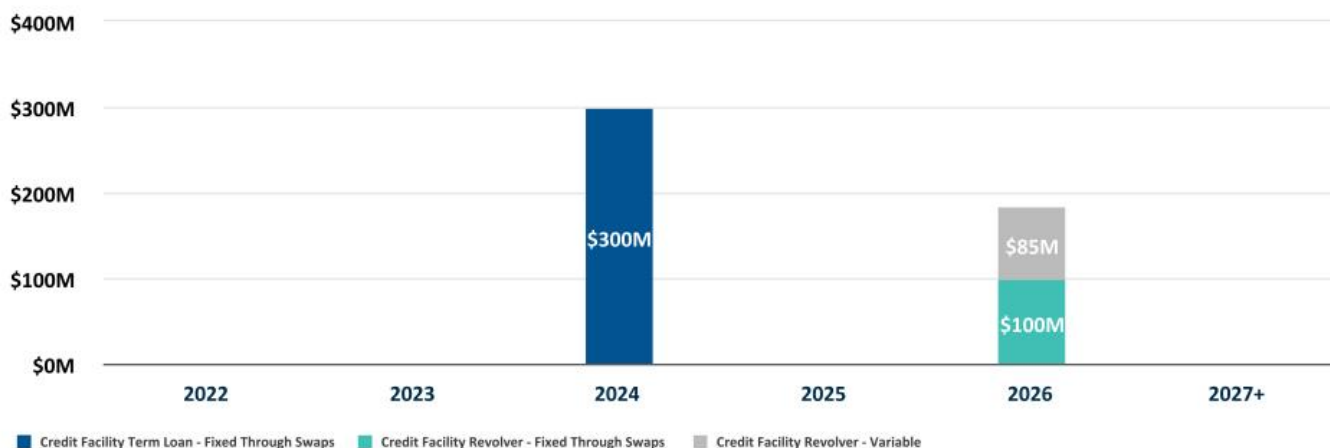
	Required	Actual
Ratio of total indebtedness to total gross asset value	≤ 60.0%	21.4 %
Ratio of secured indebtedness to total gross asset value	≤ 30.0%	0.0 %
Ratio of adjusted EBITDA to fixed charges	≥ 1.50x	8.27x

The table above includes a summary of key financial covenants for the company's credit facility, as defined and calculated per the terms of the facility's credit agreements. These calculations, which are not based on GAAP measurements, are presented to investors to show that the company is in compliance with the covenants and are not measures of the company's liquidity or performance.

Debt Summary

	Amount	Rate ¹	% of Total
Fixed rate debt			
Revolving line of credit, fixed through interest rate swaps	100.0	2.8 %	20.6 %
Credit facility term loans, fixed through interest rate swaps	300.0	2.8 %	61.9 %
Total fixed rate debt	400.0	2.8 %	82.5 %
Variable rate debt²			
Revolving line of credit	85.0	1.6 %	17.5 %
Total variable rate debt	85.0	1.6 %	17.5 %
Total principal debt	\$ 485.0	2.6 %	100.0 %

Debt Maturities



(1) Weighted average interest rate as of March 31, 2022.

(2) Term SOFR plus an applicable margin based on the company's credit agreements.

Acquisitions and Dispositions

2022 Acquisitions

Date Acquired	Property	Rentable Square Feet	Market	State	Acquisition Price (in thousands)
03/10/2022	Yukon Healthcare Facility	45,624	Yukon	OK	\$ 19,554

On May 12, 2022, the company purchased one healthcare property, or the Pleasant Hills Healthcare Facility, for an aggregate purchase price of approximately \$14,041,000. The Pleasant Hills Healthcare Facility is in the Pittsburgh market of Pennsylvania and is composed of approximately 33,712 rentable square feet.

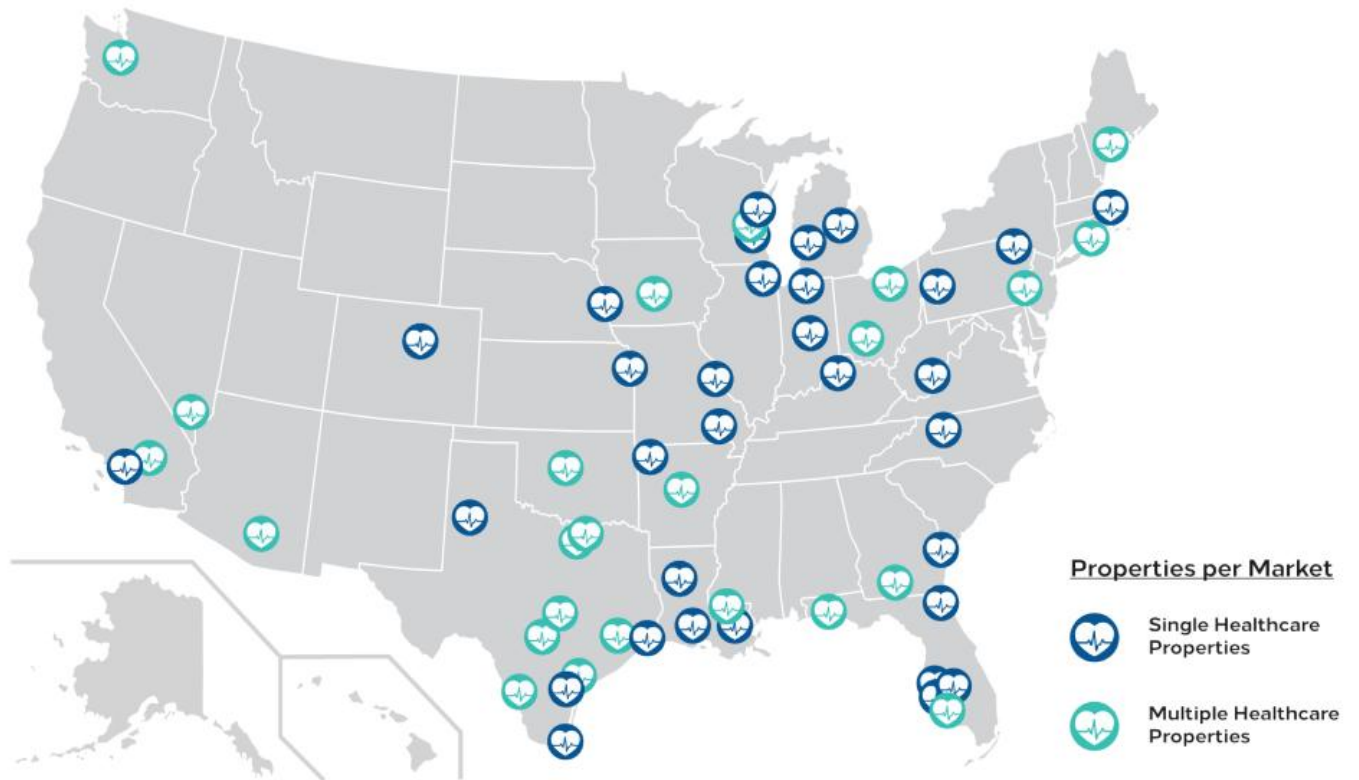
2022 Dispositions

Date Disposed	Property	Rentable Square Feet ¹	Market	State	Sale Price (in thousands)	Net Proceeds (in thousands)
02/10/2022	Houston Healthcare Facility II	—	Houston	TX	\$ 24,000	\$ 22,701

(1) On August 30, 2021, the company entered into a purchase and sale agreement for the sale of the Houston Healthcare Facility II, which was vacant. The purchase and sale agreement required that the structures on the property be demolished prior to the sale. The structures on the property were demolished and the property consisted solely of land as of December 31, 2021.

Property Map

(as of March 31, 2022)



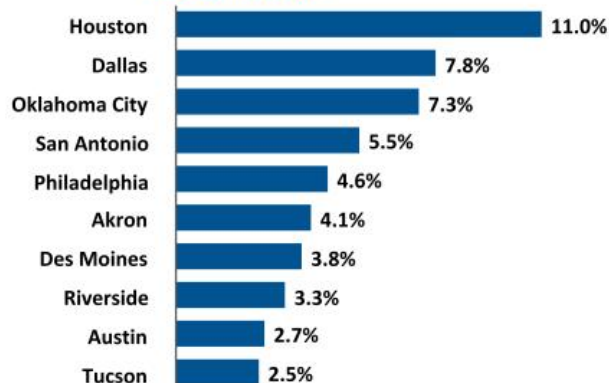
See the glossary for a description of the company's non-GAAP financial and operating metrics.

Real Estate Diversification⁶

Total Statistics

	As of March 31,	
	2022	2021
Rentable square feet	5,335,484	5,244,077
Number of properties ^{1,2}	126	124
Weighted average annualized base rent per leased square foot	\$30.07	\$29.30
Weighted average remaining lease term	9.5 years	10.2 years
Weighted average occupancy	99.4 %	96.1 %

Top 10 Markets^{3,4}



Top 10 Markets³

	As of March 31, 2022		As of March 31, 2021	
	Rentable Square Feet	% Leased ⁵	Rentable Square Feet	% Leased ⁵
Houston	490,742	100.0 %	593,111	84.1 %
Dallas	312,590	100.0 %	373,990	83.6 %
Oklahoma City	479,137	100.0 %	433,513	100.0 %
San Antonio	293,782	100.0 %	293,782	100.0 %
Philadelphia	122,356	100.0 %	122,356	100.0 %
Akron	191,269	100.0 %	191,269	100.0 %
Des Moines	244,548	100.0 %	111,931	100.0 %
Riverside	73,643	100.0 %	73,643	100.0 %
Austin	125,271	100.0 %	125,271	100.0 %
Tucson	159,614	96.1 %	114,922	100.0 %
Total	2,492,952	99.7 %	2,433,788	93.6 %

(1) Includes one development property as of March 31, 2021.

(2) Excludes two undeveloped land parcels as of March 31, 2022.

(3) Based on annualized March 2022 base rent.

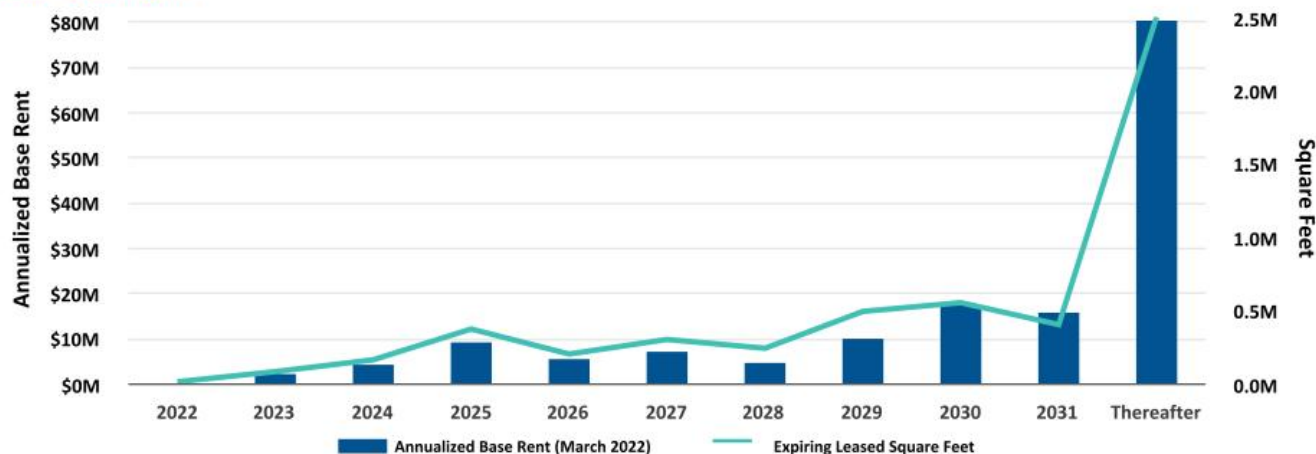
(4) Represents each market's annualized March 2022 base rent as a percentage of total market annualized March 2022 base rent.

(5) Weighted average occupancy based on rentable square feet.

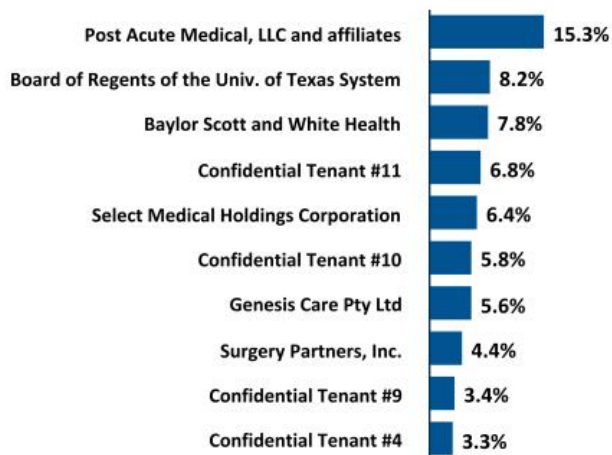
(6) Data as of March 31, 2021 excludes the 29 data center properties that were sold on July 22, 2021.

Real Estate Diversification

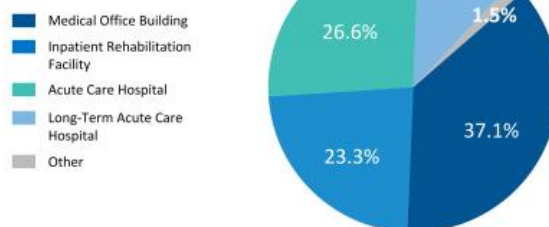
Lease Expirations



Tenant Diversification^{1,2}



Property Diversification¹



Tenant Credit Concentrations^{3,4}



Single/Multi-Tenant Breakdown



(1) Based on annualized March 2022 base rent.
 (2) Includes tenants under common control.
 (3) Based on rental revenue for the three months ended March 31, 2022.
 (4) All credit ratings are from major credit rating agencies. Parent credit rating is used where tenant is not rated.
 (5) Excludes two undeveloped land parcels.

See the glossary for a description of the company's non-GAAP financial and operating metrics.

Portfolio

Market	Property Name	State	Rentable Square Feet	Date Acquired	Occupancy	Property Subtype
Akron	Akron Healthcare Facility	OH	98,705	10/4/2019	100.0 %	Medical Office Building
Akron	Akron Healthcare Facility II	OH	38,564	10/4/2019	100.0 %	Medical Office Building
Akron	Akron Healthcare Facility III	OH	54,000	10/4/2019	100.0 %	Long-Term Acute Care Hospital
Alexandria	Alexandria Healthcare Facility	LA	15,600	10/4/2019	100.0 %	Medical Office Building
Appleton	Appleton Healthcare Facility	WI	7,552	10/4/2019	100.0 %	Medical Office Building
Augusta	Augusta Healthcare Facility	ME	51,000	7/22/2015	100.0 %	Medical Office Building
Augusta	Oakland Healthcare Facility	ME	20,000	7/22/2015	100.0 %	Medical Office Building
Austin	Austin Healthcare Facility	TX	66,095	3/31/2017	100.0 %	Inpatient Rehabilitation Facility
Austin	Austin Healthcare Facility II	TX	18,275	10/4/2019	100.0 %	Medical Office Building
Austin	Luling Healthcare Facility	TX	40,901	7/30/2015	100.0 %	Long-Term Acute Care Hospital
Beaumont	Beaumont Healthcare Facility	TX	61,000	3/31/2017	100.0 %	Inpatient Rehabilitation Facility
Boston	Stoughton Healthcare Facility	MA	180,744	12/23/2014	100.0 %	Long-Term Acute Care Hospital
Bremerton	Silverdale Healthcare Facility	WA	26,127	8/25/2017	100.0 %	Medical Office Building
Bremerton	Silverdale Healthcare Facility II	WA	19,184	9/20/2017	100.0 %	Medical Office Building
Brownsville	Harlingen Healthcare Facility	TX	38,111	10/4/2019	100.0 %	Medical Office Building
Chicago	Aurora Healthcare Facility	IL	24,722	3/30/2017	100.0 %	Medical Office Building
Cincinnati	Cincinnati Healthcare Facility	OH	14,868	10/29/2014	100.0 %	Medical Office Building
Cincinnati	Cincinnati Healthcare Facility II	OH	139,428	7/22/2015	100.0 %	Medical Office Building
Cincinnati	Cincinnati Healthcare Facility III	OH	41,600	7/22/2015	100.0 %	Medical Office Building
Cincinnati	Florence Healthcare Facility	KY	41,600	7/22/2015	100.0 %	Medical Office Building
Corpus Christi	Corpus Christi Healthcare Facility	TX	25,102	12/22/2016	100.0 %	Medical Office Building
Dallas	Allen Healthcare Facility	TX	42,627	3/31/2017	100.0 %	Inpatient Rehabilitation Facility
Dallas	Carrollton Healthcare Facility	TX	21,990	4/27/2018	100.0 %	Medical Office Building
Dallas	Dallas Healthcare Facility	TX	62,390	10/4/2019	100.0 %	Acute Care Hospital
Dallas	Fort Worth Healthcare Facility	TX	83,464	12/31/2014	100.0 %	Acute Care Hospital
Dallas	Fort Worth Healthcare Facility II	TX	8,268	12/31/2014	100.0 %	Medical Office Building
Dallas	Fort Worth Healthcare Facility III	TX	36,800	12/23/2015	100.0 %	Medical Office Building
Dallas	Frisco Healthcare Facility	TX	57,051	10/4/2019	100.0 %	Inpatient Rehabilitation Facility
Denver	Denver Healthcare Facility	CO	131,210	10/4/2019	100.0 %	Long-Term Acute Care Hospital
Des Moines	Clive Healthcare Facility	IA	58,156	11/26/2018	100.0 %	Medical Office Building
Des Moines	Clive Healthcare Facility II	IA	63,224	12/8/2021	100.0 %	Medical Office Building
Des Moines	Clive Healthcare Facility III	IA	33,974	12/8/2021	100.0 %	Medical Office Building
Des Moines	Clive Healthcare Facility IV	IA	35,419	12/8/2021	100.0 %	Medical Office Building
Des Moines	Clive Undeveloped Land	IA	—	12/8/2021	— %	Undeveloped Land
Des Moines	Clive Undeveloped Land II	IA	—	12/8/2021	— %	Undeveloped Land
Des Moines	Grimes Healthcare Facility	IA	14,669	2/19/2020	100.0 %	Medical Office Building
Des Moines	Indianola Healthcare Facility	IA	18,116	9/26/2018	100.0 %	Medical Office Building
Des Moines	Indianola Healthcare Facility II	IA	20,990	9/26/2018	100.0 %	Medical Office Building
Destin	Crestview Healthcare Facility	FL	5,685	10/4/2019	100.0 %	Medical Office Building
Destin	Fort Walton Beach Healthcare Facility	FL	9,017	10/4/2019	100.0 %	Medical Office Building

See the glossary for a description of the company's non-GAAP financial and operating metrics.

Portfolio (Continued)

Market	Property Name	State	Rentable Square Feet	Date Acquired	Occupancy	Property Subtype
Destin	Santa Rosa Beach Healthcare Facility	FL	5,000	10/4/2019	100.0 %	Medical Office Building
Elkhart	Goshen Healthcare Facility	IN	15,462	10/4/2019	100.0 %	Medical Office Building
Fayetteville	Fayetteville Healthcare Facility	AR	55,740	10/4/2019	100.0 %	Acute Care Hospital
Fort Myers	Bonita Springs Healthcare Facility	FL	9,800	10/4/2019	100.0 %	Medical Office Building
Fort Myers	Fort Myers Healthcare Facility	FL	32,148	10/4/2019	100.0 %	Medical Office Building
Fort Myers	Fort Myers Healthcare Facility II	FL	47,089	10/4/2019	100.0 %	Medical Office Building
Fort Myers	Lehigh Acres Healthcare Facility	FL	5,746	10/4/2019	100.0 %	Medical Office Building
Grand Rapids	Grand Rapids Healthcare Facility	MI	107,781	12/7/2016	76.1 %	Medical Office Building
Green Bay	Bellevue Healthcare Facility	WI	5,838	10/4/2019	100.0 %	Medical Office Building
Green Bay	De Pere Healthcare Facility	WI	7,100	10/4/2019	100.0 %	Medical Office Building
Green Bay	Howard Healthcare Facility	WI	7,552	10/4/2019	100.0 %	Medical Office Building
Green Bay	Manitowoc Healthcare Facility	WI	7,987	10/4/2019	100.0 %	Medical Office Building
Green Bay	Manitowoc Healthcare Facility II	WI	36,090	10/4/2019	100.0 %	Medical Office Building
Green Bay	Marinette Healthcare Facility	WI	4,178	10/4/2019	100.0 %	Medical Office Building
Green Bay	Sturgeon Bay Healthcare Facility	WI	3,100	10/4/2019	100.0 %	Medical Office Building
Hammond	Hammond Healthcare Facility	LA	63,000	10/4/2019	100.0 %	Acute Care Hospital
Hammond	Hammond Healthcare Facility II	LA	23,835	10/4/2019	100.0 %	Long-Term Acute Care Hospital
Houston	Houston Healthcare Facility	TX	13,645	7/31/2014	100.0 %	Medical Office Building
Houston	Houston Healthcare Facility III	TX	16,217	10/4/2019	100.0 %	Medical Office Building
Houston	Katy Healthcare Facility	TX	34,296	6/8/2018	100.0 %	Other
Houston	Webster Healthcare Facility	TX	53,514	6/5/2015	100.0 %	Inpatient Rehabilitation Facility
Houston	Webster Healthcare Facility II	TX	373,070	10/4/2019	100.0 %	Acute Care Hospital
Indianapolis	Greenwood Healthcare Facility	IN	53,560	4/19/2021	100.0 %	Inpatient Rehabilitation Facility
Jacksonville	Jacksonville Healthcare Facility	FL	13,082	10/4/2019	100.0 %	Medical Office Building
Kansas City	Overland Park Healthcare Facility	KS	54,568	2/17/2015	100.0 %	Inpatient Rehabilitation Facility
Lafayette	Lafayette Healthcare Facility	LA	73,824	10/4/2019	100.0 %	Acute Care Hospital
Lakeland	Winter Haven Healthcare Facility	FL	7,560	1/27/2015	100.0 %	Medical Office Building
Laredo	Laredo Healthcare Facility	TX	61,677	9/19/2019	100.0 %	Medical Office Building
Laredo	Laredo Healthcare Facility II	TX	118,132	9/19/2019	100.0 %	Medical Office Building
Las Vegas	Henderson Healthcare Facility	NV	6,685	10/4/2019	100.0 %	Medical Office Building
Las Vegas	Las Vegas Healthcare Facility	NV	56,220	6/24/2016	100.0 %	Inpatient Rehabilitation Facility
Las Vegas	Las Vegas Healthcare Facility II	NV	6,963	10/4/2019	100.0 %	Medical Office Building
Lexington	Frankfort Healthcare Facility	KY	4,000	10/4/2019	100.0 %	Medical Office Building
Little Rock	Benton Healthcare Facility	AR	104,419	10/17/2018	100.0 %	Medical Office Building
Little Rock	Benton Healthcare Facility II	AR	11,350	10/17/2018	100.0 %	Medical Office Building
Little Rock	Bryant Healthcare Facility	AR	23,450	10/17/2018	100.0 %	Medical Office Building

See the glossary for a description of the company's non-GAAP financial and operating metrics.

Portfolio (Continued)

Market	Property Name	State	Rentable Square Feet	Date Acquired	Occupancy	Property Subtype
Little Rock	Bryant Healthcare Facility II	AR	16,425	8/16/2019	100.0 %	Medical Office Building
Little Rock	Hot Springs Healthcare Facility	AR	8,573	10/17/2018	100.0 %	Medical Office Building
Los Angeles	El Segundo Healthcare Facility	CA	12,163	10/4/2019	100.0 %	Medical Office Building
Lubbock	Lubbock Healthcare Facility	TX	102,143	10/4/2019	100.0 %	Acute Care Hospital
Martinsburg	Fairlea Healthcare Facility	WV	5,200	10/4/2019	100.0 %	Medical Office Building
New Orleans	Covington Healthcare Facility	LA	43,250	10/4/2019	100.0 %	Long-Term Acute Care Hospital
Oklahoma City	Edmond Healthcare Facility	OK	17,700	1/20/2016	100.0 %	Medical Office Building
Oklahoma City	Newcastle Healthcare Facility	OK	7,424	2/3/2016	100.0 %	Medical Office Building
Oklahoma City	Oklahoma City Healthcare Facility	OK	94,076	12/29/2015	100.0 %	Acute Care Hospital
Oklahoma City	Oklahoma City Healthcare Facility II	OK	41,394	12/29/2015	100.0 %	Medical Office Building
Oklahoma City	Oklahoma City Healthcare Facility III	OK	5,000	1/27/2016	100.0 %	Medical Office Building
Oklahoma City	Oklahoma City Healthcare Facility IV	OK	8,762	1/27/2016	100.0 %	Medical Office Building
Oklahoma City	Oklahoma City Healthcare Facility V	OK	43,676	2/11/2016	100.0 %	Medical Office Building
Oklahoma City	Oklahoma City Healthcare Facility VI	OK	14,676	3/7/2016	100.0 %	Medical Office Building
Oklahoma City	Oklahoma City Healthcare Facility VII	OK	102,978	6/22/2016	100.0 %	Acute Care Hospital
Oklahoma City	Oklahoma City Healthcare Facility VIII	OK	62,857	6/30/2016	100.0 %	Acute Care Hospital
Oklahoma City	Oklahoma City Healthcare Facility IX	OK	34,970	10/4/2019	100.0 %	Medical Office Building
Omaha	Omaha Healthcare Facility	NE	40,402	10/14/2015	100.0 %	Other
Oshkosh	Oshkosh Healthcare Facility	WI	8,717	10/4/2019	100.0 %	Medical Office Building
Philadelphia	Marlton Healthcare Facility	NJ	89,139	11/1/2016	100.0 %	Inpatient Rehabilitation Facility
Philadelphia	Wyomissing Healthcare Facility	PA	33,217	7/24/2015	100.0 %	Acute Care Hospital
Pittsburgh	Clarion Healthcare Facility	PA	33,000	6/1/2015	100.0 %	Medical Office Building
Poplar Bluff	Poplar Bluff Healthcare Facility	MO	71,519	9/19/2019	100.0 %	Medical Office Building
Providence	New Bedford Healthcare Facility	MA	70,657	10/4/2019	100.0 %	Long-Term Acute Care Hospital
Providence	North Smithfield Healthcare Facility	RI	92,944	10/4/2019	100.0 %	Inpatient Rehabilitation Facility
Riverside	Palm Desert Healthcare Facility	CA	6,963	10/4/2019	100.0 %	Medical Office Building
Riverside	Rancho Mirage Healthcare Facility	CA	47,008	3/1/2016	100.0 %	Inpatient Rehabilitation Facility
Riverside	Rancho Mirage Healthcare Facility II	CA	7,432	10/4/2019	100.0 %	Medical Office Building
Riverside	Yucca Valley Healthcare Facility	CA	12,240	10/4/2019	100.0 %	Medical Office Building
Saginaw	Saginaw Healthcare Facility	MI	87,843	12/21/2017	100.0 %	Medical Office Building
San Antonio	New Braunfels Healthcare Facility	TX	27,971	10/4/2019	100.0 %	Long-Term Acute Care Hospital
San Antonio	San Antonio Healthcare Facility	TX	44,746	6/29/2017	100.0 %	Inpatient Rehabilitation Facility
San Antonio	San Antonio Healthcare Facility III	TX	50,000	10/4/2019	100.0 %	Inpatient Rehabilitation Facility
San Antonio	San Antonio Healthcare Facility IV	TX	113,136	10/4/2019	100.0 %	Inpatient Rehabilitation Facility
San Antonio	San Antonio Healthcare Facility V	TX	57,929	10/4/2019	100.0 %	Medical Office Building
Sarasota	Lakewood Ranch Healthcare Facility	FL	10,919	10/4/2019	100.0 %	Medical Office Building

See the glossary for a description of the company's non-GAAP financial and operating metrics.

Portfolio (Continued)

Market	Property Name	State	Rentable Square Feet	Date Acquired	Occupancy	Property Subtype
Savannah	Savannah Healthcare Facility	GA	48,184	10/4/2019	100.0 %	Long-Term Acute Care Hospital
Scranton	Wilkes-Barre Healthcare Facility	PA	15,996	10/4/2019	100.0 %	Medical Office Building
Sherman	Sherman Healthcare Facility	TX	57,576	11/20/2015	100.0 %	Acute Care Hospital
Sherman	Sherman Healthcare Facility II	TX	8,055	11/20/2015	100.0 %	Medical Office Building
St. Louis	Bridgeton Healthcare Facility	MO	66,914	10/4/2019	100.0 %	Inpatient Rehabilitation Facility
Tampa	Tampa Healthcare Facility	FL	33,822	9/8/2020	100.0 %	Medical Office Building
Tucson	Tucson Healthcare Facility	AZ	34,009	9/19/2019	100.0 %	Medical Office Building
Tucson	Tucson Healthcare Facility II	AZ	60,913	12/26/2019	100.0 %	Inpatient Rehabilitation Facility
Tucson	Tucson Healthcare Facility III	AZ	20,000	12/27/2019	100.0 %	Medical Office Building
Tucson	Tucson Healthcare Facility IV ¹	AZ	44,692	12/22/2020	86.0 %	Medical Office Building
Valdosta	Valdosta Healthcare Facility	GA	24,750	11/28/2018	100.0 %	Medical Office Building
Valdosta	Valdosta Healthcare Facility II	GA	12,745	11/28/2018	100.0 %	Medical Office Building
Victoria	Victoria Healthcare Facility	TX	34,297	10/4/2019	100.0 %	Inpatient Rehabilitation Facility
Victoria	Victoria Healthcare Facility II	TX	28,752	10/4/2019	100.0 %	Long-Term Acute Care Hospital
Winston	Winston-Salem Healthcare Facility	NC	22,200	12/17/2014	100.0 %	Medical Office Building
Yukon	Yukon Healthcare Facility	OK	45,624	3/10/2022	100.0 %	Medical Office Building

(1) The company placed the Tucson Healthcare Facility IV into service on February 8, 2022. The property will be 89% leased after an additional lease commences in June 2022.

Glossary

Annualized Base Rent

is the sum of each tenant's base rent in the last month of the period multiplied by twelve, unless otherwise specified.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Earnings Before Interest, Taxes, Depreciation and Amortization for Real Estate (EBITDAre)

are non-GAAP, supplemental performance measures defined as net income or loss, computed in accordance with GAAP, adjusted for interest expense, income tax expense (benefit), depreciation and amortization. EBITDAre also includes adjustments for impairment write-downs on real estate and gains or losses from the disposition of properties. EBITDA and EBITDAre are definitions promulgated by the National Association of Real Estate Investment Trusts (NAREIT). Each of these metrics are important indicators of the company's operating performance.

The following is a reconciliation of net income attributable to common stockholders, which is the most directly comparable GAAP financial measure, to EBITDA and EBITDAre for the following quarterly periods (amounts in thousands):

	Three Months Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Net income attributable to common stockholders	\$ 1,371	\$ 12,077	\$ 371,645	\$ 16,056	\$ 2,882
Adjustments:					
Interest and other expense, net ¹	8,115	4,480	36,822	12,922	12,130
Depreciation and amortization	17,988	17,161	17,294	21,596	25,967
EBITDA²	\$ 27,474	\$ 33,718	\$ 425,761	\$ 50,574	\$ 40,979
Gain on real estate disposition from continuing operations	(460)	(89)	—	—	—
(Gain) loss on real estate dispositions from discontinued operations ³	—	—	(398,560)	2,759	—
Impairment loss on real estate	7,109	—	10,241	6,502	10,423
Cash deposits interest	2	3	2	6	4
EBITDAre²	\$ 34,125	\$ 33,632	\$ 37,444	\$ 59,841	\$ 51,406

(1) Interest and other expense, net, for the three months ended March 31, 2022, includes debt extinguishment costs of \$3.4 million in connection with the pay-off of our prior credit facility and entering into a new credit facility. Interest and other expense, net, for the three months ended September 30, 2021, includes one-time costs associated with the sale of the data center portfolio, inclusive of defeasance and other loan costs in the amount of \$26.1 million.

(2) Data for the three months ended September 30, 2021, June 30, 2021 and March 31, 2021 includes the 29 data center properties sold on July 22, 2021.

(3) Represents gain on real estate dispositions related to the 29 data center properties sold on July 22, 2021. The company recognized a loss of \$2.8 million in transaction costs during the three months ended June 30, 2021, resulting in the total gain being higher during the three months ended September 30, 2021.

Fair Market Value of Real Estate Investments

is determined as fair market value of real estate-related investments based on the NAV (as defined below) calculated as of May 31, 2021, plus total aggregate cost of real estate investments acquired after that date and capital expenditures incurred on development properties not included in the then current NAV.

Glossary

Funds From Operations (FFO) and Adjusted Funds From Operations (AFFO)

are non-GAAP financial measures. FFO is calculated using the NAREIT definition: net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property and asset impairment write-downs, plus depreciation and amortization of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures. It should be noted, however, that other REITs may not define FFO in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently than the company does, making comparisons less meaningful. In addition to FFO, the company uses AFFO as a supplemental financial performance measure because the company believes it provides to stakeholders a more complete understanding of the company's sustainable performance. AFFO is a metric used by management to evaluate the company's dividend policy. The company calculates AFFO, a non-GAAP measure, by further adjusting FFO for the following items included in the determination of GAAP net income: amortization of above- and below-market leases, along with amortization of operating leases and finance lease, resulting from above-and below-market leases, straight-line rent adjustments, discount amortization related to the deferred liability in connection with the internalization transaction, impairment loss on goodwill, (gain) loss on extinguishment of debt, amortization of deferred financing costs and stock-based compensation. Other REITs may use different methodologies for calculating AFFO and, accordingly, the company's AFFO may not be comparable to other REITs.

FFO and AFFO should not be construed to be more relevant or accurate than the current GAAP methodology in calculating net income or in its applicability in evaluating our operational performance. The method used to evaluate the value and performance of real estate under GAAP should be construed as a more relevant measure of operating performance and considered more prominent than the non-GAAP FFO and AFFO measures and the adjustments to GAAP in calculating FFO and AFFO.

The following is a reconciliation of net income attributable to common stockholders, which is the most directly comparable GAAP financial measure, to FFO and AFFO for the following quarterly periods (amounts in thousands):

	Three Months Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Net income attributable to common stockholders	\$ 1,371	\$ 12,077	\$ 371,645	\$ 16,056	\$ 2,882
Adjustments:					
Depreciation and amortization ¹	17,966	17,156	17,289	21,592	25,962
(Gain) on real estate disposition from continuing operations	(460)	(89)	—	—	—
(Gain) loss on real estate dispositions from discontinued operations ²	—	—	(398,560)	2,759	—
Impairment loss on real estate	7,109	—	10,241	6,502	10,423
FFO attributable to common stockholders	\$ 25,986	\$ 29,144	\$ 615	\$ 46,909	\$ 39,267
Adjustments:					
Amortization of intangible assets and liabilities	119	141	13	(639)	(613)
Amortization of operating leases and finance lease	254	186	189	216	269
Straight-line rent adjustments ³	(2,510)	(3,011)	(3,414)	(4,452)	(4,626)
Amortization of discount of deferred liability	—	—	163	55	54
Impairment loss on goodwill ⁴	278	—	—	431	240
Loss on extinguishment of debt	3,367	—	28,751	—	—
Amortization of deferred financing costs	490	664	754	1,011	996
Stock-based compensation	896	623	637	563	556
AFFO attributable to common stockholders	\$ 28,880	\$ 27,747	\$ 27,708	\$ 44,094	\$ 36,143

- (1) During the three months ended March 31, 2022 and 2021, the company wrote off in-place lease intangible assets in the amount of approximately \$0.4 million and \$1.1 million, respectively, by accelerating the amortization of the acquired intangible assets.
- (2) Represents gain on real estate dispositions related to the 29 data center properties sold on July 22, 2021. The company recognized a loss of \$2.8 million in transaction costs during the three months ended June 30, 2021, resulting in the total gain being higher during the three months ended September 30, 2021.
- (3) Under GAAP, rental revenue is recognized on a straight-line basis over the terms of the related lease (including rent holidays if applicable). This may result in income recognition that is significantly different than the underlying contract terms. During the three months ended March 31, 2022 and 2021, the company wrote off approximately \$0.0 million and \$0.1 million, respectively, of straight-line rent. By adjusting for the change in straight-line rent receivable, AFFO may provide useful supplemental information on the realized economic impact of lease terms, providing insight on the expected contractual cash flows of such lease terms, and aligns with the company's analysis of operating performance.
- (4) During the three months ended March 31, 2022, the company wrote off goodwill related to one reporting unit in the amount of approximately \$0.3 million. During the three months ended September 30, 2021, the company wrote off goodwill related to two reporting units in the amount of approximately \$0.4 million. During the three months ended March 31, 2021, the company wrote off goodwill related to one reporting unit in the amount of approximately \$0.2 million. The goodwill was originally recognized as a part of the internalization transaction on September 30, 2020. The company believes that adjusting for such non-recurring items provides useful supplemental information because such adjustments may not be reflective of ongoing operations and aligns with its analysis of operating performance.

Glossary

Interest Expense, Adjusted

is a non-GAAP measure that represents interest and other expense, net, adjusted for cash deposits interest, other income, notes receivable interest income and amortization of origination fee. This metric provides useful information to investors because it is used for the calculation of adjusted interest coverage ratio.

The following is a reconciliation of interest and other expense, net, which is the most directly comparable GAAP financial measure, to interest expense, adjusted for the following quarterly periods (amounts in thousands):

	Three Months Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Interest and other expense, net ¹	\$ 8,115	\$ 4,480	\$ 36,822	\$ 12,922	\$ 12,130
Cash deposits interest	2	3	2	6	4
Other income	71	1,233	731	—	652
Notes receivable interest income	—	50	87	519	490
Amortization of origination fee	—	—	(256)	(70)	(68)
Interest expense, adjusted²	\$ 8,188	\$ 5,766	\$ 37,386	\$ 13,377	\$ 13,208

(1) Interest and other expense, net, for the three months ended March 31, 2022, includes debt extinguishment costs of \$3.4 million in connection with the pay-off of our prior credit facility and entering into a new credit facility. Interest and other expense, net, for the three months ended September 30, 2021, includes one-time costs associated with the sale of the data center portfolio, inclusive of defeasance and other loan costs in the amount of \$26.1 million.

(2) Data for the three months ended September 30, 2021, June 30, 2021 and March 31, 2021 includes the 29 data center properties sold on July 22, 2021.

Liquidity

is a non-GAAP financial metric that represents the outstanding cash and cash equivalents combined with the remaining borrowing base availability on the company's credit facility at the end of the period. This metric provides useful information to investors and management when examining the company's financing and investing decisions.

Net Asset Value (NAV)

is determined by the board of directors, at the recommendation of the company's audit committee, and based on the estimated value of the company's assets, less the estimated value of the company's liabilities, divided by the approximate number of shares outstanding on a fully diluted basis. This valuation is performed in accordance with the provisions of Practice Guideline 2013-01, Valuations of Publicly Registered Non-Listed REITs, issued by the IPA in April 2013, in addition to guidance from the SEC.

Net Debt

is defined as principal debt outstanding less cash and cash equivalents. Net Debt provides useful information to investors and management by calculating and monitoring the company's leverage ratio.

The following is a reconciliation of total debt, net, which is the most directly comparable GAAP financial measure to net debt, for the following quarterly periods (amounts in thousands):

	As of				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Notes payable, net	\$ —	\$ —	\$ —	\$ 449,780	\$ 450,719
Credit facility, net	484,319	496,774	516,506	947,979	932,546
Total debt, net	484,319	496,774	516,506	1,397,759	1,383,265
Deferred financing costs, net	681	3,266	3,494	6,425	7,033
Principal debt outstanding	485,000	500,000	520,000	1,404,184	1,390,298
Less: cash and cash equivalents	19,563	32,359	75,363	47,921	51,039
Net debt¹	\$ 465,437	\$ 467,641	\$ 444,637	\$ 1,356,263	\$ 1,339,259

(1) Data for the three months ended June 30, 2021 and March 31, 2021 includes the 29 data center properties sold on July 22, 2021.



Glossary

Net Operating Income (NOI) and Cash NOI

are non-GAAP financial measures. NOI is defined as rental revenue, less rental expenses on an accrual basis, excluding general and administrative expenses, depreciation and amortization, impairment loss on real estate, impairment loss on goodwill, gain on real estate dispositions from continuing operations, interest and other expense, net and income from discontinued operations. Cash NOI is calculated to exclude the impact of certain GAAP adjustments to rental revenue, such as straight-line rent adjustments, amortization of above-market intangible lease assets and below-market lease intangible liabilities and the amortization of operating leases, and is used to evaluate the cash-based performance of the company's real estate portfolio. The company believes that NOI and Cash NOI both serve as useful supplements to net income because they allow investors and management to measure unlevered property-level operating results and to compare these results to the comparable results of other real estate companies on a consistent basis. The company uses both NOI and Cash NOI to make decisions about resource allocations and to assess the property-level performance of the real estate portfolio. As an indicator of financial performance, neither metric should be considered as an alternative to net income, determined in accordance with GAAP. The company believes that in order to facilitate a clear understanding of the consolidated historical operating results, both metrics should be examined in conjunction with net income as presented in the consolidated financial statements included on the company's Annual Report on Form 10-K filed with the SEC on March 29, 2022.

The following is a reconciliation of net income attributable to common stockholders, which is the most directly comparable GAAP financial measure, to Total NOI and Cash NOI, for the following periods (amounts in thousands):

	Three Months Ended March 31,	
	2022	2021
Rental revenue	\$ 44,282	\$ 42,422
Rental expense	(3,025)	(3,214)
Total NOI	41,257	39,208
Straight-line rent adjustments	(2,510)	(3,409)
Amortization of above- and below-market leases, net	119	124
Amortization of operating leases	125	176
Cash NOI	38,991	36,099
General and administrative expenses	(6,856)	(6,623)
Depreciation and amortization	(17,988)	(18,224)
Impairment loss on real estate	(7,109)	(10,423)
Impairment loss on goodwill	(278)	(240)
Gain on real estate disposition from continuing operations	460	—
Interest and other expense, net	(8,115)	(8,764)
Straight-line rent adjustments	2,510	3,409
Amortization of above- and below-market leases, net	(119)	(124)
Amortization of operating leases	(125)	(176)
Income from discontinued operations	—	7,948
Net income attributable to common stockholders	\$ 1,371	\$ 2,882



Glossary

Occupancy

is a weighted average calculation of the portfolio's occupancy based on rentable square feet.

Remaining Lease Term

is a weighted average calculation of the portfolio's remaining lease term based on leased square feet.

Rent Escalation

is a weighted average calculation of the portfolio's rent escalations based on leased square feet.

Same Store Properties

are operating properties that were owned and operated for the entirety of all calendar periods being compared and exclude properties under development and properties or land classified as held for sale. To evaluate properties on a comparable basis, management analyzes metrics of same store properties in order to assess the core operations of the portfolio. By evaluating the net operating income of the same store properties, management is able to monitor the operations of the company's existing properties for comparable periods to measure the performance of the current portfolio and determine the effects of new acquisitions and dispositions on net income.

The following is a reconciliation of net income attributable to common stockholders, which is the most directly comparable GAAP financial measure, to same store NOI for the following quarterly periods (amounts in thousands):

	Three Months Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Same store rental revenue	\$ 41,906	\$ 41,943	\$ 41,923	\$ 41,893	\$ 41,729
Same store rental expense	(2,626)	(2,571)	(2,631)	(2,593)	(2,587)
Same store NOI	39,280	39,372	39,292	39,300	39,142
Non-same store rental revenue	2,376	1,663	1,140	1,854	693
Non-same store rental expense	(399)	(621)	(393)	(682)	(627)
General and administrative expenses	(6,856)	(6,785)	(6,348)	(6,639)	(6,623)
Depreciation and amortization	(17,988)	(17,161)	(17,259)	(17,615)	(18,224)
Impairment loss on real estate	(7,109)	—	(10,241)	(6,502)	(10,423)
Impairment loss on goodwill	(278)	—	—	(431)	(240)
Gain on real estate disposition	460	89	—	—	—
Interest and other expense, net	(8,115)	(4,480)	(11,737)	(9,534)	(8,764)
Income from discontinued operations	—	—	377,191	16,305	7,948
Net income attributable to common stockholders	<u>\$ 1,371</u>	<u>\$ 12,077</u>	<u>\$ 371,645</u>	<u>\$ 16,056</u>	<u>\$ 2,882</u>

Total Real Estate Investment

is based on aggregate contract purchase price of real estate properties acquired, including acquisition costs and additional capital expenditures incurred since inception, adjusted for cost basis property dispositions over such period.
