
**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): November 15, 2021

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.)

4890 West Kennedy Blvd.
Suite 650
Tampa, Florida 33609
(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 November 15, 2021, Sila Realty Trust, Inc. (the “Company”) issued an earnings release announcing its financial results for the quarter ended September 30, 2021. The Company is also making available certain supplemental data for the quarter ended September 30, 2021. Copies of the earnings release and supplemental data for the quarter ended September 30, 2021, 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, respectively, 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 November 15, 2021.](#)
 - 99.2 [Third Quarter Supplemental Data, dated November 15, 2021.](#)
 - 104 Cover Page Interactive Data File (embedded within the Inline XBRL document).
-

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: November 15, 2021

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



Sila Realty Trust, Inc.

Third Quarter 2021 Results

TAMPA, FL (November 15, 2021) - 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 third quarter ended September 30, 2021.

Highlights of the Quarter Ended September 30, 2021 and Subsequent Events

- Net income attributable to common stockholders totaled \$371.6 million; net income attributable to common stockholders per diluted share was \$1.66.
 - Net operating income, or NOI*, attributable to our operating healthcare properties totaled \$40.0 million.
 - Funds from operations, or FFO*, attributable to common stockholders equaled \$0.6 million; FFO attributable to common stockholders per diluted share was \$0.00.
 - Adjusted funds from operations, or AFFO*, attributable to common stockholders equaled \$27.7 million; AFFO attributable to common stockholders per diluted share was \$0.12.
 - On July 22, 2021, the Company completed the sale of its entire data center portfolio, which consisted of 29 properties, for an aggregate sale price of \$1.32 billion, and generated net proceeds of approximately \$1.30 billion.
 - Using proceeds received from the sale of the data center portfolio, the Company paid off all of its notes payable (seven data center notes payable and five healthcare notes payable), with an aggregate outstanding principal balance of \$450.8 million (\$305.2 million outstanding principal balance on the data center notes payable and \$145.6 million outstanding principal balance on the healthcare notes payable) at the time of repayment. Additionally, the Company repaid \$403.0 million on its credit facility in order to reduce its leverage and with a goal of positioning the Company for future growth.
 - In connection with the sale of the data center portfolio, the Company's board of directors declared a special cash distribution of \$1.75 per share of Class A, Class I, Class T and Class T2 common stock, which was paid on July 30, 2021, to stockholders of record at the close of business on July 26, 2021, in the aggregate amount of approximately \$392.7 million.
 - On July 20, 2021, the Company's board of directors approved an updated estimated per share net asset value, or estimated per share NAV, of \$9.95 of the Company's common stock as of May 31, 2021. The aforementioned special cash distribution reduces the estimated per share NAV by \$1.75, resulting in a new estimated per share NAV of \$8.20, effective July 26, 2021.
 - On October 21, 2021, the Company sold a healthcare property in the St. Louis market for \$6.1 million and generated net proceeds at closing of approximately \$5.9 million, after transaction costs and other pro-rations, subject to additional transaction costs paid subsequent to the closing date.
-

“The sale of our entire data center segment in the third quarter of 2021, following the highly accretive and successful internalization of our management organization in 2020, marks another key step towards the pursuit of a public listing of our shares on a national stock exchange,” stated Michael Seton, President and Chief Executive Officer. “When compared to the third quarter of 2020, the significant increase in net income was attributable to both the substantial recognized gain on sale from the data center portfolio, as well as the realization of continued cost savings from the internalization transaction. We remain pleased with the depth, diversity, and resilience of our healthcare portfolio demonstrating positive NOI, rental revenue and same store NOI trends, as we finalize repositioning and sale of a certain limited number of non-strategic assets. As a net leased healthcare REIT focused on investing along the continuum of care with emphasis on lower cost patient settings, we expect to continue to curate the Company’s portfolio and maximize stockholder value through strategic acquisitions.”

* An explanation of FFO, AFFO, and NOI, as well as reconciliations of such non-GAAP financial measures, which should not be considered alternatives to GAAP measures, to the most directly comparable U.S. GAAP measures, is included at the end of this release.

Financial Results

Quarter Ended September 30, 2021, Compared to Quarter Ended September 30, 2020

- Net income attributable to common stockholders was \$371.6 million for the quarter ended September 30, 2021, an increase of 6,911%, compared to net income attributable to common stockholders of \$5.3 million for the quarter ended September 30, 2020.
- FFO attributable to common stockholders was \$0.6 million for the quarter ended September 30, 2021, a decrease of 98%, compared to \$33.5 million for the quarter ended September 30, 2020.
- AFFO attributable to common stockholders was \$27.7 million for the quarter ended September 30, 2021, a decrease of 4%, compared to \$29.0 million for the quarter ended September 30, 2020.

	Three Months Ended September 30,			
	2021	2020	\$ Change	% Change
Net income attributable to common stockholders per common share - basic, diluted	\$ 1.66	\$ 0.02	\$ 1.64	8,200.00 %
FFO per common share - basic, diluted	\$ —	\$ 0.15	\$ (0.15)	(100.00)%
AFFO per common share - basic, diluted	\$ 0.12	\$ 0.13	\$ (0.01)	(7.69)%

The increase in net income attributable to common stockholders during the periods presented above is primarily due to the Company recognizing an aggregate gain on sale of its data center portfolio of approximately \$398.6 million during the third quarter of 2021 and no longer incurring property management, asset management and other fees to the former advisor as a result of the internalization transaction. The increase in net income was partly offset by not generating rental revenue from the data center properties subsequent to the sale, an increase in general and administrative expenses paid as a result of the internalization transaction, incurring defeasance and loan costs related to the extinguishment of debt and swap terminations in connection with the data center portfolio sale and an impairment loss recognition on one healthcare property during the quarter ended September 30, 2021. See Portfolio Overview—Healthcare Properties section below for additional information. The decrease in FFO during the periods presented above is primarily the result of not generating rental revenue from the data center properties subsequent to the sale and incurring defeasance and loan costs as previously discussed (impairment losses and gains on sales of real estate are not included in the calculation of FFO). The decrease in AFFO from the same period in the prior year

is primarily due to not generating rental revenue from the data center properties subsequent to the sale (impairment losses, gain on sales of real estate and debt extinguishment costs are not included in the calculation of AFFO).

Operating Results

Quarter Ended September 30, 2021, Compared to Quarter Ended September 30, 2020

- NOI attributable to our operating healthcare properties was \$40.0 million for the quarter ended September 30, 2021, an increase of 10%, compared to \$36.3 million for the quarter ended September 30, 2020.
- Rental revenue attributable to our operating healthcare properties was \$43.1 million for the quarter ended September 30, 2021, an increase of 6%, compared to \$40.7 million for the quarter ended September 30, 2020.
- Same store NOI attributable to our operating healthcare properties was \$38.8 million for the quarter ended September 30, 2021, an increase of 6%, compared to \$36.7 million for the quarter ended September 30, 2020.

The increase in NOI, rental revenue and same store NOI attributable to operating healthcare properties during the quarter ended September 30, 2021, as compared to the quarter ended September 30, 2020, is primarily attributable to consumer price index base rent escalations at certain same store properties, lease termination income received from a tenant at one healthcare property, income received from a new tenant in place at another healthcare property and no longer paying the former advisor property management fees due to the completion of the internalization transaction. Additionally, the increase in NOI and rental revenue during the third quarter ended September 30, 2021, is attributable to the acquisition of two operating properties and placement of two development properties in service since July 1, 2020.

Portfolio Overview

As of September 30, 2021, the Company owned 125 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 96.0% and weighted-average remaining lease term of 9.8 years.

During the third quarter of 2021, the Company recorded impairment loss on real estate related to one healthcare property. A tenant of the property that was experiencing financial difficulty vacated its space in June 2020. During the third quarter of 2021, the Company entered into a purchase and sale agreement with a prospective buyer. The agreement was subsequently terminated due to higher than anticipated costs to redevelop the property. As a result, the Company re-performed the impairment analysis, which resulted in an impairment loss on real estate in the amount of approximately \$10.2 million.

As of September 30, 2021, the Company had three vacant real estate properties that are currently being marketed for sale or re-tenanting, two of which were classified as held for sale. One of the properties classified as held for sale was sold on October 21, 2021.

Balance Sheet and Liquidity

On July 16, 2021, the Company repaid \$30.0 million on its credit facility, primarily with proceeds from a \$28.0 million note receivable that was repaid on July 14, 2021.

On July 22, 2021, the Company removed 21 data center properties from the pool of the credit facility due to the sale of the data center portfolio. As a result of removing the properties from the pool of its credit facility, the total pool availability decreased by approximately \$244.6 million.

On July 22, 2021, in connection with proceeds received from the sale of the data center portfolio, the Company paid off all of its notes payable, with an outstanding principal balance of \$450.8 million at the time of repayment. Additionally, the Company repaid \$403.0 million on its credit facility.

On August 17, 2021, the Company added five healthcare properties to the unencumbered pool of its credit facility, which increased the total pool availability under the Company's credit facility by approximately \$129.0 million.

As of September 30, 2021, the Company had liquidity of approximately \$575.4 million, consisting of \$75.4 million in cash and cash equivalents and \$500.0 million in borrowing base availability under its credit facility.

As of September 30, 2021, the Company had total principal debt outstanding of \$520.0 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 19.5%. The Company's outstanding debt was composed of 76.9% fixed rate debt through the use of interest rate swaps and 23.1% variable rate debt.

Distributions

The following table summarizes the Company's distributions paid and distributions declared during the third quarter of 2021 (amounts in thousands, except per share amounts):

Common Stock	Cash	DRIP ⁽¹⁾	Total Distributions	Distributions Declared Per Share ⁽²⁾
Class A	\$ 309,562	\$ 4,338	\$ 313,900	\$ 1.86
Class I	23,480	585	24,065	\$ 1.86
Class T	71,984	1,825	73,809	\$ 1.84
Class T2	6,162	169	6,331	\$ 1.84
	<u>\$ 411,188</u>	<u>\$ 6,917</u>	<u>\$ 418,105</u>	

(1) Distribution reinvestment plan (DRIP).

(2) The Company declared weighted average distributions per share of common stock in the amount of \$1.86.

On July 20, 2021, the Company's board of directors declared a special cash distribution of \$1.75 per share of Class A, Class I, Class T and Class T2 common stock. The special cash distribution was funded with proceeds from the sale of its data center portfolio on July 22, 2021. The special cash distribution was paid on July 30, 2021, to stockholders of record at the close of business on July 26, 2021, in the aggregate amount of approximately \$392.7 million.

The following table summarizes the daily distributions approved and authorized by the board of directors to the Company's stockholders of record as of the close of business on each day of the period commencing on November 1, 2021 and ending on November 30, 2021:

Authorization Date	Common Stock	Daily Distribution Rate ⁽¹⁾	Annualized Distribution Per Share
October 25, 2021	Class A	\$ 0.00109589	\$ 0.40
October 25, 2021	Class I	\$ 0.00109589	\$ 0.40
October 25, 2021	Class T	\$ 0.00087123	\$ 0.32
October 25, 2021	Class T2	\$ 0.00087123	\$ 0.32

(1) The distributions are calculated based on 365 days in the calendar year. The distributions declared for each record date in November 2021 will be paid in December 2021. The distributions will be payable to stockholders from legally available funds therefor.

The following table summarizes the daily distributions approved and authorized by the board of directors to the Company's stockholders of record as of the close of business on each day of the period commencing on December 1, 2021 and ending on December 31, 2021:

Authorization Date	Common Stock	Daily Distribution Rate ⁽²⁾	Annualized Distribution Per Share
November 4, 2021	Class A	\$ 0.00109589	\$ 0.40
November 4, 2021	Class I	\$ 0.00109589	\$ 0.40
November 4, 2021	Class T	\$ 0.00087123	\$ 0.32
November 4, 2021	Class T2	\$ 0.00087123	\$ 0.32

(1) The distributions are calculated based on 365 days in the calendar year. The distributions declared for each record date in December 2021 will be paid in January 2022. The distributions will be payable to stockholders from legally available funds therefor.

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 November 15, 2021. 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 September 30, 2021, the company owned 125 real estate properties located in 56 markets across the United States.

Forward-Looking Statements

Certain statements contained herein, including those regarding our objective to maintain and build a high-quality healthcare portfolio, opportunities to enhance and diversify our healthcare portfolio and maximize stockholder value, and expectations regarding the payment of distributions to our stockholders, 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, the ongoing costs to operate the Company on an internalized basis which, if higher than anticipated, could reduce the potential cost savings sought in the internalization transaction, and other factors, including those described under the section entitled Item 1A. "Risk Factors" of Part I of the Company's 2020 Annual Report on Form 10-K with the SEC, copies of which are 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)	
	September 30, 2021	December 31, 2020
ASSETS		
Real estate:		
Land	\$ 159,777	\$ 168,969
Buildings and improvements, less accumulated depreciation of \$153,734 and \$119,947, respectively	1,628,363	1,661,351
Construction in progress	12,053	19,232
Total real estate, net	1,800,193	1,849,552
Cash and cash equivalents	75,363	53,174
Acquired intangible assets, less accumulated amortization of \$65,534 and \$49,866, respectively	182,688	197,901
Goodwill	23,284	23,955
Right-of-use assets - operating leases	22,101	22,499
Right-of-use assets - finance leases	2,301	2,527
Notes receivable, net	2,200	31,262
Other assets, net	61,456	64,669
Assets held for sale, net	30,620	959,750
Total assets	\$ 2,200,206	\$ 3,205,289
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Notes payable, net of deferred financing costs of \$0 and \$682, respectively	\$ —	\$ 146,645
Credit facility, net of deferred financing costs of \$3,494 and \$5,900, respectively	516,506	932,100
Accounts payable and other liabilities	40,572	67,946
Acquired intangible liabilities, less accumulated amortization of \$4,101 and \$3,122, respectively	12,546	11,971
Operating lease liabilities	23,975	23,926
Finance lease liabilities	2,634	2,843
Liabilities held for sale, net	2,369	365,985
Total liabilities	598,602	1,551,416
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; 237,511,555 and 234,957,801 shares issued, respectively; 223,826,695 and 222,045,522 shares outstanding, respectively	2,238	2,220
Additional paid-in capital	2,000,934	1,983,361
Accumulated distributions in excess of earnings	(390,932)	(311,264)
Accumulated other comprehensive loss	(10,636)	(20,444)
Total stockholders' equity	1,601,604	1,653,873
Total liabilities and stockholders' equity	\$ 2,200,206	\$ 3,205,289

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

	Three Months Ended September 30,	
	2021	2020
Revenue:		
Rental revenue	\$ 43,063	\$ 40,722
Expenses:		
Rental expenses	3,024	4,405
General and administrative expenses	6,348	3,578
Internalization transaction expenses	—	2,235
Asset management fees	—	4,218
Depreciation and amortization	17,259	17,002
Impairment loss on real estate	10,241	—
Total expenses	36,872	31,438
Income from operations	6,191	9,284
Interest and other expense, net	11,737	9,865
Loss from continuing operations	(5,546)	(581)
Income from discontinued operations	377,191	5,845
Net income attributable to common stockholders	\$ 371,645	\$ 5,264
Other comprehensive income:		
Unrealized income on interest rate swaps, net	\$ 2,241	\$ 2,584
Other comprehensive income	2,241	2,584
Comprehensive income attributable to common stockholders	\$ 373,886	\$ 7,848
Weighted average number of common shares outstanding:		
Basic	223,661,774	221,346,730
Diluted	223,661,774	221,346,730
Net (loss) income per common share attributable to common stockholders:		
Basic:		
Continuing operations	\$ (0.03)	\$ (0.01)
Discontinued operations	1.69	0.03
Net income attributable to common stockholders	\$ 1.66	\$ 0.02
Diluted:		
Continuing operations	\$ (0.03)	\$ (0.01)
Discontinued operations	1.69	0.03
Net income attributable to common stockholders	\$ 1.66	\$ 0.02
Distributions declared per common share	\$ 1.86	\$ 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, internalization transaction expenses, asset management fees, depreciation and amortization, impairment loss on real estate, 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 November 12, 2021.

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 September 30, 2021 and 2020 (amounts in thousands):

	Three Months Ended September 30,	
	2021	2020
Revenue:		
Rental revenue	\$ 43,063	\$ 40,722
Expenses:		
Rental expenses	3,024	4,405
Net operating income	40,039	36,317
Expenses:		
General and administrative expenses	6,348	3,578
Internalization transaction expenses	—	2,235
Asset management fees	—	4,218
Depreciation and amortization	17,259	17,002
Impairment loss on real estate	10,241	—
Income from operations	6,191	9,284
Interest and other expense, net	11,737	9,865
Loss from continuing operations	(5,546)	(581)
Income from discontinued operations	377,191	5,845
Net income attributable to common stockholders	\$ 371,645	\$ 5,264

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 classified as discontinued operations. Activities of two healthcare properties classified as held for sale that did not meet the criteria of discontinued operations as of September 30, 2021, the Healthcare Properties Held for Sale, are presented separately in the table below and show the breakdown of the three months ended September 30, 2021. 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 September 30, 2021, total rental revenue and rental expenses and compares with amounts for the 2020 corresponding period (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 September 30,	
	2021	2020
Revenue:		
Same store rental revenue	\$ 39,322	\$ 38,144
Same store tenant reimbursements ⁽¹⁾	2,178	2,029
Non-same store rental revenue	1,487	59
Non-same store tenant reimbursements ⁽¹⁾	(54)	35
Healthcare Properties Held for Sale rental revenue	10	322
Healthcare Properties Held for Sale tenant reimbursements ⁽¹⁾	24	13
Other operating income	96	120
Total rental revenue	43,063	40,722
Expenses:		
Same store rental expenses	2,699	3,621
Non-same store rental expenses	(17)	366
Healthcare Properties Held for Sale rental expenses	342	418
Net operating income	\$ 40,039	\$ 36,317

(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 the net of right-of-use assets- operating leases and right-of-use assets- finance lease, resulting from above-and below-market leases, straight-line rent, acquisition expenses in connection with business combination transactions, 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 September 30, 2021 and 2020 (amounts in thousands, except share data and per share amounts):

	Three Months Ended September 30,	
	2021	2020
Net income attributable to common stockholders	\$ 371,645	\$ 5,264
Adjustments:		
Depreciation and amortization ⁽¹⁾	17,289	28,248
Gain on real estate dispositions from discontinued operations	(398,560)	—
Impairment loss on real estate	10,241	—
FFO attributable to common stockholders	<u>\$ 615</u>	<u>\$ 33,512</u>
Adjustments:		
Amortization of intangible assets and liabilities ⁽²⁾	13	(2,810)
Reduction in the carrying amount of right-of-use assets - operating leases and finance lease, net	189	235
Straight-line rent ⁽³⁾	(3,414)	(5,235)
Internalization transaction expenses ⁽⁴⁾	—	2,235
Amortization of discount of deferred liability	163	—
Loss on extinguishment of debt	28,751	—
Amortization of deferred financing costs	754	990
Stock-based compensation	637	45
AFFO attributable to common stockholders	<u>\$ 27,708</u>	<u>\$ 28,972</u>
Weighted average common shares outstanding - basic	<u>223,661,774</u>	<u>221,346,730</u>
Weighted average common shares outstanding - diluted	<u>223,661,774</u>	<u>221,346,730</u>
Weighted average common shares outstanding - diluted for FFO and AFFO	<u>224,652,226</u>	<u>221,406,461</u>
Net income per common share - basic	<u>\$ 1.66</u>	<u>\$ 0.02</u>
Net income per common share - diluted	<u>\$ 1.66</u>	<u>\$ 0.02</u>
FFO per common share - basic	<u>\$ —</u>	<u>\$ 0.15</u>
FFO per common share - diluted	<u>\$ —</u>	<u>\$ 0.15</u>
AFFO per common share - basic	<u>\$ 0.12</u>	<u>\$ 0.13</u>
AFFO per common share - diluted	<u>\$ 0.12</u>	<u>\$ 0.13</u>

- (1) During the three months ended September 30, 2020, the Company wrote off in-place intangible assets in the amounts of approximately \$3.2 million, 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. During the three months ended September 30, 2020, the Company wrote off one below-market lease intangible liability in the amount of approximately \$2.0 million by accelerating the amortization of the acquired intangible liability.
- (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 September 30, 2020, the Company wrote off approximately \$0.1 million 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 its analysis of operating performance.

- (4) Under GAAP, acquisition fees and expenses related to transactions determined to be business combinations are expensed as incurred. Internalization transaction expenses consisted primarily of legal fees, as well as fees for other professional and financial advisors incurred in connection with the internalization transaction. The Company believes that adjusting for such non-recurring items provides useful supplemental information because such expenses may not be reflective of ongoing operations and aligns with its analysis of operating performance.



QUARTERLY SUPPLEMENTAL INFORMATION

Third Quarter 2021

www.silarealtytrust.com



Disclosures

Forward Looking Statements

Certain statements contained herein, other than historical fact, including the anticipated completion of the Tucson Healthcare Facility IV, 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, including the Tucson Healthcare Facility IV. 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 2020 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, 2020, as filed with the SEC on March 24, 2021.

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. The company has classified the assets in its data center segment as held for sale on the condensed consolidated balance sheets as of September 30, 2021 and December 31, 2020, and a part of discontinued operations on the condensed consolidated statements of comprehensive income for the three and nine months ended September 30, 2021 and 2020.



Supplemental Information as of September 30, 2021

Section	Page
Quarterly Financial Summary	3
Financial Statistics and Ratios	4
Condensed Consolidated Balance Sheets	5
Condensed Consolidated Statements of Comprehensive Income	6
FFO and AFFO	7
EBITDA and EBITDAre	8
Net Operating Income (NOI)	9
Same Store NOI and Occupancy Trends	10
Debt	11
Acquisitions and Dispositions	12
Property Map	13
Diversification Statistics	14
Portfolio	16
Glossary	20

Corporate Address

4890 W. Kennedy Blvd
Suite 650
Tampa, FL 33609

Transfer Agent

By Regular Mail:

Computershare
Alternative Investments
P.O. Box 43007
Providence, RI 02940-3007

By Overnight Delivery:

Computershare
Alternative Investments
150 Royall Street, Suite 101
Canton, MA 02021

Contact Information

Investor Support

833-404-4107

Miles Callahan, Vice President of Capital Markets and
Investor Relations

www.silarealtytrust.com



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				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Rental revenue	\$ 43,063	\$ 43,747	\$ 42,422	\$ 41,902	\$ 40,722
(Loss) Income from continuing operations	\$ (5,546)	\$ (249)	\$ (5,066)	\$ 6,509	\$ (581)
Income from discontinued operations	\$ 377,191	\$ 16,305	\$ 7,948	\$ 8,239	\$ 5,845
Net income attributable to common stockholders	\$ 371,645	\$ 16,056	\$ 2,882	\$ 14,748	\$ 5,264
Net income attributable to common stockholders per diluted share	\$ 1.66	\$ 0.07	\$ 0.01	\$ 0.07	\$ 0.02
EBITDAre	\$ 37,444	\$ 57,082	\$ 51,406	\$ 52,042	\$ 46,815
FFO attributable to common stockholders	\$ 615	\$ 44,150	\$ 39,267	\$ 39,178	\$ 33,512
FFO attributable to common stockholders per diluted share	\$ —	\$ 0.20	\$ 0.18	\$ 0.18	\$ 0.15
AFFO attributable to common stockholders	\$ 27,708	\$ 41,335	\$ 36,143	\$ 35,208	\$ 28,972
AFFO attributable to common stockholders per diluted share	\$ 0.12	\$ 0.19	\$ 0.16	\$ 0.16	\$ 0.13
Weighted average shares outstanding - diluted	223,661,774	223,082,912	222,481,179	222,475,926	221,346,730

Portfolio Metrics²

	As of				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Number of properties ¹	125	154	153	153	153
Rentable square feet (in thousands)	5,298	8,595	8,542	8,480	8,659
Weighted average rent escalation	2.3%	2.4%	2.4%	2.4%	2.4%
Weighted average occupancy	96.0%	93.3%	93.3%	93.0%	94.1%
Weighted average remaining lease term	9.8 years	9.3 years	9.4 years	9.6 years	9.5 years

(1) Includes development property.

(2) Data as of June 30, 2021, March 31, 2021, December 31, 2020 and September 30, 2020 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				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Adjusted Interest Coverage Ratio					
Interest expense, adjusted	\$ 37,386 ⁶	\$ 13,377	\$ 13,208	\$ 13,886	\$ 13,768
EBITDA	425,761	50,574	40,979	52,472	46,797
Adjusted interest coverage ratio	11.4 x	3.8 x	3.1 x	3.8 x	3.4 x
	As of				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Net Debt Ratios					
Principal debt outstanding	\$ 520,000	\$ 1,404,184	\$ 1,390,298	\$ 1,391,422	\$ 1,437,523
Less: cash and cash equivalents	75,363	47,921	51,039	53,174	75,505
Net debt	444,637	1,356,263	1,339,259	1,338,248	1,362,018
EBITDAre annualized ²	149,776	228,328	205,624	208,168	187,260
Net debt to EBITDAre ratio	3.0 x	5.9 x	6.5 x	6.4 x	7.3 x
Net debt	\$ 444,637	\$ 1,356,263	\$ 1,339,259	\$ 1,338,248	\$ 1,362,018
Fair market value of real estate investments	2,282,706	3,550,273	3,259,303	3,256,885	3,237,009
Net debt leverage ratio	19.5 %	38.2 %	41.1 %	41.1 %	42.1 %

Financial Metrics	September 30, 2021	Other Key Metrics	September 30, 2021
Net debt leverage ratio	19.5 %	Total real estate investment	\$ 2,237,610
Net debt to EBITDAre ratio	3.0 x	Net asset value per share ^{4,5}	\$ 8.20
Adjusted interest coverage ratio	11.4 x	Class A annualized distribution per share	\$ 0.40
Liquidity ³	\$ 575,363	Class I annualized distribution per share	\$ 0.40
		Class T annualized distribution per share	\$ 0.32
		Class T2 annualized distribution per share	\$ 0.32

(1) Data for the three months ended September 30, 2021, June 30, 2021, March 31, 2021, December 31, 2020 and September 30, 2020 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 \$75.4 million and borrowing base availability on the company's credit facility of \$500.0 million as of September 30, 2021.

(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) 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)	
	September 30, 2021	December 31, 2020
ASSETS		
Real estate:		
Land	\$ 159,777	\$ 168,969
Buildings and improvements, less accumulated depreciation of \$153,734 and \$119,947, respectively	1,628,363	1,661,351
Construction in progress	12,053	19,232
Total real estate, net	1,800,193	1,849,552
Cash and cash equivalents	75,363	53,174
Acquired intangible assets, less accumulated amortization of \$65,534 and \$49,866, respectively	182,688	197,901
Goodwill	23,284	23,955
Right-of-use assets - operating leases	22,101	22,499
Right-of-use assets - finance leases	2,301	2,527
Notes receivable, net	2,200	31,262
Other assets, net	61,456	64,669
Assets held for sale, net	30,620	959,750
Total assets	\$ 2,200,206	\$ 3,205,289
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Notes payable, net of deferred financing costs of \$0 and \$682, respectively	\$ —	\$ 146,645
Credit facility, net of deferred financing costs of \$3,494 and \$5,900, respectively	516,506	932,100
Accounts payable and other liabilities	40,572	67,946
Acquired intangible liabilities, less accumulated amortization of \$4,101 and \$3,122, respectively	12,546	11,971
Operating lease liabilities	23,975	23,926
Finance lease liabilities	2,634	2,843
Liabilities held for sale, net	2,369	365,985
Total liabilities	598,602	1,551,416
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; 237,511,555 and 234,957,801 shares issued, respectively; 223,826,695 and 222,045,522 shares outstanding, respectively	2,238	2,220
Additional paid-in capital	2,000,934	1,983,361
Accumulated distributions in excess of earnings	(390,932)	(311,264)
Accumulated other comprehensive loss	(10,636)	(20,444)
Total stockholders' equity	1,601,604	1,653,873
Total liabilities and stockholders' equity	\$ 2,200,206	\$ 3,205,289

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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue:				
Rental revenue	\$ 43,063	\$ 40,722	\$ 129,232	\$ 123,879
Expenses:				
Rental expenses	3,024	4,405	9,513	12,639
General and administrative expenses	6,348	3,578	19,610	9,960
Internalization transaction expenses	—	2,235	—	3,640
Asset management fees	—	4,218	—	12,604
Depreciation and amortization	17,259	17,002	53,098	52,714
Impairment loss on real estate	10,241	—	27,166	—
Impairment loss on goodwill	—	—	671	—
Total expenses	36,872	31,438	110,058	91,557
Gain on real estate disposition	—	—	—	2,703
Income from operations	6,191	9,284	19,174	35,025
Interest and other expense, net	11,737	9,865	30,035	32,597
(Loss) income from continuing operations	(5,546)	(581)	(10,861)	2,428
Income from discontinued operations	377,191	5,845	401,444	19,600
Net income attributable to common stockholders	\$ 371,645	\$ 5,264	\$ 390,583	\$ 22,028
Other comprehensive income (loss):				
Unrealized income (loss) on interest rate swaps, net	\$ 2,241	\$ 2,584	\$ 9,808	\$ (18,890)
Other comprehensive income (loss)	2,241	2,584	9,808	(18,890)
Comprehensive income attributable to common stockholders	\$ 373,886	\$ 7,848	\$ 400,391	\$ 3,138
Weighted average number of common shares outstanding:				
Basic	223,661,774	221,346,730	223,079,613	221,293,405
Diluted	223,661,774	221,346,730	223,079,613	221,335,874
Net (loss) income per common share attributable to common stockholders:				
Basic:				
Continuing operations	\$ (0.03)	\$ (0.01)	\$ (0.05)	\$ 0.01
Discontinued operations	1.69	0.03	1.80	0.09
Net income attributable to common stockholders	\$ 1.66	\$ 0.02	\$ 1.75	\$ 0.10
Diluted:				
Continuing operations	\$ (0.03)	\$ (0.01)	\$ (0.05)	\$ 0.01
Discontinued operations	1.69	0.03	1.80	0.09
Net income attributable to common stockholders	\$ 1.66	\$ 0.02	\$ 1.75	\$ 0.10
Distributions declared per common share	\$ 1.86	\$ 0.12	\$ 2.11	\$ 0.36

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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income attributable to common stockholders	\$ 371,645	\$ 5,264	\$ 390,583	\$ 22,028
Adjustments:				
Depreciation and amortization ¹	17,289	28,248	64,843	80,607
Gain on real estate disposition from continuing operations	—	—	—	(2,703)
Gain on real estate dispositions from discontinued operations	(398,560)	—	(395,801)	—
Impairment loss on real estate	10,241	—	27,166	—
FFO attributable to common stockholders	\$ 615	\$ 33,512	\$ 86,791	\$ 99,932
Adjustments:				
Amortization of intangible assets and liabilities ²	13	(2,810)	(1,239)	(4,067)
Reduction in the carrying amount of right-of-use assets - operating leases and finance lease, net	189	235	674	702
Straight-line rent ³	(3,414)	(5,235)	(12,492)	(16,146)
Internalization transaction expenses ⁴	—	2,235	—	3,640
Amortization of discount of deferred liability	163	—	272	—
Impairment loss on goodwill ⁵	—	—	671	—
Loss on debt extinguishment	28,751	—	28,751	—
Amortization of deferred financing costs	754	990	2,761	2,883
Stock-based compensation	637	45	1,756	102
AFFO attributable to common stockholders	\$ 27,708	\$ 28,972	\$ 107,945	\$ 87,046
Weighted average common shares outstanding - basic	223,661,774	221,346,730	223,079,613	221,293,405
Weighted average common shares outstanding - diluted	223,661,774	221,346,730	223,079,613	221,335,874
Weighted average common shares outstanding - diluted for FFO and AFFO	224,652,226	221,406,461	224,044,442	221,335,874
Net income per common share - basic	\$ 1.66	\$ 0.02	\$ 1.75	\$ 0.10
Net income per common share - diluted	\$ 1.66	\$ 0.02	\$ 1.75	\$ 0.10
FFO per common share - basic	\$ —	\$ 0.15	\$ 0.39	\$ 0.45
FFO per common share - diluted	\$ —	\$ 0.15	\$ 0.39	\$ 0.45
AFFO per common share - basic	\$ 0.12	\$ 0.13	\$ 0.48	\$ 0.39
AFFO per common share - diluted	\$ 0.12	\$ 0.13	\$ 0.48	\$ 0.39

(1) During the three months ended September 30, 2020, the company wrote off in-place intangible assets in the amounts of approximately \$3.2 million, by accelerating the amortization of the acquired intangible assets. During the nine months ended September 30, 2021 and 2020, the company wrote off in-place lease intangible assets in the amounts of approximately \$1.1 million and \$4.7 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. During the nine months ended September 30, 2020, the company wrote off an above-market lease intangible asset in the amount of approximately \$0.3 million, by accelerating the amortization of the acquired intangible asset. During the three and nine months ended September 30, 2020, the company wrote off one below-market lease intangible liability in the amount of approximately \$2.0 million by accelerating the amortization of the acquired intangible liability.

(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 nine months ended September 30, 2021, the company wrote off approximately \$0.1 million of straight-line rent. During the three and nine months ended September 30, 2020, the company wrote off approximately \$0.1 million 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 its analysis of operating performance.

(4) Under GAAP, acquisition fees and expenses related to transactions determined to be business combinations are expensed as incurred. Internalization transaction expenses consisted primarily of legal fees, as well as fees for other professional and financial advisors incurred in connection with the internalization transaction. The company believes that adjusting for such non-recurring items provides useful supplemental information because such expenses may not be reflective of ongoing operations and aligns with its analysis of operating performance.

(5) During the nine months ended September 30, 2021, the company wrote off goodwill related to three reporting units in the amount of approximately \$0.7 million, which was originally recognized as a part of the internalization transaction on September 30, 2020, as a result of a business combination. 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income attributable to common stockholders	\$ 371,645	\$ 5,264	\$ 390,583	\$ 22,028
Adjustments:				
Interest and other expense, net	36,822 ³	13,284	61,874	42,802
Depreciation and amortization	17,294	28,249	64,857	80,608
EBITDA	\$ 425,761	\$ 46,797	\$ 517,314	\$ 145,438
Gain on real estate disposition from continuing operations	—	—	—	(2,703)
Gain on real estate dispositions from discontinued operations ²	(398,560)	—	(395,801)	—
Impairment loss on real estate	10,241	—	27,166	—
Cash deposits interest	2	18	12	169
EBITDAre	\$ 37,444	\$ 46,815	\$ 148,691	\$ 142,904

(1) Includes the 29 data center properties sold on July 22, 2021.

(2) Represents gain on real estate dispositions related to the data center sale that occurred on July 22, 2021. The company recognized \$2.8 million in transaction costs during the second quarter of 2021, resulting in the total gain being higher during the three months ended September 30, 2021.

(3) 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.

Net Operating Income (NOI)

(dollars in thousands)

Cash Net Operating Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Rental revenue	\$ 49,318	\$ 70,667	\$ 194,210	\$ 208,727
Rental expenses	(5,528)	(12,068)	(25,250)	(34,478)
Net operating income	43,790	58,599	168,960	174,249
Adjustments:				
Straight-line rent	(3,414)	(5,235)	(12,492)	(16,146)
Amortization of above- and below-market leases, net	13	(2,810)	(1,239)	(4,067)
Reduction in the carrying amount of right-of-use assets - operating ground leases	124	235	540	702
Cash NOI	\$ 40,513	\$ 50,789	\$ 155,769	\$ 154,738
Cash NOI margin	82.1 %	71.9 %	80.2 %	74.1 %
Cash NOI yield ¹	6.6 %	6.4 %	7.1 %	6.5 %

Healthcare Cash Net Operating Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Rental revenue	\$ 43,063	\$ 40,722	\$ 129,232	\$ 123,879
Rental expenses	(3,024)	(4,405)	(9,513)	(12,639)
Healthcare NOI	40,039	36,317	119,719	111,240
Adjustments:				
Straight-line rent	(3,202)	(3,888)	(9,983)	(11,870)
Amortization of above- and below-market leases, net	145	183	471	915
Reduction in the carrying amount of right-of-use assets - operating ground leases	124	126	372	374
Healthcare cash NOI	\$ 37,106	\$ 32,738	\$ 110,579	\$ 100,659
Healthcare cash NOI margin	86.2 %	80.4 %	85.6 %	81.3 %
Healthcare cash NOI yield ¹	6.6 %	5.9 %	6.6 %	6.0 %

Data Center Cash Net Operating Income²

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Rental revenue	\$ 6,255	\$ 29,945	\$ 64,978	\$ 84,848
Rental expenses	(2,504)	(7,663)	(15,737)	(21,839)
Data Center NOI	3,751	22,282	49,241	63,009
Adjustments:				
Straight-line rent	(212)	(1,347)	(2,509)	(4,276)
Amortization of above- and below-market leases, net	(132)	(2,993)	(1,710)	(4,982)
Reduction in the carrying amount of right-of-use assets - operating ground leases	—	109	168	328
Data Center cash NOI	\$ 3,407	\$ 18,051	\$ 45,190	\$ 54,079
Data Center cash NOI margin	54.5 %	60.3 %	69.5 %	63.7 %
Data Center cash NOI yield ¹	6.2 %	7.6 %	8.5 %	7.6 %

(1) Calculated using annualized NOI for the three and nine months ended September 30, 2021 and 2020, respectively, to weighted average real estate investment since inception.

(2) The data center sale was completed on July 22, 2021 and presented as a part of discontinued operations on the condensed consolidated statements of comprehensive income for the three and nine months ended September 30, 2021 and 2020.

Same Store NOI and Occupancy Trends



(1) Each quarter's results are based on properties owned and operated as of July 1, 2020, and excludes the 29 data center properties that were sold on July 22, 2021 and two healthcare properties held for sale as of September 30, 2021.

Debt

(dollars in millions)

Unsecured Credit Facility Key Covenants

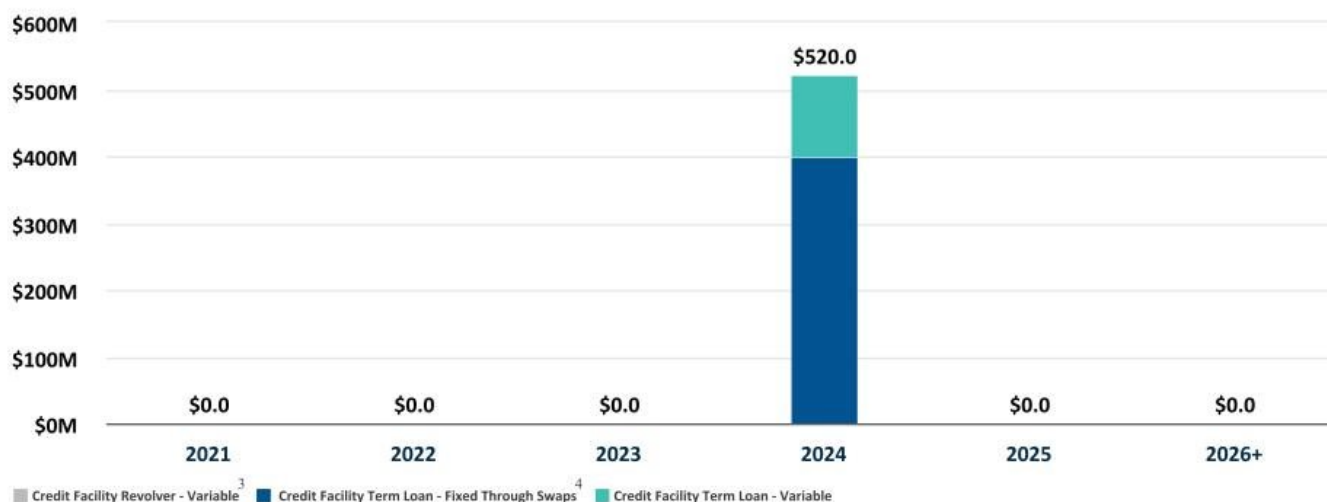
	Required	Actual
Ratio of total indebtedness to total gross asset value	≤ 60.0%	24.8 %
Ratio of secured indebtedness to total gross asset value	≤ 40.0%	— %
Ratio of adjusted EBITDA to fixed charges	≥ 1.75x	4.72x
Ratio of unencumbered adjusted NOI to unsecured interest expense	≥ 2.00x	4.78x

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 agreement. 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			
Credit facility term loans, fixed through interest rate swaps	400.0	3.3 %	76.9 %
Total fixed rate debt	400.0	3.3 %	76.9 %
Variable rate debt²			
Credit facility term loans	120.0	1.8 %	23.1 %
Total variable rate debt	120.0	1.8 %	23.1 %
Total principal debt	<u>\$ 520.0</u>	<u>2.9 %</u>	<u>100.0 %</u>

Debt Maturities



(1) Weighted average interest rate as of September 30, 2021.

(2) LIBOR plus an applicable margin based on the company's debt agreements. On September 29, 2021, the company received consent for the acceleration of the applicable margin adjustment date on the credit facility, reducing the applicable margin from 2.25% to 1.75%, effective September 29, 2021. Per the current language in the credit agreement, the applicable margin adjustment would not have otherwise taken place until December 1, 2021.

(3) The revolving line of credit, which has \$0 outstanding as of September 30, 2021, has a maturity date of April 27, 2022, subject to the company's right for one 12-month extension period.

(4) Of this amount, two interest rate swaps with an aggregate notional amount of \$150.0 million mature on April 27, 2023, prior to the term loan maturity of December 31, 2024.

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

Acquisitions and Dispositions

2021 Acquisition

Date Acquired	Property	Rentable Square Feet	Market	State	Acquisition Price (in thousands)
04/19/2021	Greenwood Healthcare Facility	53,560	Indianapolis	IN	\$ 25,048

2021 Dispositions

On July 22, 2021, the company completed the sale of its data center portfolio, consisting of 29 data center properties composing 3.3 million rentable square feet, for an aggregate sale price of \$1.32 billion, and generated net proceeds of approximately \$1.30 billion.

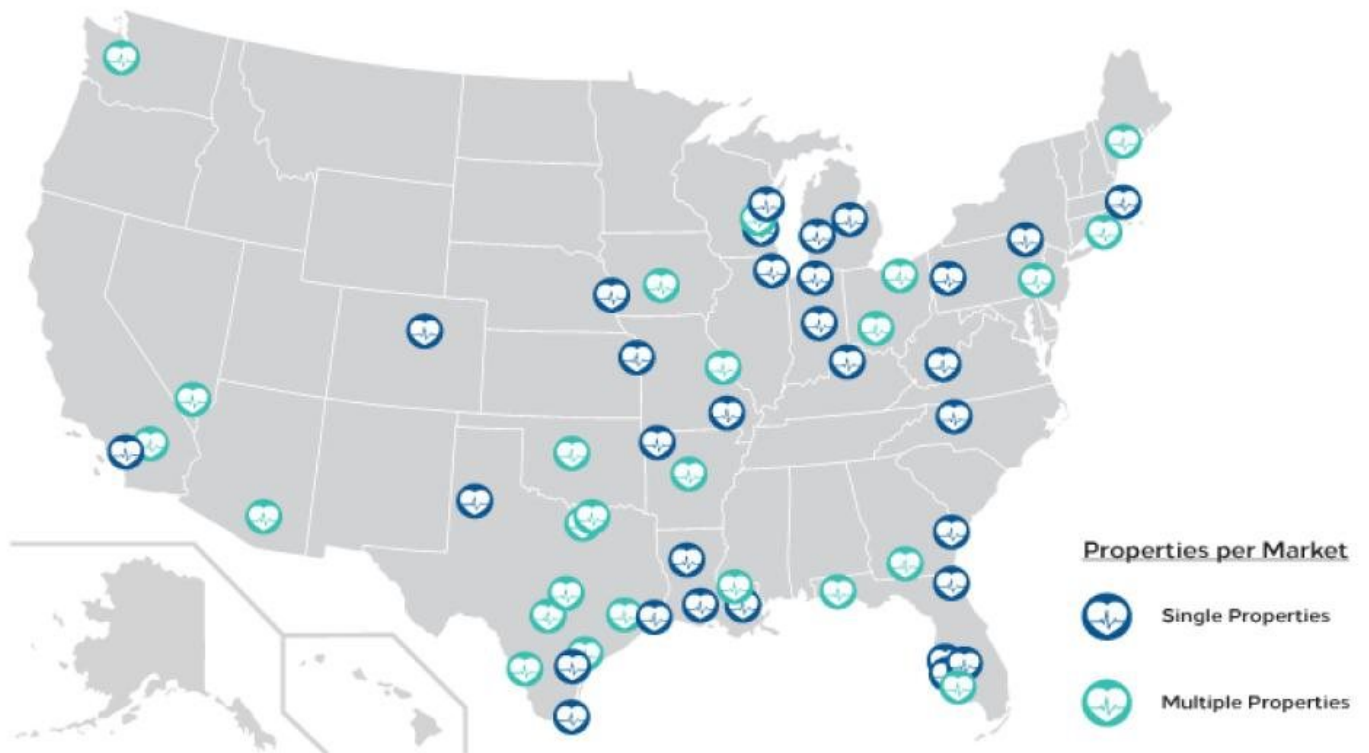
Date Disposed	Property	Rentable Square Feet	Market	State
07/22/2021	Alpharetta Data Center	77,322	Atlanta	GA
07/22/2021	Atlanta Data Center	997,248	Atlanta	GA
07/22/2021	Andover Data Center	153,000	Boston	MA
07/22/2021	Norwalk Data Center	167,691	Bridgeport	CT
07/22/2021	Canton Data Center	29,960	Canton	OH
07/22/2021	Charlotte Data Center	52,924	Charlotte	NC
07/22/2021	Chicago Data Center	115,352	Chicago	IL
07/22/2021	Elgin Data Center	65,745	Chicago	IL
07/22/2021	Cincinnati Data Center	69,826	Cincinnati	OH
07/22/2021	Blythewood Data Center	64,637	Columbia	SC
07/22/2021	Flint Data Center	32,500	Flint	MI
07/22/2021	Houston Data Center	103,200	Houston	TX
07/22/2021	Indianapolis Data Center	43,724	Indianapolis	IN
07/22/2021	Hawthorne Data Center	288,000	Los Angeles	CA
07/22/2021	Eagan Data Center	87,402	Minneapolis	MN
07/22/2021	Minnetonka Data Center	135,240	Minneapolis	MN
07/22/2021	Franklin Data Center	71,726	Nashville	TN
07/22/2021	Somerset Data Center	36,118	New York City	NJ
07/22/2021	Oklahoma City Data Center	92,456	Oklahoma City	OK
07/22/2021	King of Prussia Data Center	50,000	Philadelphia	PA
07/22/2021	Tempe Data Center	44,244	Phoenix	AZ
07/22/2021	Tempe Data Center II	58,560	Phoenix	AZ
07/22/2021	Rancho Cordova Data Center	69,048	Sacramento	CA
07/22/2021	Rancho Cordova Data Center II	63,791	Sacramento	CA
07/22/2021	San Jose Data Center	76,410	San Jose	CA
07/22/2021	Sunnyvale Data Center	76,573	San Jose	CA
07/22/2021	Waco Data Center	43,596	Waco	TX
07/22/2021	McLean Data Center	69,329	Washington, D.C.	VA
07/22/2021	McLean Data Center II	62,002	Washington, D.C.	VA
Total Year-to-Date Dispositions		3,297,624		

On October 21, 2021, the company sold the St. Louis Healthcare Facility, consisting of 21,823 rentable square feet, for \$6.1 million, and generated net proceeds of approximately \$5.9 million, after transaction costs and other pro-rations, subject to additional transaction costs paid subsequent to the closing date.



Property Map

(as of September 30, 2021)

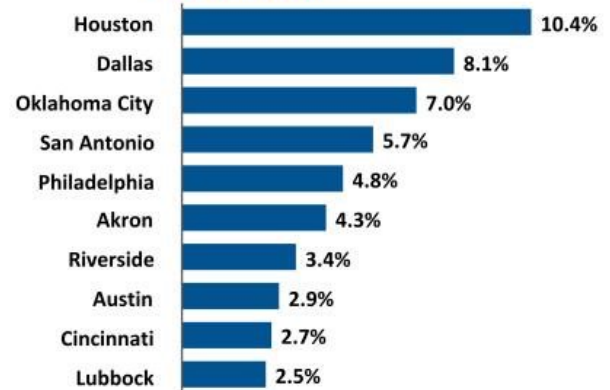


Real Estate Diversification: Healthcare

Total Statistics

	As of September 30,	
	2021	2020
Rentable square feet	5,297,637	5,361,372
Number of properties ⁴	125	124
Weighted average annualized base rent per leased square foot	\$29.62	\$28.85
Weighted average remaining lease term	9.8 years	10.6 years
Weighted average occupancy	96.0 %	92.7 %

Top 10 Markets^{1,2}



Top 10 Markets¹

	As of September 30, 2021		As of September 30, 2020	
	Rentable Square Feet	% Leased ³	Rentable Square Feet	% Leased ³
Houston	593,111	82.7 %	593,111	84.1 %
Dallas	373,990	83.6 %	573,172	54.4 %
Oklahoma City	433,513	100.0 %	433,513	100.0 %
San Antonio	293,782	100.0 %	293,782	96.3 %
Philadelphia	122,356	100.0 %	122,356	100.0 %
Akron	191,269	100.0 %	191,269	100.0 %
Riverside	73,643	100.0 %	73,643	100.0 %
Austin	125,271	100.0 %	125,271	100.0 %
Cincinnati	237,496	100.0 %	237,496	100.0 %
Lubbock	102,143	100.0 %	102,143	100.0 %
Total	2,546,574	93.6 %	2,745,756	86.6 %

(1) Based on annualized September 2021 base rent.

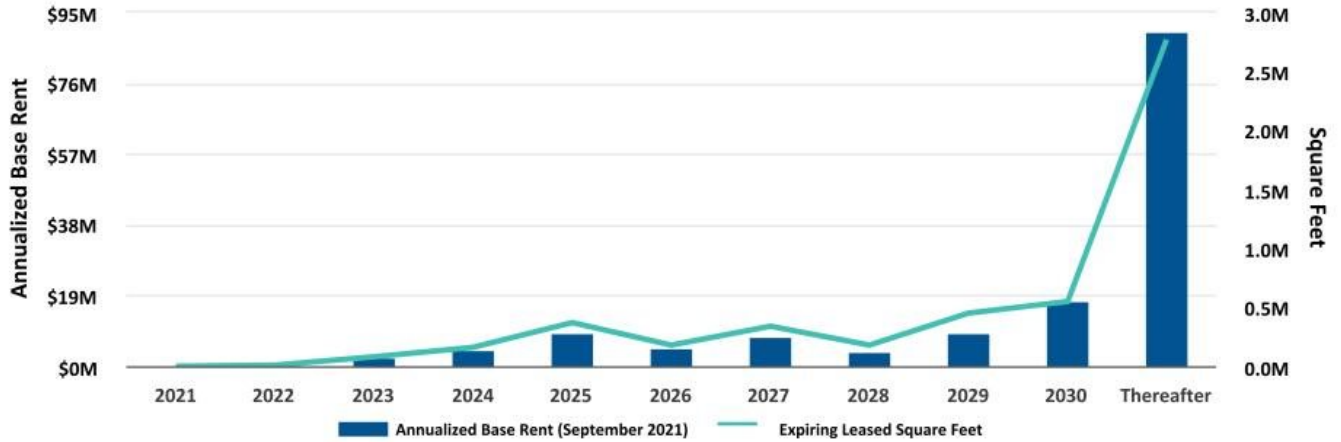
(2) Represents each market's annualized September 2021 base rent as a percentage of total market annualized September 2021 base rent.

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

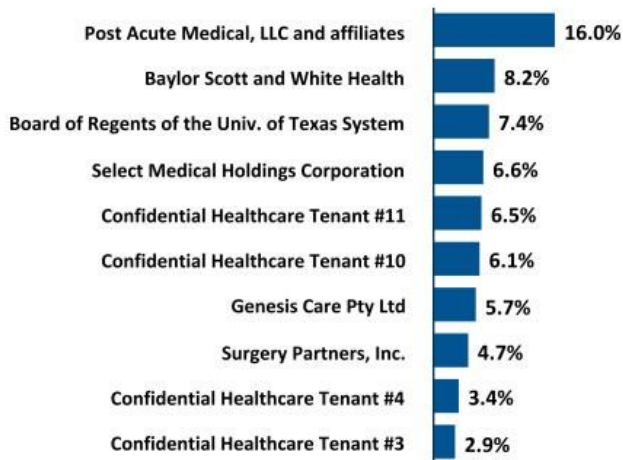
(4) Includes development property.

Real Estate Diversification: Healthcare

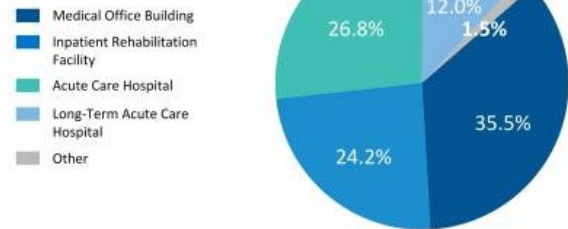
Lease Expirations



Tenant Diversification^{1,2}



Property Diversification¹



Tenant Credit Concentrations^{5,6}



Single/Multi-Tenant Breakdown³



(1) Based on annualized September 2021 base rent.
 (2) Includes tenants under common control.
 (3) Excludes vacant properties.
 (4) Includes development property.
 (5) Based on rental revenue for the nine months ended September 30, 2021.
 (6) All credit ratings are from major credit rating agencies. Parent credit rating is used where tenant is not rated.

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	25,892	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
Dallas	Grapevine Healthcare Facility	TX	61,400	10/4/2019	— %	Long-Term Acute Care Hospital
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	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 II	TX	102,369	6/30/2015	— %	Long-Term Acute Care Hospital
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	16,154	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
St. Louis	St. Louis Healthcare Facility ¹	MO	21,823	10/4/2019	— %	Medical Office Building
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 ²	AZ	—	12/22/2020	— %	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

(1) On October 21, 2021, the company sold the St. Louis Healthcare Facility for \$6.1 million and generated net proceeds of approximately \$5.9 million, after transaction costs and other pro-rations, subject to additional transaction costs paid subsequent to the closing date.

(2) Tucson Healthcare Facility IV is a development property that the company expects will be approximately 44,692 rentable square feet, with 89% occupancy at anticipated lease commencement in 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 property. 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				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Net income attributable to common stockholders	\$ 371,645	\$ 16,056	\$ 2,882	\$ 14,748	\$ 5,264
Adjustments:					
Interest and other expense, net	36,822	12,922	12,130	12,849	13,284
Depreciation and amortization	17,294	21,596	25,967	24,875	28,249
EBITDA¹	\$ 425,761	\$ 50,574	\$ 40,979	\$ 52,472	\$ 46,797
Gain on real estate disposition from continuing operations	—	—	—	(439)	—
Gain on real estate dispositions from discontinued operations	(398,560)	—	—	—	—
Impairment loss on real estate	10,241	6,502	10,423	—	—
Cash deposits interest	2	6	4	9	18
EBITDAre¹	\$ 37,444	\$ 57,082	\$ 51,406	\$ 52,042	\$ 46,815

(1) Includes the 29 data center properties sold on July 22, 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 the net of right-of-use assets- operating leases and right-of-use assets- finance lease, resulting from above-and below-market leases, straight-line rent, acquisition expenses in connection with business combination transactions, 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				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Net income attributable to common stockholders	\$ 371,645	\$ 16,056	\$ 2,882	\$ 14,748	\$ 5,264
Adjustments:					
Depreciation and amortization ¹	17,289	21,592	25,962	24,869	28,248
Gain on real estate disposition from continuing operations	—	—	—	(439)	—
Gain on real estate dispositions from discontinued operations	(398,560)	—	—	—	—
Impairment loss on real estate	10,241	6,502	10,423	—	—
FFO attributable to common stockholders	<u>\$ 615</u>	<u>\$ 44,150</u>	<u>\$ 39,267</u>	<u>\$ 39,178</u>	<u>\$ 33,512</u>
Adjustments:					
Amortization of intangible assets and liabilities ²	13	(639)	(613)	(613)	(2,810)
Reduction in the carrying amount of right-of-use assets - operating leases and finance lease, net	189	216	269	268	235
Straight-line rent ³	(3,414)	(4,452)	(4,626)	(5,015)	(5,235)
Internalization transaction expenses ⁴	—	—	—	—	2,235
Amortization of discount of deferred liability	163	55	54	54	—
Impairment loss on goodwill ⁵	—	431	240	—	—
Loss on extinguishment of debt	28,751	—	—	—	—
Amortization of deferred financing costs	754	1,011	996	1,001	990
Stock-based compensation	637	563	556	335	45
AFFO attributable to common stockholders	<u>\$ 27,708</u>	<u>\$ 41,335</u>	<u>\$ 36,143</u>	<u>\$ 35,208</u>	<u>\$ 28,972</u>

- (1) During the three months ended September 30, 2020, the company wrote off in-place intangible assets in the amounts of approximately \$3.2 million, by accelerating the amortization of the acquired intangible assets. During the nine months ended September 30, 2021 and 2020, the company wrote off in-place lease intangible assets in the amounts of approximately \$1.1 million and \$4.7 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. During the nine months ended September 30, 2020, the company wrote off an above-market lease intangible asset in the amount of approximately \$0.3 million, by accelerating the amortization of the acquired intangible asset. During the three and nine months ended September 30, 2020, the company wrote off one below-market lease intangible liability in the amount of approximately \$2.0 million by accelerating the amortization of the acquired intangible liability.
- (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 nine months ended September 30, 2021, the company wrote off approximately \$0.1 million of straight-line rent. During the three and nine months ended September 30, 2020, the company wrote off approximately \$0.1 million 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 its analysis of operating performance.
- (4) Under GAAP, acquisition fees and expenses related to transactions determined to be business combinations are expensed as incurred. Internalization transaction expenses consisted primarily of legal fees, as well as fees for other professional and financial advisors incurred in connection with the internalization transaction. The company believes that adjusting for such non-recurring items provides useful supplemental information because such expenses may not be reflective of ongoing operations and aligns with its analysis of operating performance.
- (5) During the nine months ended September 30, 2021, the company wrote off goodwill related to three reporting units in the amount of approximately \$0.7 million, which was originally recognized as a part of the internalization transaction on September 30, 2020, as a result of a business combination. 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				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Interest and other expense, net	\$ 36,822	\$ 12,922	\$ 12,130	\$ 12,849	\$ 13,284
Cash deposits interest	2	6	4	9	18
Other income	731	—	652	597	35
Notes receivable interest income	87	519	490	501	501
Amortization of origination fee	(256)	(70)	(68)	(70)	(70)
Interest expense, adjusted¹	\$ 37,386	\$ 13,377	\$ 13,208	\$ 13,886	\$ 13,768

(1) 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				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Notes payable, net	\$ —	\$ 449,780	\$ 450,719	\$ 451,617	\$ 452,496
Credit facility, net	516,506	947,979	932,546	932,100	976,657
Total debt, net	516,506	1,397,759	1,383,265	1,383,717	1,429,153
Deferred financing costs, net	3,494	6,425	7,033	7,705	8,370
Principal debt outstanding	520,000	1,404,184	1,390,298	1,391,422	1,437,523
Less: cash and cash equivalents	75,363	47,921	51,039	53,174	75,505
Net debt¹	\$ 444,637	\$ 1,356,263	\$ 1,339,259	\$ 1,338,248	\$ 1,362,018

(1) 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, internalization transaction expenses, asset management fees, depreciation and amortization, impairment loss on real estate, impairment loss on goodwill, gain on real estate dispositions from continuing and discontinued operations and interest and other expense, net. Cash NOI is calculated to exclude the impact of certain GAAP adjustments to rental revenue, such as straight-line rent, amortization of above-market intangible lease assets and below-market lease intangible liabilities and the reduction in the carrying amount of right-of-use assets - operating ground 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 24, 2021, and subsequent quarterly filings on Form 10-Q.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Healthcare:				
Healthcare rental revenue	\$ 43,063	\$ 40,722	\$ 129,232	\$ 123,879
Healthcare rental expense	(3,024)	(4,405)	(9,513)	(12,639)
Healthcare NOI	40,039	36,317	119,719	111,240
Data Centers:				
Data Center rental revenue	6,255	29,945	64,978	84,848
Data Center rental expense	(2,504)	(7,663)	(15,737)	(21,839)
Data Center NOI	3,751	22,282	49,241	63,009
Total NOI	43,790	58,599	168,960	174,249
Straight-line rent ¹	(3,414)	(5,235)	(12,492)	(16,146)
Amortization of above- and below-market leases, net ¹	13	(2,810)	(1,239)	(4,067)
Reduction in the carrying amount of right-of-use assets - operating ground leases ¹	124	235	540	702
Cash NOI	40,513	50,789	155,769	154,738
General and administrative expenses	(6,348)	(3,578)	(19,610)	(9,960)
Internalization transaction expenses	—	(2,235)	—	(3,640)
Asset management fees ¹	—	(5,989)	—	(17,914)
Depreciation and amortization ¹	(17,294)	(28,249)	(64,857)	(80,608)
Impairment loss on real estate	(10,241)	—	(27,166)	—
Impairment loss on goodwill	—	—	(671)	—
Gain on real estate disposition from continuing operations	—	—	—	2,703
Gain on real estate dispositions from discontinued operations ²	398,560	—	395,801	—
Interest and other expense, net ¹	(36,822)	(13,284)	(61,874)	(42,802)
Straight-line rent ¹	3,414	5,235	12,492	16,146
Amortization of above- and below-market leases, net ¹	(13)	2,810	1,239	4,067
Reduction in the carrying amount of right-of-use assets - operating ground leases ¹	(124)	(235)	(540)	(702)
Net income attributable to common stockholders	\$ 371,645	\$ 5,264	\$ 390,583	\$ 22,028

(1) Includes the 29 data center properties sold on July 22, 2021.

(2) Includes \$2,759,000 in transaction costs related to the data center sale that were reclassified as a part of gain on real estate dispositions during the three months ended September 30, 2021.



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, healthcare properties classified as held for sale and properties classified as discontinued operations. 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				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Same store rental revenue	\$ 41,501	\$ 41,363	\$ 41,296	\$ 41,006	\$ 40,293
Same store rental expense	(2,699)	(2,519)	(2,550)	(2,174)	(3,621)
Same store NOI	38,802	38,844	38,746	38,832	36,672
Non-same store rental revenue	1,562	2,384	1,126	896	429
Non-same store rental expense	(325)	(756)	(664)	(374)	(784)
General and administrative expenses	(6,348)	(6,639)	(6,623)	(6,721)	(3,578)
Internalization transaction expenses	—	—	—	—	(2,235)
Asset management fees	—	—	—	—	(4,218)
Depreciation and amortization	(17,259)	(17,615)	(18,224)	(17,135)	(17,002)
Impairment loss on real estate	(10,241)	(6,502)	(10,423)	—	—
Impairment loss on goodwill	—	(431)	(240)	—	—
Gain on real estate disposition	—	—	—	439	—
Interest and other expense, net	(11,737)	(9,534)	(8,764)	(9,428)	(9,865)
Income from discontinued operations	377,191	16,305	7,948	8,239	5,845
Net income attributable to common stockholders	<u>\$ 371,645</u>	<u>\$ 16,056</u>	<u>\$ 2,882</u>	<u>\$ 14,748</u>	<u>\$ 5,264</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.
