

# Carter Validus Mission Critical REIT II Reaches First Quarter 2020 Share Repurchase Limit

Carter Validus Mission Critical REIT II Inc., a publicly registered non-traded real estate investment trust, has reached its 1.25 percent share repurchase limit for the first quarter of 2020 and will not be able to fully process all repurchase requests.

In October 2019, the board adopted a new share repurchase program for 2020 where repurchase could not exceed 5 percent (1.25 percent quarterly) of the number of shares outstanding on December 31st of the previous calendar year. The company also limits the amount of distribution reinvestment plan proceeds used to fund share repurchases in each quarter to 25 percent of the amount of DRIP proceeds received during the during the previous calendar year.

The REIT determined that it reached the DRIP funding limitation for the 2020 first quarter, therefore not all repurchase requests will be fully processed.

First priority is given to requests associated with the death of a shareholder, then to shareholders who demonstrate another involuntary exigent circumstance such as bankruptcy, and finally to shareholders who are required to take a mandatory distribution under their individual retirement accounts.

The company repurchased all shares requests associated with the death or involuntary exigent circumstance of a shareholder in full and noted that there were no repurchase requests received due to mandatory distribution requirement under stockholder IRAs. For all other requests, the company

repurchased based on a proration of approximately 11.03 percent of the shares made in the requests.

All outstanding repurchase requests will automatically roll over to the second quarter of 2020 and priority will be given to the repurchase requests as provided above.

In December 2019, the board of [Carter Validus Mission Critical REIT II approved](#) an estimated net asset value of \$8.65 per share for the REIT's Class A, Class I, Class T, and Class T2 shares of common stock, calculated as of October 31, 2019. The previous NAV per share was \$9.25 as of June 30, 2018 and shares originally sold for \$10.00 each.

Carter Validus Mission Critical REIT II recently merged with an affiliated non-traded REIT, Carter Validus Mission Critical REIT. When determining the NAV per share, the company noted that although the value of its pre- and post-merger real estate portfolio increased, the NAV was negatively impacted by transaction costs incurred from the affiliate's debt payoff and other merger-related costs (\$0.37), distributions in excess of earnings (\$0.08), and a change in the value of interest rate swaps (\$0.08).

Other offsets (\$0.20) that impacted the valuation included capital expenditures related to properties, leasing commissions, and acquisition fees related to a four-property portfolio that was acquired in September 2019.

Carter Validus Mission Critical REIT II invests in data centers and healthcare facilities. As of October 31, 2019, the company owned 150 real estate properties. The company raised approximately \$1.2 billion in investor equity after launching its initial primary offering in May 2014, and its follow-on offering closed in November 2018 and raised \$129.3 million.

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