

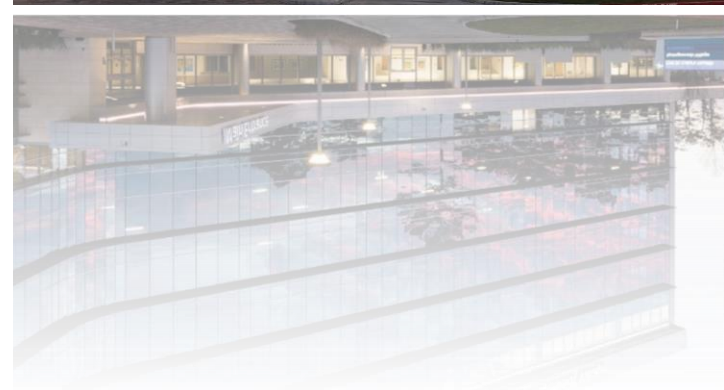
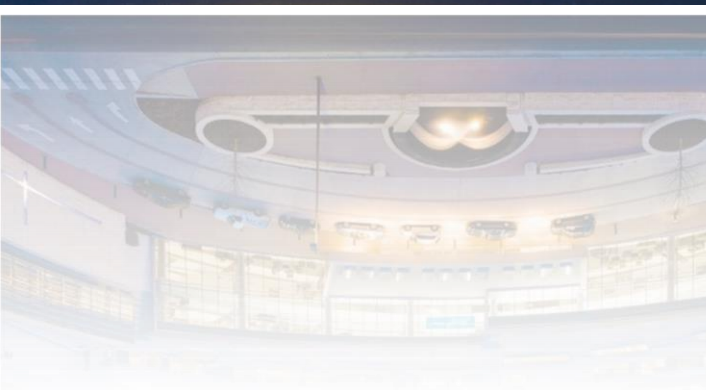


PHYSICIANS REALTY TRUST

## Raymond James Institutional Investors Conference Presentation



*March 2018*





This document may contain “forward-looking” statements as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements concern and are based upon, among other things, the possible expansion of the company’s portfolio; the sale of properties; the performance of its operators/tenants and properties; its ability to enter into agreements with new viable tenants for vacant space or for properties that the company takes back from financially troubled tenants, if any; its occupancy rates; its ability to acquire, develop and/or manage properties; the ability to successfully manage the risks associated with international expansion and operations; its ability to make distributions to shareholders; its policies and plans regarding investments, financings and other matters; its tax status as a real estate investment trust; its critical accounting policies; its ability to appropriately balance the use of debt and equity; its ability to access capital markets or other sources of funds; its ability to meet its earnings guidance; and its ability to finance and complete, and the effect of, future acquisitions. When the company uses words such as “may,” “will,” “intend,” “should,” “believe,” “expect,” “anticipate,” “project,” “estimate” or similar expressions, it is making forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties. The company’s expected results may not be achieved, and actual results may differ materially from expectations. This may be a result of various factors, including, but not limited to: material differences between actual results and the assumptions, projections and estimates of occupancy rates, rental rates, operating expenses and required capital expenditures; the status of the economy; the status of capital markets, including the availability and cost of capital; issues facing the healthcare industry, including compliance with, and changes to, regulations and payment policies, responding to government investigations and punitive settlements and operators’/tenants’ difficulty in cost-effectively obtaining and maintaining adequate liability and other insurance; changes in financing terms; competition within the healthcare, seniors housing and life science industries; negative developments in the operating results or financial condition of operators/tenants, including, but not limited to, their ability to pay rent and repay loans; the company’s ability to transition or sell facilities with profitable results; the failure to make new investments as and when anticipated; acts of God affecting the company’s properties; the company’s ability to re-lease space at similar rates as vacancies occur; the failure of closings to occur as and when anticipated, including the receipt of third-party approvals and healthcare licenses without unexpected delays or conditions; the company’s ability to timely reinvest sale proceeds at similar rates to assets sold; operator/tenant or joint venture partner bankruptcies or insolvencies; the cooperation of joint venture partners; government regulations affecting Medicare and Medicaid reimbursement rates and operational requirements; regulatory approval and market acceptance of the products and technologies of life science tenants; liability or contract claims by or against operators/tenants; unanticipated difficulties and/or expenditures relating to future acquisitions and the integration of multi-property acquisitions; environmental laws affecting the company’s properties; changes in rules or practices governing the company’s financial reporting; the movement of U.S. and foreign currency exchange rates; and legal and operational matters, including real estate investment trust qualification and key management personnel recruitment and retention. Finally, the company assumes no obligation to update or revise any forward-looking statements or to update the reasons why actual results could differ from those projected in any forward-looking statements.

# Management Overview

*Expertise in healthcare operations, healthcare policy, hospital and physician administration*



**Tommy G. Thompson**  
Chairman, Board of Trustees

- Former Secretary of U.S. Health and Human Services; Former Governor, state of Wisconsin
- Founding chairman Deloitte Center for Health Solutions, previously senior adviser to Deloitte and Touche USA LLP
- Current board member of: Centene Corporation and United Therapeutics Corporation, among others



**John Thomas**  
President and Chief Executive Officer, Trustee

- Former Executive Vice President - Medical Facilities Group for Health Care REIT, Inc. (NYSE:WELL); \$5.8 billion portfolio
- Former President, Chief Development Officer, and Business Counsel of Cirrus Health
- Former Senior Vice President and General Counsel for Baylor Healthcare System from October 2000 to July 2005, a multi-billion dollar healthcare system



**Jeff Theiler**  
EVP – Chief Financial Officer

- Former lead Health Care and Lab Space Equity Research Analyst at Green Street Advisors
- Former real estate investment banker at Lehman Brothers and Bank of America



**Deeni Taylor**  
EVP – Chief Investment Officer

- Former EVP of Duke Realty from 2006 to 2015
- Former EVP and Chief Strategy Officer for St. Vincent Health

# Management Overview

*Expertise in healthcare operations, healthcare policy, hospital and physician administration*



**John Lucey**  
SVP – Chief Accounting and  
Administrative Officer

- Former Director of Financial Reporting with Assisted Living Concepts, Inc. (NYSE: ALC)
- Former manager of Financial Reporting and Division Controller for many enterprises including Case New Holland, Monster Worldwide, Inc., Alterra Healthcare Corporation (now Brookdale Living Communities, NYSE: BKD)



**Mark Theine**  
SVP – Asset and  
Investment Management

- Former co-manager of Ziegler Healthcare Real Estate portfolio from 2005 to 2013



**Bradley Page**  
SVP – General Counsel

- Former attorney at Davis & Kuelthau s.c.; represented businesses in all areas of commercial real estate, commercial lending, corporate and construction transactions
- Member of American Bar Association, State Bar of Wisconsin and Milwaukee Bar Association
- Holds L.L.M. in Administrative and Civil law, U.S. Army, The Judge Advocate General's School, a J.D. from University of Wisconsin Law School and a B.B.A. from University of Michigan



**Daniel Klein**  
SVP – Deputy Chief Investment  
Officer

- Former Executive Vice President, Healthcare Trust of America (NYSE: HTA)
- Former Senior Vice President, Welltower, f/k/a Health Care REIT (NYSE: HCN)



**Amy Hall**  
VP – Leasing

- Former Vice President, Leasing at CBRE from 2005 to 2016



**Laurie Becker**  
VP – Controller

- Former Controller of Koss Corporation (NASDAQ: KOSS), Health Payment Systems, and GMR Marketing, an Omnicom Group company (NYSE: OMC)
- Holds MBA from Marquette University and B.B.A. from University of Wisconsin

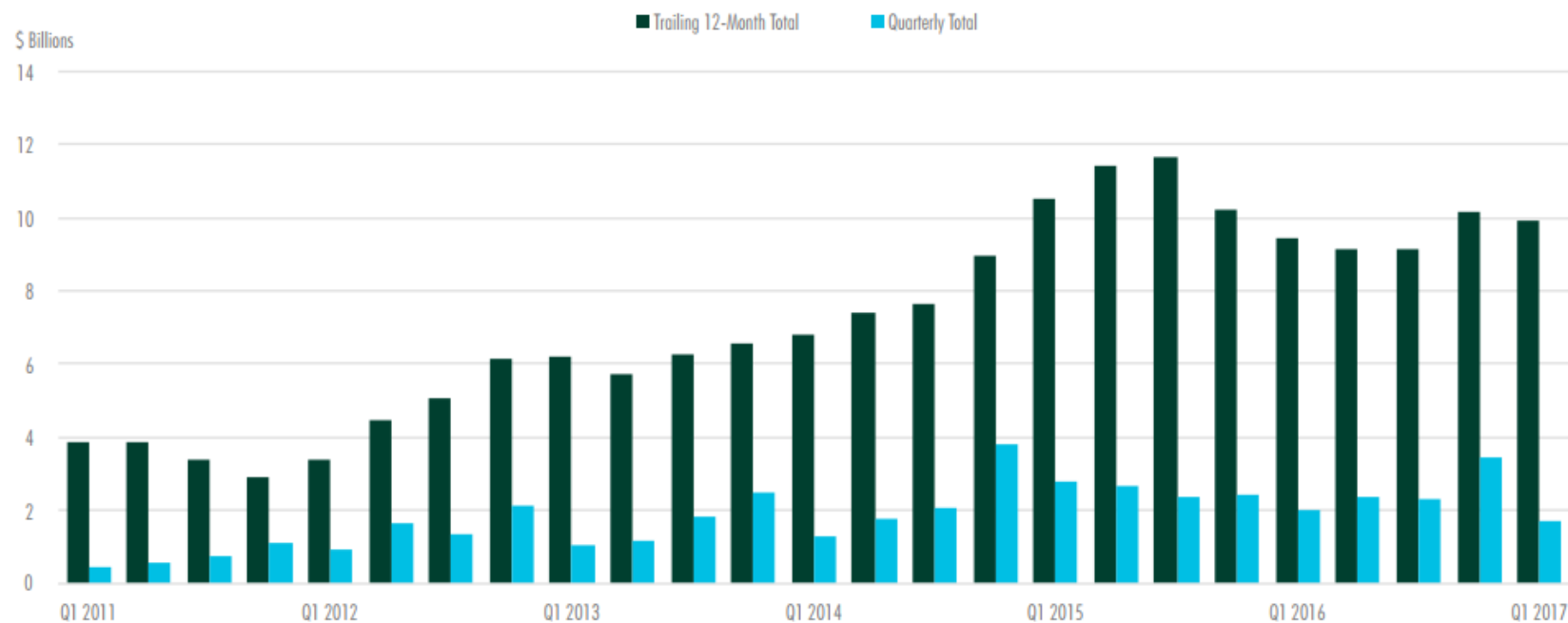
# Medical Office: Unprecedented Investor Appetite



*Attractive yields have led to increased demand throughout the Medical Office sector, reducing purchase cap rates*

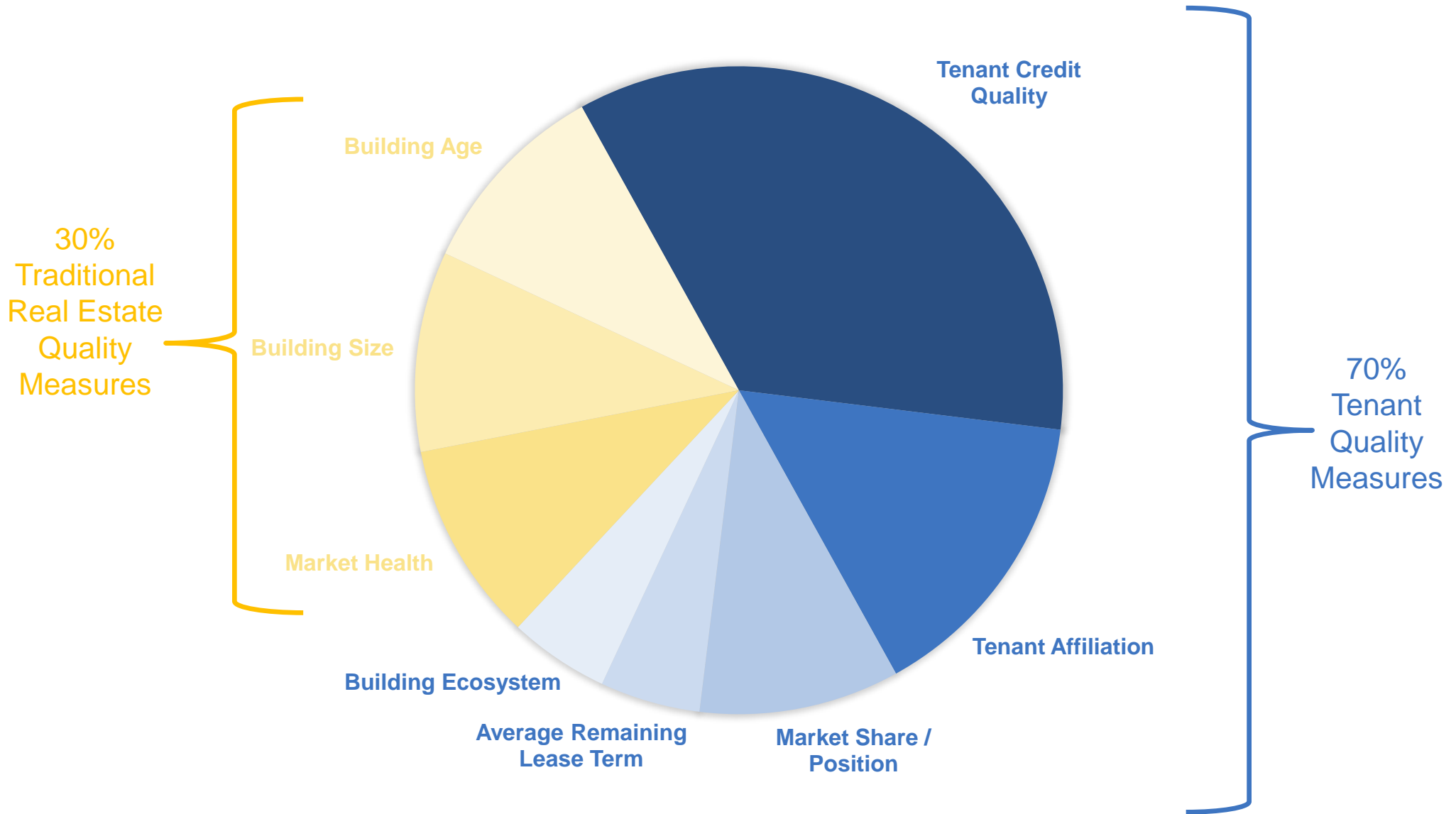
Year	DOC Acquisitions (\$mm)	Acquisition Cap Rate (wtd ave)	Approximate Estimated Current Cap Rate	Δ
2013	\$132	8.6%	7.25%	-135 bps
2014	\$543	7.6%	7.00%	-60 bps
2015	\$805	6.9%	6.25%	-65 bps
2016	\$1,268	6.6%	5.75%	-85 bps
2017	\$1,344	5.5%	5.50%	N/A
2018E	TBD	TBD	TBD	N/A

## MOB Investment Volume



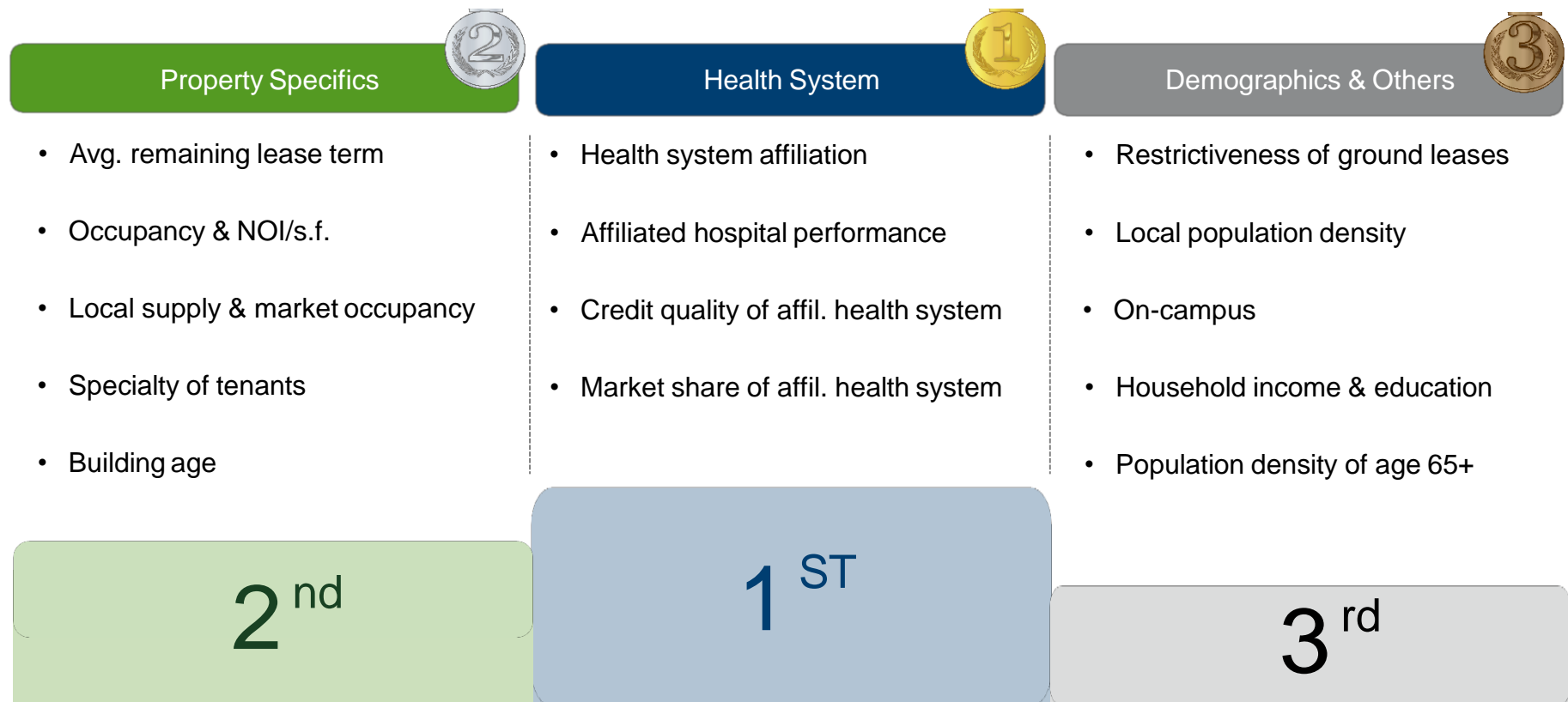


# How DOC Defines Quality



# Green Street MOB “Quality” Defined

- Green Street recently surveyed MOB owners and transaction professionals to determine how they defined quality
  - The survey results confirmed our beliefs: health system affiliation and tenant credit quality are the most important in aggregate, followed by property-specific factors

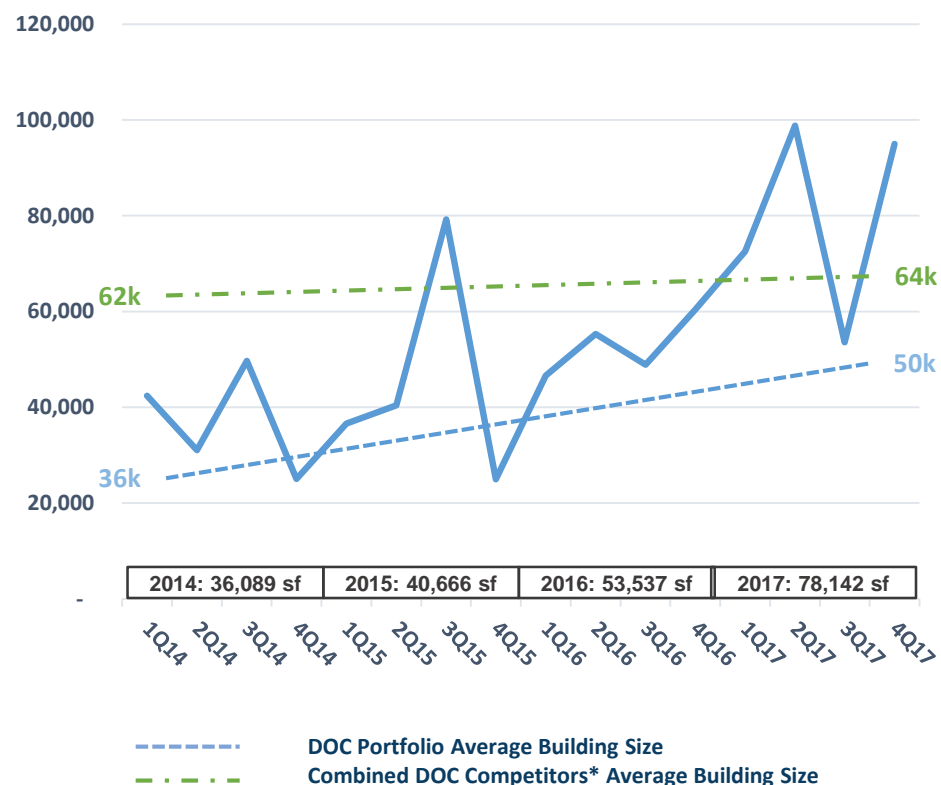


# DOC's Portfolio Transformation

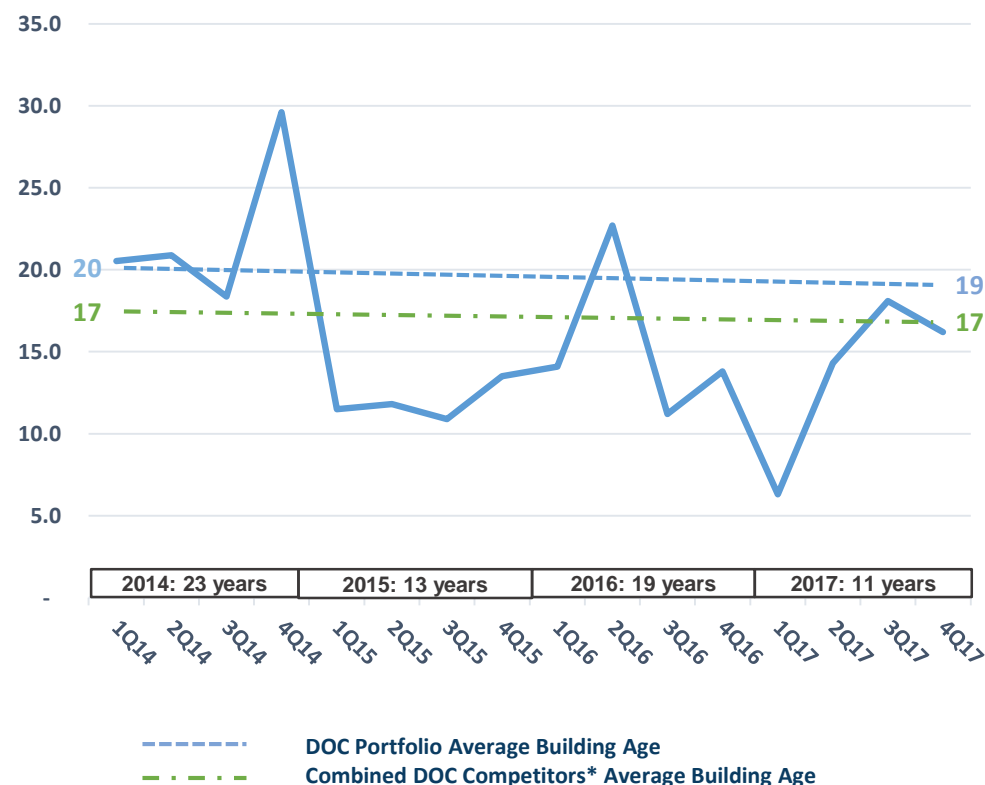


*DOC's disciplined approach to investments continues to improve portfolio metrics, narrowing the gap with competitors at an aggressive pace*

**Average Building Size**  
By Quarterly Investments



**Average Building Age**  
By Quarterly Investments

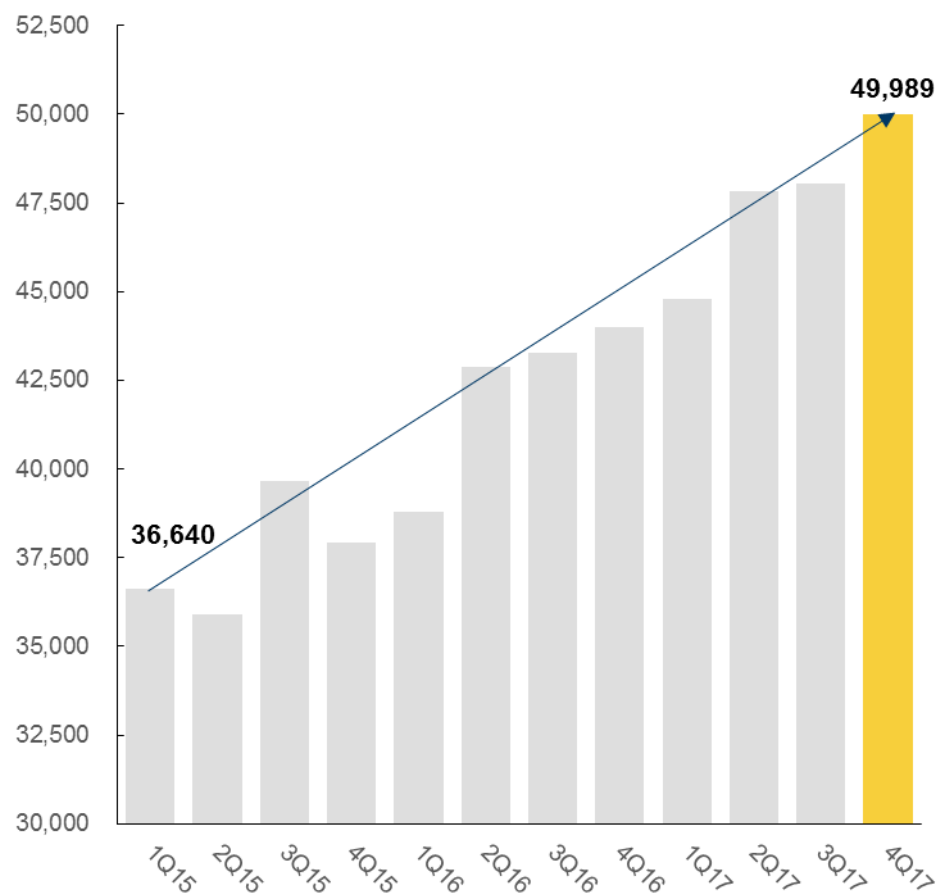




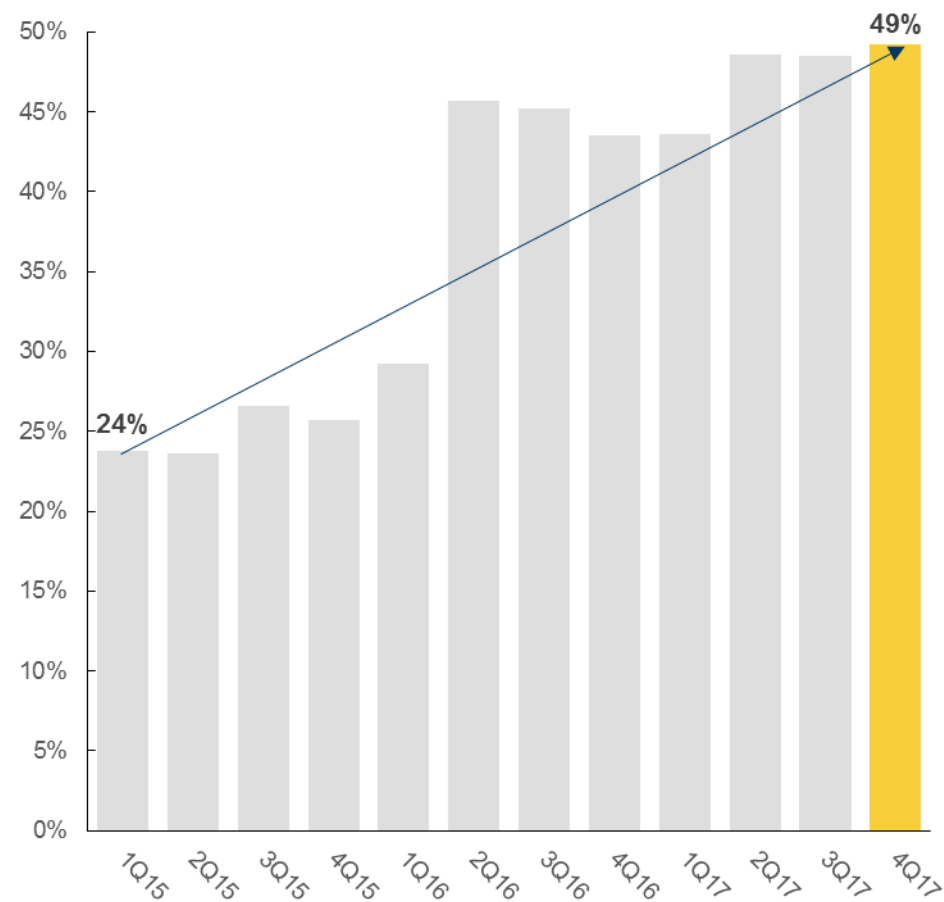
# Improved Portfolio Quality<sup>(1)</sup>



**Average Building Size  
(GLA)**



**Investment Grade Tenants  
(% Occupied GLA)**



(1) Excludes the Company's Corporate Office Building

# Top Ten Tenant Profile



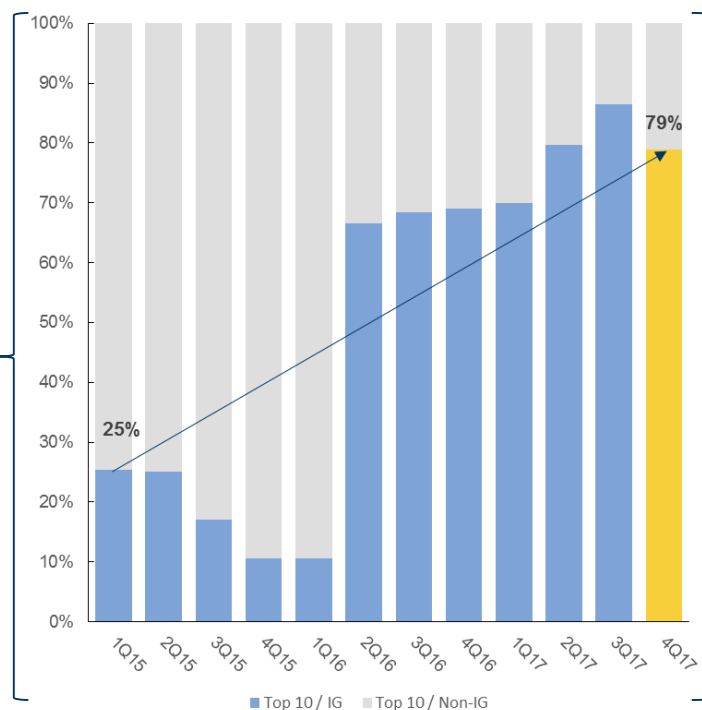
**Top Ten Tenants:**  
*Improved quality, reduced concentration*

**ABR from IG related health system leases as of December 31, 2017<sup>(1)</sup>:**

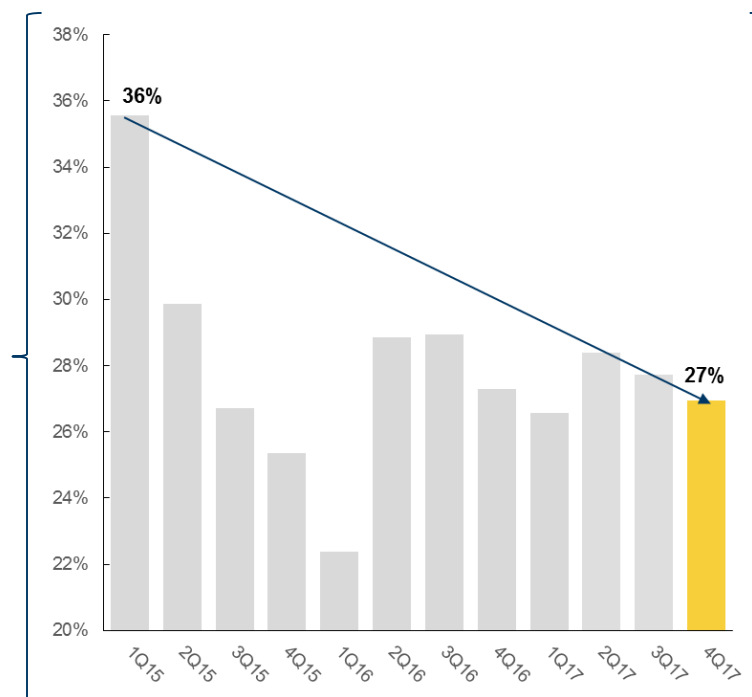
**DOC – 46%**  
**Peer Group<sup>(4)</sup> Average – 27%**

Top Ten Tenants <sup>(1)</sup>	Primary Market <sup>(2)</sup>	MSA Ranking	Credit Rating (Moody's / S&P) <sup>(3)</sup>	Leased GLA	ABR <sup>(1)</sup>
CHI - Nebraska	Omaha, NE	60	Baa1 / BBB+	893,098	6.5%
CHI - KentuckyOne Health	Louisville, KY	45	Baa1 / BBB+	744,101	5.4%
Ascension - St. Vincent's	Indianapolis, IN	35	Aa2 / AA+	324,388	3.1%
Baylor Scott and White	Dallas, TX	4	Aa3 / AA-	268,639	3.0%
US Oncology, Inc.	Dallas, TX	4	Baa2 / NA	256,988	2.7%
CHI - St. Alexius	Bismark, ND	>100	Baa1 / BBB+	362,284	2.5%
Northside Hospital	Atlanta, GA	9	Not Rated	329,249	2.5%
HonorHealth	Phoenix, AZ	12	A2 / NA	243,482	2.4%
CHI - Franciscan	Seattle, WA	15	Baa1 / BBB+	329,754	2.3%
Great Falls Hospital	Great Falls, MT	>100	Not Rated	185,085	2.1%
<b>Total</b>				<b>3,937,068</b>	<b>32.5%</b>

**Top 10 Tenant Investment Grade %  
(% Top 10 ABR)**



**Top 10 Tenant Concentration  
(% Portfolio ABR)**



(1) Figures as of 12/31/2017, pro-forma for the completion of rent abatement related to the "St. Vincent Building" acquired November 2017

(2) Primary market for DOC owned properties

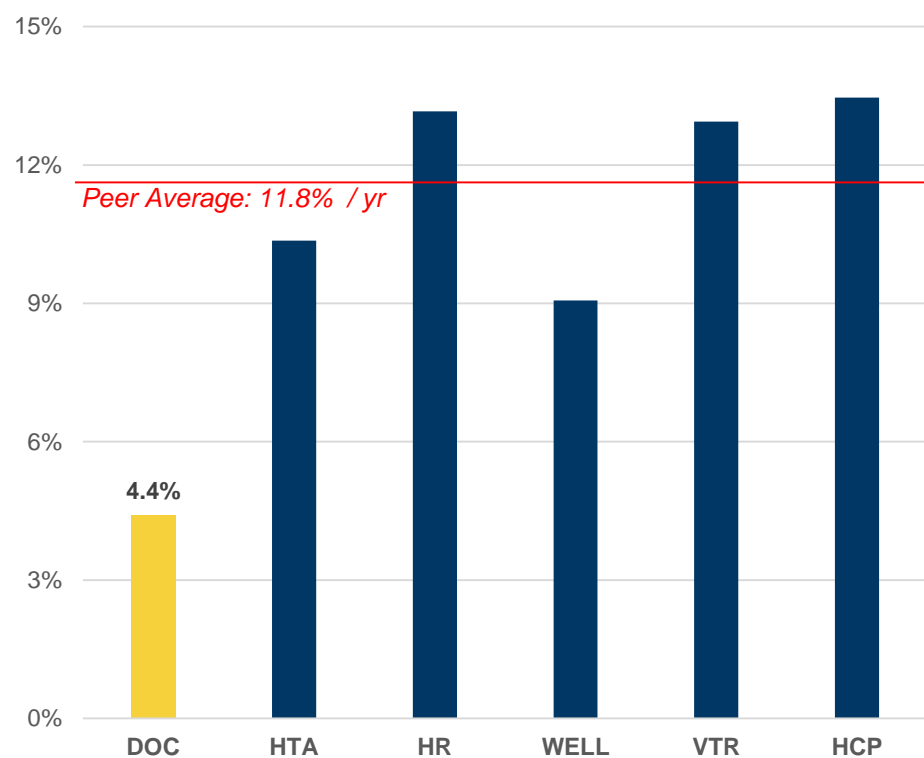
(3) Parent rating used where appropriate

(4) Peer group includes HTA, HR, HCP, VTR. Information sourced from supplemental filings.

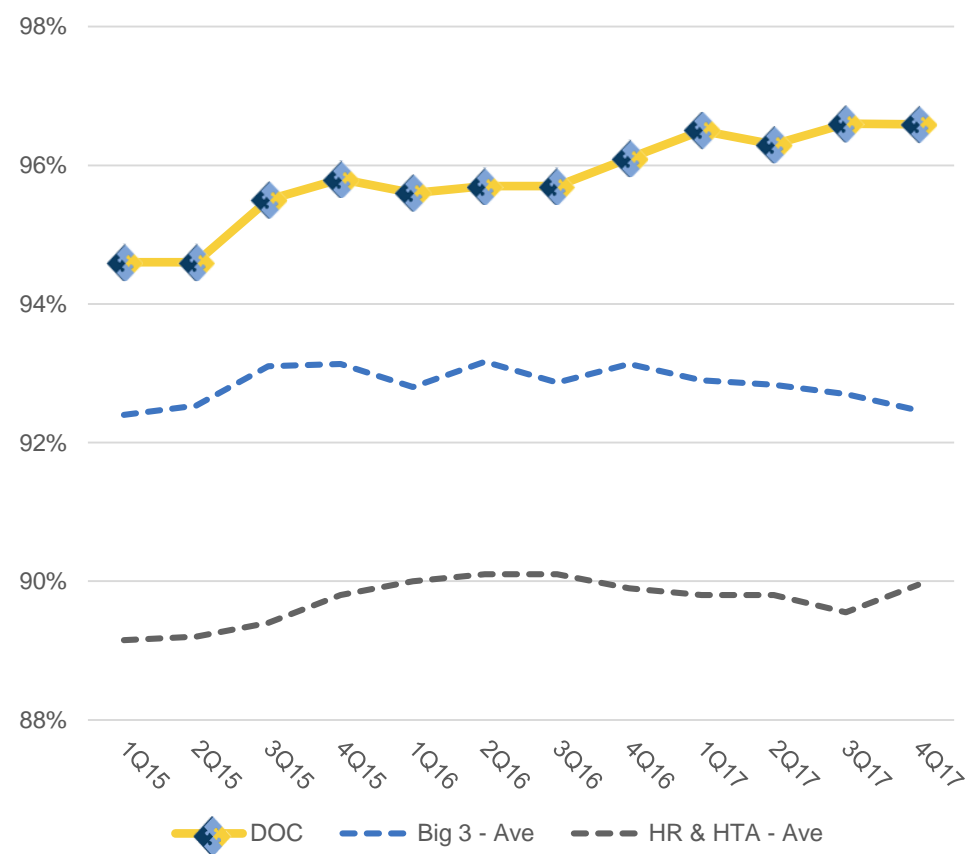
# Proven Portfolio Stability



**Near Term Lease Expirations**  
(Average % ABR – 2018 to 2022)



**Portfolio % Leased**



# Unparalleled Relationships with Healthcare Operators



- Nation's 5<sup>th</sup> largest non-profit hospital system <sup>(1)</sup>
- Operates in 17 states and is comprised of 103 hospitals <sup>(2)</sup>
- BBB+ <sup>(3)</sup> / BBB+ <sup>(4)</sup> / Baa1 <sup>(5)</sup> credit ratings from Standard & Poor's, Fitch and Moody's respectively
- 10 CHI hospitals are ranked #10 or higher in their respective state, including St. Vincent Infirmiry (pictured above) which is #1 in AR <sup>(6)</sup>
- 525,234 hospital admissions in FY 2016 <sup>(2)</sup>



- Nation's 9<sup>th</sup> largest non-profit hospital system <sup>(1)</sup>
- 48 owned, operated, joint-ventured and affiliated hospitals <sup>(7)</sup>
- Baylor Scott & White Health employs over 44,000 people and nearly 9,600 physicians <sup>(7)</sup>
- AA- <sup>(3)</sup> / Aa3 <sup>(5)</sup> ratings from Standard & Poor's and Moody's respectively
- 208,789 hospital admissions in FY 2016 <sup>(7)</sup>



- Part of Ascension Health, the nation's largest non-profit hospital system <sup>(1)</sup>
- St. Vincent operates 20 healthcare facilities in Indiana <sup>(8)</sup>
- Ascension has AA+ <sup>(3)</sup> / AA+ <sup>(4)</sup> / Aa2 <sup>(5)</sup> credit ratings from Standard & Poor's, Fitch and Moody's respectively
- St. Vincent Indianapolis (pictured above) is ranked #2 in Indiana <sup>(6)</sup>
- Ascension Health (parent of St. Vincent) had 777,593 admissions in FY 2016 <sup>(9)</sup>



- Operates 3 hospitals in Atlanta and North Georgia <sup>(10)</sup>
- Northside Hospital-Atlanta delivers more babies than any other single hospital in the United States <sup>(10)</sup>
- Northside Hospital Health System diagnoses and treats the most cancer cases in Georgia and the most breast cancer cases in the Southeast <sup>(10)</sup>
- In 2016, Forbes named Northside Hospital-Atlanta to its list of America's Best Employers, ranking it #18 in the nation and #1 in Georgia <sup>(10)</sup>
- 56,020 hospital admissions in FY 2016 <sup>(10)</sup>

(1) Becker Nonprofit Hospital Report 2015

(2) Catholic Health Initiatives Locations Brochure

(3) Modern Healthcare 2016

(4) Fitch Ratings

(5) Moody's Investor Service

(6) U.S. News and World Report, Best Hospital Rankings 2016

(7) Baylor Scott & White Website

(8) St. Vincent Website

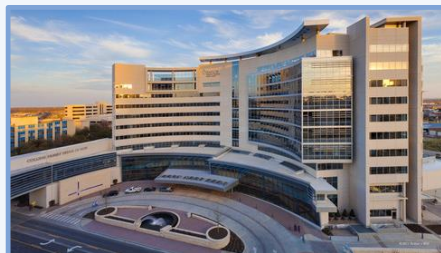
(9) Ascension Health Annual Report

(10) Northside Hospital System Fact Sheet

# Relationship Sourced Acquisitions



## Baylor Cancer Center



**Baylor Charles A. Sammons  
Cancer Center: Dallas, TX:**

## MOB ROFR Portfolio



**Four MOBs (Two in Georgia &  
Two in Indiana):**

## Gwinnett MOB Portfolio



**Three MOBs  
(Atlanta, GA):**

<b>Properties</b>	1	4	3
<b>Square Feet</b>	458,396	672,151	269,393
<b>On/Off Campus</b>	On	3 On / 1 Off	On
<b>WALTR at Purchase (Years)</b>	8.6	8.3	5.7
<b>Occupancy</b>	94.9%	98.4%	97.3%
<b>Total Purchase Price (Millions)</b>	\$290.0	\$287.9	\$100.7
<b>Major Tenants</b>	Baylor Health Care	Northside Hospital St. Vincent	Gwinnett Medical Group
<b>S&amp;P<sup>(1)</sup>/Fitch<sup>(2)</sup>/Moody's<sup>(3)</sup> Credit Rating</b>	Baylor Heath Care AA+ / NA / Aa3	St. Vincent / Ascension AA+ / AA+ / Aa2	Gwinnett Hospital System NA / A+ / A3

(1) Modern Healthcare 2016  
(2) Fitch Ratings  
(3) Moody's Investor Service

# Strong Liquidity with Access to Various Sources of Capital

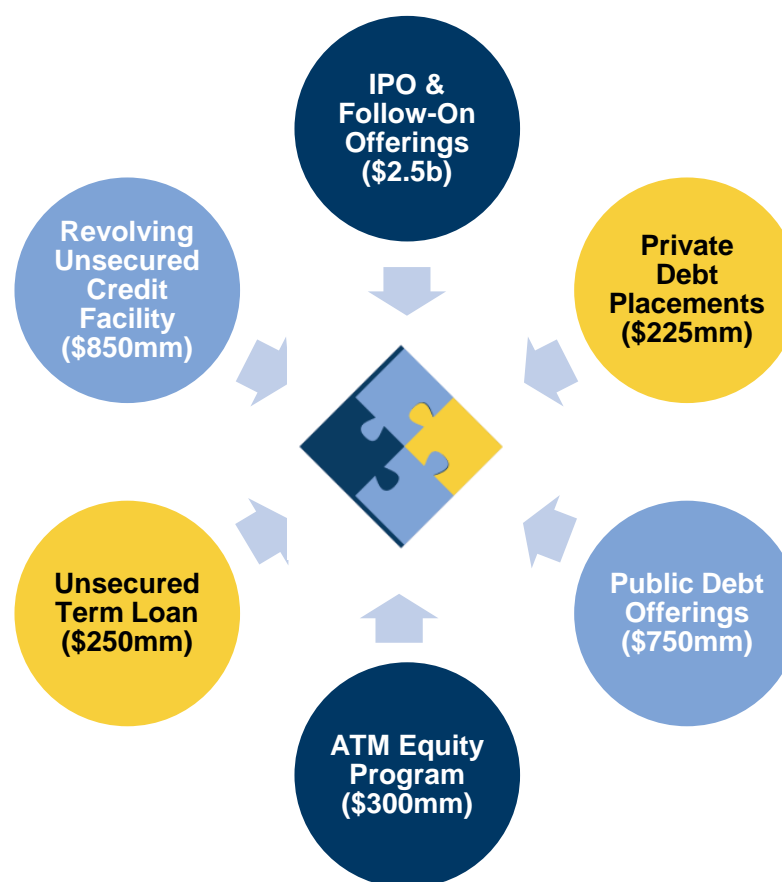
*Extensive relationships allow for flexibility in financing*

## Demonstrated experience in accessing the capital markets...

- *Nine Follow-On Offerings*
- *Amended and Expanded Credit Facility*
- *\$300 million ATM Program*
- *Multiple Direct Private Debt Placements*
- *Two Public Debt Offerings*

**Investment Grade Rated by Moody's (Baa3) and S&P (BBB-)**

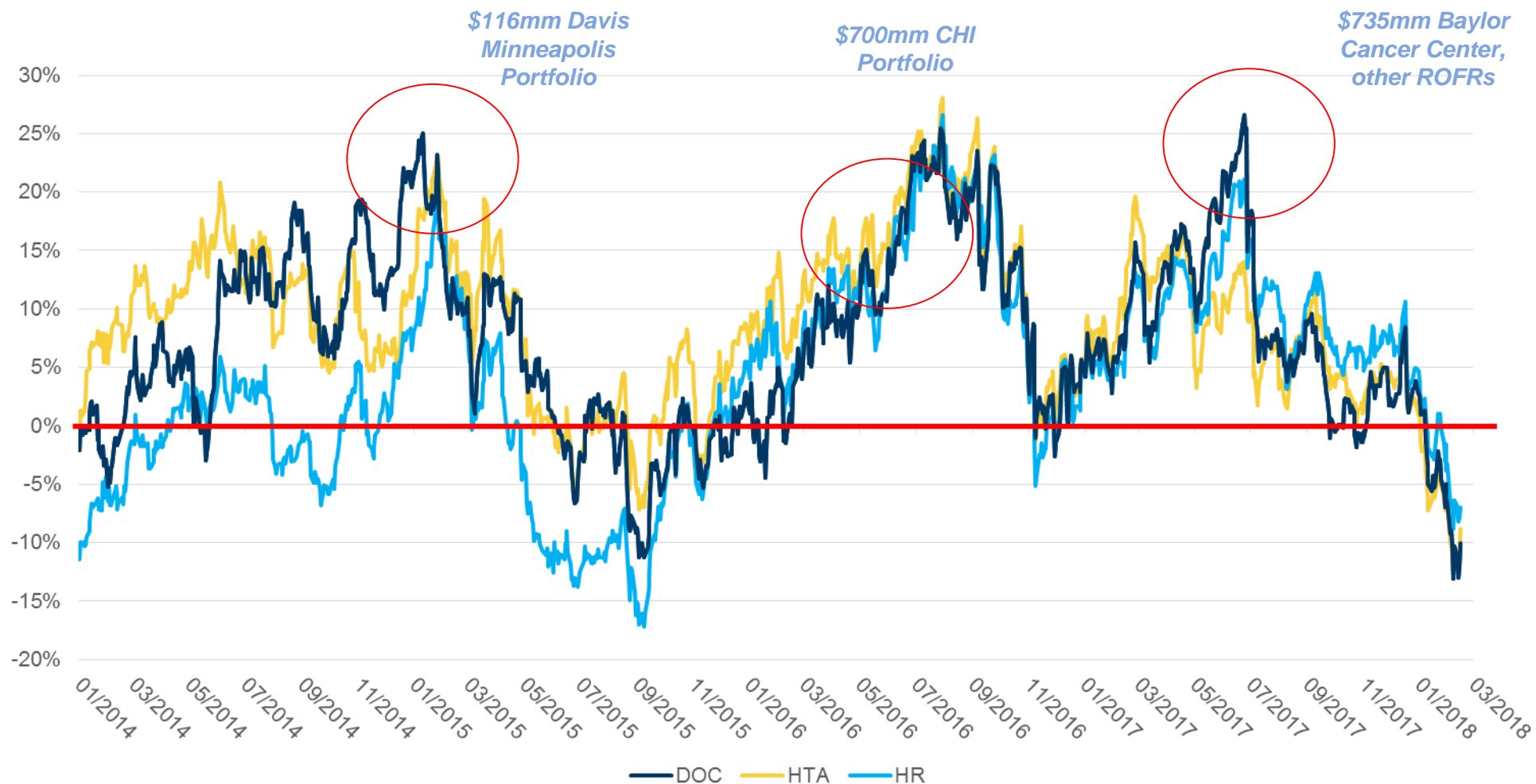
**Unencumbered Asset Value of over \$3.7b as of December 31, 2017**





# Matching Acquisitions to Cost of Capital

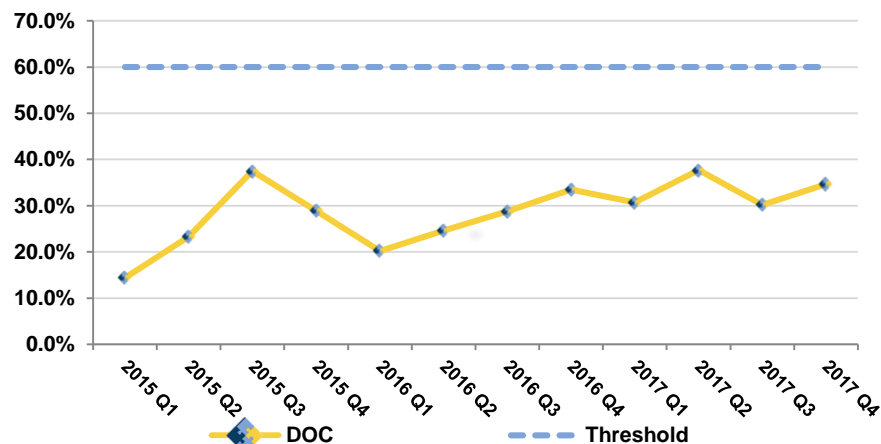
Premium to Analyst Estimates of NAV



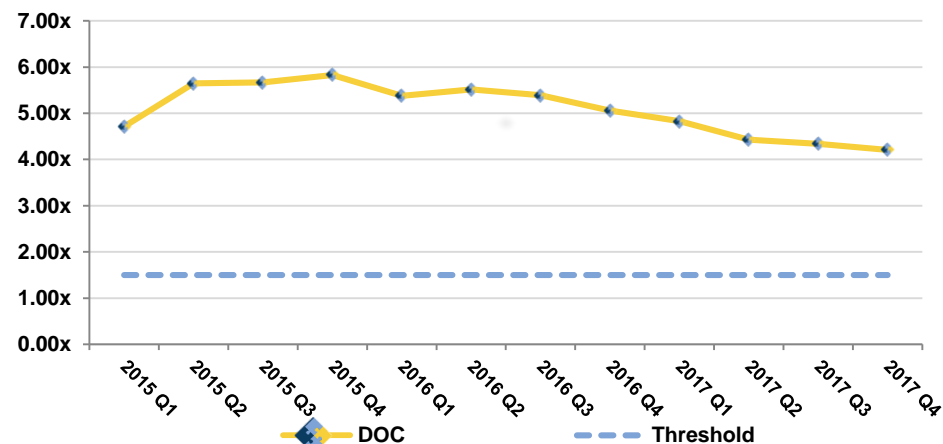
# Responsible, Measured Leverage



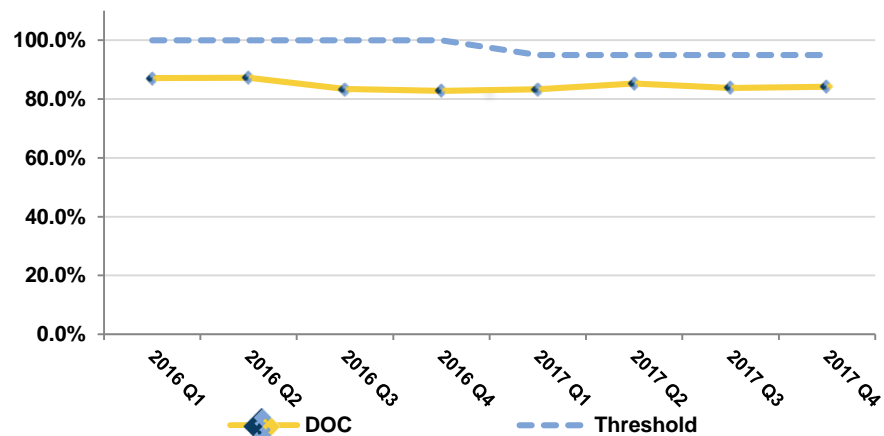
Consolidated Leverage Ratio



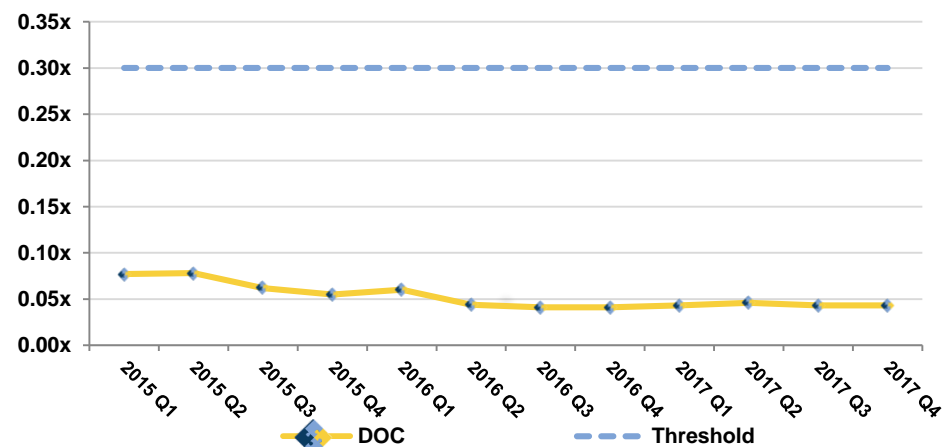
Fixed Charge Coverage Ratio



Dividends as % of FFO

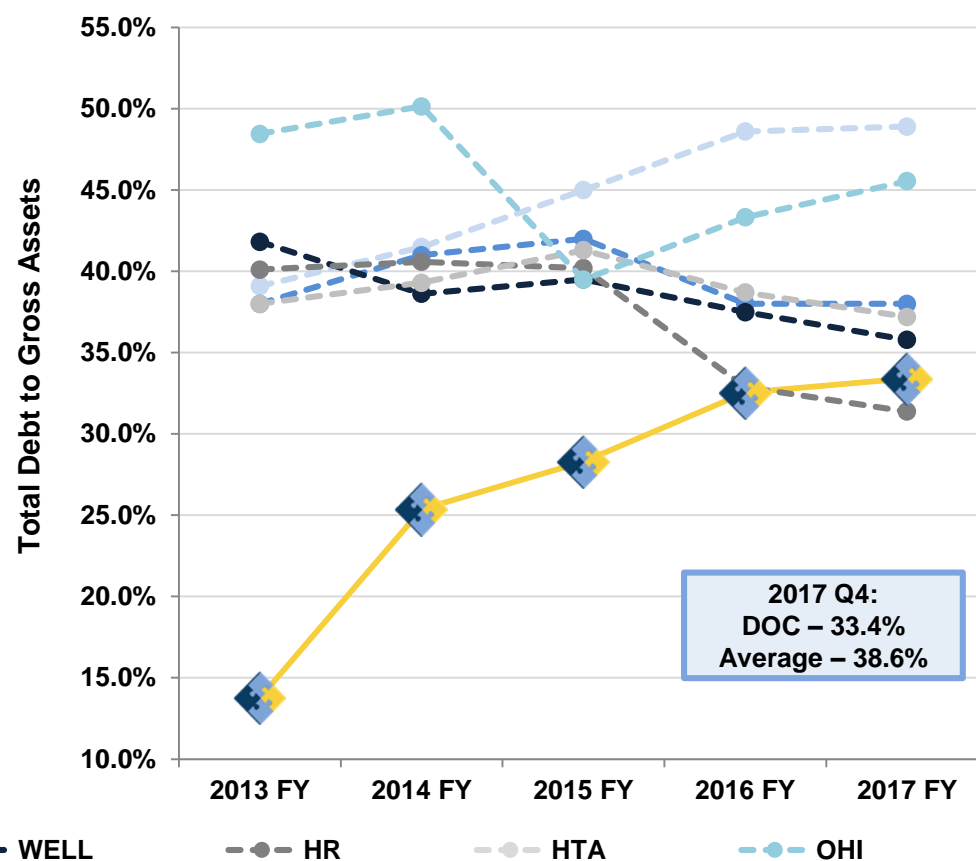
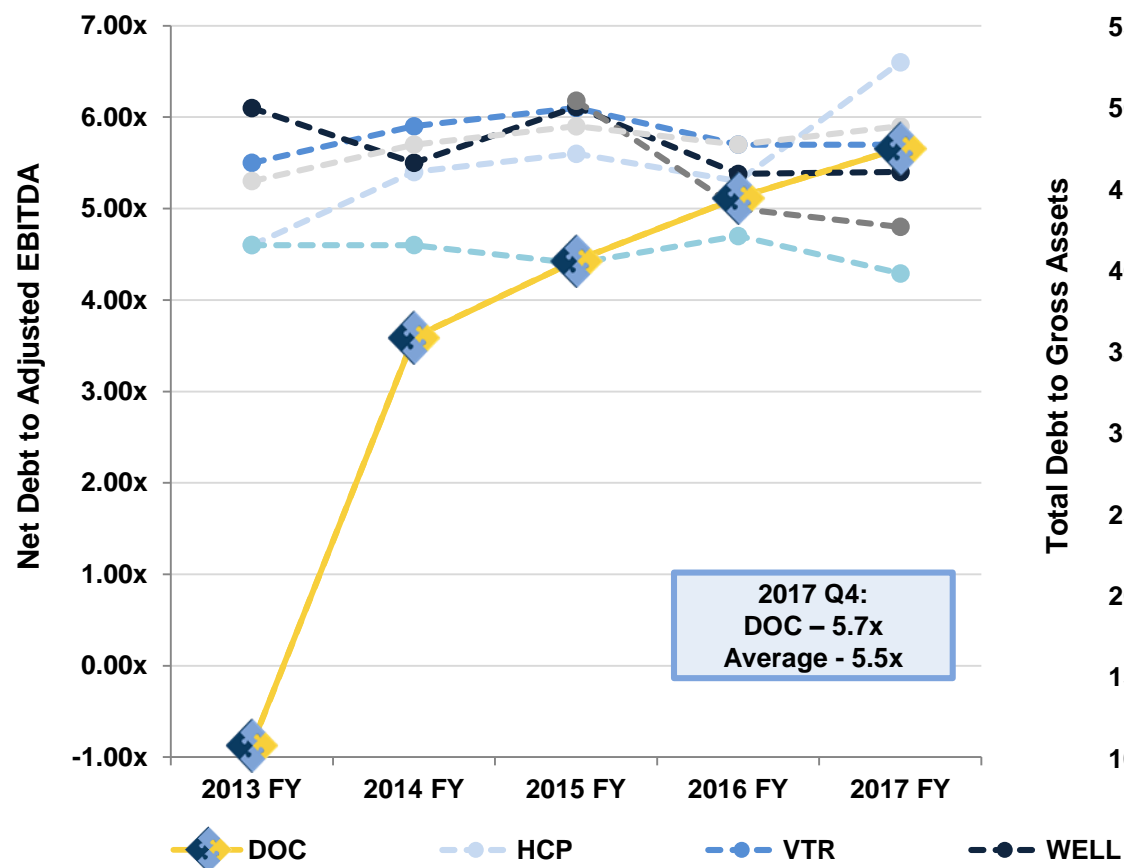


Secured Debt Ratio



# Superior Credit Profile

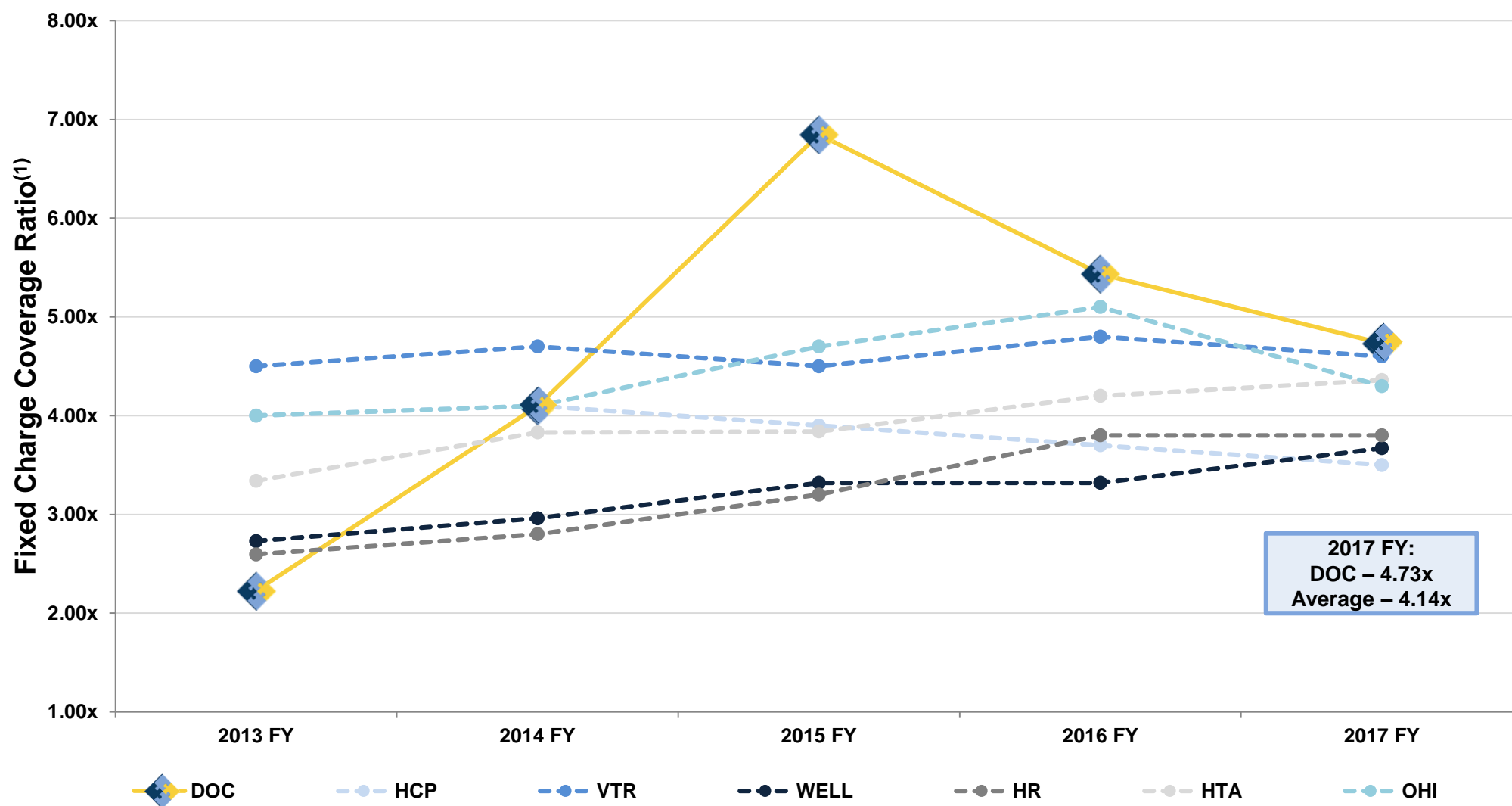
*DOC maintains exceptional credit profile despite rapid growth*



# Superior Credit Profile



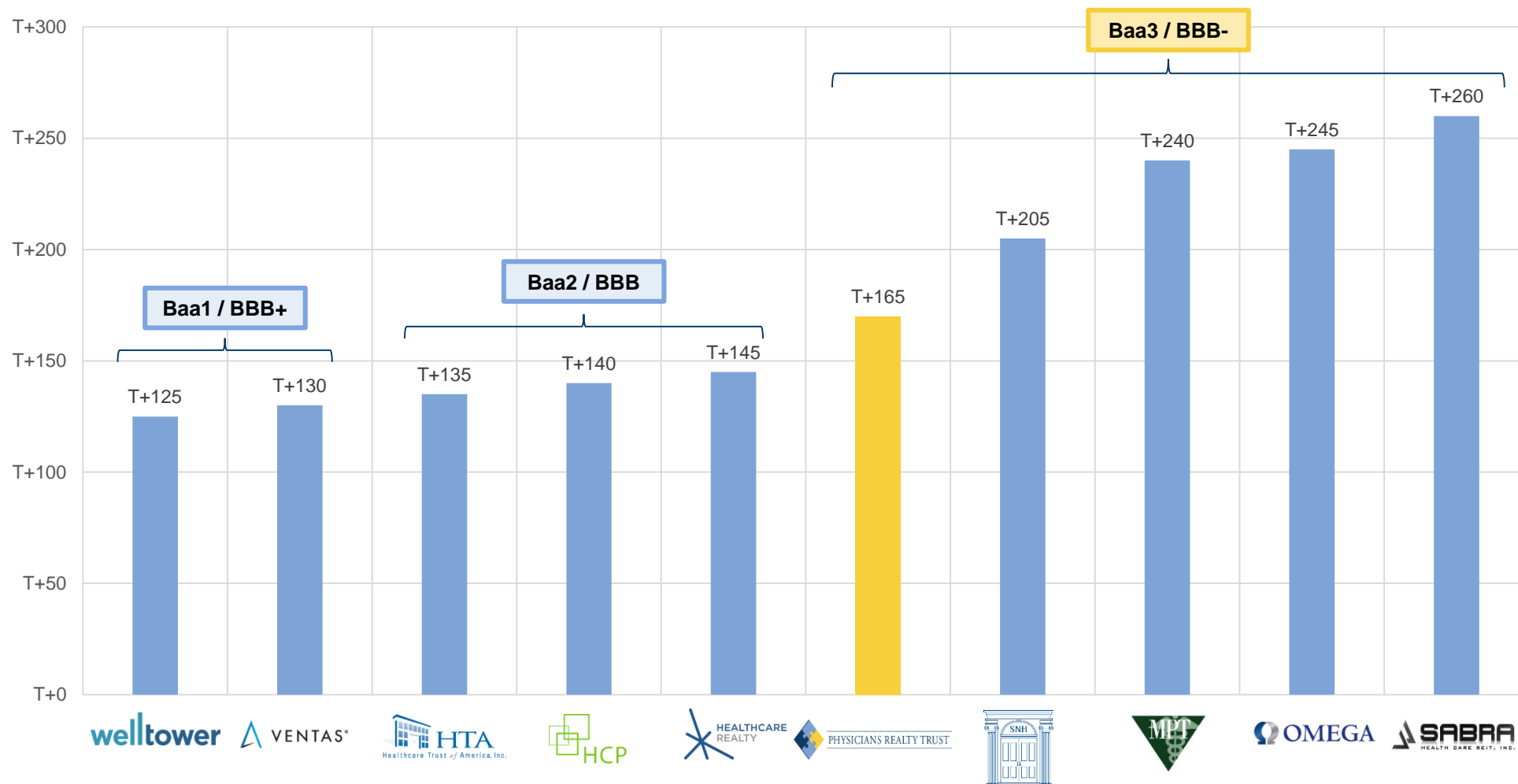
*DOC has a peer leading Fixed Charge Coverage ratio*



# Cost of Unsecured Bonds

*DOC recently issued \$350 million of new 10-year bonds more than 40 bps inside its peer group*

**Indicative 10-year New Issue Spread of Senior Unsecured Bonds**

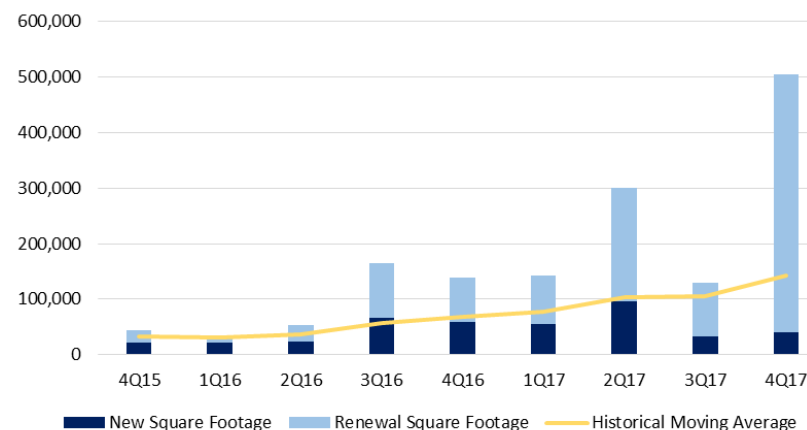


Source: Jefferies LLC / November 2017 Analysis

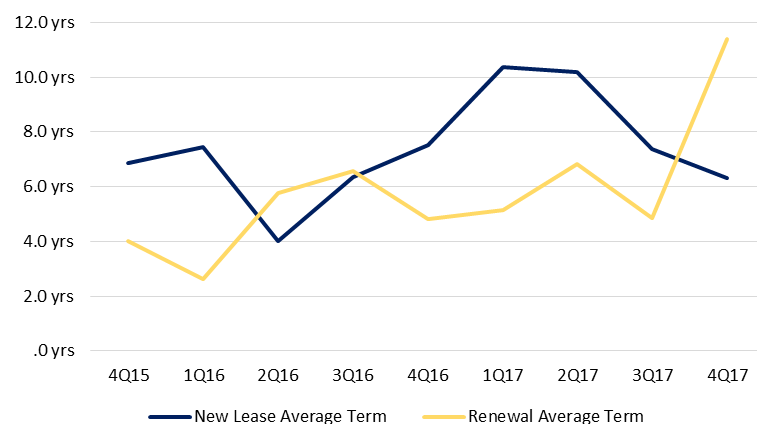
# Leasing Growth and Historical Success

- As portfolio square footage has grown exponentially over the past several years, portfolio leasing activity has matched this growth to maintain industry-leading occupancy
- Achieved seven straight quarters of positive net absorption from 3Q15 to 1Q17
- Average lease length for leasing activity in 2017 is 9.1 years for new leases and 8.9 years for renewals (up from 6.6 years for new leases and 5.6 years for renewals in 2016)
- Average annual escalations for leasing activity in 2017 is 2.79% for new leases and 2.17% for renewals (up from 2.18% for new leases and 1.90% for renewals in 2016)

## Historical Leasing Activity



## Average Term – New Leases and Renewals



## Quarterly New Leasing Activity – Percent of Total Vacancy

