

Physicians Realty Trust
Form 424B4
May 21, 2014

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**Filed Pursuant to Rule 424(b)(4)
Registration Statement No. 333-195746**

PROSPECTUS

11,000,000 Common Shares

We are selling 11,000,000 of our common shares of beneficial interest, \$0.01 par value per share. We are a self-managed healthcare real estate company that acquires, selectively develops, owns and manages healthcare properties that are leased to physicians, hospitals and healthcare delivery systems. We invest in real estate that is integral to providing high quality healthcare services. Our properties typically are on a campus with a hospital or other healthcare facilities or strategically located and affiliated with a hospital or other healthcare facilities. Our management team has significant public healthcare real estate investment trust ("REIT") experience and long established relationships with physicians, hospitals and healthcare delivery system decision makers that we believe will provide quality investment opportunities to generate attractive risk-adjusted returns to our shareholders.

Our common shares trade on the New York Stock Exchange under the symbol "DOC." On May 20, 2014, the last sale price of our common shares as reported on the New York Stock Exchange was \$12.58 per share.

We are a Maryland real estate investment trust and will elect to be taxed as a REIT for U.S. federal income tax purposes beginning with our short taxable year ending December 31, 2013 upon the filing of our federal income tax return for such year. Our common shares are subject to restrictions on ownership and transfer that are intended, among other purposes, to assist us in qualifying and maintaining our qualification as a REIT. Our declaration of trust, subject to certain exceptions, limits ownership to no more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our shares of beneficial interest.

We are an "emerging growth company" under the federal securities laws and have reduced public company reporting requirements. Investing in our common shares involves risks that are described in the "Risk Factors" section beginning on page 26 of this prospectus.

	Per Share	Total
Public offering price	\$ 12.50	\$ 137,500,000
Underwriting discount(1)	\$ 0.5938	\$ 6,531,800
Proceeds, before expenses, to us	\$ 11.9062	\$ 130,968,200

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(1) See "Underwriting" for additional disclosure regarding the underwriting discounts and commissions and other expenses payable to the underwriters by us.

The underwriters may also exercise their option to purchase up to an additional 1,650,000 common shares from us, at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The common shares will be ready for delivery on or about May 27, 2014.

Joint Book-Running Managers

BofA Merrill Lynch

KeyBanc Capital Markets

Wunderlich Securities

Co-Lead Managers

BMO Capital Markets

Stifel

Co-Managers

Janney Montgomery Scott

Regions Securities LLC

Comerica Securities

Compass Point

J.J.B. Hilliard, W.L. Lyons, LLC

RBS

Ziegler

The date of this prospectus is May 20, 2014

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You should rely only on the information contained in this prospectus, any free writing prospectus prepared by us or information to which we have referred you, including any information incorporated by reference herein. We have not authorized anyone to provide information that is different. This document may only be used in jurisdictions where it is legal to sell these securities. You should assume that the information appearing in this prospectus, any free writing prospectus prepared by us or information to which we have referred you, including any information incorporated by reference herein, is accurate only as of their respective dates or on the date or dates specified in those documents. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.

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For investors outside of the United States: Neither we nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in this prospectus. It is not complete and may not contain all of the information that you should consider before making an investment in our common shares. You should read carefully the entire prospectus, including the information set forth under "Risk Factors" and the information incorporated by reference in this prospectus, including our Annual Report on Form 10-K for the year ended December 31, 2013, which we refer to as our "2013 10-K" and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014, which we refer to as our "First Quarter 2014 10-Q."

Unless the context otherwise requires or indicates references in this prospectus to "we," "us," "our," "our company," the "Company," and "Physicians Realty" refer to Physicians Realty Trust, a Maryland real estate investment trust, together with its consolidated subsidiaries, including Physicians Realty L.P., a Delaware limited partnership, which we refer to in this prospectus as our "operating partnership," and the historical business and operations of four healthcare real estate funds that we have classified for accounting purposes as our "Predecessor" and which we sometimes refer to as the "Ziegler Funds." Unless the context otherwise requires or indicates, the information set forth in this prospectus assumes that the underwriters' option to acquire additional common shares is not exercised.

Overview

We are a self-managed healthcare real estate company organized in April 2013 to acquire, selectively develop, own and manage healthcare properties that are leased to physicians, hospitals and healthcare delivery systems. We invest in real estate that is integral to providing high quality healthcare services. Our properties are typically located on a campus with a hospital or other healthcare facilities or strategically located and affiliated with a hospital or other healthcare facilities. We believe the impact of government programs and continuing trends in the healthcare industry create attractive opportunities for us to invest in health care related real estate. Our management team has significant public healthcare REIT experience and has long established relationships with physicians, hospitals and healthcare delivery system decision makers that we believe will provide quality investment and growth opportunities. Our principal investments include medical office buildings, outpatient treatment facilities, acute and post-acute care hospitals, as well as other real estate integral to health care providers. We seek to generate attractive risk-adjusted returns for our shareholders through a combination of stable and increasing dividends and potential long-term appreciation in the value of our properties and our common shares.

We completed our initial public offering ("IPO") in July 2013, pursuant to which we issued an aggregate of 11,753,597 common shares, including common shares issued upon exercise of the underwriters' over-allotment option, and received approximately \$123.8 million of net proceeds. We contributed the net proceeds of the IPO to our operating partnership in exchange for 11,753,597 common units in our operating partnership ("OP Units"). Simultaneously with the closing of our IPO, we completed a series of related formation transactions pursuant to which we acquired 19 medical office buildings located in ten states with approximately 524,048 net leasable square feet in exchange for 2,744,000 OP Units, and the assumption of approximately \$84.3 million of debt related to such properties. We used a portion of the proceeds from the IPO to repay approximately \$36.9 million of such debt, to purchase the 50% interest in the Arrowhead Common property not owned by the Ziegler Funds for approximately \$850,000, after which we became the 100% owner of that property, and to pay certain expenses related to the assumption of debt and our senior secured revolving credit facility.

After the completion of our IPO in 2013, we acquired eight additional properties located in six states with 377,295 net leasable square feet for an aggregate of approximately \$132.3 million, including the issuance of 954,877 OP Units and we acquired approximately 40% and 35% of the joint venture

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interests we did not own with respect to two of our existing properties, which resulted in our 100% ownership of those properties.

In December 2013, we completed a public offering ("2013 Follow-On Offering") of 9,545,000 common shares of beneficial interest, including 1,245,000 shares issued upon exercise of the underwriters' over-allotment option, resulting in net proceeds to us of approximately \$103.1 million. We contributed the net proceeds of this offering to our operating partnership in exchange for 9,545,000 OP Units, and our operating partnership used the net proceeds of the public offering to repay borrowings under our senior secured revolving credit facility and for general corporate and working capital purposes, funding acquisitions, and development activities.

Since the 2013 Follow-On Offering, we have acquired 17 properties located in six states with 691,810 net leasable square feet for an aggregate of approximately \$178.6 million. As of the date of this prospectus, our portfolio consisted of 44 properties located in 16 states with 1,588,115 net leasable square feet. As of March 31, 2014, our properties were approximately 93.5% leased with a weighted average remaining lease term of approximately 10.1 years and approximately 60.5% of the net leasable square footage of our portfolio was affiliated with a healthcare delivery system and approximately 65.2% of the net leasable square footage of our properties is located within approximately ¹/₄ mile of a hospital campus. Of the 44 properties in our portfolio as of the date of this prospectus, 38 are medical office buildings, three are post-acute care hospitals and three are surgical hospitals. Approximately 88.1% of the annualized base rent payments from our properties as of March 31, 2014 are from triple net leases, pursuant to which the tenants are responsible for all operating expenses relating to the property, including but not limited to real estate taxes, utilities, property insurance, routine maintenance and repairs, and property management. This structure helps insulate us from increases in certain operating expenses and provides relatively predictable cash flow. We seek to structure our triple net leases to generate attractive returns on a long-term basis. Our leases typically have initial terms of five to 15 years and include annual rent escalators of approximately 2%. Our operating results depend significantly upon the ability of our tenants to make required rental payments. We believe that our portfolio of medical office buildings and other healthcare facilities will enable us to generate stable cash flows over time because of the diversity of our tenants, staggered lease expiration schedule, long-term leases, and low historical occurrence of tenants defaulting under their leases. As of March 31, 2014, leases representing 1.5%, 1.7% and 4.7% of leasable square feet in our portfolio will expire in 2014, 2015 and 2016, respectively.

We had no business operations prior to completion of the IPO and the formation transactions on July 24, 2013. Our Predecessor, which is not a legal entity, is comprised of the four healthcare real estate funds managed by B.C. Ziegler & Company ("Ziegler"), which we refer to as the Ziegler Funds, that owned directly or indirectly interests in entities that owned the initial properties we acquired on July 24, 2013 in connection with completion of our IPO and related formation transactions.

We are a Maryland real estate investment trust and will elect to be taxed as a REIT for U.S. federal income tax purposes beginning with our short taxable year ending December 31, 2013 upon the filing of our federal income tax return for such year. We conduct our business through an UPREIT structure in which our properties are owned by our operating partnership directly or through limited partnerships, limited liability companies or other subsidiaries. We are the sole general partner of our operating partnership and, as of March 31, 2014, own approximately 85.4% of the partnership interests in our operating partnership.

Our Objectives and Growth Strategy

Our principal business objective is to provide attractive risk-adjusted returns to our shareholders through a combination of (i) sustainable and increasing rental income and cash flow that generates reliable, increasing dividends, and (ii) potential long-term appreciation in the value of our

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properties and common shares. Our primary strategies to achieve our business objective are to invest in, own and manage a diversified portfolio of high quality healthcare properties and pay careful attention to our tenants' real estate strategies, which we believe will drive high retention, high occupancy and reliable, increasing rental revenue and cash flow.

We intend to grow our portfolio of high-quality healthcare properties leased to physicians, hospitals, healthcare delivery systems and other healthcare providers primarily through acquisitions of existing healthcare facilities that provide stable revenue growth and predictable long-term cash flows. We may also selectively finance the development of new healthcare facilities through joint venture or fee arrangements with premier healthcare real estate developers. Generally, we only expect to make investments in new development properties when approximately 70% or more of the development property has been pre-leased before construction commences. We seek to invest in properties where we can develop strategic alliances with financially sound healthcare providers and healthcare delivery systems that offer need-based healthcare services in sustainable healthcare markets. We focus our investment activity on the following types of healthcare properties:

medical office buildings

outpatient treatment and diagnostic facilities

physician group practice clinics

ambulatory surgery centers

specialty hospitals and treatment centers

acute care hospitals

post-acute care hospitals and long-term care facilities

We may opportunistically invest in life science facilities, assisted living and independent senior living facilities and in the longer term, senior housing properties, including skilled nursing. Consistent with our intent to qualify as a REIT, we may also opportunistically invest in companies that provide healthcare services, in joint venture entities with operating partners, structured to comply with the REIT Investment Diversification Act of 2007 ("RIDEA").

In connection with our review and consideration of healthcare real estate investment opportunities, we generally take into account a variety of market considerations, including:

whether the property is anchored by a financially-sound healthcare delivery system or whether tenants have strong affiliation to a healthcare delivery system;

the performance of the local healthcare delivery system and its future prospects;

property location, with a particular emphasis on proximity to healthcare delivery systems;

demand for medical office buildings and healthcare related facilities, current and future supply of competing properties, and occupancy and rental rates in the market;

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population density and growth potential;

ability to achieve economies of scale with our existing medical office buildings and healthcare related facilities or anticipated investment opportunities; and

existing and potential competition from other healthcare real estate owners and operators

Property Acquisitions in 2014

As of the date of this prospectus, in 2014 we have completed acquisitions of 17 healthcare properties located in six states containing an aggregate of 691,810 net leasable square feet for an

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aggregate of approximately \$178.6 million using proceeds from our 2013 Follow-On Offering, borrowings under our senior secured revolving credit facility and mortgage financing.

Property(1)	Location	Acquisition Date	Occupancy Rate (as of the Acquisition Date)	Square Footage	Purchase Price
Foundations San Antonio Surgical Hospital	San Antonio, TX	February 19, 2014	100%	45,954	\$ 25,555,555
Eagles Landing Family Practice 4 MOBs	Atlanta, GA	February 19, 2014	100%	68,711	\$ 20,800,000
21st Century Oncology 4 MOBs	Sarasota, FL	February 26, 2014	100%	46,895	\$ 17,486,000
Foundations San Antonio MOB	San Antonio, TX	February 28, 2014	100%	22,832	\$ 6,800,000
Peachtree Dunwoody MOB	Atlanta, GA	February 28, 2014	96%	131,368	\$ 36,726,000
LifeCare LTACH	Fort Worth, TX	March 28, 2014	100%	80,000	\$ 27,160,493
LifeCare LTACH	Pittsburgh, PA	March 28, 2014	100%	154,910	\$ 12,839,507
PinnacleHealth MOB	Harrisburg, PA	April 22, 2014	100%	27,607	\$ 6,219,083
PinnacleHealth MOB	Carlisle, PA	April 22, 2014	100%	15,517	\$ 2,988,917
Grenada Medical Complex	Grenada, MS	April 30, 2014	94.7%	52,818	\$ 7,100,000
South Bend Orthopaedics MOB	Mishawaka, IN	April 30, 2014	100%	45,198	\$ 14,900,000

(1) "MOB" means medical office building and "LTACH" means long term acute care hospital.

Pending Acquisition

On April 24, 2014, through our operating partnership, we entered into an Agreement of Sale and Purchase to purchase an approximately 28,572 square foot medical office building known as the Carmel Medical Pavilion, located 13431 Old Meridian Road, Carmel, Indiana for \$4.6 million in cash and common units of limited partnership units in our operating partnership. We expect this acquisition to close in May 2014. The closing is subject to customary conditions, including accuracy of representations and satisfaction of a due diligence investigation. There can be no assurance that we will complete this transaction at that time or at all.

Other Recent Developments

On January 2, 2014, we funded our previously announced mezzanine loan in the approximate amount of \$6.9 million ("Mezzanine Loan") to entities controlled by MedProperties, L.L.C., a Dallas, Texas based private investor in medical facilities ("MedProperties"). The Mezzanine Loan is secured by MedProperties' ownership interest in two special purpose entities that own a surgical hospital located in San Antonio, Texas (the "Surgical Hospital") and an inpatient rehabilitation facility located in Scottsdale, Arizona (the "Rehab Hospital," and together with the Surgical Hospital, the "Hospitals"). The Mezzanine Loan has a five year term, is interest-only during the term and bears interest at a 9% fixed annual interest rate. As part of the consideration for providing the Mezzanine Loan, the Company has an option to acquire the property leased to the Hospitals at a formula purchase price during year four of the Mezzanine Loan based on a fixed capitalization rate.

On January 10, 2014, we completed a \$7.8 million mortgage financing on Foundation Surgical Affiliates Medical Care Building in Oklahoma City, Oklahoma. The loan has a seven year term and bears interest at a rate of 4.71% per annum.

On January 24, 2014, we completed a \$18.8 million mortgage financing on Crescent City Surgical Centre in New Orleans, Louisiana. The loan has a five year term, interest only payments and bears interest at a rate of 5.0% per annum. Also, we completed the acquisition of a 40% limited liability company membership interest in Jeff-Orleans Medical Development Real Estate, L.L.C, the entity that owns and leases to us the land on which the Crescent City Surgical Centre is situated, for \$1.3 million.

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On February 21, 2014, our operating partnership, as borrower, we, as parent guarantor, and certain subsidiaries of the operating partnership, as guarantors, entered into the Second Incremental Commitment Agreement and Third Amendment to the existing credit agreement dated August 29, 2013 with Regions Bank, as Administrative Agent, Regions Capital Markets, as Sole Lead Arranger and Sole Book Runner, and various other lenders, pursuant to which we agreed with the lenders to increase the borrowing capacity under the senior secured revolving credit facility from \$90 million to \$140 million. All other material terms of the credit agreement remain substantially unchanged. Subject to satisfaction of certain conditions, including additional lender commitments, we have the option to increase the borrowing capacity under the senior secured revolving credit facility to up to \$250 million.

On April 4, 2014, the audit committee of our board of trustees completed a "Response For Proposal" process to determine whom to engage to perform our independent public audit for the fiscal year ended December 31, 2014. As a result of that process, which included Plante & Moran, PLLC, the independent registered public accounting firm that performed audit and other assurance services for our Predecessor and us for the fiscal year ended December 31, 2013, the audit committee determined that it was in the best interest of the Company to appoint Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014. Additional information regarding the change in our independent registered public accounting firm can be found in our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 7, 2014.

On May 13, 2014, we hired Jeffrey Theiler, 40, as our Executive Vice President and Chief Financial Officer, effective July 7, 2014. John Lucey, our principal financial officer and principal accounting officer, will remain our principal accounting officer. Since January 2010, Mr. Theiler has served as an Equity Research Analyst at Green Street Advisors, Inc. from January 2010 to the present. From 2007 to 2008, Mr. Theiler served as Vice President of Banc of America Securities LLC in the Real Estate Investment Banking Division and from 2003 to 2007, Mr. Theiler worked in the Real Estate Investment Banking Division of Lehman Brothers. Mr. Theiler received his M.B.A. in Corporate Finance from the University of North Carolina at Chapel Hill Kenan-Flagler Business School, an M.S.P.H. in Environmental Science from Tulane University and a B.S. in Biology from Vanderbilt University. Additional information regarding the hiring of Mr. Theiler, his employment agreement and a future grant by us of restricted common shares to Mr. Theiler can be found in our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 14, 2014.

Our Management Team

Our senior executive officers have extensive experience investing in and developing healthcare related real estate through several real estate, credit and healthcare cycles. John Thomas, our President and Chief Executive Officer, most recently served as Executive Vice President-Medical Facilities Group of Health Care REIT (NYSE: HCN) where he was responsible for managing over \$5 billion of medical facilities and oversaw the acquisition and development of medical properties valued in excess of \$2.5 billion from 2009 to 2012. Prior to Health Care REIT, Mr. Thomas held senior healthcare executive management positions with the Sisters of Mercy Health System of St. Louis, Inc. and Baylor Health Care System. Mr. Thomas's experience includes managing medical office, outpatient care facilities, hospitals and research life science facilities. John Sweet, our Executive Vice President and Chief Investment Officer, established and managed the Ziegler Funds, whose properties comprised our initial portfolio. Prior to re-joining Ziegler in 2005 to establish the Ziegler Funds, Mr. Sweet was a co-founder of Windrose Medical Properties Trust ("Windrose"), a publicly-held healthcare REIT, which completed its initial public offering in August 2002. Mr. Sweet assisted in the creation and initial public offering of Windrose as an independent consultant and subsequent to its initial public offering joined the company as the Vice President Business Development where he was responsible for identifying and negotiating the acquisition of medical office buildings. Jeffrey Theiler, who will join us as our Executive Vice President and Chief Financial Officer, effective July 7, 2014, has served as an Equity

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Research Analyst at Green Street Advisors, Inc. since January 2010 and prior to that served as Vice President of Banc of America Securities LLC in the Real Estate Investment Banking Division and worked in the Real Estate Investment Banking Division of Lehman Brothers. Mr. Lucey, our Senior Vice President Principal Accounting and Reporting Officer, has more than twenty years of public company financial experience, of which more than ten of those years have been in the senior living healthcare industry. Since 2005, Mr. Lucey has served as the Director of Financial Reporting for Assisted Living Concepts, Inc. (NYSE: ALC), a senior housing operator with over 200 locations in 20 states and annual revenues of approximately \$230 million. Prior to Assisted Living Concepts, Mr. Lucey served as the Manager of Financial Reporting for Case New Holland from 2003 to 2005 and as a Division Controller at Monster Worldwide from 2001 to 2003. From 1996 to 2001, Mr. Lucey was the Director of Financial Reporting for Alterra Healthcare Corporation (now Brookdale Living Communities, NYSE: BKD). Mr. Lucey's experience includes various equity and debt offerings and mergers and acquisitions. From 2005 until completion of our IPO, Mark Theine, our Senior Vice President of Asset and Investment Management, was the senior asset manager for the properties we acquired from the Ziegler Funds. We believe our management team's long established, trusted relationships with physicians, hospitals and healthcare delivery system decision makers, provides to us and our shareholders a competitive advantage in sourcing attractive investment opportunities and growth opportunities. Our management team and trustees also have relationships and access to state and federal policy makers to stay informed with health care policy directions that may affect our investment decisions and management.

Our shared services agreement with Ziegler provides us with access to Ziegler's proprietary research and market analysis of the healthcare industry, as well as office space, IT support, accounting support and similar services, helping us to manage our overhead costs prudently. Founded in 1902, Ziegler is a national underwriter of tax exempt bonds for not-for-profit senior living providers, hospitals, and healthcare care delivery systems. In addition to its research team that provides research on over 500 healthcare organizations, Ziegler has over 60 investment banking professionals focused on the healthcare industry. We believe Ziegler's industry knowledge and relationships will help us identify and evaluate investment opportunities.

Healthcare Industry and Healthcare Real Estate Overview and Market Opportunity

The nature of healthcare delivery continues to evolve due to the impact of government programs, regulatory changes and consumer preferences. We believe these changes have increased the need for capital among healthcare providers and increased pressure on these providers to integrate more efficient real estate solutions in order to enhance the delivery of quality healthcare. In particular, we believe the following factors and trends are creating an attractive environment in which to invest in healthcare properties.

\$2.8 Trillion Healthcare Industry Projected to Grow to \$4.8 Trillion (and 19.6% of U.S. G.D.P.) by 2021. According to the U.S. Department of Health and Human Services, or HHS, healthcare spending accounted for 17.9% of U.S. gross domestic product, or GDP, in 2012. The general aging of the population, driven by the Baby Boomer generation and advances in medical technology and services which increase life expectancy, are key drivers of the growth in healthcare expenditures. The anticipated continuing increase in demand for healthcare services, together with an evolving complex and costly regulatory environment, changes in medical technology and reductions in government reimbursements are expected to pressure capital-constrained healthcare providers to find cost effective solutions for their real estate needs.

We believe the demand by healthcare providers for healthcare real estate will increase as health spending in the United States continues to increase. According to the Centers for Medicare & Medicaid Services' National Health Expenditure Projections 2011-2021, national

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healthcare expenditures continue to rise and are projected to grow from an estimated \$2.8 trillion in 2012 to \$4.8 trillion by 2021 representing an average annual rate of growth of 5.7%, reaching a projected 19.6% of GDP in 2021.

Aging Population. The aging of the U.S. population has a direct effect on the demand for healthcare as older persons generally utilize healthcare services at a rate well in excess of younger people. According to the U.S. Census Bureau, the U.S. population over 65 years of age is projected to more than double from 40.2 million to nearly 88.5 million and the 85 and older population is expected to more than triple, from 5.7 million in 2010 to 19.0 million between 2010 and 2050. Also according to the U.S. Census Bureau, the number of older Americans is growing as a percentage of the total U.S. population with the number of persons older than 65 estimated to comprise 13.0% of the total U.S. population in 2010 and projected to grow to 20.2% by 2050.

We believe that healthcare expenditures for the population over 65 years of age will continue to rise as a disproportionate share of healthcare dollars is spent on older Americans. We believe the older population group increasingly will require treatment and management of chronic and acute health ailments and that this increased demand for healthcare services will create a substantial need for additional medical office buildings and other facilities that serve the healthcare industry in many regions of the United States. Additionally, we believe there will likely be a focus on lowering the cost of outpatient care to support the aging U.S. population, which will continue to support medical office and outpatient facility property demand in the long term. We believe these trends will result in a substantial increase in the number of quality properties meeting our investment criteria.

We believe advances in medical technology will continue to enable healthcare providers to identify and treat once fatal illnesses and improve the survival rate of critically ill and injured patients who will require continuing medical care. Along with these technical innovations, the U.S. population is growing older and living longer.

Affordable Care Act (Estimated 30 Million More Insured by 2020 and Increased Market Certainty). The Patient Protection and Affordable Care Act (the "Affordable Care Act") constitutes a significant overhaul of many aspects of healthcare regulations and health insurance. We believe this evolution of U.S. health care policy creates the framework for healthcare services over the near term. The Affordable Care Act requires every American to have health insurance or be subjected to a tax. Those who cannot afford health insurance are offered insurance subsidies or Medicaid coverage. The U.S. Census Bureau estimates that approximately 50 million Americans did not have healthcare insurance in 2009. HHS predicts the Affordable Care Act will result in an additional 30 million Americans having healthcare insurance by 2020, which we believe will substantially increase the demand for healthcare services.

We believe the increase in the number of Americans with access to health insurance will result in an increase in physician office visits and an overall rise in healthcare utilization which in turn will drive a need for expansion of medical, outpatient, and smaller specialty hospital facilities. Additionally, the increased dissemination of health research through media outlets, marketing of healthcare products, and availability of advanced screening techniques and medical procedures have contributed to a more engaged population of healthcare users. This has created increased demand for customized facilities providing specialized, preventive and integrative healthcare services.

The Affordable Care Act further contains provisions which are designed to lower reimbursement amounts under Medicare and tie reimbursement levels to the quality of services provided. We believe these and other provisions of the Affordable Care Act will

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increase the pressure on healthcare providers to become more efficient in their business models, invest capital in their businesses, lower costs and improve the quality of care, which in turn will drive health care systems to monetize their real estate assets and create demand for new, modern and specialized facilities.

Clinical Care Continues to Shift to Outpatient Care. According to the American Hospital Association, procedures traditionally performed in hospitals, such as certain types of surgery, are increasingly moving to outpatient facilities driven by advances in clinical science, shifting consumer preferences, limited or inefficient space in existing hospitals and lower costs in the outpatient environment. This continuing shift toward delivering healthcare services in an outpatient environment rather than a traditional hospital environment increases the need for additional outpatient facilities and smaller, more specialized and efficient hospitals. Studies by the Medicare Payment Advisory Commission and others have shown that healthcare is delivered more cost effectively and with higher patient satisfaction when it is provided on an outpatient basis. Increasingly, hospital admissions are reserved for the critically ill, and less critical patients are treated on an outpatient basis with recuperation in their own homes. We believe the recently enacted Affordable Care Act and health care market trends toward outpatient care will continue to push health care services out of larger, older, inefficient hospitals and into newer, more efficient and conveniently located outpatient facilities and smaller specialized hospitals. We believe that increased specialization within the medical field is also driving demand for medical facilities designed specifically for particular specialties and that physicians want to locate their practices in medical office space that is in or adjacent to these facilities.

Physician Employment by Healthcare Delivery System Trend Improves Credit. According to a survey by Accenture, the total number of physicians is growing and the number and percentage of physicians employed by healthcare delivery systems and by large physician groups has increased in recent years, and this increase is expected to accelerate due to, among other factors, declining physician reimbursement and the increasing costs of practice due to changes under the Affordable Care Act, other healthcare regulations, expensive information technology and malpractice insurance.

According to the Accenture survey, U.S. physicians are continuing to seek to sell their private practices and seek employment with healthcare delivery systems. At the same time, hospitals are determining how to retain and recruit an appropriate mix of physicians, especially in high-growth practices such as cardiovascular care, orthopedics and oncology. We believe patients will increasingly move to large healthcare delivery systems, as opposed to the current trend of visiting doctors in private, small practice setting.

Also according to the Accenture survey, the rate of independent physicians employed by healthcare delivery systems will grow by an annual five percent over three years.

Additionally, we believe healthcare delivery systems will continue to consolidate in an effort to secure or expand market share, gain access to capital and achieve various economies of scale. Historically, this consolidation has been in the form of the expansion of investor-owned health systems through acquisitions or the merger of two or more tax-exempt health systems. Recently, new participants, such as private equity firms, have acquired hospital assets and invested capital in existing tax-exempt organizations. We believe the continuing trends in hospital systems' consolidation will accelerate the integration of physician practice groups and other clinicians with larger healthcare delivery systems and that accessing capital will continue to be a major area of focus for healthcare organizations, both in the short and long term. We believe physician employment by healthcare delivery systems and large group

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practices increases the demand for efficient real estate solutions and can lead to an improvement in the credit quality of our physician tenants and target physician tenants.

Health Care Industry Employment Growth. According to the U.S. Department of Labor's Bureau of Labor Statistics, the healthcare industry was the largest industry in the United States in 2010 providing nearly 14 million jobs. While total U.S. employment dropped by over 2% between 2000 and 2010, health care employment grew by more than 25% during the same period. The Bureau of Labor Statistics estimates that healthcare sector employment is projected to grow from over 14 million jobs in 2010 to nearly 18.3 million jobs in 2020, an increase of 30%, compared to only 13% growth for jobs in all other employment sectors. Of the approximately 4.3 million new healthcare jobs expected between 2010 and 2020, 63% are projected to arise in outpatient settings (offices of health practitioners, home health, and other non-institutional settings) with office employment projected to increase by nearly 1.4 million jobs and hospital employment projected to increase by over 940,000 jobs between 2010 and 2020.

The rate of employment growth in physicians' offices and outpatient care facilities has outpaced employment growth in hospitals during the past decade, further evidencing the trend of increased utilization of healthcare services outside traditional hospitals. These factors, in combination with changing consumer preferences and limitations on hospital expansion, have resulted in increased demand and need for medical office space, a trend which we expect will continue over the long term. We expect the continued growth in employment in the healthcare industry, and in particular the outpatient setting, will lead to growth in demand for medical office buildings and other facilities that serve the healthcare industry.

Highly Fragmented Market. The Journal of Real Estate Portfolios' research report on "Slicing, Dicing, and Scoping the Size of the U.S. Commercial Real Estate Market" estimates that there is more than \$1 trillion in U.S. healthcare real estate and less than 10% of all medical office/outpatient care facilities currently are owned by public REITs and even a smaller percentage of hospitals. While a large percentage of these assets are not desirable for institutional investment, we believe the market of desirable, institutional quality assets in our target asset classes is large and there is growing demand by healthcare providers for new, high quality specialized space. We believe the current highly fragmented ownership of these target assets by hospital systems, physician groups, local developers and smaller private investors, provides a significant source of investment opportunities for the foreseeable future.

According to Stifel's Fall 2011 industry analysis report entitled "Healthcare REITs, Senior Housing & Skilled Nursing Operations," Stifel estimates the value of the total supply of medical office buildings and out-patient facilities at approximately \$414 billion, with approximately \$262 billion available for private investment, and is expected to grow at approximately \$4.5 billion per year. In estimating facilities available for private investment, Stifel excludes medical office buildings and outpatient facilities located on hospital campuses or other property owned by government and buildings housing small physician practices that are likely not attractive to institutional investors. According to Jones Lang LaSalle, sales of medical office buildings with greater than 25,000 square feet amounted to \$5.33 billion in 2013.

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Limited New Supply We believe construction of medical office buildings and other healthcare facilities has been relatively constrained by the recent recession and uncertainty in U.S. healthcare policy, while available space was absorbed and physicians, hospitals and healthcare delivery systems planned for the implementation of the Affordable Care Act. According to Marcus and Millichap's first half 2014 Medical Office Research report, approximately 6 million square feet of new medical office space was delivered in 2013, which is significantly lower than the square feet of medical office space delivered from 2007 to 2009, when medical office inventory grew collectively by nearly 60 million square feet. We believe the low levels of new medical office space delivered and increasing demand in recent years will create a positive environment for both occupancy and rental rates in the near term and longer term. We believe these trends will result in an increase in the number of quality properties meeting our investment criteria.

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Competitive Strengths

We believe our management team's extensive public REIT and healthcare experience distinguishes us from many other real estate companies, both public and private. Specifically, our company's competitive strengths include, among others:

Strong Relationships with Physicians and Healthcare Delivery Systems. We believe our management team has developed a reputation among physicians, hospitals and healthcare delivery system decision makers of accessibility, reliability and trustworthiness. We believe this will result in attractive investment opportunities for us and high tenant satisfaction, leading to high occupancy rates, tenant retention and increasing cash flow from our properties.

Experienced Senior Management Team. Our senior management team has over 50 years of healthcare delivery system executive and related experience in healthcare real estate, finance, law, policy and clinical business development. Our management team's experience providing full service real estate solutions for the healthcare industry gives us a deep understanding of the dynamics and intricacies associated with insurance reimbursement practices, government regulation, cross-referrals, clinical interdependencies and patient behaviors. These same factors drive the profitability of the healthcare delivery systems with whom we are strategically aligned.

Investment Focus. We believe that healthcare-related real estate rents and valuations are less susceptible to changes in the general economy than many other types of commercial real estate due to demographic trends and the need-based rise in healthcare expenditures, even during economic downturns. For this reason, we believe healthcare-related real estate investments could potentially offer a more stable return to investors when compared to other types of real estate investments.

Nimble Management Execution. We expect to focus on individual investment opportunities of \$25 million or less in off market or lightly marketed transactions, with few transactions exceeding \$50 million. We established our company to identify and execute on these types and size of transactions efficiently, which we believe provides us an advantage over other healthcare real estate investors, such as the larger health care REITs, that focus on larger properties or portfolios in more competitively marketed investment opportunities.

Access to State and Federal Healthcare Policy Makers. Our management team and trustees have relationships and access to state and federal policy makers to stay informed with health care policy directions that may affect the investment decisions and management of the company.

Strong Healthcare Delivery System Affiliation and Diverse Medical Tenant Base. As of March 31, 2014, approximately 60.5% of the net leasable square footage of our properties are affiliated with a healthcare delivery system and approximately 65.2% of the net leasable square footage of our properties are located within approximately 1/4 mile of a hospital campus. We believe that a healthcare delivery system anchored property with a diversified, clinically interdependent tenant mix is important to the success of any healthcare facility, and our management team's understanding of the dynamics associated with tenant mix and clinical interdependency will be a key to our success. As of March 31, 2014, the leases for our properties have a weighted average remaining lease term of approximately 10.1 years and only 7.7% of our annualized rent expires over the following three years.

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Properties

The table below sets forth certain information, as of April 30, 2014, regarding the 44 properties in our portfolio and the one property that we have under contract to purchase:

PROPERTY	PROPERTY TYPE	PROPERTY LOCATION	YEAR BUILT	NET LEASABLE		% OWNED	ANNUALIZED PER LEASED		HEALTHCARE DELIVERY SYSTEM	PRINCIPAL TENANTS
				% SQUARE	FOOTAGE		ANNUALIZED PER LEASED	BASE RENT(SQUARE FOOT)		
INITIAL PROPERTIES(2)										
Arrowhead Commons	Medical Office Building	Phoenix, AZ	2004	100.0%	12,800	100.0%	\$ 317,952	\$ 24.84	N/A	Paseo Family Physicians
Aurora Medical Office Building	Medical Office Building	Green Bay, WI	2010	100.0%	9,112	100.0%	\$ 191,352	\$ 21.00	Aurora Health Care	Aurora Health Care
Austell Medical Office Building	Medical Office Building	Atlanta, GA	1971	100.0%	14,598	78.5%	\$ 178,612	\$ 15.59	Northside Hospital	Northside Hospital
Canton Medical Office Building	Medical Office Building	Atlanta, GA	1994	50.0%	38,098	100.0%	\$ 817,202	\$ 21.45	Northside Hospital	Northside Hospital
Decatur Medical Office Building	Medical Office Building	Atlanta, GA	1974	100.0%	13,300	100.0%	\$ 346,455	\$ 26.05	N/A	Georgia Urology, P.A.
El Paso Medical Office Building	Medical Office Building	El Paso, TX	1987	100.0%	21,777	100.0%	\$ 364,545	\$ 16.74	HCA	HCA Del Sol Medical Center
Farmington Professional Pavilion	Medical Office Building	Detroit, MI	&nb 1972							