Physicians Realty Trust
Form 10-K
February 28, 2019
falsefalse--12-31--12-31FYFY201820182018-12-3110-K0001574540000015839 94YesYesfalsefalseLarge Accelerated FilerNon-accelerated Filer0falsefalsefalsefalseNoNoYesNoP1Y80002000500000.0150000000018144005118241600718144005118241600 70.0120.0
0001574540 2018-01-01 2018-12-31 0001574540 2018-06-30 0001574540 2019-02-22 0001574540
doc:PhysiciansRealtyLPMember 2018-01-01 2018-12-31 0001574540 doc:PhysiciansRealtyLPMember 2018-06-30
0001574540 2017-12-31 0001574540 2018-12-31 0001574540 2017-01-01 2017-12-31 0001574540 2016-01-01
2016-12-31 0001574540 us-gaap:ParentMember 2016-01-01 2016-12-31 0001574540
doc:OperatingPartnershipNoncontrollingInterestMember 2017-01-01 2017-12-31 0001574540
us-gaap:NoncontrollingInterestMember 2017-12-31 0001574540 us-gaap:RetainedEarningsMember 2016-01-01
2016-12-31 0001574540 us-gaap:NoncontrollingInterestMember 2017-01-01 2017-12-31 0001574540
us-gaap:RetainedEarningsMember 2017-01-01 2017-12-31 0001574540 us-gaap:ParentMember 2017-01-01
2017-12-31 0001574540 us-gaap:AdditionalPaidInCapitalMember 2016-01-01 2016-12-31 0001574540
us-gaap:AdditionalPaidInCapitalMember 2018-01-01 2018-12-31 0001574540 us-gaap:ParentMember 2018-01-01
2018-12-31 0001574540 us-gaap:RetainedEarningsMember 2018-01-01 2018-12-31 0001574540
us-gaap:NoncontrollingInterestMember 2018-01-01 2018-12-31 0001574540 2015-12-31 0001574540
us-gaap:ParentMember 2017-12-31 0001574540 us-gaap:NoncontrollingInterestMember 2016-01-01 2016-12-31
0001574540 us-gaap:AdditionalPaidInCapitalMember 2017-01-01 2017-12-31 0001574540
us-gaap:AociIncludingPortionAttributableToNoncontrollingInterestMember 2017-12-31 0001574540
doc:PartiallyOwnedPropertiesNoncontrollingInterestMember 2017-01-01 2017-12-31 0001574540
us-gaap:AdditionalPaidInCapitalMember 2018-12-31 0001574540 us-gaap:CommonStockMember 2015-12-31
0001574540 us-gaap:NoncontrollingInterestMember 2018-12-31 0001574540
us-gaap:AociIncludingPortionAttributableToNoncontrollingInterestMember 2018-12-31 0001574540
doc:OperatingPartnershipNoncontrollingInterestMember 2016-01-01 2016-12-31 0001574540
us-gaap:CommonStockMember 2017-01-01 2017-12-31 0001574540 us-gaap:RetainedEarningsMember 2018-12-31
0001574540 doc:PartiallyOwnedPropertiesNoncontrollingInterestMember 2018-12-31 0001574540
doc:PartiallyOwnedPropertiesNoncontrollingInterestMember 2016-01-01 2016-12-31 0001574540
us-gaap:CommonStockMember 2016-01-01 2016-12-31 0001574540
doc:PartiallyOwnedPropertiesNoncontrollingInterestMember 2016-12-31 0001574540
us-gaap:AdditionalPaidInCapitalMember 2017-12-31 0001574540 us-gaap:NoncontrollingInterestMember
2015-12-31 0001574540 doc:PartiallyOwnedPropertiesNoncontrollingInterestMember 2017-12-31 0001574540
doc:PartiallyOwnedPropertiesNoncontrollingInterestMember 2015-12-31 0001574540
doc:OperatingPartnershipNoncontrollingInterestMember 2018-01-01 2018-12-31 0001574540
us-gaap:AdditionalPaidInCapitalMember 2016-12-31 0001574540
doc:OperatingPartnershipNoncontrollingInterestMember 2017-12-31 0001574540
us-gaap:NoncontrollingInterestMember 2016-12-31 0001574540
us-gaap:AociIncludingPortionAttributableToNoncontrollingInterestMember 2016-12-31 0001574540
us-gaap:RetainedEarningsMember 2017-12-31 0001574540 us-gaap:CommonStockMember 2018-01-01 2018-12-31
0001574540 doc:PartiallyOwnedPropertiesNoncontrollingInterestMember 2018-01-01 2018-12-31 0001574540
us-gaap:CommonStockMember 2017-12-31 0001574540
us-gaap:AociIncludingPortionAttributableToNoncontrollingInterestMember 2017-01-01 2017-12-31 0001574540
us-gaap:RetainedEarningsMember 2016-12-31 0001574540 us-gaap:ParentMember 2015-12-31 0001574540
us-gaap:AociIncludingPortionAttributableToNoncontrollingInterestMember 2018-01-01 2018-12-31 0001574540
us-gaap:RetainedEarningsMember 2015-12-31 0001574540 us-gaap:CommonStockMember 2016-12-31 0001574540
us-gaap:AdditionalPaidInCapitalMember 2015-12-31 0001574540 us-gaap:ParentMember 2018-12-31 0001574540
doc:OperatingPartnershipNoncontrollingInterestMember 2016-12-31 0001574540
us-gaap:AociIncludingPortionAttributableToNoncontrollingInterestMember 2016-01-01 2016-12-31 0001574540
doc:OperatingPartnershipNoncontrollingInterestMember 2018-12-31 0001574540 us-gaap:ParentMember 2016-12-31
0001574540 doc:OperatingPartnershipNoncontrollingInterestMember 2015-12-31 0001574540 2016-12-31

0001574540 us-gaap:CommonStockMember 2018-12-31 0001574540 doc:PhysiciansRealtyLPMember 2017-12-31
0001574540 doc:PhysiciansRealtyLPMember 2018-12-31 0001574540 doc:PhysiciansRealtyLPMember 2017-01-01
2017-12-31 0001574540 doc:PhysiciansRealtyLPMember 2016-01-01 2016-12-31 0001574540
doc:PhysiciansRealtyLPMember us-gaap:GeneralPartnerMember 2016-01-01 2016-12-31 0001574540
doc:PhysiciansRealtyLPMember us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-12-31 0001574540
doc:PhysiciansRealtyLPMember doc:PartnersCapitalMember 2018-01-01 2018-12-31 0001574540
doc:PhysiciansRealtyLPMember us-gaap:GeneralPartnerMember 2017-12-31 0001574540
doc:PhysiciansRealtyLPMember doc:PartnersCapitalMember 2016-01-01 2016-12-31 0001574540
doc:PhysiciansRealtyLPMember us-gaap:GeneralPartnerMember 2018-01-01 2018-12-31 0001574540
doc:PhysiciansRealtyLPMember doc:PartnersCapitalMember 2015-12-31 0001574540
doc:PhysiciansRealtyLPMember doc:PartiallyOwnedPropertiesNoncontrollingInterestMember 2016-01-01
2016-12-31 0001574540 doc:PhysiciansRealtyLPMember 2016-12-31 0001574540 doc:PhysiciansRealtyLPMember
doc:PartnersCapitalMember 2017-01-01 2017-12-31 0001574540 doc:PhysiciansRealtyLPMember
us-gaap:LimitedPartnerMember 2018-01-01 2018-12-31 0001574540 doc:PhysiciansRealtyLPMember
us-gaap:LimitedPartnerMember 2017-01-01 2017-12-31 0001574540 doc:PhysiciansRealtyLPMember
us-gaap:GeneralPartnerMember 2017-01-01 2017-12-31 0001574540 doc:PhysiciansRealtyLPMember
us-gaap:GeneralPartnerMember 2015-12-31 0001574540 doc:PhysiciansRealtyLPMember
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-12-31 0001574540
doc:PhysiciansRealtyLPMember us-gaap:LimitedPartnerMember 2016-01-01 2016-12-31 0001574540
doc:PhysiciansRealtyLPMember doc:PartiallyOwnedPropertiesNoncontrollingInterestMember 2017-01-01
2017-12-31 0001574540 doc:PhysiciansRealtyLPMember us-gaap:GeneralPartnerMember 2016-12-31 0001574540
doc:PhysiciansRealtyLPMember us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-01-01 2017-12-31
0001574540 doc:PhysiciansRealtyLPMember us-gaap:AccumulatedOtherComprehensiveIncomeMember 2016-12-31
0001574540 doc:PhysiciansRealtyLPMember us-gaap:LimitedPartnerMember 2017-12-31 0001574540
doc:PhysiciansRealtyLPMember doc:PartnersCapitalMember 2018-12-31 0001574540
doc:PhysiciansRealtyLPMember us-gaap:GeneralPartnerMember 2018-12-31 0001574540
doc:PhysiciansRealtyLPMember doc:PartiallyOwnedPropertiesNoncontrollingInterestMember 2018-01-01
2018-12-31 0001574540 doc:PhysiciansRealtyLPMember 2015-12-31 0001574540 doc:PhysiciansRealtyLPMember
us-gaap:LimitedPartnerMember 2015-12-31 0001574540 doc:PhysiciansRealtyLPMember
doc:PartnersCapitalMember 2016-12-31 0001574540 doc:PhysiciansRealtyLPMember
doc:PartiallyOwnedPropertiesNoncontrollingInterestMember 2017-12-31 0001574540
doc:PhysiciansRealtyLPMember us-gaap:LimitedPartnerMember 2018-12-31 0001574540
doc:PhysiciansRealtyLPMember doc:PartnersCapitalMember 2017-12-31 0001574540
doc:PhysiciansRealtyLPMember us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0001574540
doc:PhysiciansRealtyLPMember us-gaap:AccumulatedOtherComprehensiveIncomeMember 2016-01-01 2016-12-31
0001574540 doc:PhysiciansRealtyLPMember us-gaap:LimitedPartnerMember 2016-12-31 0001574540
doc:PhysiciansRealtyLPMember doc:PartiallyOwnedPropertiesNoncontrollingInterestMember 2016-12-31
0001574540 doc:PhysiciansRealtyLPMember doc:PartiallyOwnedPropertiesNoncontrollingInterestMember
2015-12-31 0001574540 doc:PhysiciansRealtyLPMember
doc:PartiallyOwnedPropertiesNoncontrollingInterestMember 2018-12-31 0001574540
us-gaap:SubsequentEventMember 2019-02-22 0001574540 doc:A2016ATMProgramMember srt:MaximumMember
us-gaap:PrivatePlacementMember 2016-08-05 2016-08-05 0001574540 doc:PhysiciansRealtyLPMember
doc:A2016ATMProgramMember us-gaap:PrivatePlacementMember 2018-07-01 2018-09-30 0001574540
doc:PhysiciansRealtyLPMember doc:A2016ATMProgramMember us-gaap:PrivatePlacementMember 2018-10-01
2018-12-31 0001574540 doc:PhysiciansRealtyLPMember doc:A2016ATMProgramMember
us-gaap:PrivatePlacementMember 2017-01-01 2017-12-31 0001574540 doc:PhysiciansRealtyLPMember
doc:A2016ATMProgramMember us-gaap:PrivatePlacementMember 2018-04-01 2018-06-30 0001574540
doc:PhysiciansRealtyLPMember doc:A2016ATMProgramMember us-gaap:PrivatePlacementMember 2017-04-01
2017-06-30 0001574540 doc:PhysiciansRealtyLPMember doc:A2016ATMProgramMember
us-gaap:PrivatePlacementMember 2018-01-01 2018-12-31 0001574540 doc:PhysiciansRealtyLPMember
doc:A2016ATMProgramMember us-gaap:PrivatePlacementMember 2018-01-01 2018-03-31 0001574540

doc:PhysiciansRealtyLPMember doc:A2016ATMProgramMember us-gaap:PrivatePlacementMember 2017-01-01 2017-03-31 0001574540 doc:PhysiciansRealtyLPMember doc:A2016ATMProgramMember us-gaap:PrivatePlacementMember 2017-07-01 2017-09-30 0001574540 doc:PhysiciansRealtyLPMember doc:A2016ATMProgramMember us-gaap:PrivatePlacementMember 2017-10-01 2017-12-31 0001574540 doc:BaylorCancerCenterMember 2018-01-01 2018-12-31 0001574540 doc:AuroraHealthCareMember 2018-01-01 2018-12-31 0001574540 us-gaap:SeriesAPreferredStockMember 2015-02-05 2015-02-05 0001574540 doc:PhysiciansRealtyTrustMember 2017-01-01 2017-12-31 0001574540 doc:HealthEastClinicSpecialtyCenterMember 2018-01-09 2018-01-09 0001574540 2015-03-01 0001574540 doc:HealthEastClinicSpecialtyCenterMember 2018-01-01 2018-12-31 0001574540 doc:PhysiciansRealtyTrustMember 2018-01-01 2018-12-31 0001574540 us-gaap:AccountingStandardsUpdate201602Member us-gaap:ScenarioForecastMember 2019-01-01 0001574540 us-gaap:InterestRateSwapMember us-gaap:CashFlowHedgingMember 2018-12-31 0001574540 doc:PhysiciansRealtyLPMember doc:JointventureOperatingPartnershipandMedicalCenterofNewAlbanyILLCMember srt:PartnershipInterestMember 2017-01-01 2017-12-31 0001574540 us-gaap:SeriesAPreferredStockMember 2015-02-05 0001574540 doc:PhysiciansRealtyLPMember srt:PartnershipInterestMember 2017-12-31 0001574540 doc:HealthEastClinicSpecialtyCenterMember 2018-12-31 0001574540 2018-03-01 2018-03-01 0001574540 doc:PhysiciansRealtyLPMember srt:PartnershipInterestMember 2017-01-01 2017-12-31 0001574540 doc:MezzanineLoanReceivableMember 2018-12-31 0001574540 doc:TermLoanReceivableMember 2018-12-31 0001574540 2017-06-12 2017-06-12 0001574540 2016-12-22 2016-12-22 0001574540 2018-09-19 2018-09-19 0001574540 2016-04-18 2016-04-18 0001574540 2018-12-21 2018-12-21 0001574540 2017-12-21 2017-12-21 0001574540 2018-06-21 2018-06-21 0001574540 2017-09-21 2017-09-21 0001574540 2016-06-23 2016-06-23 0001574540 2016-09-26 2016-09-26 0001574540 2018-03-23 2018-03-23 0001574540 2017-03-17 2017-03-17 0001574540 doc:HealthEastClinicSpecialtyCenterMember 2017-01-01 2017-12-31 0001574540 doc:LeesHillMedicalPlazaMember 2018-01-23 2018-01-23 0001574540 doc:ScottsdaleArizonaLandMember 2018-02-16 2018-02-16 0001574540 doc:HMGMedicalPlazaMember 2018-04-03 2018-04-03 0001574540 doc:NoncontrollingInterestBuyoutMinnesotaPortfolioMember 2018-03-01 2018-03-01 0001574540 doc:NorthsideMidtownMOBMember 2018-09-14 2018-09-14 0001574540 doc:LoanInvestmentsMember 2018-01-01 2018-12-31 0001574540 doc:HazelwoodMedicalcommonsMember 2018-01-09 2018-01-09 0001574540 us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember doc:A2017DispositionsMember 2016-01-01 2016-12-31 0001574540 us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember doc:A2017DispositionsMember 2017-01-01 2017-12-31 0001574540 us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember doc:A2017DispositionsMember 2018-01-01 2018-12-31 0001574540 us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember doc:A2018DispositionsMember 2018-01-01 2018-12-31 0001574540 us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember doc:A2018DispositionsMember 2017-01-01 2017-12-31 0001574540 us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember doc:A2018DispositionsMember 2016-01-01 2016-12-31 0001574540 us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember 2018-06-28 2018-06-28 0001574540 doc:GreatFallsClinicMOBMember doc:NoncontrollingInterestBuyoutGreatFallsClinicMember 2017-12-31 0001574540 doc:EquityBuyoutFoundationMember 2017-01-01 2017-12-31 0001574540 doc:FourHealthcarePropertiesAcquiredIn2018Member 2018-01-01 2018-12-31 0001574540 doc:NoncontrollingInterestBuyoutMinnesotaPortfolioMember 2018-12-31 0001574540 doc:ConversionAndSatisfactionOfPreviouslyOutstandingConstructionLoanMember 2018-01-01 2018-12-31 0001574540 doc:CaremountLakeKatrineMOBMember 2017-12-31 0001574540 doc:NoncontrollingInterestBuyoutNewAlbanyMember 2017-01-31 0001574540 doc:NoncontrollingInterestBuyoutMember 2017-01-01 2017-12-31 0001574540 doc:TotalAssetAcquisitionsMember 2017-01-01 2017-12-31 0001574540 doc:NoncontrollingInterestBuyoutNewAlbanyMember 2017-01-31 2017-01-31 0001574540 doc:RedeemableNoncontrollingInterestBuyoutsMember 2017-01-01 2017-12-31 0001574540 doc:CHIPortfolioMember 2017-01-01 2017-12-31 0001574540 doc:FortyHealthCarePropertiesAcquiredin2017Member 2017-01-01 2017-12-31 0001574540 2018-01-09 0001574540 us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember 2018-07-27 2018-07-27

0001574540 us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember 2018-02-16 2018-02-16 0001574540 doc:DesertCoveMOBLLCMember 2017-12-31 0001574540 2018-01-09 2018-01-09 0001574540 us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember 2018-03-30 2018-03-30 0001574540 doc:StrictlyPediatricsSpecialtyCenterMember 2017-01-01 2017-12-31 0001574540 doc:DesertCoveMOBLLCMember doc:DesertCoveMOBLLCMember 2017-12-31 0001574540 doc:A2017AcquisitionsExcludingChiPortfolioMember 2017-01-01 2017-12-31 0001574540 doc:LoanInvestmentsMember 2017-01-01 2017-12-31 0001574540 doc:NoncontrollingInterestBuyoutGreatFallsClinicMember 2017-12-31 0001574540 doc:StrictlyPediatricsSpecialtyCenterMember 2017-12-31 0001574540 doc:Gwinnett500BuildingMember 2017-01-01 2017-12-31 0001574540 doc:TotalAssetAcquisitionsMember 2018-01-01 2018-12-31 0001574540 doc:NoncontrollingInterestBuyoutMember 2018-01-01 2018-12-31 0001574540 doc:LeaseStructuringArrangementAndEquityRecapitalizationMember 2018-01-01 2018-12-31 0001574540 doc:St.VincentBuildingMember 2017-11-17 2017-11-17 0001574540 doc:GwinnettPhysiciansCenterMember 2017-12-01 2017-12-01 0001574540 doc:CHIPortfolioMember doc:A2017CHIPortfolioTranche25MOBsMember 2017-08-24 2017-08-31 0001574540 doc:CHIPortfolioMember doc:A2017CHIPortfolioTranche1Member 2017-06-29 2017-06-29 0001574540 doc:AppleValleyMedicalCenterMember 2017-12-18 2017-12-18 0001574540 doc:BaylorCharlesA.SammonsCancerCenterMember 2017-06-30 2017-06-30 0001574540 doc:ClearviewCancerInstituteMember 2017-08-04 2017-08-04 0001574540 doc:Gwinnett500BuildingMember 2017-11-17 2017-11-17 0001574540 doc:NorthsideMOBCenterPointeMember 2017-11-10 2017-11-10 0001574540 doc:HonorHealthMesaMOBMember 2017-08-15 2017-08-15 0001574540 doc:OrthopedicSportsInstituteoftheFoxValleyMember 2017-06-30 2017-06-30 0001574540 doc:SyracuseCondosMember 2017-02-27 2017-02-27 0001574540 doc:CHIPortfolioMember doc:CreightonUniversityMedicalCenterMember 2017-03-28 2017-03-28 0001574540 doc:MedicalArtsCenteratHarfordMember 2017-01-11 2017-01-11 0001574540 doc:EdinaEastMOBMember 2017-10-31 2017-10-31 0001574540 doc:CaremountLakeKatrineMOBMember 2017-02-14 2017-02-14 0001574540 doc:PeachtreeDunwoodyMedicalCenterParkingDeckMember 2017-06-30 2017-06-30 0001574540 doc:StrictlyPediatricsSpecialtyCenterMember 2017-03-31 2017-03-31 0001574540 doc:MontereyMedicalcenterMOBMember 2017-03-07 2017-03-07 0001574540 doc:OrthopedicAssociatesMember 2017-01-05 2017-01-05 0001574540 doc:HudgensProfessionalBuildingMember 2017-11-17 2017-11-17 0001574540 doc:FranklinMOBASCMember 2017-10-12 2017-10-12 0001574540 doc:NoncontrollingInterestBuyoutGreatFallsClinicMember 2017-09-21 2017-09-21 0001574540 doc:EaglePointMOBMember 2017-10-31 2017-10-31 0001574540 doc:NorthsideCherokeeTowneLakeMOBMember 2017-08-15 2017-08-15 0001574540 doc:MedStarStephensCrossingMember 2017-06-16 2017-06-16 0001574540 doc:CareMountRhinebeckMOBMember 2017-02-14 2017-02-14 0001574540 doc:DesertCoveMOBLLCMember 2017-01-01 2017-12-31 0001574540 doc:WestgateMOBMember 2017-12-21 2017-12-21 0001574540 doc:LegendsParkMOBASCMember 2017-09-27 2017-09-27 0001574540 doc:St.VincentPortfolioMember 2017-06-29 2017-06-29 0001574540 us-gaap:AboveMarketLeasesMember 2017-12-31 0001574540 us-gaap:LeasesAcquiredInPlaceMember 2017-12-31 0001574540 doc:BelowMarketLeasesMember 2018-12-31 0001574540 us-gaap:SeriesAPreferredStockMember 2017-12-31 0001574540 doc:AboveMarketGroundLeaseMember 2018-12-31 0001574540 doc:BelowMarketLeasesMember 2017-12-31 0001574540 us-gaap:AboveMarketLeasesMember 2018-12-31 0001574540 us-gaap:SeriesAPreferredStockMember 2018-12-31 0001574540 doc:AbovemarketinplacegroundleaseMember 2017-12-31 0001574540 doc:AbovemarketinplacegroundleaseMember 2018-12-31 0001574540 us-gaap:LeasesAcquiredInPlaceMember 2018-12-31 0001574540 doc:AboveMarketGroundLeaseMember 2017-12-31 0001574540 doc:CHIPortfolioMember doc:St.VincentPortfolioMember 2017-06-29 2017-06-29 0001574540 us-gaap:LeasesAcquiredInPlaceMember 2018-01-01 2018-12-31 0001574540 doc:LeaseholdInterestMember 2017-12-31 0001574540 doc:BelowMarketGroundLeaseMember 2018-12-31 0001574540 doc:BelowMarketGroundLeaseMember 2017-12-31 0001574540 doc:LeaseholdInterestMember 2018-12-31 0001574540 doc:AboveMarketGroundLeaseMember 2018-01-01 2018-12-31 0001574540 doc:AboveMarketGroundLeaseMember 2016-01-01 2016-12-31 0001574540 doc:LeaseholdInterestMember 2017-01-01 2017-12-31 0001574540 doc:BelowMarketLeasesMember 2018-01-01 2018-12-31 0001574540 us-gaap:LeasesAcquiredInPlaceMember 2017-01-01 2017-12-31 0001574540

doc:AboveMarketGroundLeaseMember 2017-01-01 2017-12-31 0001574540 doc:LeaseholdInterestMember 2018-01-01 2018-12-31 0001574540 doc:BelowMarketGroundLeaseMember 2018-01-01 2018-12-31 0001574540 us-gaap:AboveMarketLeasesMember 2016-01-01 2016-12-31 0001574540 doc:BelowMarketGroundLeaseMember 2016-01-01 2016-12-31 0001574540 doc:BelowMarketGroundLeaseMember 2017-01-01 2017-12-31 0001574540 us-gaap:LeasesAcquiredInPlaceMember 2016-01-01 2016-12-31 0001574540 doc:BelowMarketLeasesMember 2017-01-01 2017-12-31 0001574540 us-gaap:AboveMarketLeasesMember 2018-01-01 2018-12-31 0001574540 doc:LeaseholdInterestMember 2016-01-01 2016-12-31 0001574540 us-gaap:AboveMarketLeasesMember 2017-01-01 2017-12-31 0001574540 doc:BelowMarketLeasesMember 2016-01-01 2016-12-31 0001574540 us-gaap:InterestRateSwapMember us-gaap:UnsecuredDebtMember us-gaap:LondonInterbankOfferedRateLIBORMember 2016-07-07 0001574540 srt:MaximumMember doc:MortgageNotesBearingFixedInterestRateDueIn20182019202020212022and2024Member us-gaap:MortgagesMember 2017-12-31 0001574540 srt:MaximumMember doc:MortgageNotesBearingVariableInterestDue2018Member us-gaap:MortgagesMember us-gaap:LondonInterbankOfferedRateLIBORMember 2017-01-01 2017-12-31 0001574540 doc:PhysiciansRealtyLPMember us-gaap:RevolvingCreditFacilityMember 2017-12-31 0001574540 doc:PhysiciansRealtyLPMember us-gaap:RevolvingCreditFacilityMember us-gaap:LondonInterbankOfferedRateLIBORMember 2017-01-01 2017-12-31 0001574540 doc:MortgageNotesBearingVariableInterestDueIn2018And2022Member us-gaap:MortgagesMember 2018-12-31 0001574540 doc:PhysiciansRealtyLPMember us-gaap:RevolvingCreditFacilityMember 2018-12-31 0001574540 us-gaap:SeriesBMember us-gaap:SeniorNotesMember 2016-08-11 0001574540 us-gaap:SeriesBMember 2016-01-07 0001574540 doc:SeriesCMember us-gaap:SeniorNotesMember 2016-08-11 0001574540 doc:MortgageNotesBearingFixedInterestRateDueIn202020212022and2024Member us-gaap:MortgagesMember 2018-12-31 0001574540 doc:MortgageNotesBearingFixedInterestRateDueIn20182019202020212022and2024Member us-gaap:MortgagesMember 2017-12-31 0001574540 doc:A2018CreditAgreementAmendmentMember 2018-08-07 0001574540 us-gaap:SeniorNotesMember 2017-12-01 0001574540 srt:MinimumMember doc:MortgageNotesBearingFixedInterestRateDueIn202020212022and2024Member us-gaap:MortgagesMember 2018-12-31 0001574540 doc:A2018CreditAgreementAmendmentMember us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001574540 doc:TermLoanMember 2018-12-31 0001574540 us-gaap:RevolvingCreditFacilityMember 2018-12-31 0001574540 doc:SeriesDMember 2016-01-07 0001574540 us-gaap:SeniorNotesMember 2017-03-07 2017-03-07 0001574540 doc:PhysiciansRealtyLPMember us-gaap:RevolvingCreditFacilityMember us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001574540 srt:MinimumMember doc:MortgageNotesBearingFixedInterestRateDueIn20182019202020212022and2024Member us-gaap:MortgagesMember 2017-12-31 0001574540 us-gaap:SeniorNotesMember 2017-03-07 0001574540 doc:SeriesCMember us-gaap:SeniorNotesMember 2016-01-07 0001574540 us-gaap:LetterOfCreditMember 2018-12-31 0001574540 doc:A2018CreditAgreementAmendmentMember doc:TermLoanMember 2018-08-07 0001574540 doc:A2018CreditAgreementAmendmentMember us-gaap:UnsecuredDebtMember us-gaap:LondonInterbankOfferedRateLIBORMember 2017-01-01 2017-12-31 0001574540 srt:MaximumMember doc:A2018CreditAgreementAmendmentMember us-gaap:RevolvingCreditFacilityMember 2018-08-07 0001574540 us-gaap:InterestRateSwapMember us-gaap:UnsecuredDebtMember us-gaap:LondonInterbankOfferedRateLIBORMember 2018-12-31 0001574540 doc:MortgageNotesBearingVariableInterestDue2018Member us-gaap:MortgagesMember 2017-12-31 0001574540 us-gaap:SeriesBMember us-gaap:SeniorNotesMember 2016-01-07 0001574540 us-gaap:SeriesAMember us-gaap:SeniorNotesMember 2016-01-07 0001574540 us-gaap:SeniorNotesMember 2017-12-01 2017-12-01 0001574540 doc:SeriesDMember us-gaap:SeniorNotesMember 2016-01-07 0001574540 us-gaap:SeniorNotesMember 2016-01-07 0001574540 doc:A2018CreditAgreementAmendmentMember us-gaap:UnsecuredDebtMember us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001574540 doc:SeriesCMember 2016-01-07 0001574540 srt:MinimumMember doc:MortgageNotesBearingVariableInterestDueIn2018And2022Member us-gaap:MortgagesMember us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001574540 us-gaap:SeriesAMember

2016-08-11 0001574540 us-gaap:SeniorNotesMember 2016-08-11 0001574540
doc:A2018CreditAgreementAmendmentMember 2018-01-01 2018-12-31 0001574540 us-gaap:SeriesAMember
2016-01-07 0001574540 srt:MinimumMember doc:MortgageNotesBearingVariableInterestDue2018Member
us-gaap:MortgagesMember us-gaap:LondonInterbankOfferedRateLIBORMember 2017-01-01 2017-12-31
0001574540 us-gaap:SeriesAMember us-gaap:SeniorNotesMember 2016-08-11 0001574540 us-gaap:SeriesBMember
2016-08-11 0001574540 doc:TermLoanMember 2016-07-07 0001574540 srt:MaximumMember
doc:MortgageNotesBearingFixedInterestRateDueIn202020212022and2024Member us-gaap:MortgagesMember
2018-12-31 0001574540 doc:A2018CreditAgreementAmendmentMember doc:TermLoanMember 2018-08-07
2018-08-07 0001574540 doc:SeniorUnsecuredNotesDueAugust2025to2027Member us-gaap:SeniorNotesMember
2018-12-31 0001574540 doc:UnsecuredNotesBearingFixedInterestDueJanuary2023to2031Member
us-gaap:SeniorNotesMember 2018-12-31 0001574540
doc:UnsecuredNotesBearingFixedInterestDueMarch2027Member us-gaap:SeniorNotesMember 2017-12-31
0001574540 doc:RevolvingCreditFacilityDueSeptember2020Member us-gaap:RevolvingCreditFacilityMember
2017-12-31 0001574540 us-gaap:MortgagesMember 2018-12-31 0001574540
doc:SeniorUnsecuredNotesDueAugust2025to2027Member us-gaap:SeniorNotesMember 2017-12-31 0001574540
doc:UnsecuredNotesBearingFixedInterestDueMarch2027Member us-gaap:SeniorNotesMember 2018-12-31
0001574540 us-gaap:MortgagesMember 2017-12-31 0001574540
doc:RevolvingCreditFacilityDueSeptember2020Member us-gaap:RevolvingCreditFacilityMember 2018-12-31
0001574540 doc:UnsecuredNotesBearingFixedInterestDueJanuary2023to2031Member us-gaap:SeniorNotesMember
2017-12-31 0001574540 doc:UnsecuredNotesBearingFixedInterestDueJanuary2028Member
us-gaap:SeniorNotesMember 2018-12-31 0001574540
doc:UnsecuredNotesBearingFixedInterestDueJanuary2028Member us-gaap:SeniorNotesMember 2017-12-31
0001574540 doc:UnsecuredTermLoanDueJune2023Member us-gaap:UnsecuredDebtMember 2018-12-31
0001574540 doc:UnsecuredTermLoanDueJune2023Member us-gaap:UnsecuredDebtMember 2017-12-31
0001574540 doc:CreditratingatleastAorA3Member doc:BaseRateLoansMember
us-gaap:RevolvingCreditFacilityMember us-gaap:BaseRateMember 2018-01-01 2018-12-31 0001574540
doc:CreditratingatleastBBBplusorBAA1Member doc:BaseRateLoansMember doc:TermLoanMember
us-gaap:BaseRateMember 2018-01-01 2018-12-31 0001574540 doc:CreditratingbelowBBBorBAA3Member
doc:BaseRateLoansMember doc:TermLoanMember us-gaap:BaseRateMember 2018-01-01 2018-12-31 0001574540
doc:CreditratingatleastAorA3Member doc:BaseRateLoansMember doc:TermLoanMember us-gaap:BaseRateMember
2018-01-01 2018-12-31 0001574540 doc:CreditratingatleastBBBorBAA3Member doc:BaseRateLoansMember
us-gaap:RevolvingCreditFacilityMember us-gaap:BaseRateMember 2018-01-01 2018-12-31 0001574540
doc:CreditratingatleastBBBorBAA2Member doc:BaseRateLoansMember doc:TermLoanMember
us-gaap:BaseRateMember 2018-01-01 2018-12-31 0001574540 doc:CreditratingatleastBBBorBAA3Member
doc:BaseRateLoansMember doc:TermLoanMember us-gaap:BaseRateMember 2018-01-01 2018-12-31 0001574540
doc:CreditratingatleastBBBplusorBAA1Member doc:BaseRateLoansMember
us-gaap:RevolvingCreditFacilityMember us-gaap:BaseRateMember 2018-01-01 2018-12-31 0001574540
doc:CreditratingatleastBBBorBAA2Member doc:BaseRateLoansMember us-gaap:RevolvingCreditFacilityMember
us-gaap:BaseRateMember 2018-01-01 2018-12-31 0001574540 doc:CreditratingbelowBBBorBAA3Member
doc:BaseRateLoansMember us-gaap:RevolvingCreditFacilityMember us-gaap:BaseRateMember 2018-01-01
2018-12-31 0001574540 doc:CreditratingatleastBBBplusorBAA1Member
doc:AdjustedLIBORRateRevolverLoansAndLetterOfCreditMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001574540
doc:CreditratingbelowBBBorBAA3Member doc:AdjustedLIBORRateRevolverLoansAndLetterOfCreditMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001574540
doc:CreditratingatleastBBBorBAA3Member doc:AdjustedLIBORRateTermLoansAndLetterOfCreditMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001574540
doc:CreditratingatleastBBBorBAA3Member doc:AdjustedLIBORRateRevolverLoansAndLetterOfCreditMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001574540
doc:CreditratingatleastBBBorBAA2Member doc:AdjustedLIBORRateRevolverLoansAndLetterOfCreditMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001574540

doc:CreditratingatleastAorA3Member doc:AdjustedLIBORRateRevolverLoansAndLetterOfCreditMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001574540
us-gaap:SalesRevenueServicesNetMember us-gaap:CustomerConcentrationRiskMember 2018-01-01 2018-12-31
0001574540 us-gaap:SalesRevenueServicesNetMember us-gaap:GeographicConcentrationRiskMember 2018-01-01
2018-12-31 0001574540 doc:CreditratingatleastAorA3Member
doc:AdjustedLIBORRateTermLoansAndLetterOfCreditMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001574540
doc:CreditratingbelowBBBorBAA3Member doc:AdjustedLIBORRateTermLoansAndLetterOfCreditMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001574540
doc:CreditratingatleastBBBplusorBAA1Member doc:AdjustedLIBORRateTermLoansAndLetterOfCreditMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001574540
doc:CreditratingatleastBBBorBAA2Member doc:AdjustedLIBORRateTermLoansAndLetterOfCreditMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001574540
doc:UnsecuredTermLoanDueJune2023Member us-gaap:UnsecuredDebtMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001574540
us-gaap:RevolvingCreditFacilityMember 2018-08-07 2018-08-07 0001574540 srt:MaximumMember
doc:SeniorUnsecuredNotesDueAugust2025to2027Member us-gaap:SeniorNotesMember 2018-12-31 0001574540
srt:MaximumMember doc:UnsecuredNotesBearingFixedInterestDueJanuary2023to2031Member
us-gaap:SeniorNotesMember 2018-12-31 0001574540 srt:MinimumMember
doc:SeniorUnsecuredNotesDueAugust2025to2027Member us-gaap:SeniorNotesMember 2018-12-31 0001574540
doc:RevolvingCreditFacilityDueSeptember2020Member us-gaap:RevolvingCreditFacilityMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001574540 srt:MinimumMember
doc:UnsecuredNotesBearingFixedInterestDueJanuary2023to2031Member us-gaap:SeniorNotesMember 2018-12-31
0001574540 doc:RevolvingCreditFacilityDueSeptember2020Member us-gaap:RevolvingCreditFacilityMember
2017-01-01 2017-12-31 0001574540 us-gaap:InterestRateSwapMember us-gaap:UnsecuredDebtMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2017-12-31 0001574540 us-gaap:InterestRateSwapMember
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2017-12-31 0001574540
us-gaap:InterestRateSwapMember us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31
0001574540 doc:ExecutiveAwardsRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember
2016-12-31 0001574540 doc:ExecutiveAwardsRestrictedStockUnitsRSUsMember
doc:EquityIncentivePlan2013PlanMember 2016-01-01 2016-12-31 0001574540
doc:TrusteeAwardsRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember 2017-12-31
0001574540 doc:TrusteeAwardsRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember
2016-01-01 2016-12-31 0001574540 doc:ExecutiveAwardsRestrictedStockUnitsRSUsMember
doc:EquityIncentivePlan2013PlanMember 2018-01-01 2018-12-31 0001574540
doc:ExecutiveAwardsRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember 2017-01-01
2017-12-31 0001574540 doc:ExecutiveAwardsRestrictedStockUnitsRSUsMember
doc:EquityIncentivePlan2013PlanMember 2015-12-31 0001574540
doc:TrusteeAwardsRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember 2018-01-01
2018-12-31 0001574540 doc:TrusteeAwardsRestrictedStockUnitsRSUsMember
doc:EquityIncentivePlan2013PlanMember 2017-01-01 2017-12-31 0001574540
doc:TrusteeAwardsRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember 2016-12-31
0001574540 doc:ExecutiveAwardsRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember
2018-12-31 0001574540 doc:TrusteeAwardsRestrictedStockUnitsRSUsMember
doc:EquityIncentivePlan2013PlanMember 2018-12-31 0001574540
doc:ExecutiveAwardsRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember 2017-12-31
0001574540 doc:TrusteeAwardsRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember
2015-12-31 0001574540 us-gaap:RestrictedStockUnitsRSUMember doc:EquityIncentivePlan2013PlanMember
2017-12-31 0001574540 us-gaap:RestrictedStockUnitsRSUMember doc:EquityIncentivePlan2013PlanMember
2016-12-31 0001574540 us-gaap:RestrictedStockUnitsRSUMember doc:EquityIncentivePlan2013PlanMember
2016-01-01 2016-12-31 0001574540 us-gaap:RestrictedStockUnitsRSUMember

doc:EquityIncentivePlan2013PlanMember 2018-01-01 2018-12-31 0001574540
us-gaap:RestrictedStockUnitsRSUMember doc:EquityIncentivePlan2013PlanMember 2017-01-01 2017-12-31
0001574540 us-gaap:RestrictedStockUnitsRSUMember doc:EquityIncentivePlan2013PlanMember 2018-12-31
0001574540 us-gaap:RestrictedStockUnitsRSUMember doc:EquityIncentivePlan2013PlanMember
us-gaap:OfficerMember 2017-03-01 2017-03-31 0001574540
doc:PerformanceBasedRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember 2016-03-01
2016-03-31 0001574540 doc:PerformanceBasedRestrictedStockUnitsRSUsMember
doc:EquityIncentivePlan2013PlanMember us-gaap:OfficerMember 2017-01-01 2017-12-31 0001574540
doc:MarketBasedRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember 2017-01-01
2017-12-31 0001574540 us-gaap:RestrictedStockMember doc:EquityIncentivePlan2013PlanMember
doc:OfficersandCertainEmployeesMember 2018-01-01 2018-12-31 0001574540
doc:TrusteeAwardsRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember
doc:TrusteesMember 2018-03-01 2018-03-31 0001574540 us-gaap:RestrictedStockMember
doc:EquityIncentivePlan2013PlanMember 2016-01-01 2016-12-31 0001574540
doc:PerformanceBasedRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember
us-gaap:OfficerMember 2016-01-01 2016-12-31 0001574540 us-gaap:RestrictedStockMember
doc:EquityIncentivePlan2013PlanMember 2017-01-01 2017-12-31 0001574540 us-gaap:RestrictedStockMember
doc:EquityIncentivePlan2013PlanMember 2014-08-07 0001574540
doc:TrusteeAwardsRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember
doc:TrusteesMember 2016-03-01 2016-03-31 0001574540 us-gaap:RestrictedStockMember
doc:EquityIncentivePlan2013PlanMember 2013-12-31 0001574540
doc:MarketBasedRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember
us-gaap:OfficerMember 2016-01-01 2016-12-31 0001574540
doc:PerformanceBasedRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember 2017-03-01
2017-03-31 0001574540 doc:TrusteeAwardsRestrictedStockUnitsRSUsMember
doc:EquityIncentivePlan2013PlanMember doc:TrusteesMember 2017-03-01 2017-03-31 0001574540
us-gaap:RestrictedStockMember doc:EquityIncentivePlan2013PlanMember 2018-12-31 0001574540
doc:PerformanceBasedRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember 2018-03-01
2018-03-31 0001574540 doc:PerformanceBasedRestrictedStockUnitsRSUsMember
doc:EquityIncentivePlan2013PlanMember us-gaap:OfficerMember 2018-01-01 2018-12-31 0001574540
us-gaap:RestrictedStockUnitsRSUMember doc:EquityIncentivePlan2013PlanMember us-gaap:OfficerMember
2016-03-01 2016-03-31 0001574540 doc:MarketBasedRestrictedStockUnitsRSUsMember
doc:EquityIncentivePlan2013PlanMember 2016-01-01 2016-12-31 0001574540 us-gaap:RestrictedStockMember
doc:EquityIncentivePlan2013PlanMember 2017-12-31 0001574540
doc:MarketBasedRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember
us-gaap:OfficerMember 2018-01-01 2018-12-31 0001574540 us-gaap:RestrictedStockUnitsRSUMember
doc:EquityIncentivePlan2013PlanMember us-gaap:DirectorMember 2018-12-31 0001574540
us-gaap:RestrictedStockMember doc:EquityIncentivePlan2013PlanMember 2014-08-07 2014-08-07 0001574540
us-gaap:RestrictedStockMember doc:EquityIncentivePlan2013PlanMember 2018-01-01 2018-12-31 0001574540
us-gaap:RestrictedStockUnitsRSUMember doc:EquityIncentivePlan2013PlanMember us-gaap:OfficerMember
2018-03-01 2018-03-31 0001574540 doc:MarketBasedRestrictedStockUnitsRSUsMember
doc:EquityIncentivePlan2013PlanMember us-gaap:OfficerMember 2017-01-01 2017-12-31 0001574540
doc:MarketBasedRestrictedStockUnitsRSUsMember doc:EquityIncentivePlan2013PlanMember 2018-01-01
2018-12-31 0001574540 us-gaap:RestrictedStockMember doc:EquityIncentivePlan2013PlanMember 2016-12-31
0001574540 us-gaap:RestrictedStockMember doc:EquityIncentivePlan2013PlanMember 2015-12-31 0001574540
srt:MaximumMember us-gaap:RestrictedStockMember doc:EquityIncentivePlan2013PlanMember 2018-01-01
2018-12-31 0001574540 srt:MaximumMember us-gaap:RestrictedStockMember
doc:EquityIncentivePlan2013PlanMember 2017-01-01 2017-12-31 0001574540
us-gaap:RestrictedStockUnitsRSUMember doc:EquityIncentivePlan2013PlanMember us-gaap:OfficerMember
2018-01-01 2018-12-31 0001574540 srt:MinimumMember us-gaap:RestrictedStockMember
doc:EquityIncentivePlan2013PlanMember 2017-01-01 2017-12-31 0001574540 srt:MaximumMember

us-gaap:RestrictedStockMember doc:EquityIncentivePlan2013PlanMember 2016-01-01 2016-12-31 0001574540
us-gaap:RestrictedStockUnitsRSUMember doc:EquityIncentivePlan2013PlanMember doc:TrusteesMember
2018-01-01 2018-12-31 0001574540 srt:MinimumMember us-gaap:RestrictedStockMember
doc:EquityIncentivePlan2013PlanMember 2016-01-01 2016-12-31 0001574540 srt:MinimumMember
us-gaap:RestrictedStockMember doc:EquityIncentivePlan2013PlanMember 2018-01-01 2018-12-31 0001574540
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0001574540
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2017-12-31 0001574540
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31 0001574540
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2017-12-31 0001574540
us-gaap:InterestRateSwapMember us-gaap:EstimateOfFairValueFairValueDisclosureMember 2017-12-31
0001574540 us-gaap:InterestRateSwapMember us-gaap:EstimateOfFairValueFairValueDisclosureMember
2018-12-31 0001574540 us-gaap:FairValueMeasurementsNonrecurringMember 2018-12-31 0001574540
us-gaap:OperatingExpenseMember doc:OfficeLeasesMember 2017-01-01 2017-12-31 0001574540
us-gaap:OperatingExpenseMember doc:OfficeLeasesMember 2018-01-01 2018-12-31 0001574540
us-gaap:OperatingExpenseMember doc:ParkingAirAndGroundLeasesMember 2018-01-01 2018-12-31 0001574540
us-gaap:OperatingExpenseMember doc:ParkingAirAndGroundLeasesMember 2016-01-01 2016-12-31 0001574540
us-gaap:OperatingExpenseMember doc:ParkingAirAndGroundLeasesMember 2017-01-01 2017-12-31 0001574540
doc:RemainingPortfolioMember us-gaap:SalesRevenueServicesNetMember
us-gaap:CustomerConcentrationRiskMember 2018-01-01 2018-12-31 0001574540
us-gaap:SalesRevenueServicesNetMember 2018-01-01 2018-12-31 0001574540
doc:CHIKentuckyOneHealthMember us-gaap:SalesRevenueServicesNetMember
us-gaap:CustomerConcentrationRiskMember 2018-01-01 2018-12-31 0001574540
doc:AscensionSt.VincentsIndianapolisMember us-gaap:SalesRevenueServicesNetMember
us-gaap:CustomerConcentrationRiskMember 2018-01-01 2018-12-31 0001574540 doc:NorthsideHospitalMember
us-gaap:SalesRevenueServicesNetMember us-gaap:CustomerConcentrationRiskMember 2018-01-01 2018-12-31
0001574540 doc:BaylorScottandWhiteHealthMember us-gaap:SalesRevenueServicesNetMember
us-gaap:CustomerConcentrationRiskMember 2018-01-01 2018-12-31 0001574540 doc:CHINebraskaMember
us-gaap:SalesRevenueServicesNetMember us-gaap:CustomerConcentrationRiskMember 2018-01-01 2018-12-31
0001574540 doc:TopfivetenantrelationshipsMember us-gaap:SalesRevenueServicesNetMember
us-gaap:CustomerConcentrationRiskMember 2018-01-01 2018-12-31 0001574540 doc:CHIPortfolioMember
us-gaap:SalesRevenueServicesNetMember us-gaap:CustomerConcentrationRiskMember 2018-01-01 2018-12-31
0001574540 us-gaap:SalesRevenueServicesNetMember us-gaap:GeographicConcentrationRiskMember stpr:TX
2018-01-01 2018-12-31 0001574540 us-gaap:SalesRevenueServicesNetMember
us-gaap:GeographicConcentrationRiskMember stpr:GA 2018-01-01 2018-12-31 0001574540
us-gaap:SalesRevenueServicesNetMember us-gaap:GeographicConcentrationRiskMember stpr:MN 2018-01-01
2018-12-31 0001574540 us-gaap:SalesRevenueServicesNetMember us-gaap:GeographicConcentrationRiskMember
stpr:NE 2018-01-01 2018-12-31 0001574540 us-gaap:SalesRevenueServicesNetMember
us-gaap:GeographicConcentrationRiskMember doc:AllotherstatesMember 2018-01-01 2018-12-31 0001574540
us-gaap:SalesRevenueServicesNetMember us-gaap:GeographicConcentrationRiskMember stpr:IN 2018-01-01
2018-12-31 0001574540 doc:PhysiciansRealtyLPMember us-gaap:RestrictedStockUnitsRSUMember 2018-01-01
2018-12-31 0001574540 doc:PhysiciansRealtyLPMember us-gaap:RestrictedStockMember 2017-01-01 2017-12-31
0001574540 doc:PhysiciansRealtyLPMember us-gaap:RestrictedStockMember 2018-01-01 2018-12-31 0001574540
doc:PhysiciansRealtyLPMember us-gaap:RestrictedStockUnitsRSUMember 2017-01-01 2017-12-31 0001574540
doc:PhysiciansRealtyLPMember us-gaap:RestrictedStockUnitsRSUMember 2016-01-01 2016-12-31 0001574540
doc:PhysiciansRealtyLPMember us-gaap:RestrictedStockMember 2016-01-01 2016-12-31 0001574540
us-gaap:RestrictedStockUnitsRSUMember 2016-01-01 2016-12-31 0001574540 us-gaap:RestrictedStockMember
2017-01-01 2017-12-31 0001574540 us-gaap:RestrictedStockMember 2018-01-01 2018-12-31 0001574540
us-gaap:RestrictedStockMember 2016-01-01 2016-12-31 0001574540 us-gaap:RestrictedStockUnitsRSUMember
2017-01-01 2017-12-31 0001574540 us-gaap:RestrictedStockUnitsRSUMember 2018-01-01 2018-12-31 0001574540
us-gaap:SubsequentEventMember 2019-01-18 0001574540 us-gaap:ConstructionLoansMember
us-gaap:SubsequentEventMember 2019-01-18 0001574540 us-gaap:SecuredDebtMember

us-gaap:SubsequentEventMember 2019-02-13 0001574540 us-gaap:ConstructionLoansMember
us-gaap:SubsequentEventMember 2019-02-22 0001574540 us-gaap:SecuredDebtMember
us-gaap:SubsequentEventMember 2019-02-13 2019-02-13 0001574540 doc:PhysiciansRealtyLPMember 2018-10-01
2018-12-31 0001574540 doc:PhysiciansRealtyLPMember 2018-04-01 2018-06-30 0001574540
doc:PhysiciansRealtyLPMember 2018-07-01 2018-09-30 0001574540 doc:PhysiciansRealtyLPMember 2018-01-01
2018-03-31 0001574540 2018-04-01 2018-06-30 0001574540 doc:PhysiciansRealtyLPMember 2017-01-01
2017-03-31 0001574540 doc:PhysiciansRealtyLPMember 2017-04-01 2017-06-30 0001574540
doc:PhysiciansRealtyLPMember 2017-10-01 2017-12-31 0001574540 doc:PhysiciansRealtyLPMember 2017-07-01
2017-09-30 0001574540 2017-04-01 2017-06-30 0001574540 2017-01-01 2017-03-31 0001574540 2017-10-01
2017-12-31 0001574540 2017-07-01 2017-09-30 0001574540 2018-07-01 2018-09-30 0001574540 2018-10-01
2018-12-31 0001574540 2018-01-01 2018-03-31 0001574540 doc:St.JosephOfficeParkMember 2018-01-01
2018-12-31 0001574540 doc:HonorHealthScottsdaleMOBMember 2018-12-31 0001574540
doc:EyeAssociateofNMAlbuquerqueAlbuquerqueNMMember 2018-12-31 0001574540
doc:LifeCarePlanoLTACHPlanoTXMember 2018-12-31 0001574540 doc:JewishMedicalPlazaIIMember 2018-12-31
0001574540 doc:UnityASCImagingMOBMember 2018-12-31 0001574540 doc:St.FrancisMOBMember 2018-12-31
0001574540 doc:FoleyVentureMember 2018-12-31 0001574540 doc:HealthEastCurveCrestMember 2018-12-31
0001574540 doc:ElPasoKenworthyElPasoTxMember 2018-12-31 0001574540 doc:St.AlexiusTechEdMember
2018-12-31 0001574540 doc:TwentyFirstCenturyRadiationOncologySarasotaFlMember 2018-12-31 0001574540
doc:SummitUrologyBloomingtonInMember 2018-12-31 0001574540 doc:GrandIslandSpecialtyClinicMember
2018-01-01 2018-12-31 0001574540 doc:LeesHillMedicalPlazaMember 2018-01-01 2018-12-31 0001574540
doc:St.AlexiusOrthopaedicCenterMember 2018-12-31 0001574540 doc:St.MaryCaritasMedicalIIIMember
2018-12-31 0001574540 doc:EastElPasoSurgeryCenterElPasoTXMember 2018-12-31 0001574540
doc:Calkins125Member 2018-12-31 0001574540 doc:CarmelMedicalPavilionCarmelInMember 2018-12-31
0001574540 doc:UniversityofMichiganNorthvilleMOBMember 2018-12-31 0001574540
doc:St.AlexiusMinotMedicalPlazaMember 2018-12-31 0001574540 doc:Pinnacle240GrandviewCampHillPaMember
2018-12-31 0001574540 doc:MercyMedicalCenterMOBMember 2018-12-31 0001574540
doc:GardendaleSurgeryCenterGardendaleALMember 2018-12-31 0001574540 doc:FranciscanHealthMember
2018-12-31 0001574540 doc:UnityFaithHopeLoveMember 2018-12-31 0001574540
doc:ColumbiaMOBHudsonNYMember 2018-12-31 0001574540 doc:St.VincentFishersMedicalCenterMember
2018-12-31 0001574540 doc:MedicalArtsPavilionMember 2018-12-31 0001574540
doc:IMSPalmValleyMOBMember 2018-12-31 0001574540 doc:TriStateOrthopaedicsMOBMember 2018-12-31
0001574540 doc:JewishOCCMember 2018-12-31 0001574540 doc:TriosHealthMOBMember 2018-12-31
0001574540 doc:VadnaisHeightsMOBMember 2018-12-31 0001574540
doc:JewishMedicalCenterSouthMOB2Member 2018-12-31 0001574540
doc:HonorHealthGlendaleGlendaleAZMember 2018-01-01 2018-12-31 0001574540 doc:CardwellMOBMember
2018-12-31 0001574540 doc:OrthopedicAssociatesMember 2018-12-31 0001574540
doc:CareMountRhinebeckMOBMember 2018-12-31 0001574540 doc:MeridanMOBMember 2018-12-31
0001574540 doc:McAuleyCenterMember 2018-12-31 0001574540 doc:Calkins200Member 2018-12-31 0001574540
doc:FairhopeMOBMember 2018-12-31 0001574540 doc:FiveHundredLandmarkBloomingtonInMember 2018-01-01
2018-12-31 0001574540 doc:MiddletownMedical2EdgewaterWallkillNyMember 2018-12-31 0001574540
doc:OrthoOneWestervilleOhMember 2018-12-31 0001574540 doc:BridgeportMedicalCenterMember 2018-12-31
0001574540 doc:IMSNorthMountainMOBMember 2018-12-31 0001574540
doc:HillsideMedicalCenterMOBMember 2018-12-31 0001574540 doc:LeesHillMedicalPlazaMember 2018-12-31
0001574540 doc:Pinnacle32NortheastHersheyPaMember 2018-12-31 0001574540 doc:GoodSamaritanMOBMember
2018-01-01 2018-12-31 0001574540 doc:FlowerMoundMOBMember 2018-12-31 0001574540
doc:FESCMOBMember 2018-12-31 0001574540 doc:St.AlexiusRehabCenterMember 2018-01-01 2018-12-31
0001574540 doc:WoodlandsMedicalArtsCenterMember 2018-12-31 0001574540
doc:FirehouseSquareMilwaukeeWIMember 2018-12-31 0001574540
doc:MidCoastHospitalOfficeBuildingPortlandMEMember 2018-12-31 0001574540
doc:PremierLandmarkMOBMember 2018-12-31 0001574540 doc:ElPasoMedicalOfficeBuildingElPasoTXMember
2018-12-31 0001574540 doc:HackleyMedicalCenterGrandRapidsMIMember 2018-12-31 0001574540

doc:OaksAtLadylakeLadyLakeFlMember 2018-12-31 0001574540 doc:StGabrielsCentracareMember 2018-12-31 0001574540 doc:TwentyFirstCenturyRadiationOncologyEnglewoodFlMember 2018-12-31 0001574540 doc:LexingtonSurgeryCenterMember 2018-12-31 0001574540 doc:EyeAssociateofNMAlbuquerqueAlbuquerqueNMMember 2018-01-01 2018-12-31 0001574540 doc:GwinnettPhysiciansCenterMember 2018-12-31 0001574540 doc:ArrowheadCommonsPhoenixAZMember 2018-01-01 2018-12-31 0001574540 doc:IndianaAmericanIIMember 2018-12-31 0001574540 doc:MauryRegionalHealthcareMOBMember 2018-12-31 0001574540 doc:JamestownMOBMember 2018-12-31 0001574540 doc:MemorialHermannPhaseIIMember 2018-12-31 0001574540 doc:GreatFallsClinicMOBMember 2018-12-31 0001574540 doc:TriStateOrthopaedicsMOBMember 2018-01-01 2018-12-31 0001574540 doc:HonorHealthMesaMOBMember 2018-12-31 0001574540 doc:NorthernOhioMedicalCenterMember 2018-12-31 0001574540 doc:St.JosephMedicalPavilionMember 2018-12-31 0001574540 doc:MissionaryRidgeMOBMember 2018-12-31 0001574540 doc:IndianaAmericanIIIMember 2018-12-31 0001574540 doc:IMSParadiseValleyMOBMember 2018-12-31 0001574540 doc:SurgicalInstituteOfMonroeMonroeMiMember 2018-12-31 0001574540 doc:PalmBeachASCMember 2018-12-31 0001574540 doc:FiveHundredSeventyFourLandmarkBloomingtonInMember 2018-12-31 0001574540 doc:PhysiciansMedicalCenterMember 2018-12-31 0001574540 doc:PinnacleHealthMedicalOfficeBuildingHarrisburgPaMember 2018-12-31 0001574540 doc:CHISt.VincentMercyHeartVascularCenterMember 2018-12-31 0001574540 doc:LakesideTwoProfessionalBuildingMember 2018-12-31 0001574540 doc:MansfieldAscMansfieldTxMember 2018-12-31 0001574540 doc:ChildrensHospitalMOBMember 2018-12-31 0001574540 doc:LittleFallsOrthopedicsMember 2018-12-31 0001574540 doc:NorthsideMidtownMOBMember 2018-12-31 0001574540 doc:St.JosephProfessionalOfficeBuildingMember 2018-01-01 2018-12-31 0001574540 doc:Pinnacle4518UnionDepositHarrisburgPaMember 2018-12-31 0001574540 doc:CrystalMedicalOfficeBuildingCrystalMNMember 2018-12-31 0001574540 doc:ElPasoKenworthyElPasoTxMember 2018-01-01 2018-12-31 0001574540 doc:CommonsonNorthDavisMember 2018-12-31 0001574540 doc:St.JosephMedicalClinicMember 2018-12-31 0001574540 doc:St.MaryCaritasMedicalIIMember 2018-12-31 0001574540 doc:CravenHaganClinicMember 2018-12-31 0001574540 doc:BreakfastPointMedicalParkMember 2018-12-31 0001574540 doc:LittleFallsDialysisCenterMember 2018-12-31 0001574540 doc:RiverviewMedicalCenterLancasterOHMember 2018-12-31 0001574540 doc:HMGMedicalPlazaMember 2018-12-31 0001574540 doc:St.AlexiusRehabCenterMember 2018-12-31 0001574540 doc:MemorialHermannPhaseIMember 2018-12-31 0001574540 doc:RenaissanceOfficeBuildingMember 2018-12-31 0001574540 doc:St.AlexiusMandanClinicMember 2018-01-01 2018-12-31 0001574540 doc:OhioHealthSWHealthCenterMOBMember 2018-12-31 0001574540 doc:CHISt.VincentMercyCancerCenterMember 2018-12-31 0001574540 doc:ImmanuelOneProfessionalCenterMember 2018-12-31 0001574540 doc:St.ClareMedicalPavilionMember 2018-12-31 0001574540 doc:HEBCancerCenterBedfordTXMember 2018-12-31 0001574540 doc:Ft.WaltonBeachMember 2018-12-31 0001574540 doc:BaylorCancerCenterMember 2018-12-31 0001574540 doc:CentralOhioNeurosurgicalSurgeonsMOBColumbusOHMember 2018-12-31 0001574540 doc:DellRoadMOBMember 2018-12-31 0001574540 doc:LakesideWellnessCenterMember 2018-12-31 0001574540 doc:CHIHealthClinicBuildingMember 2018-12-31 0001574540 doc:EyeAssociateofNMSantaFeSantaFeNMMember 2018-01-01 2018-12-31 0001574540 doc:FiveHundredLandmarkBloomingtonInMember 2018-12-31 0001574540 doc:PilotMedicalCenterMember 2018-12-31 0001574540 doc:MedicalVillageatMaitlandMember 2018-12-31 0001574540 doc:MedStarStephensCrossingMember 2018-12-31 0001574540 doc:EdinaMedicalOfficeBuildingEdinaMNMember 2018-12-31 0001574540 doc:MeadowViewProfessionalCenterKingsportTNMember 2018-12-31 0001574540 doc:CrescentCitySurgicalCentreNewOrleansLAMember 2018-12-31 0001574540 doc:FiveHundredFiftyLandmarkBloomingonInMember 2018-12-31 0001574540 doc:SurgicalInstituteOfMonroeMonroeMiMember 2018-01-01 2018-12-31 0001574540 doc:MemorialOutpatientCenterMember 2018-12-31 0001574540 doc:NOMSClydeMember 2018-12-31 0001574540 doc:SavageMedicalOfficeBuildingSavageMNMember 2018-12-31 0001574540 doc:MethodistSportsMOBMember 2018-12-31 0001574540 doc:ZangmesiterColumbusOhMember 2018-12-31 0001574540

doc:PrairieCareMOBMember 2018-12-31 0001574540 doc:MinnetonkaMOBMember 2018-12-31 0001574540
doc:HonorHealthIRFMember 2018-12-31 0001574540 doc:LakesideTwoProfessionalBuildingMember 2018-01-01
2018-12-31 0001574540 doc:FountainHillsMedicalCampusMOBMember 2018-12-31 0001574540
doc:ThorntonNeighborhoodHealthMember 2018-12-31 0001574540 doc:Gwinnett500BuildingMember 2018-01-01
2018-12-31 0001574540 doc:AuroraMedicalOfficeBuildingGreenBayWIMember 2018-12-31 0001574540
doc:PensacolaCatalystMember 2018-12-31 0001574540 doc:LegendsParkMOBASCMember 2018-12-31 0001574540
doc:EmersonMedicalBuildingCreveCoeurMOMember 2018-12-31 0001574540 doc:LexingtonSurgeryCenterMember
2018-01-01 2018-12-31 0001574540 doc:CarlisleIiMobCarlislePaMember 2018-12-31 0001574540
doc:EaglePointMOBMember 2018-12-31 0001574540 doc:HonorHealth44thStreetMOBMember 2018-12-31
0001574540 doc:JewishMedicalPlazaIMember 2018-12-31 0001574540
doc:WestTnBoneJointPhysiciansDriveJacksonTnMember 2018-12-31 0001574540
doc:PinnacleHealthMedicalOfficeBuildingCarlislePaMember 2018-12-31 0001574540
doc:HealthEastVictorGardensMember 2018-12-31 0001574540 doc:St.AlexiusMinotMedicalPlazaMember
2018-01-01 2018-12-31 0001574540 doc:CreightonUniversityMedicalCenterMember 2018-12-31 0001574540
doc:Pinnacle4520UnionDepositHarrisburgPaMember 2018-12-31 0001574540
doc:MontereyMedicalcenterMOBMember 2018-12-31 0001574540 doc:IndianaAmericanIVMember 2018-12-31
0001574540 doc:FoleyMOBMember 2018-12-31 0001574540 doc:WestgateMOBMember 2018-12-31 0001574540
doc:ElPasoMedicalOfficeBuildingElPasoTXMember 2018-01-01 2018-12-31 0001574540
doc:OrthoOneColumbusOhMember 2018-12-31 0001574540 doc:BatonRougeMOBMember 2018-12-31 0001574540
doc:St.JosephMedicalClinicMember 2018-01-01 2018-12-31 0001574540
doc:ValleyWestHospitalMedicalOfficeBuildingChicagoILMember 2018-01-01 2018-12-31 0001574540
doc:MidlandsTwoProfessionalCenterMember 2018-01-01 2018-12-31 0001574540 doc:NorthMedicalCenterMember
2018-12-31 0001574540 doc:JacksonvilleMedPlexBuildingCMember 2018-12-31 0001574540
doc:St.VincentBuildingMember 2018-12-31 0001574540 doc:NorthernVisionEyeCenterMember 2018-12-31
0001574540 doc:PeachtreeDunwoodyMedicalOfficeBuildingCenterAtlantaGaMember 2018-12-31 0001574540
doc:FoundationSurgicalAffiliatesMOBOklahomaCityOKMember 2018-12-31 0001574540
doc:DoctorsCommunityHospitalPOBMember 2018-01-01 2018-12-31 0001574540
doc:GoodSamaritanNorthAnnexBuildingMember 2018-12-31 0001574540
doc:JewishMedicalCenterSouthMOB1Member 2018-12-31 0001574540
doc:GrenadaMedicalComplexGrenadaMsMember 2018-12-31 0001574540 doc:NapoleonMobNewOrleansLaMember
2018-12-31 0001574540 doc:MinnesotaEyeMOBMember 2018-01-01 2018-12-31 0001574540
doc:MidlandsTwoProfessionalCenterMember 2018-12-31 0001574540 doc:DesertCoveMOBLLCMember
2018-12-31 0001574540 doc:MontereyMedicalCenterASCStuartFLMember 2018-12-31 0001574540
doc:CaremountLakeKatrineMOBMember 2018-12-31 0001574540 doc:GigHarborMedicalPavilionMember
2018-12-31 0001574540 doc:LifecareLtachPittsburghPaMember 2018-12-31 0001574540 doc:Calkins400Member
2018-12-31 0001574540 doc:Calkins500Member 2018-12-31 0001574540 doc:AppleValleyMedicalCenterMember
2018-12-31 0001574540 doc:St.VincentPOB2BirminghamALMember 2018-12-31 0001574540
doc:CarrolltonMOBMember 2018-12-31 0001574540 doc:BergerMedicalCenterColumbusOhMember 2018-12-31
0001574540 doc:MedicalArtsCenteratHarfordMember 2018-12-31 0001574540 doc:GoodSamaritanMOBMember
2018-12-31 0001574540 doc:NewAlbanyProfessionalBuildingColumbusOHMember 2018-01-01 2018-12-31
0001574540 doc:HealthparkMedicalCenterMember 2018-12-31 0001574540 doc:St.AlexiusMandanClinicMember
2018-12-31 0001574540 doc:MedicalVillageatMaitlandMember 2018-01-01 2018-12-31 0001574540
doc:PremierSurgeryCenterofLouisvilleMember 2018-12-31 0001574540
doc:EyeAssociateofNMSantaFeSantaFeNMMember 2018-12-31 0001574540 doc:PanamaCityMember 2018-12-31
0001574540 doc:NorthOkaloosaMOBMember 2018-01-01 2018-12-31 0001574540 doc:St.JosephOfficeParkMember
2018-12-31 0001574540 doc:Gwinnett500BuildingMember 2018-12-31 0001574540
doc:GwinnettPhysiciansCenterMember 2018-01-01 2018-12-31 0001574540 doc:St.VincentWestMOBMember
2018-12-31 0001574540 doc:BlandfordMOBMember 2018-12-31 0001574540
doc:MidlandsOneProfessionalCenterMember 2018-12-31 0001574540
doc:RiverviewMedicalCenterLancasterOHMember 2018-01-01 2018-12-31 0001574540
doc:RenaissanceAmbulatorySurgeryCenterOshkoshWiMember 2018-12-31 0001574540 doc:SouthpointeMember

2018-12-31 0001574540 doc:CincinnatiEyeInstituteMember 2018-12-31 0001574540
doc:MedicalSpecialistsofPalmBeachMOBMember 2018-12-31 0001574540
doc:Pinnacle4520UnionDepositHarrisburgPaMember 2018-01-01 2018-12-31 0001574540
doc:SJRHCCancerCenterMember 2018-12-31 0001574540 doc:IndianaAmericanIVMember 2018-01-01 2018-12-31
0001574540 doc:UnityMedicalPavilionMember 2018-12-31 0001574540 doc:HudgensProfessionalBuildingMember
2018-12-31 0001574540 doc:StrictlyPediatricsSpecialtyCenterMember 2018-12-31 0001574540
doc:St.VincentPOB3BirminghamALMember 2018-12-31 0001574540
doc:TwentyFirstCenturyRadiationOncologyVeniceFlMember 2018-01-01 2018-12-31 0001574540
doc:RandallRoadMOBMember 2018-12-31 0001574540 doc:AreteSurgicalCenterMember 2018-12-31 0001574540
doc:HealthEastVictorGardensMember 2018-01-01 2018-12-31 0001574540
doc:HonorHealthGlendaleGlendaleAZMember 2018-12-31 0001574540 doc:LegendsParkMOBASCMember
2018-01-01 2018-12-31 0001574540 doc:HotSpringsMOBMember 2018-12-31 0001574540
doc:HonorHealthMesaMOBMember 2018-01-01 2018-12-31 0001574540 doc:DesertCoveMOBLLCMember
2018-01-01 2018-12-31 0001574540 doc:HazelwoodMedicalcommonsMember 2018-12-31 0001574540
doc:St.MaryCaritasMedicalIIMember 2018-12-31 0001574540 doc:SouthCampusMOBMember 2018-12-31
0001574540 doc:PanamaCityBeachMember 2018-12-31 0001574540 doc:CommonsonNorthDavisMember
2018-01-01 2018-12-31 0001574540 doc:PinnacleMarketPlaceWayHarrisburgPaMember 2018-12-31 0001574540
doc:CoonRapidsMedicalCenterMOBMember 2018-12-31 0001574540 doc:ArrowheadCommonsPhoenixAZMember
2018-12-31 0001574540 doc:MemorialHealthCenterMember 2018-01-01 2018-12-31 0001574540
doc:ImmanuelOneProfessionalCenterMember 2018-01-01 2018-12-31 0001574540
doc:HillsideMedicalCenterMOBMember 2018-01-01 2018-12-31 0001574540 doc:JewishMedicalCenterEastMember
2018-12-31 0001574540 doc:PremierSurgeryCenterofLouisvilleMember 2018-01-01 2018-12-31 0001574540
doc:PerdidoMedicalParkMember 2018-12-31 0001574540 doc:GigHarborMedicalPavilionMember 2018-01-01
2018-12-31 0001574540 doc:ElPasoMurchisonElPasoTxMember 2018-12-31 0001574540
doc:MemorialHealthCenterMember 2018-12-31 0001574540 doc:FoundationHealthPlexOfSanAntonioTxMember
2018-12-31 0001574540 doc:NorthOkaloosaMOBMember 2018-12-31 0001574540
doc:BaylorCharlesA.SammonsCancerCenterMember 2018-12-31 0001574540 doc:EdinaEastMOBMember
2018-12-31 0001574540 doc:MississippiOrthoMedicalOfficeBuildingJacksonMsMember 2018-12-31 0001574540
doc:IMSAvondaleMOBMember 2018-12-31 0001574540 doc:St.VincentPOB1BirminghamALMember 2018-12-31
0001574540 doc:OrthopedicSportsInstituteoftheFoxValleyMember 2018-12-31 0001574540
doc:SpringRidgeMedicalCenterMember 2018-12-31 0001574540 doc:FranklinMOBASCMember 2018-12-31
0001574540 doc:AppleValleyMedicalCenterMember 2018-01-01 2018-12-31 0001574540
doc:JewishMedicalPlazaIIMember 2018-01-01 2018-12-31 0001574540
doc:NorthsideCherokeeTowneLakeMOBMember 2018-12-31 0001574540 doc:NashvilleMOBMember 2018-12-31
0001574540 doc:SpringwoodsMOBMember 2018-12-31 0001574540
doc:ValleyWestHospitalMedicalOfficeBuildingChicagoILMember 2018-12-31 0001574540
doc:GreatFallsHospitalGreatFallsMTMember 2018-12-31 0001574540 doc:ParkviewMOBMember 2018-12-31
0001574540 doc:JewishMedicalCenterSouthMOB2Member 2018-01-01 2018-12-31 0001574540
doc:EyeCenterOfSouthernIndianaBloomingtonInMember 2018-01-01 2018-12-31 0001574540
doc:SorrentoRoadMember 2018-01-01 2018-12-31 0001574540 doc:UnityImmediateCareOCCMember 2018-12-31
0001574540 doc:BrookstonePhysicianCenterMOBMember 2018-12-31 0001574540
doc:TwentyFirstCenturyRadiationOncologyVeniceFlMember 2018-12-31 0001574540
doc:LifecareLtachFtWorthTxMember 2018-12-31 0001574540 doc:St.VincentCarmelWomensCenterMember
2018-12-31 0001574540 doc:CambridgeProfessionalCenterMOBMember 2018-12-31 0001574540
doc:PeakOneASCDomain 2018-12-31 0001574540 doc:Calkins300Member 2018-12-31 0001574540
doc:St.VincentPOB3BirminghamALMember 2018-01-01 2018-12-31 0001574540
doc:MiddletownMedical111MalteseWallkillNyMember 2018-01-01 2018-12-31 0001574540
doc:PrairieCareMOBMember 2018-01-01 2018-12-31 0001574540 doc:NorthernVisionEyeCenterMember
2018-01-01 2018-12-31 0001574540 doc:SouthBendOrthopaedicsMedicalOfficeBuildingSouthBendInMember
2018-12-31 0001574540 doc:ZangmesiterColumbusOhMember 2018-01-01 2018-12-31 0001574540
doc:NEHeartInstituteMedicalBuildingMember 2018-12-31 0001574540

doc:FoundationSurgicalHospitalOfSanAntonioTxMember 2018-12-31 0001574540 doc:SorrentoRoadMember 2018-12-31 0001574540 doc:St.AlexiusMedicalArtsPavilionMember 2018-12-31 0001574540 doc:RemingtonMedicalCommonsChicagoILMember 2018-12-31 0001574540 doc:EastElPasoSurgeryCenterElPasoTXMember 2018-01-01 2018-12-31 0001574540 doc:OhioHealthSWHealthCenterMOBMember 2018-01-01 2018-12-31 0001574540 doc:MississippiOrthoMedicalOfficeBuildingJacksonMsMember 2018-01-01 2018-12-31 0001574540 doc:HonorHealthIRFMember 2018-01-01 2018-12-31 0001574540 doc:GrenadaMedicalComplexGrenadaMsMember 2018-01-01 2018-12-31 0001574540 doc:St.LukesCornwallMOBCornwallNYMember 2018-12-31 0001574540 doc:St.LukesCornwallMOBCornwallNYMember 2018-01-01 2018-12-31 0001574540 doc:PinnacleHealthMedicalOfficeBuildingCarlislePaMember 2018-01-01 2018-12-31 0001574540 doc:NewAlbanyMedicalCenterMOBMember 2018-01-01 2018-12-31 0001574540 doc:NorthsideMOBCenterPointeMember 2018-12-31 0001574540 doc:St.ClareMedicalPavilionMember 2018-01-01 2018-12-31 0001574540 doc:Calkins125Member 2018-01-01 2018-12-31 0001574540 doc:FoxValleyHematologyOncologyMember 2018-01-01 2018-12-31 0001574540 doc:NewAlbanyProfessionalBuildingColumbusOHMember 2018-12-31 0001574540 doc:LakesideWellnessCenterMember 2018-01-01 2018-12-31 0001574540 doc:NortheastMedicalCenterMember 2018-12-31 0001574540 doc:DoctorsCommunityHospitalPOBMember 2018-12-31 0001574540 doc:RenaissanceAmbulatorySurgeryCenterOshkoshWiMember 2018-01-01 2018-12-31 0001574540 doc:EastElPasoMOBElPasoTXMember 2018-12-31 0001574540 doc:ElPasoMurchisonElPasoTxMember 2018-01-01 2018-12-31 0001574540 doc:AuroraMedicalOfficeBuildingGreenBayWIMember 2018-01-01 2018-12-31 0001574540 doc:IndianaAmericanIIIMember 2018-01-01 2018-12-31 0001574540 doc:FoundationSurgicalAffiliatesMOBOklahomaCityOKMember 2018-01-01 2018-12-31 0001574540 doc:GrandIslandSpecialtyClinicMember 2018-12-31 0001574540 doc:EyeCenterOfSouthernIndianaBloomingtonInMember 2018-12-31 0001574540 doc:NewAlbanyMedicalCenterMOBMember 2018-12-31 0001574540 doc:MiddletownMedical2EdgewaterWallkillNyMember 2018-01-01 2018-12-31 0001574540 doc:Ft.WaltonBeachMember 2018-01-01 2018-12-31 0001574540 doc:GoodSamaritanNorthAnnexBuildingMember 2018-01-01 2018-12-31 0001574540 doc:ChattanoogaHeartInstituteMember 2018-12-31 0001574540 doc:Calkins400Member 2018-01-01 2018-12-31 0001574540 doc:MinnesotaEyeMOBMember 2018-12-31 0001574540 doc:ElPasoLeeTrevinoElPasoTxMember 2018-12-31 0001574540 doc:HealthparkMedicalCenterMember 2018-01-01 2018-12-31 0001574540 doc:MidCoastHospitalOfficeBuildingPortlandMEMember 2018-01-01 2018-12-31 0001574540 doc:LittleFallsDialysisCenterMember 2018-01-01 2018-12-31 0001574540 doc:CambridgeProfessionalCenterMOBMember 2018-01-01 2018-12-31 0001574540 doc:UnityImmediateCareOCCMember 2018-01-01 2018-12-31 0001574540 doc:FiveHundredSeventyFourLandmarkBloomingtonInMember 2018-01-01 2018-12-31 0001574540 doc:GreatFallsAmbulatorySurgeryCenterGreatFallsMTMember 2018-12-31 0001574540 doc:JewishOCCMember 2018-01-01 2018-12-31 0001574540 doc:UnityFaithHopeLoveMember 2018-01-01 2018-12-31 0001574540 doc:GreatFallsHospitalGreatFallsMTMember 2018-01-01 2018-12-31 0001574540 doc:DaconoNeighborhoodHealthMember 2018-12-31 0001574540 doc:St.JosephProfessionalOfficeBuildingMember 2018-12-31 0001574540 doc:ParkNicolletClinicChanhassenMNMember 2018-12-31 0001574540 doc:St.VincentWomensCenterMember 2018-12-31 0001574540 doc:FountainHillsMedicalCampusMOBMember 2018-01-01 2018-12-31 0001574540 doc:CentralOhioNeurosurgicalSurgeonsMOBColumbusOHMember 2018-01-01 2018-12-31 0001574540 doc:FoxValleyHematologyOncologyMember 2018-12-31 0001574540 doc:JacksonvilleMedPlexBuildingBMember 2018-12-31 0001574540 doc:St.MaryCaritasMedicalIIMember 2018-01-01 2018-12-31 0001574540 doc:MemorialOutpatientCenterMember 2018-01-01 2018-12-31 0001574540 doc:NorthsideCherokeeTowneLakeMOBMember 2018-01-01 2018-12-31 0001574540 doc:MidlandsOneProfessionalCenterMember 2018-01-01 2018-12-31 0001574540 doc:ClearviewCancerInstituteMember 2018-12-31 0001574540 doc:MedStarStephensCrossingMember 2018-01-01 2018-12-31 0001574540 doc:FirehouseSquareMilwaukeeWIMember 2018-01-01 2018-12-31 0001574540 doc:OrthoOneWestervilleOhMember 2018-01-01 2018-12-31 0001574540

doc:EmersonMedicalBuildingCreveCoeurMOMember 2018-01-01 2018-12-31 0001574540
doc:St.JosephMedicalPavilionMember 2018-01-01 2018-12-31 0001574540 doc:MinnetonkaMOBMember
2018-01-01 2018-12-31 0001574540 doc:NorthsideMidtownMOBMember 2018-01-01 2018-12-31 0001574540
doc:BergerMedicalCenterColumbusOhMember 2018-01-01 2018-12-31 0001574540
doc:FoundationHealthPlexOfSanAntonioTxMember 2018-01-01 2018-12-31 0001574540
doc:IMSNorthMountainMOBMember 2018-01-01 2018-12-31 0001574540
doc:Pinnacle4518UnionDepositHarrisburgPaMember 2018-01-01 2018-12-31 0001574540
doc:St.AlexiusMedicalArtsPavilionMember 2018-01-01 2018-12-31 0001574540
doc:UniversityofMichiganNorthvilleMOBMember 2018-01-01 2018-12-31 0001574540 doc:Calkins500Member
2018-01-01 2018-12-31 0001574540 doc:St.VincentPOB2BirminghamALMember 2018-01-01 2018-12-31
0001574540 doc:Calkins200Member 2018-01-01 2018-12-31 0001574540 doc:EastElPasoMOBElPasoTXMember
2018-01-01 2018-12-31 0001574540 doc:St.AlexiusOrthopaedicCenterMember 2018-01-01 2018-12-31 0001574540
doc:NortheastMedicalCenterMember 2018-01-01 2018-12-31 0001574540 doc:BridgeportMedicalCenterMember
2018-01-01 2018-12-31 0001574540 doc:IndianaAmericanIIMember 2018-01-01 2018-12-31 0001574540
doc:TwentyFirstCenturyRadiationOncologyEnglewoodFlMember 2018-01-01 2018-12-31 0001574540
doc:CreightonUniversityMedicalCenterMember 2018-01-01 2018-12-31 0001574540
doc:MansfieldAscMansfieldTxMember 2018-01-01 2018-12-31 0001574540
doc:HazelwoodMedicalcommonsMember 2018-01-01 2018-12-31 0001574540
doc:HEBCancerCenterBedfordTXMember 2018-01-01 2018-12-31 0001574540
doc:CarmelMedicalPavilionCarmelInMember 2018-01-01 2018-12-31 0001574540 doc:NorthMedicalCenterMember
2018-01-01 2018-12-31 0001574540 doc:St.MaryCaritasMedicalIMember 2018-01-01 2018-12-31 0001574540
doc:UnityASCImagingMOBMember 2018-01-01 2018-12-31 0001574540
doc:BrookstonePhysicianCenterMOBMember 2018-01-01 2018-12-31 0001574540
doc:PinnacleMarketPlaceWayHarrisburgPaMember 2018-01-01 2018-12-31 0001574540
doc:St.MaryCaritasMedicalIIIMember 2018-01-01 2018-12-31 0001574540 doc:St.VincentWomensCenterMember
2018-01-01 2018-12-31 0001574540 doc:N.W.MichiganSurgeryCenterUnits124Member 2018-12-31 0001574540
doc:Pinnacle240GrandviewCampHillPaMember 2018-01-01 2018-12-31 0001574540
doc:HonorHealthScottsdaleMOBMember 2018-01-01 2018-12-31 0001574540 doc:FranciscanHealthMember
2018-01-01 2018-12-31 0001574540 doc:N.W.MichiganSurgeryCenterUnits124Member 2018-01-01 2018-12-31
0001574540 doc:NapoleonMobNewOrleansLaMember 2018-01-01 2018-12-31 0001574540
doc:LittleFallsOrthopedicsMember 2018-01-01 2018-12-31 0001574540 doc:ChildrensHospitalMOBMember
2018-01-01 2018-12-31 0001574540 doc:FoundationSurgicalHospitalOfSanAntonioTxMember 2018-01-01
2018-12-31 0001574540 doc:ThorntonNeighborhoodHealthMember 2018-01-01 2018-12-31 0001574540
doc:FairhopeMOBMember 2018-01-01 2018-12-31 0001574540 doc:SpringRidgeMedicalCenterMember 2018-01-01
2018-12-31 0001574540 doc:WestTnBoneJointPhysiciansDriveJacksonTnMember 2018-01-01 2018-12-31
0001574540 doc:MemorialHermannPhaseIIMember 2018-01-01 2018-12-31 0001574540
doc:ColumbiaMOBHudsonNYMember 2018-01-01 2018-12-31 0001574540
doc:MiddletownMedical111MalteseWallkillNyMember 2018-12-31 0001574540 doc:SJRHCCancerCenterMember
2018-01-01 2018-12-31 0001574540 doc:FESCMOBMember 2018-01-01 2018-12-31 0001574540
doc:EdinaEastMOBMember 2018-01-01 2018-12-31 0001574540 doc:HMGMedicalPlazaMember 2018-01-01
2018-12-31 0001574540 doc:EdinaMedicalOfficeBuildingEdinaMNMember 2018-01-01 2018-12-31 0001574540
doc:CarlisleIiMobCarlislePaMember 2018-01-01 2018-12-31 0001574540 doc:HealthEastCurveCrestMember
2018-01-01 2018-12-31 0001574540 doc:BreakfastPointMedicalParkMember 2018-01-01 2018-12-31 0001574540
doc:GreatFallsClinicMOBMember 2018-01-01 2018-12-31 0001574540 doc:PalmBeachASCMember 2018-01-01
2018-12-31 0001574540 doc:FranklinMOBASCMember 2018-01-01 2018-12-31 0001574540
doc:BatonRougeMOBMember 2018-01-01 2018-12-31 0001574540 doc:IMSPalmValleyMOBMember 2018-01-01
2018-12-31 0001574540 doc:BaylorCharlesA.SammonsCancerCenterMember 2018-01-01 2018-12-31 0001574540
doc:CHISt.VincentMercyCancerCenterMember 2018-01-01 2018-12-31 0001574540
doc:GardendaleSurgeryCenterGardendaleALMember 2018-01-01 2018-12-31 0001574540
doc:MontereyMedicalCenterASCStuartFLMember 2018-01-01 2018-12-31 0001574540
doc:MemorialHermannPhaseIMember 2018-01-01 2018-12-31 0001574540 doc:NorthsideMOBCenterPointeMember

2018-01-01 2018-12-31 0001574540 doc:PinnacleHealthMedicalOfficeBuildingHarrisburgPaMember 2018-01-01 2018-12-31 0001574540 doc:Calkins300Member 2018-01-01 2018-12-31 0001574540 doc:SouthpointeMember 2018-01-01 2018-12-31 0001574540 doc:TriosHealthMOBMember 2018-01-01 2018-12-31 0001574540 doc:LifeCarePlanoLTACHPlanoTXMember 2018-01-01 2018-12-31 0001574540 doc:MedicalSpecialistsofPalmBeachMOBMember 2018-01-01 2018-12-31 0001574540 doc:DellRoadMOBMember 2018-01-01 2018-12-31 0001574540 doc:NorthernOhioMedicalCenterMember 2018-01-01 2018-12-31 0001574540 doc:MercyMedicalCenterMOBMember 2018-01-01 2018-12-31 0001574540 doc:JacksonvilleMedPlexBuildingCMember 2018-01-01 2018-12-31 0001574540 doc:CincinnatiEyeInstituteMember 2018-01-01 2018-12-31 0001574540 doc:ElPasoLeeTrevinoElPasoTxMember 2018-01-01 2018-12-31 0001574540 doc:PerdidoMedicalParkMember 2018-01-01 2018-12-31 0001574540 doc:PanamaCityMember 2018-01-01 2018-12-31 0001574540 doc:St.VincentFishersMedicalCenterMember 2018-01-01 2018-12-31 0001574540 doc:RandallRoadMOBMember 2018-01-01 2018-12-31 0001574540 doc:TwentyFirstCenturyRadiationOncologySarasotaFlMember 2018-01-01 2018-12-31 0001574540 doc:NEHeartInstituteMedicalBuildingMember 2018-01-01 2018-12-31 0001574540 doc:PeakOneASCDomain 2018-01-01 2018-12-31 0001574540 doc:PhysiciansMedicalCenterMember 2018-01-01 2018-12-31 0001574540 doc:IMSAvondaleMOBMember 2018-01-01 2018-12-31 0001574540 doc:SavageMedicalOfficeBuildingSavageMNMember 2018-01-01 2018-12-31 0001574540 doc:DaconoNeighborhoodHealthMember 2018-01-01 2018-12-31 0001574540 doc:ClearviewCancerInstituteMember 2018-01-01 2018-12-31 0001574540 doc:AreteSurgicalCenterMember 2018-01-01 2018-12-31 0001574540 doc:NOMSClydeMember 2018-01-01 2018-12-31 0001574540 doc:OaksAtLadylakeLadyLakeFlMember 2018-01-01 2018-12-31 0001574540 doc:CHISt.VincentMercyHeartVascularCenterMember 2018-01-01 2018-12-31 0001574540 doc:FoleyVentureMember 2018-01-01 2018-12-31 0001574540 doc:SouthCampusMOBMember 2018-01-01 2018-12-31 0001574540 doc:MethodistSportsMOBMember 2018-01-01 2018-12-31 0001574540 doc:SouthBendOrthopaedicsMedicalOfficeBuildingSouthBendInMember 2018-01-01 2018-12-31 0001574540 doc:StGabrielsCentracareMember 2018-01-01 2018-12-31 0001574540 doc:PanamaCityBeachMember 2018-01-01 2018-12-31 0001574540 doc:JamestownMOBMember 2018-01-01 2018-12-31 0001574540 doc:RenaissanceOfficeBuildingMember 2018-01-01 2018-12-31 0001574540 doc:SpringwoodsMOBMember 2018-01-01 2018-12-31 0001574540 doc:St.AlexiusTechEdMember 2018-01-01 2018-12-31 0001574540 doc:St.VincentBuildingMember 2018-01-01 2018-12-31 0001574540 doc:ParkNicolletClinicChanhassenMNMember 2018-01-01 2018-12-31 0001574540 doc:St.VincentPOB1BirminghamALMember 2018-01-01 2018-12-31 0001574540 doc:UnityMedicalPavilionMember 2018-01-01 2018-12-31 0001574540 doc:MedicalArtsCenteratHarfordMember 2018-01-01 2018-12-31 0001574540 doc:MauryRegionalHealthcareMOBMember 2018-01-01 2018-12-31 0001574540 doc:CareMountRhinebeckMOBMember 2018-01-01 2018-12-31 0001574540 doc:Pinnacle32NortheastHersheyPaMember 2018-01-01 2018-12-31 0001574540 doc:MedicalArtsPavilionMember 2018-01-01 2018-12-31 0001574540 doc:CoonRapidsMedicalCenterMOBMember 2018-01-01 2018-12-31 0001574540 doc:NashvilleMOBMember 2018-01-01 2018-12-31 0001574540 doc:GreatFallsAmbulatorySurgeryCenterGreatFallsMTMember 2018-01-01 2018-12-31 0001574540 doc:PensacolaCatalystMember 2018-01-01 2018-12-31 0001574540 doc:JacksonvilleMedPlexBuildingBMember 2018-01-01 2018-12-31 0001574540 doc:St.FrancisMOBMember 2018-01-01 2018-12-31 0001574540 doc:CaremountLakeKatrineMOBMember 2018-01-01 2018-12-31 0001574540 doc:LifecareLtachPittsburghPaMember 2018-01-01 2018-12-31 0001574540 doc:CHIHealthClinicBuildingMember 2018-01-01 2018-12-31 0001574540 doc:CardwellMOBMember 2018-01-01 2018-12-31 0001574540 doc:OrthopedicSportsInstituteoftheFoxValleyMember 2018-01-01 2018-12-31 0001574540 doc:SummitUrologyBloomingtonInMember 2018-01-01 2018-12-31 0001574540 doc:PeachtreeDunwoodyMedicalOfficeBuildingCenterAtlantaGaMember 2018-01-01 2018-12-31 0001574540 doc:WoodlandsMedicalArtsCenterMember 2018-01-01 2018-12-31 0001574540 doc:CarrolltonMOBMember 2018-01-01 2018-12-31 0001574540 doc:OrthopedicAssociatesMember 2018-01-01 2018-12-31 0001574540 doc:St.VincentCarmelWomensCenterMember 2018-01-01 2018-12-31 0001574540 doc:JewishMedicalPlazaIMember 2018-01-01 2018-12-31 0001574540 doc:McAuleyCenterMember 2018-01-01 2018-12-31 0001574540 doc:StrictlyPediatricsSpecialtyCenterMember 2018-01-01 2018-12-31 0001574540 doc:FoleyMOBMember

2018-01-01 2018-12-31 0001574540 doc:MissionaryRidgeMOBMember 2018-01-01 2018-12-31 0001574540 doc:VadnaisHeightsMOBMember 2018-01-01 2018-12-31 0001574540 doc:PilotMedicalCenterMember 2018-01-01 2018-12-31 0001574540 doc:MeridanMOBMember 2018-01-01 2018-12-31 0001574540 doc:JewishMedicalCenterEastMember 2018-01-01 2018-12-31 0001574540 doc:ChattanoogaHeartInstituteMember 2018-01-01 2018-12-31 0001574540 doc:HonorHealth44thStreetMOBMember 2018-01-01 2018-12-31 0001574540 doc:LifecareLtachFtWorthTxMember 2018-01-01 2018-12-31 0001574540 doc:CrystalMedicalOfficeBuildingCrystalMNMember 2018-01-01 2018-12-31 0001574540 doc:MontereyMedicalcenterMOBMember 2018-01-01 2018-12-31 0001574540 doc:St.VincentWestMOBMember 2018-01-01 2018-12-31 0001574540 doc:CrescentCitySurgicalCentreNewOrleansLAMember 2018-01-01 2018-12-31 0001574540 doc:RemingtonMedicalCommonsChicagoILMember 2018-01-01 2018-12-31 0001574540 doc:BlandfordMOBMember 2018-01-01 2018-12-31 0001574540 doc:EaglePointMOBMember 2018-01-01 2018-12-31 0001574540 doc:HudgensProfessionalBuildingMember 2018-01-01 2018-12-31 0001574540 doc:MeadowViewProfessionalCenterKingsportTNMember 2018-01-01 2018-12-31 0001574540 doc:OrthoOneColumbusOhMember 2018-01-01 2018-12-31 0001574540 doc:HotSpringsMOBMember 2018-01-01 2018-12-31 0001574540 doc:IMSParadiseValleyMOBMember 2018-01-01 2018-12-31 0001574540 doc:PremierLandmarkMOBMember 2018-01-01 2018-12-31 0001574540 doc:HackleyMedicalCenterGrandRapidsMIMember 2018-01-01 2018-12-31 0001574540 doc:JewishMedicalCenterSouthMOB1Member 2018-01-01 2018-12-31 0001574540 doc:ParkviewMOBMember 2018-01-01 2018-12-31 0001574540 doc:FiveHundredFiftyLandmarkBloomingonInMember 2018-01-01 2018-12-31 0001574540 doc:WestgateMOBMember 2018-01-01 2018-12-31 0001574540 doc:FlowerMoundMOBMember 2018-01-01 2018-12-31 0001574540 doc:CravenHaganClinicMember 2018-01-01 2018-12-31 0001574540 doc:BaylorCancerCenterMember 2018-01-01 2018-12-31 iso4217:USD xbrli:shares iso4217:USD xbrli:shares doc:instruments doc:parking_deck doc:condominium_units doc:transactions doc:properties doc:states doc:healthcareproperty xbrli:pure doc:buildings doc:land doc:segments doc:mezzanine_loan doc:bed utreg:sqft

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20541

FORM 10-K

ý ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2018

o TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 001-36007 (Physicians Realty Trust)
Commission file number: 333-205034-01 (Physicians Realty L.P.)

PHYSICIANS REALTY TRUST
PHYSICIANS REALTY L.P.

(Exact Name of Registrant as Specified in Its Charter)

Maryland (Physicians Realty Trust)	**46-2519850**
Delaware (Physicians Realty L.P.)	**80-0941870**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
309 N. Water Street Suite 500 Milwaukee, Wisconsin	**53202**
(Address of Principal Executive Offices)	(Zip Code)

(414) 367-5600
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Act:

Registrant	Title of Each Class	Name of Each Exchange On Which Registered
Physicians Realty Trust	Common Shares, $0.01 par value	New York Stock Exchange

Securities registered under Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Physicians Realty Trust Yes ý No o Physicians Realty L.P. Yes o No ý

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Physicians Realty Trust Yes o No ý Physicians Realty L.P. Yes o No ý

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Physicians Realty Trust Yes ý No o Physicians Realty L.P. Yes ý No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Physicians Realty Trust Yes ý No o Physicians Realty L.P. Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Physicians Realty Trust Large accelerated filer ý Accelerated filer o Non-accelerated filer o Smaller reporting company o Emerging growth company o

Physicians Realty L.P. Large accelerated filer o Accelerated filer o Non-accelerated filer ý Smaller reporting company o Emerging growth company o

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.

Physicians Realty Trust o Physicians Realty L.P. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Physicians Realty Trust Yes o No ý Physicians Realty L.P. Yes o No ý

The aggregate market value of Physicians Realty Trust's common shares held by non-affiliates as of June 30,2018 was approximately $2,886,115,067 based upon the closing price reported for such date on the New York Stock Exchange. There is no established trading market for units of Physicians Realty L.P.

As of February 22, 2019, there were 182,417,778 shares of Physicians Realty Trust's common shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of this Annual Report on Form 10-K, to the extent not set forth in this Form 10-K, is incorporated herein by reference from Physicians Realty Trust's definitive proxy statement relating to the annual meeting of shareholders to be held onApril 30, 2019, to be filed with the Securities and Exchange Commission within 120 days after the end of the Registrant's fiscal year endedDecember 31, 2018.

EXPLANATORY NOTE

This Annual Report on Form 10-K combines the Annual Reports on Form 10-K for the year ended December 31, 2018 of Physicians Realty Trust (the "Trust"), a Maryland real estate investment trust, and Physicians Realty L.P. (the "Operating Partnership"), a Delaware limited partnership. Unless otherwise indicated or unless the context requires otherwise, all references in this report to "we," "us," "our," the "Company," and "Physicians Realty" refer to the Trust, together with its consolidated subsidiaries, including the Operating Partnership. References to the "Operating Partnership" mean collectively the Operating Partnership together with its consolidated subsidiaries. In this report, all references to "common shares" refer to the common shares of the Trust and references to "our shareholders" refer to shareholders of the common shares of the Trust, the term "OP Units" refers to partnership interests of the Operating Partnership and the term "Series A Preferred Units" refers to Series A Participating Redeemable Preferred Units of the Operating Partnership. As of February 22, 2019, 104,172 Series A Preferred Units were outstanding.

The Trust is a self-managed real estate investment trust ("REIT") formed primarily to acquire, selectively develop, own, and manage healthcare properties that are leased to physicians, hospitals, and healthcare delivery systems. The Trust operates in an umbrella partnership REIT structure ("UPREIT") in which the Operating Partnership and its subsidiaries hold substantially all of the assets. The Trust's operations are conducted through the Operating Partnership and wholly-owned and majority-owned subsidiaries of the Operating Partnership. The Trust, as the general partner of the Operating Partnership, controls the Operating Partnership and consolidates the assets, liabilities, and results of operations of the Operating Partnership.

The Trust conducts substantially all of its operations through the Operating Partnership. As of December 31, 2018, the Trust held a 97.2% interest in the Operating Partnership and owns no Series A Preferred Units. Apart from this ownership interest, the Trust has no independent operations.

Noncontrolling interests in the Operating Partnership, and shareholders' equity of the Trust and partners' capital of the Operating Partnership are the primary areas of difference between the consolidated financial statements of the Trust and those of the Operating Partnership. OP Units not owned by the Trust are accounted for as limited partners' capital in the Operating Partnership's consolidated financial statements and as noncontrolling interests in the Trust's consolidated financial statements. The differences between the Trust's shareholders' equity and the Operating Partnership's partners' capital are due to the differences in the equity issued by the Trust and the Operating Partnership, respectively.

The Company believes combining the Annual Reports of the Trust and the Operating Partnership, including the notes to the consolidated financial statements, into this single report results in the following benefits:

- a combined report enhances investors' understanding of the Trust and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- a combined report eliminates duplicative disclosure and provides a more streamlined and readable presentation, as a substantial portion of the Company's disclosure applies to both the Trust and the Operating Partnership; and
- a combined report creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

To help investors understand the significant differences between the Trust and the Operating Partnership, this report presents the following separate sections for each of the Trust and the Operating Partnership:

- the market for registrant's common equity, related stockholder matters and issuer purchases of equity securities in Item 5 of this report;
- selected financial data in Item 6 of this report;
- the consolidated financial statements in Item 8 and Item 15 of this report;

- certain accompanying notes to the consolidated financial statements, including Note 14 (Earnings Per Share and Earnings Per Unit) and Note 16 (Quarterly Data);
- controls and procedures in Item 9A of this report; and
- the certifications of the Chief Executive Officer and the Chief Financial Officer included as Exhibits 31 and 32 to this report.

PHYSICIANS REALTY TRUST AND PHYSICIANS REALTY L.P.

Annual Report on Form 10-K for the Year Ended December 31, 2018

Table of Contents

Forward-Looking Statements

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts may be forward-looking statements within the meaning of the federal securities laws. In particular, statements pertaining to our capital resources, property performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations and anticipated market conditions, demographics and results of operations are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as “believe,” “expect,” “outlook,” “continue,” “project,” “may,” “will,” “shoul “approximately,” “intend,” “plan,” “pro forma,” “estimate,” or “anticipate” or the negative of these words and phrases or simila words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans, expectations, or intentions.

These forward-looking statements reflect the views of our management regarding current expectations and projections about future events and are based on currently available information. These forward-looking statements are not guarantees of future performance and involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data, or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- general economic conditions;
- adverse economic or real estate developments, either nationally or in the markets where our properties are located;
- our failure to generate sufficient cash flows to service our outstanding indebtedness, or our ability to pay down or refinance our indebtedness;
- fluctuations in interest rates and increased operating costs;
- the availability, terms and deployment of debt and equity capital, including our unsecured revolving credit facility;
- our ability to make distributions on our common shares;
- general volatility of the market price of our common shares;
- our increased vulnerability economically due to the concentration of our investments in healthcare properties;
- our geographic concentration in Texas causes us to be particularly exposed to downturns in the Texas economy or other changes in Texas market conditions;
- changes in our business or strategy;
- our dependence upon key personnel whose continued service is not guaranteed;
-

our ability to identify, hire, and retain highly qualified personnel in the future;

- the degree and nature of our competition;
- changes in governmental regulations or interpretations thereof, such as real estate and zoning laws and increases in real property tax rates, taxation of REITs, and similar matters;
- defaults under or non-renewal of leases by tenants;
- decreased rental rates or increased vacancy rates;
- difficulties in identifying healthcare properties to acquire and completing acquisitions;

- competition for investment opportunities;
- any adverse effects to the business, financial position or results of operations of Catholic Health Initiatives ("CHI"), or one or more of the CHI-affiliated tenants, that impact the ability of CHI-affiliated tenants to pay us rent;
- the impact of our investments in joint ventures we may make in the future;
- the financial condition and liquidity of, or disputes with, any joint venture and development partners with whom we may make co-investments in the future;
- cybersecurity incidents could disrupt our business and result in the compromise of confidential information;
- our ability to operate as a public company;
- changes in healthcare laws or government reimbursement rates;
- changes in accounting principles generally accepted in the United States (GAAP);
- lack of or insufficient amounts of insurance;
- other factors affecting the real estate industry generally;
- our failure to maintain our qualification as a REIT for U.S. federal income tax purposes;
- limitations imposed on our business and our ability to satisfy complex rules in order for us to qualify as a REIT for U.S. federal income tax purposes; and
- Other factors that may materially adversely affect us, or the per share trading price of our common shares, including:
- the number of our common shares available for future issuance or sale;
- our issuance of equity securities or the perception that such issuance might occur;
- future debt;
- failure of securities analysts to publish research or reports about us or our industry; and
- securities analysts' downgrade of our common shares or the healthcare-related real estate sector.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events or other changes after the date of this report, except as required by applicable law. You should not place undue reliance on any forward-looking statements that are based on information currently available to us or the third parties making the forward-looking statements. For a further discussion of these and other factors that could impact our future results, performance or transactions, see Part I, Item 1A. "Risk Factors" of this report.

PART I

ITEM 1. BUSINESS

Overview

Physicians Realty Trust, a Maryland real estate investment trust, and Physicians Realty L.P., a Delaware limited partnership, were organized in April 2013 to acquire, selectively develop, own and manage healthcare properties that are leased to physicians, hospitals and healthcare delivery systems. Unless otherwise indicated or unless the context requires otherwise, all references in this report to "we," "us," "our," the "Company," and "Physicians Realty" refer to the Trust together with its consolidated subsidiaries, including the Operating Partnership. References to the "Operating Partnership" mean collectively the Operating Partnership together with its consolidated subsidiaries. We completed our initial public offering ("IPO") in July 2013. The Trust's common shares are listed on the New York Stock Exchange ("NYSE") and it is included in the MSCI US REIT Index.

We have grown our portfolio of gross real estate investments from approximately $124 million at the time of our IPO to approximately $4.4 billion as of December 31, 2018. As of December 31, 2018, our portfolio consisted of 252 healthcare properties located in 30 states with approximately 13,624,598 net leasable square feet, which were approximately 96% leased with a weighted average remaining lease term of approximately 7.9 years. As of December 31, 2018, approximately 90% of the net leasable square footage of our portfolio was either on campus with a hospital or other healthcare facility or strategically affiliated with a hospital or other healthcare facility.

We receive a cash rental stream from healthcare providers under our leases. Approximately 93.0% of the annualized base rent payments from our properties as of December 31, 2018 are from absolute and 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 leases to generate attractive returns on a long-term basis. Our leases typically have initial terms of 5 to 15 years and include annual rent escalators of approximately 1.5% to 3.0%. 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 December 31, 2018, leases representing a percentage of our portfolio on the basis of leased square feet will expire as follows:

Year	Portfolio Lease Expirations
MTM (1)	0.9%
2019	2.7%
2020	3.6%
2021	4.4%
2022	4.9%
2023	4.7%
2024	5.9%
2025	7.1%
2026	27.5%
2027	9.2%
2028	10.1%
Thereafter	19.0%
Total	100.0%

(1) "MTM" means month-to-month. This line also includes 5 leases which expired on December 31, 2018, representing 0.2% of portfolio leasable square feet.

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 affiliated with a hospital or other healthcare system. We believe the impact of government programs and continuing trends in the healthcare industry create attractive opportunities for us to invest in healthcare-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, and 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.

The Trust is a Maryland real estate investment trust and has elected to be taxed as a REIT for U.S. federal income tax purposes. We conduct our business through an umbrella partnership REIT structure in which our properties are owned by the Operating Partnership directly or through limited partnerships, limited liability companies, or other subsidiaries. The Trust is the sole general partner of the Operating Partnership and, as of February 22, 2019, owned approximately 97.2% of the OP Units.

Our Objectives and Growth Strategy

Overview

Our principal business objective is to provide attractive risk-adjusted returns to our shareholders through a combination of (i) sustainable and increasing rental revenue and cash flow that generate reliable, increasing dividends, and (ii) potential long-term appreciation in the value of our properties and common shares. Our primary strategies to achieve our business objective are to leverage our physician and hospital relationships nationwide to invest in off-market assets that maximize risk-adjusted returns to our shareholders, to invest in, own, and manage a diversified portfolio of high quality healthcare properties, and to understand 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 expect to make investments in new development properties when approximately 80% 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; and
- specialty hospitals and treatment centers.

We believe that shifting consumer preferences, limited space in hospitals, the desire of patients and healthcare providers to limit non-essential services provided in a hospital setting, and cost considerations, among other trends, continue to drive the industry trend of performing procedures in outpatient facilities that have traditionally been performed in hospitals, such as surgeries and other invasive medical procedures. As these trends continue, we believe that demand for medical office buildings and similar healthcare properties will continue to rise, and that our investment strategy accounts for these trends.

We may invest opportunistically in life science facilities, assisted living facilities, independent senior living facilities, senior housing properties, and skilled nursing facilities. Consistent with the Trust's qualification as a REIT, we may also opportunistically invest in companies that provide healthcare services, and 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;
- 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.

In addition, our management team has maintained a conservative balance sheet while investing over $4.4 billion as of December 31, 2018 in real estate assets since our IPO in July 2013. For short-term purposes, we may borrow on our primary unsecured credit facility. From time to time, we replace these borrowings with long-term capital such as senior unsecured notes and equity, or alternative securities (i.e. debt convertible to equity). We selectively utilize capital market transactions in furtherance of our investment strategy, including, amending our Credit Agreement (as hereinafter defined) to extend the maturity date of the revolving credit facility and to reduce the interest rate margin applicable to borrowings, and the raising of an additional $9.9 million of equity through sales under our ATM Program (as hereinafter defined).

Business Strategy

We are focused on building and maintaining a portfolio of high-quality healthcare properties leased to physicians, hospitals, healthcare delivery systems, and other healthcare providers. Our investment strategy includes a focus on investments with the following key attributes:

- We seek to invest in properties serving healthcare systems with dominant market share, high credit quality and those who are investing capital into their campuses. In particular, we seek to own off-market or selectively marketed assets with attractive demographics, economic growth, and high barriers to entry. We seek to invest in and maintain well occupied properties that we believe are critical to the delivery of healthcare.
- We emphasize ensuring an appropriate and balanced mix of tenants to provide synergies within both individual buildings and the broader health system campus. Our primary tenants are healthcare systems, academic medical centers and leading physician groups. These groups typically have strong and stable financial performance. We believe this helps ensure stability in our rental income and tenant retention over time.
- We seek to maintain a core, critical portfolio of properties and to build our reputation as a dedicated leading MOB owner and operator.
- We seek to maintain or increase our average rental rates, and focus on actively leasing our vacant space and reducing leasing concessions.

In addition, 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, and consider the potential for long-term relationships and repeat business when assessing acquisition potential.

We actively manage our balance sheet to maintain our investment grade credit rating, to maintain an appropriate level of leverage and to preserve financing flexibility for funding of future acquisitions. In particular, we:

- Continue to maintain a high level of liquidity, including borrowing availability under our unsecured revolving credit facility.
- Maintain access to multiple sources of capital, including private debt issuances, public bond offerings, public equity offerings, and unsecured bank loans.
- Periodically review our portfolio to consider potential dispositions of relatively lower quality properties to reinvest the proceeds into high quality properties.
- Closely monitor our existing debt maturities and average interest rates.

2018 Highlights and Other Recent Developments

Investment Activity

- For the full year 2018, we completed acquisitions of 4 operating healthcare properties and 1 land parcel. These properties are located in 5 states for an aggregate purchase price of approximately $252.8 million. In addition, we funded $18.2 million of other investments, including the issuance of loans and buyouts of noncontrolling interests, resulting in total investments of $271.0 million. We also acquired 2 properties and an adjacent land parcel through the conversion and satisfaction of a previously outstanding construction loan, valued at an aggregate $18.8 million. Additionally, we acquired 2 parcels of land, which we had previously ground leased, as the result of a lease restructuring arrangement and equity recapitalization.

- During 2018, we sold 34 medical office buildings located in 9 states for approximately $220.4 million and recognized a net gain of approximately $11.7 million.

- On January 18, 2019, the Company made a construction loan to finance the construction of a 27,000 square foot cancer center in Denton, Texas up to $15.5 million. The loan bears interest at a rate of 5.50% on the outstanding principal balance during construction and 6.25% following substantial completion. The loan is secured by a first deed of trust on the real estate and a completion guaranty, and includes a purchase option that is exercisable upon the first anniversary of substantial completion. The 100% pre-leased development is located across the street from the 208-bed Texas Health Presbyterian Hospital Denton campus, and is expected to include expanded radiation oncology services, CT, PET-CT, and a state of the art infusion center with direct access to a healing garden. As of February 22, 2019, $5.0 million has been funded under the construction loan facility.

- On February 13, 2019, the Company funded a $15.0 million term loan that is secured by a first mortgage on real estate being developed in Columbus, Ohio and by a full recourse guaranty. The loan bears interest at a rate of 8.5% during its one-year term.

Assets Slated for Disposition

- We consider 6 properties in three states, representing an aggregate of approximately 320,270 square feet of gross leasable area, to be slated for disposition as of December 31, 2018. These assets consist of five assets formerly affiliated with Foundation Healthcare, Inc. (formerly OTC: FDNH) (“Foundation Healthcare”) and one additional property which we believe no longer meets our core business strategy from a geography and line of business perspective.

Capital Markets and Dividends

- In August 2016, we entered into separate At Market Issuance Sales Agreements (the “Sales Agreements”) with each of KeyBanc Capital Markets Inc., Credit Agricole Securities (USA) Inc., JMP Securities LLC, Raymond James & Associates, Inc., and Stifel Nicolaus & Company, Incorporated (the “Agents”), pursuant to which we may issue and sell, from time to time, our common shares having an aggregate offering price of up to $300.0 million, through the Agents (the “ATM Program”). During the fiscal year-ended December 31, 2018, we issued and sold pursuant to the ATM Program 570,551 common shares at a weighted average price of $17.50 per share, resulting in net proceeds to us of approximately $9.9 million.

Our Industry 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 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.

$3.3 Trillion Healthcare Industry Projected to Grow to $5.7 Trillion (and 19.7% of U.S. GDP) by 2026

According to the U.S. Department of Health and Human Services ("HHS"), healthcare spending accounted for 17.9% of U.S. gross domestic product ("GDP") in 2016. 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 healthcare spending in the United States continues to increase. According to the Centers for Medicare & Medicaid Services' National Health Expenditure Projections 2017-2026, national healthcare expenditures continue to rise and are projected to grow from an estimated $3.5 trillion in 2017 to $5.7 trillion by 2026, representing an average annual rate of growth of 5.5%, reaching a projected 19.7% of GDP in 2026.
Source: Centers for Medicare & Medicaid Services, Office of the Actuary

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 49.2 million to nearly 94.7 million and the 85 and older population is expected to more than triple, from 6.4 million to 19.0 million, between 2016 and 2060. 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 15.2% of the total U.S. population in 2016 and projected to grow to 23.5% by 2060.

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. To illustrate, in 2012 the elderly (65+ years old) represented only 14% of the population while accounting for 34% of all healthcare-related spending. 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. For example, beginning in 2019, CMS expanded the list of procedures that can be performed and reimbursed in outpatient surgery centers to include 12 cardiac catherization diagnostic procedures and 5 ancillary procedures. We believe these trends will result in a substantial increase in the number of 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.

Source: U.S. Census Bureau

Affordable Care Act

The Affordable Care Act (as hereinafter defined) constituted a significant overhaul of many aspects of healthcare regulations and health insurance, and created the framework for healthcare services over the near term. It required 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. On December 14, 2018, a federal district court in Texas ruled that the Affordable Care Act's individual mandate was unconstitutional. However, the Affordable Care Act will remain in place pending an appeal.

The U.S. Census Bureau estimated that approximately 50 million Americans did not have healthcare insurance in 2009, before the Affordable Care Act was enacted. The HHS reported that approximately 28.1 million Americans did not have health insurance in 2016. The Affordable Care Act and subsequent legislation, executive orders and events, as well as their potential impact on our business, are discussed more fully under Item 1, "Business," under the caption "Certain Government Regulations."

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. We also believe 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 and has created increased demand for customized facilities providing specialized, preventive and integrative healthcare services.

We further believe the provisions of the Affordable Care Act that are designed to lower certain reimbursement amounts under Medicare and tie reimbursement levels to the quality of services provided will 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 healthcare 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 healthcare market trends toward outpatient care will continue to push healthcare 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.

Impact of BBA on Outpatient Care

Section 603 Assets: Section 603 of the Bipartisan Budget Act of 2015 (the "2015 BBA") generally prohibits hospital outpatient departments ("HOPDs") from charging preferential hospital outpatient department rates for Medicare patients treated in "off-campus" locations on or after January 1, 2017, potentially impacting their profitability. These preferential Medicare rates are only permitted if the hospital provides HOPD services in a building within 250 yards of the hospital's main inpatient location. A hospital HOPD can be grandfathered by the 2015 BBA even if the location is outside the 250 yard distance. Under the statutory authority, an off-campus HOPD facility in existence as of November 2, 2015 can be "grandfathered" and can continue to be paid at the preferential HOPD rates, if, among other things, the hospital was billing HOPD services in that location on a HOPD basis as of November 2, 2015 and continues to provide those services in that location. On November 21, 2018, the Secretary issued a final rule, effective January 1, 2019, that eliminates the higher, Outpatient Prospective Payment System reimbursement rate for evaluation and management services provided by Grandfathered HOPD locations. The Secretary, instead, will only reimburse for evaluation and management services at the lower, Medicare Physician Fee Schedule rate that new non-grandfathered off-campus HOPD locations receive. See Centers for Medicare & Medicaid Services, Medicare Program: Changes to Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs, Department of Health and Human Services, 83 Fed. Reg. 58,818 (November 21, 2018) ("Final Rule"). The American Hospital Association (the "AHA") and a number of hospitals have sued the Secretary in federal court to enforce the plain meaning of Section 603 of the BBA and restore the right to Grandfathered HOPD reimbursement rates. "Grandfathered" hospitals providing HOPD services in our portfolio are referred to as 603 assets in our SEC reports and other public disclosures.

We own a number of assets that will continue to be reimbursed at hospital inpatient rates, which we refer to as "603 assets" after the applicable section of the BBA. Rent derived from these 603 assets accounts for approximately 18% of our total portfolio annualized base rent as of December 31, 2018. Depending upon the implementation of the regulations, the BBA may enhance the value of these 603 assets because existing HOPDs may lose their higher reimbursements rates should they choose to change locations.

Portfolio Summary

Please see "Item 2. Properties" for a table that summarizes our portfolio as of December 31, 2018.

Geographic Concentration

As of December 31, 2018, approximately 15.4% of our total annualized base rent was derived from properties located in Texas.

As a result of this geographic concentration, we are particularly exposed to downturns in the Texas economy or other changes in local real estate market conditions. Any material change in the current payment programs or regulatory, economic, environmental, or competitive conditions in Texas could have a disproportionate effect on our overall business results. In the event of negative economic or other changes in the Texas market, our business, financial condition, and results of operations, our ability to make distributions to our shareholders and the market price of our common shares may be adversely affected. See the discussion under Item 1A, “Risk Factors,” under the caption, “Economic and other conditions that negatively affect geographic areas in which we conduct business, and in particular Texas, and other areas to which a greater percentage of our revenue is attributed could materially adversely affect our business, results of operations, and financial condition.”

Customer Concentration

We receive substantially all of our revenue as rent payments from tenants under leases of space in our healthcare properties, with our five largest tenants based upon rental revenue representing approximately $54.9 million, or 19.2%, of the annualized base rent from our properties as of December 31, 2018. No one tenant represents more than 5.7% of our total annualized base rent; however, 19.2% of our total annualized base rent as of December 31, 2018 is from tenants affiliated with CHI. We have no control over the success or failure of our tenants' businesses and, at any time, any of our tenants may experience a downturn in its business that may weaken its financial condition. Our business, financial position, or results of operation could be materially adversely affected if CHI were to experience a material adverse effect on its business, financial position, or results of operations.

Competition

We compete with many other entities engaged in real estate investment activities for acquisitions of healthcare properties, including national, regional and local operators, acquirers, and developers of healthcare-related real estate properties and other investors such as private equity firms, some of whom may have greater financial resources and lower costs of capital than we do. The competition for healthcare-related real estate properties may significantly increase the price that we must pay for healthcare properties or other assets that we seek to acquire, and our competitors may succeed in acquiring those properties or assets themselves. In addition, our potential acquisition targets may find our competitors to be more attractive because they may have greater resources, may be willing to pay more for the properties or may have a more compatible operating philosophy. In particular, larger REITs that target healthcare properties may enjoy significant competitive advantages that result from, among other things, a lower cost of capital, enhanced operating efficiencies, more personnel, and market penetration and familiarity with markets. In addition, the number of entities and the amount of funds competing for suitable investment properties may increase. Increased competition would result in increased demand for the same assets and therefore increase prices paid for them. Those higher prices for healthcare properties or other assets may adversely affect our returns from our investments.

We also face competition in leasing available MOBs and other facilities that serve the healthcare industry to prospective tenants. As a result, we may have to provide rent concessions, incur charges for tenant improvements, offer other inducements, or we may be unable to timely lease vacant space in our properties, all of which may have a material adverse impact on our results of operations.

Seasonality

Our business has not been, and we do not expect it to become, subject to material seasonal fluctuations.

Employees

At December 31, 2018, we had 70 full-time employees, none of whom are subject to a collective bargaining agreement. We believe that relations with our employees are positive.

Environmental Matters

As an owner of real estate, we are subject to various federal, state, and local environmental laws, regulations, and ordinances and also could be liable to third parties as a result of environmental contamination or noncompliance at our properties even if we no longer own such properties. See the discussion under Item 1A, "Risk Factors," under the caption "Environmental compliance costs and liabilities associated with owning, leasing, developing and operating our properties may affect our results of operations."

11

Certain Government Regulations

Overview

Our tenants and operators are typically subject to extensive and complex federal, state, and local healthcare laws and regulations relating to fraud and abuse practices, government reimbursement, licensure, protection of patient health information, and certificate of need and similar laws governing the operation of healthcare facilities, and we expect that the healthcare industry, in general, will continue to face increased regulation and pressure in the areas of fraud, waste and abuse, cost control, healthcare management, and provision of services, among others. These regulations are wide-ranging and can subject our tenants and operators to civil, criminal and administrative sanctions. Affected tenants and operators may find it increasingly difficult to comply with this complex and evolving regulatory environment because of a relative lack of guidance in many areas as certain of our healthcare properties are subject to oversight from several government agencies and the laws may vary from one jurisdiction to another. Changes in laws and regulations, reimbursement enforcement activity and regulatory non-compliance by our tenants and operators can all have a significant effect on their operations and financial condition, which in turn may adversely impact us, as detailed below and set forth under Item 1A, “Risk Factors,” under the caption “The healthcare industry is heavily regulated, and new laws or regulations, changes to existing laws or regulations, enforcement of these laws, loss of licensure, or failure to obtain licensure could adversely impact our company and result in the inability of our tenants to make rent payments to us.”

In 2017, Congress came within a single vote of repealing of the Affordable Care Act and substantially reducing funding to the Medicaid program. New legislation may be introduced in the future, proposing changes, if not full repeal of the Affordable Care Act. Beyond this, significant changes to commercial health insurance and government-sponsored insurance (i.e., Medicare and Medicaid) remain possible. Commercial and government payors are likely to continue imposing larger discounts and tighter cost controls upon operators, through reductions in reimbursement rates and changes in payment methodologies, discounted fee structures, the assumption by healthcare providers of all or a portion of the financial risk or otherwise. A shift toward less comprehensive health insurance coverage and increased consumer cost-sharing on health expenditures could have a material adverse effect on certain of our operators’ liquidity, financial condition, and results of operations and, in turn, their ability to satisfy their contractual obligations, including making rental payments under and otherwise complying with the terms of our leases.
The following is a discussion of certain laws and regulations generally applicable to our operators, and in certain cases, to us.

Healthcare Legislation

Health Reform Laws. On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act of 2010 (the “Affordable Care Act”) and the Health Care and Education Reconciliation Act of 2010, which amends the Affordable Care Act (collectively with other subsequently enacted federal health care laws and regulations, the “Health Reform Laws”). The Health Reform Laws contain various provisions that may directly impact us or the operators and tenants of our properties. Some provisions of the Health Reform Laws may have a positive impact on our operators’ or tenants’ revenues, by, for example, increasing coverage of uninsured individuals, while others may have a negative impact on the reimbursement of our operators or tenants by, for example, altering the market basket adjustments for certain types of health care facilities. The Health Reform Laws also enhance certain fraud and abuse penalty provisions that could apply to our operators and tenants, in the event of one or more violations of the federal health care regulatory laws. In addition, there are provisions that impact the health coverage that we and our operators and tenants provide to our respective employees. The Health Reform Laws also provide additional Medicaid funding to allow states to carry out the expansion of Medicaid coverage to certain financially-eligible individuals beginning in 2014, and have also permitted states to expand their Medicaid coverage to these individuals since April 1, 2010, if certain conditions are met. On June 28, 2012, the United States Supreme Court upheld the

individual mandate of the Health Reform Laws but partially invalidated the expansion of Medicaid. The ruling on Medicaid expansion allows states not to participate in the expansion-and to forego funding for the Medicaid expansion-without losing their existing Medicaid funding. As of December 31, 2017, 18 states have pursued this option. The participation by states in the Medicaid expansion could have the dual effect of increasing our tenants' revenues, through new patients, but could also further strain state budgets. While the federal government paid for approximately 100% of those additional costs from 2014 to 2016, states now are expected to pay for part of those additional costs.

Challenges to the Health Reform Laws and Potential Repeal and/or Further Reforms under Trump Administration. Since the enactment of the Health Care Laws, there have been multiple attempts through legislative action and legal challenge to repeal or amend the Health Reform Laws, including the case that was before the U.S. Supreme Court, *King v. Burwell*. Although the Supreme Court in *Burwell* upheld the use of subsidies to individuals in federally-facilitated health care exchanges

on June 25, 2015, which ultimately did not disrupt significantly the implementation of the Health Reform Laws, we cannot predict whether other current or future efforts to repeal, amend or challenge the validity of all or part of the Health Reform Laws will be successful, nor can we predict the impact that such a repeal, amendment or challenge would have on our operators or tenants and their ability to meet their obligations to us.

In 2017, President Trump and Congress unsuccessfully sought to repeal and replace the Affordable Care Act. On January 20, 2017, President Trump issued an Executive Order stating that it is the administration's official policy to repeal the Affordable Care Act and instructing the Secretary of Health and Human Services and the heads of all other executive departments and agencies with authority and responsibility under the Affordable Care Act to, among other matters, delay implementation of or grant an exemption from any provision of the Affordable Care Act that would impose a fiscal burden on any state or a cost, fee, tax, penalty, or regulatory burden on individuals, families, healthcare providers, health insurers, patients, and others. On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was signed into law. The Tax Act, among other things, reduces the Affordable Care Act's individual mandate penalty to zero beginning in 2019. The elimination of the penalties does not remove the requirement to obtain healthcare coverage; however, without penalties there effectively will be no enforcement. On December 14, 2018, a federal district court in Texas ruled that the Affordable Care Act's individual mandate was unconstitutional. The court also ruled that the provisions of the individual mandate were not severable from the remainder of the Affordable Care Act, rendering the remainder of the Affordable Care Act invalid as well. The Affordable Care Act will remain in place pending an appeal of the court's decision to the United States Court of Appeals for the Fifth Circuit.

It is possible that Congress will continue to consider other legislation to repeal the Affordable Care Act or repeal and replace some or all elements of the Affordable Care Act.

We cannot predict the effect of the Executive Order, the Tax Act's 2019 repeal of the individual mandate penalty on the Affordable Care Act, or the Texas court's decision or any appeal thereof, other state-based litigation, or whether Congress' attempt to repeal or repeal and replace the law will be successful. Further, we cannot predict how the Affordable Care Act might be amended or modified, either through the legislative or judicial process, and how any such modification might impact our tenants' operations or the net effect of this law on us. If the operations, cash flows or financial condition of our operators and tenants are materially adversely impacted by any repeal or modification of the law, our revenue and operations may be materially adversely affected as well.

Fraud and Abuse Enforcement

There are various extremely complex federal and state laws and regulations governing healthcare providers' relationships and arrangements and prohibiting fraudulent and abusive practices by such providers. These laws include (i) federal and state false claims acts, which, among other things, prohibit providers from filing false claims or making false statements to receive payment from Medicare, Medicaid or other federal or state healthcare programs, (ii) federal and state anti-kickback and fee-splitting statutes, including the Medicare and Medicaid anti-kickback statute, which prohibit the payment or receipt of remuneration to induce referrals or recommendations of healthcare items or services, (iii) federal and state physician self-referral laws (commonly referred to as the "Stark Law"), which generally prohibit referrals by physicians to entities with which the physician or an immediate family member has a financial relationship, (iv) the federal Civil Monetary Penalties Law, which prohibits, among other things, the knowing presentation of a false or fraudulent claim for certain healthcare services and (v) federal and state privacy laws, including the privacy and security rules contained in the Health Insurance Portability and Accountability Act of 1996, which provide for the privacy and security of personal health information. Violations of healthcare fraud and abuse laws carry civil, criminal and administrative sanctions, including punitive sanctions, monetary penalties, imprisonment, denial of Medicare and Medicaid reimbursement, and potential exclusion from Medicare, Medicaid, or other federal or state healthcare programs. These laws are enforced by a variety of federal, state, and local agencies and can also be enforced by private litigants through, among other things, federal and state false claims acts, which allow private litigants to bring *qui tam* or "whistleblower" actions. Many of our operators and tenants are subject to

these laws, and some of them may in the future become the subject of governmental enforcement actions if they fail to comply with applicable laws.

Reimbursement

Sources of revenue for many of our tenants and operators include, among other sources, governmental healthcare programs, such as the federal Medicare program and state and Medicaid program, and non-governmental payors, such as insurance payors, managed care organizations (MCOs), health maintenance organizations (HMOs), and Accountable Care Organizations (ACOs). As federal and state governments focus on healthcare reform initiatives, and as the federal government and many states face significant budget deficits, efforts to reduce costs by these payors will likely continue, which may result in reduced or slower growth in reimbursement for certain services provided by some of our tenants and operators.

We cannot predict whether future Congressional proposals will seek to reduce physician reimbursements. Efforts by other payors to reduce healthcare costs are likely to continue, which may result in reductions or slower growth in reimbursement for certain services provided by some of our tenants. Further, revenue realizable under third-party payor agreements can change after examination and retroactive adjustment by payors during the claims settlement process or as a result of post-payment audits. For example, payors may disallow requests for reimbursement based on determinations that certain costs are not reimbursable or reasonable, because additional documentation is necessary or because certain services were not covered or were not medically necessary. The Healthcare Reform Laws and regulatory changes could impose further limitations on government and private payments to healthcare providers. In some cases, states have enacted or are considering enacting measures designed to reduce their Medicaid expenditures and to make changes to private healthcare insurance. In addition, the failure of any of our tenants to comply with various laws and regulations could jeopardize their ability to continue participating in Medicare, Medicaid, and other government sponsored payment programs. The financial impact on our tenants' failure to comply with such laws and regulations could restrict their ability to make rent payments to us.

Healthcare Licensure and Certificate of Need

Certain healthcare facilities in our portfolio are subject to extensive federal, state and local licensure, certification and inspection laws, and regulations. In addition, various licenses and permits are required to dispense narcotics, operate pharmacies and laboratories, handle radioactive materials, and operate equipment. Many states require certain healthcare providers to obtain a certificate of need, which requires prior approval for the construction, expansion, and closure of certain healthcare facilities. The approval process related to state certificate of need laws may impact some of our tenants' and operators' abilities to expand or change their businesses.

Available Information

Our website address is *www.docreit.com.* We make available, free of charge through the Investor Relations portion of the website, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (as amended, the "Exchange Act") as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the "SEC" or the "Commission"). Reports of beneficial ownership filed pursuant to Section 16(a) of the Exchange Act are also available on our website. These reports and other information are also available, free of charge, at www.sec.gov.

In addition, the Trust's Board of Trustees has established a Code of Business Conduct and Ethics that applies to our officers, including our Chief Executive Officer and President and Chief Financial Officer, trustees, and employees. The Code of Business Conduct and Ethics provides a statement of the Company's policies and procedures for conducting business legally and ethically. A copy of the Code of Business Conduct and Ethics is available in the Investor Relations section of our website (*www.docreit.com*) under the tab "Governance Documents." Any amendments to or waivers from the Code of Business Conduct and Ethics will be disclosed on our website. Information contained on our website is not part of this report.

ITEM 1A. RISK FACTORS

The following summarizes the material risks of purchasing or owning our securities. Additional unknown risks may also impair our financial performance and business operations. Our business, financial condition, and/or results of operation may be materially adversely affected by the nature and impact of these risks. In such case, the market value of our securities could be detrimentally affected, and investors may lose part or all of the value of their investment. You should carefully consider the risks and uncertainties described below.

We have grouped these risk factors into the following general categories:

- Risks related to our business;
- Risks related to the healthcare industry;
- Risks related to the real estate industry;
- Risks related to financings;
- Risks related to our portfolio and structure; and
- Risks related to our qualification and operation as a REIT.

Risks Related To Our Business

Our real estate investments are concentrated in healthcare properties, and any downturn in the healthcare industry could materially affect our business.

We acquire, own, manage, operate, and selectively develop properties for lease primarily to physicians, hospitals, and healthcare delivery systems. We are subject to risks inherent in concentrating investments in real estate, and further from the concentration of our investments in the healthcare sector. Any adverse effects that result from these risks could be more pronounced than if we diversified our investments outside of healthcare properties. Given our concentration in this sector, our tenant base is especially concentrated and dependent upon the healthcare industry generally, and any industry downturn could adversely affect the ability of our tenants to make lease payments and our ability to maintain current rental and occupancy rates. Our tenant mix could become even more concentrated if a significant portion of our tenants practice in a particular medical field or are reliant upon a particular healthcare delivery system. Accordingly, a downturn in the healthcare industry generally, or in the healthcare-related facility specifically, could adversely affect our business, financial condition, and results of operations, our ability to make distributions to our shareholders, and the market price of our common shares.

Economic and other conditions that negatively affect geographic areas in which we conduct business, and in particular Texas, and other areas to which a greater percentage of our revenue is attributed could materially adversely affect our business, results of operations, and financial condition.

Our operating results depend upon our ability to maintain and increase occupancy levels and rental rates at our properties. Adverse economic or other conditions in the geographic markets in which we operate, including periods of economic slowdown or recession, industry slowdowns, periods of deflation, relocation of businesses, changing demographics, earthquakes and other natural disasters, fires, terrorist acts, civil disturbances or acts of war, and other man-made disasters which may result in uninsured or underinsured losses, and changes in tax, real estate, zoning, and other laws and regulations, may lower our occupancy levels and limit our ability to increase rents or require us to offer rental concessions.

As of December 31, 2018, approximately 1.9 million square feet of our gross leasable area and $44.1 million of our total annualized base rent was derived from properties located in Texas (13.8% of our gross leasable area and 15.4% of our total annualized base rent). As a result of these geographic concentrations, we are particularly exposed to downturns in the Texas economy or other changes in local real estate market conditions. Any material change in the

current payment programs or regulatory, economic, environmental, or competitive conditions in Texas could have a disproportionate effect on our overall business results. In the event of negative economic or other changes in any of the markets in which we conduct business, our business, financial condition, and results of operations, our ability to make distributions to our shareholders, and the market price of our common shares may be adversely affected.

We may in the future make investments in joint ventures, which could be adversely affected by our lack of decision-making authority, our reliance upon our joint venture partners' financial condition, any disputes that may arise between us and our joint venture partners and our exposure to potential losses from the actions of our joint venture partners.

We may in the future make co-investments with third parties through partnerships, joint ventures, or other entities, acquiring noncontrolling interests in or sharing responsibility for the management of the affairs of a property, partnership, joint venture or other entity. Joint ventures generally involve risks not present with respect to our wholly-owned properties, including the following:

- our joint venture partners may make decisions with which we disagree or that are not in our best interest;
- we may be prevented from taking actions that are opposed by our joint venture partners;
- our ability to transfer our interest in a joint venture to a third party may be restricted;
- our joint venture partners might become bankrupt or fail to fund their share of required capital contributions which may delay construction or development of a healthcare related facility or increase our financial commitment to the joint venture;
- our joint venture partners may have economic or business interests or goals with respect to the healthcare related facility or the joint venture that conflict with our business interests and goals which could increase the likelihood of disputes regarding the ownership, management or disposition of the healthcare related facility or the joint venture may compete with us for property acquisitions;
- disputes may develop with our joint venture partners over decisions affecting the healthcare related facility or the joint venture which may result in litigation or arbitration that would increase our expenses and distract our officers and/or trustees from focusing their time and effort on our business and possibly disrupt the daily operations of the healthcare related facility; and
- we may suffer losses as a result of the actions of our joint venture partners with respect to our joint venture investments.

Joint venture investments involve risks that may not be present with other methods of ownership. In addition to those risks identified above, our partners may be in a position to take action or withhold consent contrary to our instructions or requests. In the future, in certain instances, we or our partners may have the right to trigger a buy-sell arrangement, which could cause us to sell our interest, or acquire our partners' interest, at a time when we otherwise would not have initiated such a transaction. Our ability to acquire our partners' interest may be limited if we do not have sufficient cash, available borrowing capacity, or other capital resources. In such event, we may be forced to sell our interest in the joint venture when we would otherwise prefer to retain it. Joint ventures may require us to share decision-making authority with our partners, which could limit our ability to control the properties in the joint ventures. Even when we have a controlling interest, certain major decisions may require partner approval, such as the sale, acquisition or financing of a property.

Our healthcare properties and tenants face competition from nearby hospitals and other healthcare properties, and we may not realize the benefits that we anticipate from focusing on healthcare properties that are strategically aligned with a healthcare delivery system and from the relationships established through such strategic alignments. Further, we may not be able to maintain or expand our relationships with our existing and future hospital and healthcare delivery system clients.

As part of our business strategy, we focus on healthcare properties that are strategically aligned with a healthcare delivery system by (i) seeking to acquire, own, manage, and develop healthcare properties that are located on medical campuses where the underlying land is owned by a healthcare delivery system or by us, or (ii) seeking to acquire, own, manage, and develop healthcare properties located in close proximity to a healthcare delivery system or strategically aligned with a healthcare delivery system through leasing or other arrangements. We may not realize the benefits that we anticipate as a result of these strategic relationships, such as increased rents and reduced tenant turnover rates as compared to healthcare properties that are not strategically aligned. Moreover, building a portfolio of healthcare properties that are strategically aligned does not assure the success of any given property. The associated healthcare delivery system may not be successful and the strategic alignment that we seek for our healthcare properties could dissolve, and we may not succeed in replacing them. In addition, our healthcare properties, the associated healthcare delivery systems with which our healthcare properties are strategically aligned, and our tenants may be unable to compete successfully with nearby hospitals, medical practices, other healthcare properties that provide comparable services, pharmacies and other retailers that may initiate or expand healthcare clinic operations and

services to compete with our tenants. Any of our properties may be materially and adversely affected if the healthcare delivery system with which it is strategically aligned is unable to compete successfully. If we do not realize the benefits that we anticipate from our business strategy and our strategic alignments dissolve and we are not successful in replacing them, our reputation, business, financial results, and prospects may be adversely affected.

The success of our business depends, to a large extent, on our current and future relationships with hospital and healthcare delivery system clients. We invest a significant amount of time to develop, maintain, and be responsive to these relationships, and our relationships have helped us to secure acquisition and development opportunities, as well as other advisory, property management, and projects, with both new and existing clients. If our relationships with hospital or health system clients deteriorate, if a conflict of interest or non-compete arrangement prevents us from expanding these relationships, or if a hospital on or near whose campus one of our properties is located fails or becomes unable to meet its financial obligations, the business of our tenants could be adversely affected or our ability to secure new acquisition and development opportunities or other advisory, property management, and hospital project management projects could be adversely impacted and our professional reputation within the industry could be damaged.

Any failure, inability, or unwillingness by our tenants to pay rent or other amounts under leases could materially adversely affect our financial results; we may have difficulty finding suitable replacement tenants in the event of a tenant default or non-renewal of our leases, especially for our properties located in smaller markets.

Our portfolio of healthcare properties is leased to physicians, hospitals, healthcare delivery systems, and other healthcare providers. We cannot provide assurance that our tenants will have sufficient assets, income, and access to financing to enable them to satisfy their respective obligations to us, and any failure, inability or unwillingness by our tenants to do so could adversely affect our financial results. We have had tenants pay us rent late or fail to pay rent, which has adversely affected our financial results.

We cannot predict whether our tenants will renew or extend existing leases beyond their current terms. Nearly all of our properties are subject to leases which have multi-year terms. As of December 31, 2018, leases representing 2.7% and 3.6% of leased square feet at our properties will expire in 2019 and 2020, respectively, and leases representing 0.2% of leased square feet had expired as of December 31, 2018. If any of our leases are not renewed or extended, or if a tenant defaults under the terms of its lease or becomes insolvent, we would attempt to relet those spaces or properties to other tenants or new tenants. In case of non-renewal, we generally have advance notice before expiration of the lease term to arrange for reletting or repositioning of the spaces or the properties and our tenants are required to continue to perform all of their obligations (including the payment of all rental amounts) under the non-renewed leases until such expiration. However, following expiration of a lease term or if we exercise our right to replace a tenant in default, rental payments on the related properties could decline or cease altogether while we relet or reposition the spaces or the properties with suitable replacement tenants. We also might not be successful in identifying suitable replacement tenants or entering into leases with new tenants on a timely basis or on terms as favorable to us as our current leases, or at all, and we may be required to fund certain expenses and obligations (e.g., real estate taxes, debt costs, and maintenance expenses) to preserve the value of, and avoid the imposition of liens on, our properties while they are being relet or repositioned. Our ability to relet or reposition our properties, or spaces within our properties, with suitable tenants could be significantly delayed or limited by state licensing, receivership, certificate of need or other laws, as well as by the Medicare and Medicaid change-of-ownership rules. We could also incur substantial additional expenses in connection with any licensing, receivership, or change-of-ownership proceedings. In addition, our ability to locate suitable replacement tenants could be impaired by the specialized healthcare uses or contractual restrictions on use of the properties, and we may be required to spend substantial amounts to adapt the properties to other uses. Any such delays, limitations and expenses could adversely impact our ability to collect rent, obtain possession of leased properties, or otherwise exercise remedies for tenant default and could have a material adverse effect on us or cause us to take an impairment charge on a property.

All of these risks may be greater in smaller markets, where there may be fewer potential replacement tenants, making it more difficult to replace tenants, especially for specialized spaces, like hospital or outpatient treatment facilities located in our properties, and could have a material adverse effect on us.

If the business, financial position or results of operations of CHI or one or more of our CHI-affiliated tenants suffer or are adversely affected, it could have a material adverse effect on our business, financial position, or results of operations.

As of December 31, 2018, after giving effect to the merger of CHI and Dignity Health on February 1, 2019, tenants affiliated with the surviving corporation, CommonSpirit Health ("CommonSpirit"), represented approximately 20.8% of our total annualized base rent. Although CommonSpirit is not a party to nor a guarantor of the related lease agreements, it controls each of the subsidiaries and affiliates that are parties to a master lease agreement we have with the CommonSpirit tenants.

Given this control, if CommonSpirit's business, financial position or results of operations suffer or are adversely affected, it could adversely affect its ability to provide any financial or operational support for the subsidiaries and affiliates it controls, which could adversely affect one or more of the CommonSpirit-affiliated tenants' ability to pay rent to us. Additionally, if CommonSpirit's business, financial position or results of operations were to suffer or its credit ratings were to be downgraded, it could cause investors to lose confidence in our ability to collect rent from the CHI-affiliated tenants and could cause our stock price to decline. Moreover, there can be no assurance that CommonSpirit's subsidiaries and affiliates will have sufficient assets, income, and access to financing to enable them to satisfy their payment obligations under their lease agreements. The inability of any of these subsidiaries and affiliates to meet their rent obligations could materially adversely affect our business, financial position, or results of operations including our ability to pay dividends to our stockholders as required to maintain our status as a REIT. The inability of CommonSpirit's subsidiaries and affiliates to satisfy their other obligations under their lease agreements such as the payment of taxes, insurance, and utilities could have a material adverse effect on the condition of the leased properties as well as on our business, financial position, and results of operations. For these reasons, if CommonSpirit were to experience a material adverse effect on its business, financial position, or results of operations, our business, financial position, or results of operations could also be materially adversely affected.

CommonSpirit, which resulted from the merger of Dignity Health and CHI, may have different plans or objectives than CHI with respect to the services its physicians provide or the locations in which those services are provided. If CommonSpirit were to cause its subsidiaries or affiliates to terminate any of their leases, vacate the leased premises, or consolidate, downsize or relocate their operations from any of our premises, or if the subsidiaries and affiliates do not comply with the healthcare regulations to which the leased properties and operations are subject, we may be required to find other lessees for any affected leased properties and there could be a decrease or cessation of rental payments by CommonSpirit's subsidiaries and affiliates. In such event, we may be unable to locate suitable replacement lessees willing to pay similar rental rates or at all, which would have the effect of reducing our rental revenues and could materially adversely affect our business, financial position, or results of operations.

We may not be successful in identifying and completing off-market acquisitions and other suitable acquisitions or investment opportunities, which may impede our growth and adversely affect our business, financial condition, and results of operations.

An important component of our growth strategy is to acquire "off-market" properties before they are widely marketed by the owners. Facilities that are acquired off-market are typically more attractive to us as a purchaser because of the absence of a formal marketing process, which could lead to higher prices or other unattractive terms. If we cannot obtain off-market deal flow in the future, our ability to locate and acquire facilities at attractive prices could be adversely affected. We expect to compete with many other entities engaged in real estate investment activities for acquisitions of healthcare properties, including national, regional, and local operators, acquirers and developers of healthcare-related real estate properties, and other investors such as private equity firms, some of whom may have greater financial resources and lower costs of capital than we do. The competition for healthcare-related real estate properties may significantly increase the price that we must pay for healthcare properties or other assets that we seek to acquire, and our competitors may succeed in acquiring those properties or assets themselves. In addition, our potential acquisition targets may find our competitors to be more attractive because they may have greater resources, may be willing to pay more for the properties, or may have a more compatible operating philosophy. In particular, larger REITs that target healthcare properties may enjoy significant competitive advantages that result from, among other things, a lower cost of capital, enhanced operating efficiencies, more personnel and market penetration, and familiarity with markets. In addition, the number of entities and the amount of funds competing for suitable investment properties may increase. Increased competition would result in increased demand for these assets and therefore likely would increase prices paid for them. Those higher prices for healthcare properties or other assets may adversely affect our returns from our investments.

We may in the future make investments in development projects, which may not yield anticipated returns which could directly affect our operating results and reduce the amount of funds available for distributions.

A component of our growth strategy is exploring development opportunities, some of which may arise through strategic joint ventures. In deciding whether to make an investment in a particular development, we make certain assumptions regarding the expected future performance of that property. To the extent that we consummate development opportunities, our investment in these projects will be subject to the following risks:

- we may be unable to obtain financing for development projects on favorable terms or at all;

- we may not complete development projects on schedule or within budgeted amounts;

- we may encounter delays in obtaining or fail to obtain all necessary zoning, land use, building, occupancy, environmental and other governmental permits and authorizations, or underestimate the costs necessary to develop the property to market standards;
- development or construction delays may provide tenants the right to terminate preconstruction leases or cause us to incur additional costs;
- volatility in the price of construction materials or labor may increase our development costs;
- hospitals or health systems may maintain significant decision-making authority with respect to the development schedule;
- we may incorrectly forecast risks associated with development in new geographic regions;
- tenants may not lease space at the quantity or rental rate levels projected;
- demand for our development project may decrease prior to completion, including due to competition from other developments; and
- lease rates and rents at newly developed properties may fluctuate based on factors beyond our control, including market and economic conditions.

If our investments in development projects do not yield anticipated returns for any reason, including those set forth above, our business, financial condition and results of operations, our ability to make distributions to our shareholders and the trading price of our common shares may be adversely affected.

Some of our existing properties and properties we acquire in the future are and may be subject to ground lease or other restrictions on the use of the space. If we are required to undertake significant capital expenditures to procure new tenants, then our business and results of operations may suffer.

76 of our properties, representing approximately 40.4% of our total leasable square feet and 38.4% of our annualized revenue based on rental payments for the month ended December 31, 2018, are subject to ground leases that contain certain restrictions. These restrictions include limits on our ability to re-lease our initial properties to tenants not affiliated with the healthcare delivery system that owns the underlying property, rights of purchase and rights of first offer and refusal with respect to sales of the property and limits on the types of medical procedures that may be performed. In addition, lower than expected rental rates upon re-leasing could impede our growth. We may not be able to re-lease space on terms that are favorable to us or at all. Further, we may be required to undertake significant capital expenditures to renovate or reconfigure space to attract new tenants. If we are unable to promptly re-lease our initial properties, if the rates upon such re-leasing are significantly lower than expected, or if we are required to undertake significant capital expenditures in connection with re-leasing, our business, financial condition, and results of operations, our ability to make distributions to our shareholders, and the market price of our common shares may be adversely affected.

Uninsured losses or losses in excess of our insurance coverage could adversely affect our financial condition and our cash flows.

We maintain comprehensive liability, fire, flood, earthquake, wind (as deemed necessary or as required by our lenders), extended coverage, and rental loss insurance with respect to our properties. Certain types of losses, however, may be either uninsurable or not economically insurable, such as losses due to riots, acts of war, or terrorism. Should an uninsured loss occur, we could lose both our investment in and anticipated profits and cash flows from a

healthcare-related facility. If any such loss is insured, we may be required to pay a significant deductible on any claim for recovery of such a loss prior to our insurer being obligated to reimburse us for the loss, or the amount of the loss may exceed our coverage for the loss. In addition, future lenders may require such insurance, and our failure to obtain such insurance could constitute a default under loan agreements. We may determine not to insure some or all of our properties at levels considered customary in our industry, which would expose us to an increased risk of loss. As a result, our business, financial condition, and results of operations, our ability to make distributions to our shareholders, and the market price of our common shares may be adversely affected.

Environmental compliance costs and liabilities associated with owning, leasing, developing, and operating our properties may affect our results of operations.

Under various U.S. federal, state, and local laws, ordinances, and regulations, current and prior owners and tenants of real estate may be jointly and severally liable for the costs of investigating, remediating, and monitoring certain hazardous substances or other regulated materials on or in such property. In addition to these costs, the past or present owner or tenant of a property from which a release emanates could be liable for any personal injury or property damage that results from such releases, including for the unauthorized release of asbestos-containing materials and other hazardous substances into the air, as well as any damages to natural resources or the environment that arise from such releases. These environmental laws often impose such liability without regard to whether the current or prior owner or tenant knew of, or was responsible for, the presence or release of such substances or materials. Moreover, the release of hazardous substances or materials, or the failure to properly remediate such substances or materials, may adversely affect the owner's or tenant's ability to lease, sell, develop, or rent such property or to borrow by using such property as collateral. Persons who transport or arrange for the disposal or treatment of hazardous substances or other regulated materials may be liable for the costs of removal or remediation of such substances at a disposal or treatment facility, regardless of whether or not such facility is owned or operated by such person.

Certain environmental laws impose compliance obligations on owners and tenants of real property with respect to the management of hazardous substances and other regulated materials. For example, environmental laws govern the management and removal of asbestos-containing materials and lead-based paint. Failure to comply with these laws can result in penalties or other sanctions. If we incur substantial costs to comply with these environmental laws or we are held liable under these laws, our business, financial condition, and results of operations, our ability to make distributions to our shareholders, and the market price of our common shares may be adversely affected.

We may be unable to make distributions which could result in a decrease in the market price of our common shares.

Substantially all of our assets are held through the Operating Partnership, which holds substantially all of its properties and assets through subsidiaries. Our Operating Partnership's cash flow is dependent upon cash distributions to it by its subsidiaries, and in turn, substantially all of the Trust's cash flow is dependent upon cash distributions to it by the Operating Partnership. The creditors of each of our direct and indirect subsidiaries are entitled to payment of that subsidiary's obligation to them, as and when due and payable, before distributions may be made by that subsidiary to its equity holders. Therefore, our Operating Partnership's ability to make distributions to holders of OP Units depends on its subsidiaries' ability first to satisfy their obligations to their creditors and then to make distributions to the Operating Partnership. Furthermore, holders of Series A Preferred Units are entitled to receive preferred distributions before payment of distributions to OP Unit holders, including the Trust. Finally, the Trust's ability to pay dividends to holders of common shares depends upon our Operating Partnership's ability to first satisfy its obligations to its creditors and then to make distributions to the Trust.

While we expect to make regular quarterly distributions to the holders of our common shares, if sufficient cash is not available for distribution from our operations, we may have to fund distributions from working capital, borrow to provide funds for such distributions, or reduce the amount of such distributions. To the extent we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distributions from what they otherwise would have been. If cash available for distribution generated by our assets is less than expected, or if such cash available for distribution decreases in future periods from expected levels, our inability to make distributions could result in a decrease in the market price of our common shares. All distributions are made at the discretion of our board of trustees. Any inability to make distributions, or to make distributions at expected levels in the future, could result in a decrease in the market price of our common shares.

Cybersecurity incidents could disrupt our business and result in the compromise of confidential information.

Our business is at risk from and may be impacted by cybersecurity attacks, including attempts to gain unauthorized access to our confidential data, and other electronic security breaches. Such cyber attacks can range from individual attempts to gain unauthorized access to our information technology systems to more sophisticated security threats. While we employ a number of measures to prevent, detect and mitigate these threats, there is no guarantee such efforts will be successful in preventing a cyber attack. Cybersecurity incidents could disrupt our business and compromise confidential information of ours and third parties, including our tenants.

We may not be able to sustain our growth rate level.

We have grown our portfolio of gross real estate investments from approximately $124 million at the time of our IPO in July 2013 to approximately $4.4 billion as of December 31, 2018. This long-term growth rate has contributed significantly to our growth in revenue. While we expect to continue to grow through property acquisitions and investments as our asset base continues to increase, we expect our historic growth rate to continue to decelerate in the future as a result of various factors, including the size of our portfolio, changes in the economic and other conditions in geographic markets in which we conduct business, changes in the real estate market, changes in healthcare regulations, and the competitiveness of the real estate market. Additionally, our significant growth has resulted in increased levels of responsibility for our management, who may experience additional demands related to managing our current properties portfolio.

Our ability to issue equity to expand our business will depend, in part, upon the market price of our common shares, and our failure to meet market expectations with respect to our business could negatively affect the market price of our common shares and thereby limit our ability to raise capital and our issuance of equity securities could decrease the per share market price of our common shares.

The availability of equity capital to us will depend, in part, upon the market price of our common shares which, in turn, will depend upon various market conditions and other factors that may change from time to time. Our failure to meet the market's expectation with regard to future earnings and cash distributions would likely adversely affect the market price of our common shares and, as a result, the cost and availability of equity capital to us.

In addition, the vesting of any restricted shares granted to trustees, executive officers, and other employees under our 2013 Equity Incentive Plan, the issuance of our common shares or OP Units in connection with future property, portfolio or business acquisitions, and other issuances of our common shares may cause dilution to our shareholders and could have an adverse effect on the per share market price of our common shares and may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities.

Increases in interest rates may increase our interest expense and adversely affect our cash flows, our ability to service our indebtedness and our ability to make distributions to our shareholders, and could cause our stock price to decline. Failure to hedge effectively against interest rate changes may adversely affect our results of operations.

One of the factors that influences the market price of our common shares is the dividend yield on common shares (as a percentage of the price of our common shares) relative to market interest rates. In response to the global financial crisis, the U.S. Federal Reserve took actions which resulted in low interest rates prevailing in the marketplace for a historically long period of time. Since December 2015, the U.S. Federal Reserve has raised its benchmark interest rate by a quarter of a percentage point nine times to a range of 2.25% to 2.50% and may raise its benchmark interest rate in the future. Further increases in market interest rates may lead prospective purchasers of our common shares to expect a higher dividend yield (with a resulting decline in the market price of our common shares) and higher interest rates would likely increase our borrowing costs for both our existing and future indebtedness and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common shares to decrease.

Additionally, as of December 31, 2018, we had approximately $221.8 million of variable-rate indebtedness outstanding that has not been swapped for a fixed interest rate and we expect that more of our indebtedness in the future, including borrowings under our unsecured revolving credit facility since December 31, 2018 and thereafter, will be subject to variable interest rates. Increases in interest rates on any variable rate indebtedness will increase our interest expense, which could adversely affect our cash flow and our ability to pay distributions to our shareholders.

In certain cases, we may seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements. Hedging involves risks, such as the risk that the counterparty may fail to honor its obligations under an arrangement, that the arrangements may not be effective in reducing our exposure to interest rate changes, and that a court could rule that such an agreement is not legally enforceable. In addition, we may be limited in the type and amount of hedging transactions that we may use in the future by our need to satisfy the REIT income tests under the Code. Failure to hedge effectively against interest rate changes may have an adverse effect on our business, financial condition, results of operations, our ability to make distributions to our shareholders, and the market price of our common shares.

The income from certain of our properties is dependent on the ability of our property managers to successfully manage those properties.

We depend upon the performance of our property managers to effectively manage certain of our properties and real estate assets. We do not control these third party property managers, and are accordingly subject to various risks generally associated with outsourcing of management of day-to-day activities. The income we recognize from any properties managed by third party property managers is dependent on the ability of the property manager of such property to successfully manage the property, which such property management is not within our control. Property managers generally compete with other companies in the management of properties, with respect to the quality of care provided, reputation, physical appearance of the property, and price and location, among other attributes. A property manager's inability to successfully compete with other companies on one or more of the foregoing aspects could adversely impact our business and results of operations. Additionally, because we do not control third party property managers, any adverse events such as issues related to insufficient internal controls, cybersecurity incidents, or other adverse events may impact the income we recognize from properties managed by such third party property managers. We may be unable to anticipate such events or properly assess the magnitude of any such events because we do not control third party property managers who provide property management services to us.

Risks Related to the Healthcare Industry

The healthcare industry is heavily regulated, and new laws or regulations, changes to existing laws or regulations, loss of licensure, or failure to obtain licensure could adversely impact our company and result in the inability of our tenants to make rent payments to us.

The healthcare industry is heavily regulated by U.S. federal, state and local governmental authorities. Our tenants generally are subject to laws and regulations covering, among other things, licensure, certification for participation in government programs, billing for services, privacy and security of health information, and relationships with physicians and other referral sources. In addition, new laws and regulations, changes in existing laws and regulations or changes in the interpretation of such laws or regulations could negatively affect our financial condition and the financial condition of our tenants. These changes, in some cases, could apply retroactively. The enactment, timing, or effect of legislative or regulatory changes cannot be predicted.

The Affordable Care Act is changing how healthcare services are covered, delivered, and reimbursed through expanded coverage of uninsured individuals and reduced Medicare program spending. In addition, it reforms certain aspects of health insurance, expands existing efforts to tie Medicare and Medicaid payments to performance and quality, and contains provisions intended to strengthen fraud and abuse enforcement. The complexities and ramifications of the Affordable Care Act are significant and are being implemented in a phased approach which began in 2010. It remains difficult to predict the full effects of the Affordable Care Act and its impact on our business, our revenues, and financial condition and those of our tenants due to the law's complexity, lack of implementing regulations or interpretive guidance, gradual implementation, partial repeal, and possible full repeal. Further, we are unable to foresee how individuals and businesses will respond to the choices afforded them by the Affordable Care Act, or the effect of any potential changes made to the Affordable Care Act or other healthcare laws and programs. The Affordable Care Act could adversely affect the reimbursement rates received by our tenants, the financial success of our tenants and strategic partners and consequently us.

In 2012, the United States Supreme Court upheld the individual mandate of the Affordable Care Act but partially invalidated the expansion of Medicaid. The ruling on Medicaid expansion allow states not to participate in the expansion (and to forego funding for the Medicaid expansion) without losing their existing Medicaid funding. While the U.S. federal government paid for approximately 100% of those additional costs from 2014 to 2016, states now are expected to pay a small percentage of those additional costs. Because the U.S. federal government substantially funds the Medicaid expansion, it is unclear how many states ultimately will elect this option. As of January 2018, 32 states

and Washington, D.C. have elected to participate in the Medicaid expansion. The participation by states in the Medicaid expansion could have the effect of increasing some of our tenants' revenues but also could be a strain on U.S. federal government and state budgets.

In 2017, President Trump and Congress unsuccessfully sought to repeal and replace the Affordable Care Act. On January 20, 2017, President Trump issued an Executive Order stating that it is the administration's official policy to repeal the Affordable Care Act and instructing the Secretary of Health and Human Services and the heads of all other executive departments and agencies with authority and responsibility under the Affordable Care Act to, among other matters, delay implementation of or grant an exemption from any provision of the Affordable Care Act that would impose a fiscal burden on any state or a cost, fee, tax, penalty, or regulatory burden on individuals, families, healthcare providers, health insurers, patients, and others. On December 22, 2017, the Tax Act was signed into law. The Tax Act, amongst other things, repeals the Affordable Care Act's individual mandate penalty beginning in 2019. The elimination of the penalties does not remove the requirement to obtain healthcare coverage; however,

without penalties there effectively will be no enforcement. On December 14, 2018, a federal district court in Texas ruled that the Affordable Care Act's individual mandate was unconstitutional. The court also ruled that the provisions of the individual mandate were not severable from the remainder of the Affordable Care Act, rendering the remainder of the Affordable Care Act invalid as well. The Affordable Care Act will remain in place pending an appeal of the court's decision to the United States Court of Appeals for the Fifth Circuit.

It is possible that Congress will continue to consider other legislation to repeal the Affordable Care Act or repeal and replace some or all elements of the Affordable Care Act.

We cannot predict the effect of the Executive Order, the Tax Act's 2019 repeal of the individual mandate penalty on the Affordable Care Act, or the Texas court's decision or any appeal thereof, other state-based litigation, or whether Congress' attempt to repeal or repeal and replace the law will be successful. Further, we cannot predict how the Affordable Care Act might be amended or modified, either through the legislative or judicial process, and how any such modification might impact our tenants' operations or the net effect of this law on us. If the operations, cash flows, or financial condition of our operators and tenants are materially adversely impacted by any repeal or modification of the law, our revenue and operations may be materially adversely affected as well.

Recent changes to healthcare laws and regulations, including to government reimbursement programs such as Medicare and reimbursement rates applicable to our current and future tenants, could have a material adverse effect on the financial condition of our tenants and, consequently, their ability to meet obligations to us.

Statutory and regulatory policy changes and decisions may impact one or more specific providers that lease space in any of our facilities. In particular, the following recent changes to healthcare laws and regulations may apply to our tenants:

- The Medicare Access and CHIP Reauthorization Act of 2015 ("MACRA") reforms Medicare payment policy for services paid under the Medicare physician fee schedule and adopts a series of policy changes affecting a wide range of providers and suppliers. MACRA repeals the sustainable growth rate formula effective January 1, 2015, and establishes a new payment framework which may impact payment rates for our tenants, including long-term care hospitals ("LTCH").
- The Bipartisan Budget Act of 2013 establishes new payment limits for Medicare patients discharged from an LTCH who do not meet specified criteria. For any Medicare patient who does not meet the new criteria, the LTCH will be paid a lower "site-neutral" payment rate, which may impact the financial condition of tenants affected by the lower payment rate. Additionally, new rules may cause all discharges from LTCHs to be paid at the site-neutral rate if the number of discharges for which payment is made under the site-neutral payment rate is greater than 50% of the total number of discharges from the LTCH.
- The 2015 BBA provides changes to the requirements for providers who seek HOPD reimbursement under Medicare. The 2015 BBA generally requires providers who seek to qualify for HOPD to be located on the campus of the hospital that seeks such HOPD, which generally is higher than reimbursement for providers that do not qualify as HOPD providers. The 2015 BBA specifically grandfathers HOPD providers in existence as of November 2, 2015 and does not change such HOPD providers' eligibility for HOPD reimbursement.

  We have a number of existing tenants that may be reimbursed as HOPD providers and but for the grandfathering protection of the 2015 BBA, may not be eligible for HOPD reimbursement in the future. Any provider who establishes a new HOPD location after November 2, 2015 will be subject to the 2015 BBA requirements and if any such provider does not satisfy the new requirements, then such provider will be reimbursed for claims billed on or after January 1, 2017 at generally lower reimbursement levels. Failure to comply with the 2015 BBA requirements could adversely affect the ability of certain of our tenants to make rent payments to us, which may have an adverse effect on our business, financial condition, and results of operations, our ability to make distributions to our shareholders, and the market price of our common shares.
- The Affordable Care Act instituted a market basket payment adjustment to LTCHs. In fiscal years 2017 through 2019, the market basket update will be reduced by 0.75%. The Affordable Care Act specifically allows these market basket reductions to result in a less than 0% payment update and payment rates that are less than the prior year. MACRA sets

the annual update for fiscal year 2018 at 1% after taking into account the market basket payment reduction of 0.75% mandated by the Affordable Care Act.

- The Bipartisan Budget Act of 2018 (Pub. L. 115-123) makes numerous changes to Medicare payment to physicians under the Medicare Part B program. These changes include, for example, the removal of certain restrictions on payment for telehealth services associated with clinical assessments for end-stage renal dialysis patients and acute stroke patients. This legislation also repealed the payment caps for certain physical therapy and speech language

therapy services, while reducing payment for these services if provided by therapy assistants. The Bipartisan Budget Act of 2018 amended policies related to the Merit-based Incentive Payment System (MIPS) which, as part of the CMS Quality Payment Program, is intended to tie payments to quality and cost-efficient care, drive improvement in care processes and health outcomes, increase the use of healthcare information, and reduce the cost of care.

Every year, the Centers for Medicare and Medicaid Services (CMS) adjusts payment levels and policies for physician services through rulemaking, in compliance with statutory requirements, and other budget decisions by the Executive Branch. In November 2018, CMS issued a final rule for the Medicare physician fee schedule effective for 2019.

- Among other things, the final rule increases payment levels during 2019 for many physician services, although payment for some procedures may be reduced based on recalculations of the practice expense component of the physician relative value units. Medicare payment for certain drugs may be reduced from 6% to 3% of the wholesale acquisition cost, if an average sales price is not available.

On November 21, 2018, the Secretary issued a final rule, effective January 1, 2019, that eliminates the higher, Outpatient Prospective Payment System reimbursement rate for evaluation and management services provided by Grandfathered HOPD locations. The Secretary, instead, will only reimburse for evaluation and management services at the lower, Medicare Physician Fee Schedule rate that new non-grandfathered off-campus HOPD locations receive.

- See Centers for Medicare & Medicaid Services, Medicare Program: Changes to Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs, Department of Health and Human Services, 83 Fed. Reg. 58,818 (November 21, 2018). The AHA and a number of hospitals have sued the Secretary in federal court to enforce the plain meaning of Section 603 of the BBA and restore the right to Grandfathered HOPD reimbursement rates.

These reimbursement and regulatory changes may have an adverse financial impact on the net operating revenues and profitability of many LTCHs for cost reporting periods beginning on or after July 1, 2016, which could have an impact on their ability to pay rent due to us. Similarly, these payment changes for physicians under Medicare Part B may have an adverse financial impact on the revenues and profitability of many physician practices in future years, which could adversely affect their ability to pay rent.

Many states also regulate the establishment and construction of healthcare facilities and services, and the expansion of existing healthcare facilities and services through certificate of need, or CON, laws, which may include regulation of certain types of beds, medical equipment, and capital expenditures. Under such laws, the applicable state regulatory body must determine a need exists for a project before the project can be undertaken. If any of our tenants seeks to undertake a CON-regulated project, but are not authorized by the applicable regulatory body to proceed with the project, these tenants could be prevented from operating in their intended manner and could be materially adversely affected.

The application of lower reimbursement rates to our tenants or failure to qualify for existing rates under certain exceptions, the failure to comply with these laws and regulations, or the failure to secure CON approval to undertake a desired project could adversely affect our tenants' ability to make rent payments to us which may have an adverse effect on our business, financial condition, and results of operations, our ability to make distributions to our shareholders, and the market price of our common shares.

Adverse trends in healthcare provider operations may negatively affect our lease revenues and our ability to make distributions to our shareholders.

The healthcare industry is currently experiencing, among other things:

- changes in the demand for and methods of delivering healthcare services;
- changes in third party reimbursement methods and policies;
- consolidation and pressure to integrate within the healthcare industry through acquisitions, joint ventures, and managed service organizations; and
- increased scrutiny of billing, referral, and other practices by U.S. federal and state authorities.

These factors may adversely affect the economic performance of some or all of our tenants and, in turn, our lease revenues, which may have a material adverse effect on our business, financial condition, and results of operations, our ability to make distributions to our shareholders, and the market price of our common shares.

24

Reductions in reimbursement from third party payors, including Medicare and Medicaid, could adversely affect the profitability of our tenants and hinder their ability to make rent payments to us or renew their leases.

Sources of revenue for our tenants typically include the U.S. federal Medicare program, state Medicaid programs, private insurance payors, MCOs, HMOs, and ACOs. Healthcare providers continue to face increased government and private payor pressure to control or reduce healthcare costs and significant reductions in healthcare reimbursement, including reduced reimbursements and changes to payment methodologies under the Affordable Care Act. In some cases, private insurers rely upon all or portions of the Medicare payment systems to determine payment rates which may result in decreased reimbursement from private insurers.

The slowdown in the United States economy has negatively affected state budgets, thereby putting pressure on states to decrease spending on state programs including Medicaid. The need to control Medicaid expenditures may be exacerbated by the potential for increased enrollment in state Medicaid programs due to unemployment and declines in family incomes. Historically, states have often attempted to reduce Medicaid spending by limiting benefits and tightening Medicaid eligibility requirements. Many states have adopted, or are considering the adoption of, legislation designed to enroll Medicaid recipients in managed care programs and/or impose additional taxes on hospitals to help finance or expand the states' Medicaid systems. Potential reductions to Medicaid program spending in response to state budgetary pressures could negatively impact the ability of our tenants to successfully operate their businesses.

Efforts by payors to reduce healthcare costs will likely continue which may result in reductions or slower growth in reimbursement for certain services provided by some of our tenants. A reduction in reimbursements to our tenants from third party payors for any reason could adversely affect our tenants' ability to make rent payments to us which may have a material adverse effect on our businesses, financial condition and results of operations, our ability to make distributions to our shareholders, and the market price of our common shares.

Our tenants and our company are subject to fraud and abuse laws, the violation of which by a tenant may jeopardize the tenant's ability to make rent payments to us.

There are various federal and state laws prohibiting fraudulent and abusive business practices by healthcare providers who participate in, receive payments from, or are in a position to make referrals in connection with government-sponsored healthcare programs, including the Medicare and Medicaid programs. Our lease arrangements with certain tenants may also be subject to these fraud and abuse laws.

Violations of these laws may result in criminal and/or civil penalties that range from punitive sanctions, damage assessments, penalties, imprisonment, denial of Medicare and Medicaid payments, and/or exclusion from the Medicare and Medicaid programs. In addition, the Affordable Care Act clarifies that the submission of claims for items or services generated in violation of the Anti-Kickback Statute constitutes a false or fraudulent claim under the False Claims Act. The federal government has taken the position, and some courts have held, that violations of other laws, such as the Stark Law, can also be a violation of the False Claims Act. Additionally, certain laws, such as the False Claims Act, allow for individuals to bring whistleblower actions on behalf of the government for violations thereof. Imposition of any of these penalties upon one of our tenants or strategic partners could jeopardize that tenant's ability to operate or to make rent payments or affect the level of occupancy in our healthcare properties, which may have a material adverse effect on our business, financial condition, and results of operations, our ability to make distributions to our shareholders, and the market price of our common shares. Further, we enter into leases and other financial relationships with healthcare delivery systems that are subject to or impacted by these laws. We also have other investors who are healthcare providers in certain of our subsidiaries that own our healthcare properties. If any of our relationships, including those related to the other investors in our subsidiaries, are found not to comply with these laws, we and our healthcare provider investors may be subject to civil and/or criminal penalties.

Our healthcare-related tenants may be subject to significant legal actions that could subject them to increased operating costs and substantial uninsured liabilities, which may affect their ability to pay their rent payments to us, and we could be subject to healthcare industry violations.

As is typical in the healthcare industry, our tenants may become subject to claims that their services have resulted in patient injury or other adverse effects. Many of these tenants may have experienced an increasing trend in the frequency and severity of professional liability and general liability insurance claims and litigation asserted against them. The insurance coverage maintained by these tenants may not cover all claims made against them nor continue to be available at a reasonable cost, if at all. In some states, insurance coverage for the risk of punitive damages arising from professional liability and general liability claims and/or litigation may not, in certain cases, be available to these tenants due to state law prohibitions or limitations of availability. As a result, these types of tenants of our healthcare properties and healthcare-related facilities

operating in these states may be liable for punitive damage awards that are either not covered or are in excess of their insurance policy limits.

We also believe that there has been, and will continue to be, an increase in governmental investigations of certain healthcare providers, particularly in the area of Medicare/Medicaid false claims, as well as an increase in enforcement actions resulting from these investigations. Insurance is not available to cover such losses. Any adverse determination in a legal proceeding or governmental investigation, any settlements of such proceedings, or investigations in excess of insurance coverage, whether currently asserted or arising in the future, could have a material adverse effect on a tenant's financial condition. If a tenant is unable to obtain or maintain insurance coverage, if judgments are obtained or settlements reached in excess of the insurance coverage, if a tenant is required to pay uninsured punitive damages, or if a tenant is subject to an uninsurable government enforcement action or investigation, the tenant could be exposed to substantial additional liabilities, which may affect the tenant's ability to pay rent, which in turn could have a material adverse effect on our business, financial condition, and results of operations, our ability to pay distributions to our shareholders, and the market price of our common shares. We could also be subject to costly government investigations or other enforcement actions which could have a material adverse effect on our business, financial condition, and results of operations, our ability to pay distributions to our shareholders, and the market price of our common shares.

The Health Insurance Portability and Accountability Act, commonly referred to as HIPAA, was established in 1996 to set national standards for the confidentiality, security, and transmission of personal health information (PHI). Healthcare providers are required, under HIPAA and its implementing regulations, to protect and keep confidential any PHI. HIPAA also sets limits and conditions on use and disclosure of PHI without patient authorization. The law gives patients specific rights to their health information, including rights to obtain a copy of or request corrections to their medical records. The physician or the medical practice can be liable if there are improper disclosures of PHI, including from employee mishandling of PHI, medical records security breaches, lost or stolen electronic devices, hacking, social media breaches or failure to get patient authorizations. Violations could result in multi-million dollar penalties. Actual or potential violations of HIPAA could subject our tenants to government investigations, litigation or other enforcement actions which could adversely affect our tenants' ability to pay rent and could have a material adverse effect on our business, financial condition, and results of operations, our ability to pay distributions to our shareholders, and the market price of our common shares.

Risks Related to the Real Estate Industry

Our operating performance is subject to risks associated with the real estate industry.

Real estate investments are subject to various risks and fluctuations and cycles in value and demand, many of which are beyond our control. Certain events may decrease cash available for distributions as well as the value of our properties. These events include, but are not limited to:

- vacancies or our inability to rent space on favorable terms, including possible market pressures to offer tenants rent abatements, tenant improvements, early termination rights, or tenant-favorable renewal options;
- inability to collect rent from tenants;
- competition from other real estate investors with significant capital, including other real estate operating companies, REITs, and institutional private equity or other investment funds;
- reductions in the level of demand for healthcare properties and changes in the demand for certain healthcare-related properties;
- increases in the supply of medical office space;
- increases in expenses associated with our real estate operations, including, but not limited to, insurance costs, third party management fees, energy prices, real estate assessments, and other taxes and costs of compliance with laws, regulations and governmental policies, and restrictions on our ability to pass such expenses on to our tenants; and

- changes in, and changes in interpretation or enforcement of, laws, regulations, and governmental policies associated with real estate, including, without limitation, health, safety, environmental, real estate and zoning and tax laws, increases in real property tax rates and taxation of REITs, governmental fiscal policies, and the ADA.

In addition, periods of economic slowdown or recession, such as the recent U.S. economic downturn, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults under existing leases. If we cannot operate our properties to meet our financial expectations, our business, financial condition, results of operations, cash flow, per share market price of our common

shares, and ability to satisfy our debt service obligations and to make distributions to our shareholders could be adversely affected.

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of any of our properties.

Because real estate investments are relatively illiquid, our ability to promptly sell one or more of our properties in response to changing economic, financial, and investment conditions is limited. The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates, and other factors, including supply and demand, that are beyond our control. We cannot predict whether we will be able to sell any of our properties for the price or on the terms set by us or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of any of our properties. We may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure that we will have funds available to correct those defects or to make those improvements.

In acquiring a property, we may agree to transfer restrictions that materially restrict us from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed on that property. These transfer restrictions would impede our ability to sell a property even if we deem it necessary or appropriate. These facts and any others that would impede our ability to respond to adverse changes in the performance of our properties may have an adverse effect on our business, financial condition, results of operations, or ability to make distributions to our shareholders and the market price of our common shares.

Uncertain market conditions could cause us to sell our healthcare properties at a loss in the future.

We intend to hold our various real estate investments until such time as we determine that a sale or other disposition appears to be advantageous to achieve our investment objectives. Our senior management team and the Trust’s board of trustees may exercise their discretion as to whether and when to sell a healthcare related facility, and we will have no obligation to sell our buildings at any particular time. We generally intend to hold our healthcare properties for an extended period of time, and we cannot predict with any certainty the various market conditions affecting real estate investments that will exist at any particular time in the future. Because of the uncertainty of market conditions that may affect the future disposition of our healthcare properties, we may not be able to sell our properties at a profit in the future or at all. In addition, if we are unable to access the capital markets for financing in the future, we may need to sell some of our properties to raise capital. We may incur prepayment penalties in the event that we sell a property subject to a mortgage earlier than we otherwise had planned. Additionally, we could be forced to sell healthcare properties at inopportune times which could result in us selling the affected property at a substantial loss. Accordingly, the extent to which we will pay cash distributions and realize potential appreciation on our real estate investments will, among other things, be dependent upon fluctuating market conditions. Any inability to sell a healthcare property could adversely impact our ability to make debt payments and distributions to our shareholders.

Our assets may be subject to impairment charges.

We will periodically evaluate our real estate investments and other assets for impairment indicators. The judgment regarding the existence of impairment indicators is based upon factors such as market conditions, tenant performance, and legal structure. For example, the termination of a lease by a major tenant may lead to an impairment charge. If we determine that an impairment has occurred, we would be required to make an adjustment to the net carrying value of the asset, which could have an adverse effect on our results of operations in the period in which the impairment charge is recorded. We have had tenant defaults that have caused us to record impairment charges in the past, and it is possible we may have tenant defaults in the future, which could lead to impairment charges.

Our investments in, or originations of, mezzanine and term loans will be subject to specific risks relating to the particular company, and our loan assets will involve greater risks of loss than senior loans secured by income-producing properties.

As of December 31, 2018, we have 10 mezzanine loans and one term loan outstanding, and in the future, we may originate further loans. These investments involve special risks relating to the particular borrower, including its financial condition, liquidity, results of operations, business, and prospects. We may also originate other real estate-related investments which take the form of subordinated loans secured by second mortgages on the underlying property or loans secured by a pledge of the ownership interests of either the entity owning the property or a pledge of the ownership interests of the entity that owns the interest in the entity owning the property or other properties. These types of assets involve a higher degree of risk than long-term senior mortgage lending secured by income producing real property because the loan may become unsecured as a result of foreclosure by the senior lender and because it is in a subordinated position and there may not be adequate equity in

the property. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy such loan. If a borrower defaults on a loan or debt senior to our loan, or in the event of a borrower bankruptcy, such loan will be satisfied only after the senior debt. We may be unable to enforce guaranties of payment and/or performance given as security for some loans. As a result, we may not recover some or all of our initial expenditure. Mezzanine and term loans may partially finance the construction of real estate projects and so involve additional risks inherent in the construction process, such as adherence to budgets and construction schedules. In addition, mezzanine and term loans may have higher loan-to-value ratios than conventional mortgage loans, resulting in less equity in the property and increasing the risk of loss of principal. Significant losses related to our mezzanine and term loans would result in operating losses for us and may limit our ability to make distributions to our shareholders.

Risks Related to Financings

Required payments of principal and interest on borrowings may leave us with insufficient cash to operate our properties or to pay the distributions currently contemplated or necessary to qualify as a REIT and may expose us to the risk of default under our debt obligations.

We historically borrow on our unsecured revolving credit facility to acquire properties. Then, as market conditions dictate, we have issued equity or long-term fixed rate debt to repay borrowings under our unsecured revolving credit facility. We are subject to risks associated with debt financing, including the risk that existing indebtedness may not be refinanced or that the terms of refinancing may not be as favorable as the terms of current indebtedness. The majority of our borrowings were completed under indentures or contractual agreements that limit the amount of indebtedness we may incur. Accordingly, in the event that we are unable to raise additional equity or borrow money because of these limitations, our ability to acquire additional properties may be limited.

As of December 31, 2018, we had approximately $108.7 million of mortgage debt on individual properties and approximately $465.0 million of borrowings outstanding under our unsecured credit facility. In addition, in January 2016, August 2016, March 2017, and December 2017 we issued and sold $150.0 million, $75.0 million, $400.0 million, and $350.0 million, respectively, aggregate principal amount of senior notes. We expect to incur additional debt in the future. We do not anticipate that our internally generated cash flow will be adequate to repay our existing indebtedness upon maturity, and, therefore, we expect to repay our indebtedness through refinancings and future offerings of equity and debt securities, either of which we may be unable to secure on favorable terms or at all. Our level of debt and the limitations imposed upon us by our debt agreements could have adverse consequences, including the following:

- our cash flow may be insufficient to meet our required principal and interest payments;
- we may be unable to borrow additional funds as needed or on favorable terms, including to make acquisitions;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness;
- because a portion of our debt bears, or is expected to bear, interest at variable rates, an increase in interest rates could materially increase our interest expense;
- we may fail to effectively hedge against interest rate volatility;
- we may be forced to dispose of one or more of our properties, possibly on disadvantageous terms if we are able to do so at all;
- our leverage could place us at a competitive disadvantage compared to our competitors who have less debt;
- we may experience increased vulnerability to economic and industry downturns, reducing our ability to respond to changing business and economic conditions;
- we may default on our obligations and the lenders or mortgagees may foreclose on our properties that secure their loans and receive an assignment of rents and leases;
-

we may violate financial covenants contained in our various loan documents which would cause a default on our obligations, giving lenders various remedies, including increased interest rates, foreclosure, and liability for additional expenses;

- we may inadvertently violate non-financial restrictive covenants in our loan documents, such as covenants that require us to maintain the existence of entities, maintain insurance policies and provide financial statements, which would entitle the lenders to accelerate our debt obligations; and

- our default under any of our mortgage loans with cross-default or cross-collateralization provisions could result in default on other indebtedness and result in the foreclosures of other properties.

The realization of any or all of these risks may have an adverse effect on our business, financial condition, and results of operations, our ability to make distributions to our shareholders, and the market price of our common shares.

In addition, in July 2017, the U.K. Financial Conduct Authority announced that it would phase out LIBOR as a benchmark by the end of 2021. It is unclear whether new methods of calculating LIBOR will be established after 2021. We are unable to predict the effect of any changes, any alternative reference rates, or any other reforms to LIBOR or any replacement of LIBOR that may be enacted in the United Kingdom or elsewhere. Such changes, reforms, or replacements relating to LIBOR could have a material adverse impact on the market for, or value of, any of our LIBOR-linked loans, derivatives, and other indebtedness or on our financial condition or results of operations.

As of December 31, 2018, we had approximately $465.0 million of borrowings outstanding under our unsecured credit facility (including the term loan feature of our unsecured credit facility), during 2016 and 2017, we issued an aggregate of $975.0 million of debt, and in January 2018 we issued 104,172 Series A Preferred Units of the Operating Partnership ("Series A Preferred Units"), all of which is senior to our common shares upon liquidation, and we may in the future make offerings of debt or preferred equity securities which may be senior to our common shares for purposes of dividend distributions or upon liquidation, any of which may materially adversely affect the per share market price of our common shares.

As of December 31, 2018, there were approximately $465.0 million of borrowings outstanding under our unsecured credit facility (including the term loan feature of our unsecured credit facility), and during 2016 and 2017, we issued $975.0 million of aggregate principal amount of senior notes. In January 2018, we issued 104,172 Series A Preferred Units. In the future, we may attempt to increase our capital resources by making additional offerings of debt or equity securities (or causing the Operating Partnership to issue debt securities), including medium-term notes, senior or subordinated notes, and classes or series of preferred shares. Upon liquidation, holders of our debt securities and preferred shares and lenders with respect to other borrowings will be entitled to receive our available assets prior to distribution to the holders of our common shares. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences, and privileges more favorable than those of our common shares and may result in dilution to owners of our common shares. Holders of our common shares are not entitled to preemptive rights or other protections against dilution. Our preferred shares would have a preference on liquidating distributions or a preference on dividend payments that could limit our ability pay dividends or other distributions to the holders of our common shares. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of our future offerings. Thus, our shareholders bear the risk that our future offerings could reduce the per share market price of our common shares and dilute their interest in us.

The derivative instruments that we may use to hedge against interest rate fluctuations may not be successful in mitigating our risks associated with interest rates and could reduce the overall returns on our shareholders' investment.

We may use derivative instruments to hedge exposure to changes in interest rates on certain of our variable rate loans, but no hedging strategy can protect us completely. We cannot assure our shareholders that our hedging strategy and the derivatives that we use will adequately offset the risk of interest rate volatility or that our hedging of these transactions will not result in losses. Any settlement charges incurred to terminate unused derivative instruments may result in increased interest expense, which may reduce the overall return on our investments. These instruments may also generate income that may not be treated as qualifying REIT income for purposes of the 75% or 95% REIT income tests.

We rely upon external sources of capital to fund future capital needs, and, if we encounter difficulty in obtaining such capital, we may not be able to make future acquisitions necessary to grow our business or meet maturing obligations.

In order to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), we are required, among other things, to distribute each year to our shareholders at least 90% of our taxable income, without regard to the deduction for dividends paid and excluding net capital gain. Because of this distribution requirement, we may not be able to fund all of our future capital needs from cash retained from operations, including capital needed to make investments and to satisfy or refinance maturing obligations. As a result, we expect to rely upon external sources of capital, including debt and equity financing, to fund future capital needs. If we are unable to obtain needed capital on satisfactory terms or at all, we may not be able to make the investments needed to expand our business or to meet our obligations and commitments as they mature. Our access to capital will depend upon a number of factors over which we have little or no control, including general stock and bond market conditions and investor interest, the market's perception of our current and potential future earnings, analyst

reports about us and the REIT industry, cash distributions and the market price of our common shares, and other factors such as governmental regulatory action and changes in REIT tax laws. We may not be in a position to take advantage of attractive investment opportunities for growth if we are unable to access the capital markets on a timely basis on favorable terms. Moreover, additional equity offerings may result in substantial dilution of our shareholders' interests, and additional debt financing may substantially increase our leverage, either of which could cause the per share price of our common shares to decline.

If we become highly leveraged in the future, the resulting increase in outstanding debt could adversely affect our ability to make debt service payments, to pay our anticipated distributions, and to make the distributions required to qualify as a REIT.

As of December 31, 2018, our indebtedness represented approximately 37.4% of our total assets. If we become more highly leveraged, the resulting increase in outstanding debt could adversely affect our ability to make debt service payments, to pay our anticipated distributions, and to make the distributions required to qualify as a REIT. The occurrence of any of the foregoing risks could adversely affect our business, financial condition, and results of operations, our ability to make distributions to our shareholders, and the market price of our common shares.

We are subject to covenants in our debt agreements that may restrict or limit our operations and acquisitions and our failure to comply with the covenants in our debt agreements could have a material adverse impact on our business, results of operations, and financial condition.

The terms of the instruments governing our existing indebtedness require us to comply with a number of customary financial and other covenants, such as maintaining certain leverage and coverage ratios and minimum tangible net worth requirements. Our continued ability to incur additional debt and to conduct business in general is subject to our compliance with these covenants, which limit our operational flexibility. Breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness, in addition to any other indebtedness cross-defaulted against such instruments. Any such default could have a material adverse impact on our business, results of operations, and financial condition or our ability to make distributions to our shareholders.

A downgrade in our credit ratings could materially adversely affect our business and financial condition.

Our credit rating and the credit ratings assigned to our debt securities could change based upon, among other things, our results of operations and financial condition. These ratings are subject to ongoing evaluation by credit rating agencies, and any rating could be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant such action.

If any of the credit rating agencies that have rated our securities downgrades or lowers its credit rating, or if any credit rating agency indicates that it has placed any such rating on a "watch list" for a possible downgrade or lowering, or otherwise indicates that its outlook for that rating is negative, such action could have a material adverse effect on our costs and availability of funding, which could in turn have a material adverse effect on our financial condition, results of operations, cash flows, the market price of our securities, and our ability to satisfy our debt service obligations, among other obligations.

If securities analysts do not publish research or reports about our industry or if they downgrade our common shares or the healthcare-related real estate sector, the market price of our common shares could decline.

The market for our common shares depends in part upon the research and reports that industry or financial analysts publish about us and our industry. We have no control over these analysts. Furthermore, if one or more of the analysts who do cover us downgrades our shares or our industry, or the stock of any of our competitors, the price of our common shares could decline. If one or more of these analysts ceases coverage of our company, we could lose

attention in the market which in turn could cause the market price of our common shares to decline.

Risks Related to Our Portfolio and Structure

We have no direct operations and rely upon funds received from the Operating Partnership to meet our obligations.

The Trust conducts substantially all of its operations through the Operating Partnership. As of February 22, 2019, the Trust owned approximately 97.2% of the OP Units and apart from this ownership interest, the Trust does not have any independent operations. As a result, the Trust relies upon distributions from the Operating Partnership to pay any distributions that the Trust might declare on the Trust's common shares. We also rely upon distributions from the Operating Partnership to

the Trust to meet our obligations, including tax liability on taxable income allocated to the Trust from the Operating Partnership (which might make distributions to the Trust not equal to the tax on such allocated taxable income). Shareholders' claims will consequently be structurally subordinated to all existing and future liabilities and obligations (whether or not for borrowed money) of the Operating Partnership and its subsidiaries. Therefore, in the event of bankruptcy, liquidation or reorganization of the Trust, claims of the Trust's shareholders will be satisfied only after all of the Trust's and the Operating Partnership's and its subsidiaries' liabilities and obligations have been paid in full.

Our business could be harmed if key personnel terminate their employment with us or if we are unsuccessful in integrating new personnel into our operations.

Our success depends, to a significant extent, on the continued services of Mr. Thomas, our President and Chief Executive Officer; Mr. Theiler, our Executive Vice President and Chief Financial Officer; Mr. Taylor, our Executive Vice President – Investments; Mr. Lucey, our Senior Vice President – Chief Accounting and Administrative Officer; Mr. Theine, our Senior Vice President of Asset and Investment Management; Mr. Page, our Senior Vice President and General Counsel; and Mr. Klein, our Senior Vice President – Investments and Deputy Chief Investment Officer. We do not maintain key person life insurance on any of our officers. Our ability to continue to acquire and develop healthcare properties depends upon the significant relationships that our senior management team has developed over many years.

Although the Trust has entered into employment agreements with Messrs. Thomas, Theiler, Taylor, Lucey, Theine, Page, and Klein, we cannot provide any assurance that any of them will remain employed by the Trust. Our ability to retain our senior management team, or to attract suitable replacements should any member of the senior management team leave, is dependent on the competitive nature of the employment market. The loss of services of, or the failure to successfully integrate one or more new members of, our senior management team could adversely affect our business and our prospects.

The Trust's declaration of trust restricts the ownership and transfer of our outstanding shares of beneficial interest which may have the effect of delaying, deferring, or preventing a transaction or change of control of our company.

In order for us to qualify as a REIT, no more than 50% of the value of the Trust's outstanding shares of beneficial interest may be owned, beneficially or constructively, by five or fewer individuals at any time during the last half of each taxable year. Subject to certain exceptions, the Trust's declaration of trust prohibits any shareholder from owning beneficially or constructively 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, although the Trust has granted, and may in the future grant, a waiver from the ownership limitations. The constructive ownership rules under the Code are complex and may cause the outstanding shares owned by a group of related individuals or entities to be deemed to be constructively owned by one individual or entity. As a result, the acquisition of less than 9.8% of our outstanding shares of any class or series by an individual or entity could cause that individual or entity to own constructively in excess of 9.8% of the outstanding shares of any class or series of our shares of beneficial interest and to be subject to the Trust's declaration of trust's ownership limit. The Trust's declaration of trust also prohibits, among other prohibitions, any person from owning our shares of beneficial interest that would result in our being "closely held" under Section 856(h) of the Code or otherwise cause us to fail to qualify as a REIT. Any attempt to own or transfer shares of our beneficial interest in violation of these restrictions may result in the shares being automatically transferred to a charitable trust or may be void. The share ownership restrictions of the Code for REITs and the 9.8% share ownership limit and other restrictions on ownership and transfer of our shares contained in the Trust's declaration of trust may inhibit market activity in our shares of beneficial interest and restrict our business combination opportunities.

Certain provisions of Maryland law could inhibit changes of control, which may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for

our common shares or that our shareholders otherwise believe to be in their best interests.

Certain provisions of the Maryland General Corporation Law, or MGCL, applicable to Maryland real estate investment trusts may have the effect of inhibiting a third party from making a proposal to acquire the Trust (and, indirectly, the Operating Partnership) or of impeding a change of control under circumstances that otherwise could provide the Trust's common shareholders with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

- "business combination" provisions that, subject to limitations, prohibit certain business combinations between us and an "interested shareholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate or associate of ours who was the beneficial owner, directly or indirectly, of 10% or more of the voting power of our shares at any time within the two-year period immediately prior to the date in question) or an affiliate thereof for five years after the most recent date on which the shareholder becomes an interested shareholder, and thereafter imposes certain minimum price and/or supermajority shareholder voting requirements on these combinations; and
- "control share" provisions that provide that holders of "control shares" of our Trust (defined as shares that, when aggregated with all other shares controlled by the shareholder, entitle the shareholder to exercise one of three increasing ranges of voting power in electing trustees) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of issued and outstanding "control shares," subject to certain exceptions) have no voting rights with respect to their control shares, except to the extent approved by our shareholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

The Trust's board of trustees has by resolution exempted any business combination between us and any other person from the business combination provisions of the MGCL, provided that the business combination is first approved by the board of trustees (including a majority of trustees who are not affiliates or associates of such person). In addition, the Trust's bylaws contain a provision exempting any and all acquisitions of our shares from the control share provisions of the MGCL. However, the board of trustees may at any time alter or repeal the resolution exempting certain businesses from the business combination provisions of the MGCL and we may at any time amend or eliminate the provision of our bylaws exempting acquisitions of our shares from the control share provisions of the MGCL.

Certain provisions of the MGCL permit the board of trustees, without shareholder approval and regardless of what is currently provided in the Trust's declaration of trust or bylaws, to implement certain corporate governance provisions with respect to the Trust, some of which (for example, a classified board) are not currently applicable to us. If implemented, these provisions may have the effect of limiting or precluding a third party from making an unsolicited acquisition proposal for us or of delaying, deferring, or preventing a change in control of us under circumstances that otherwise could provide our common shareholders with the opportunity to realize a premium over the then current market price. Pursuant to our declaration of trust, we have elected to be subject to the provisions of Title 3, Subtitle 8 of the MGCL relating to the filling of vacancies on our board of trustees.

We could increase the number of authorized shares, classify and reclassify unissued shares, and issue shares without shareholder approval.

The Trust's board of trustees, without shareholder approval, has the power under the Trust's declaration of trust to amend our declaration of trust to increase or decrease the aggregate number of shares or the number of shares of any class or series of the Trust that we are authorized to issue, and to authorize us to issue authorized but unissued common shares or preferred shares. In addition, under the declaration of trust, the board of trustees has the power to classify or reclassify any unissued common or preferred shares into one or more classes or series of shares and set or change the preference, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications or terms or conditions of redemption for such newly classified or reclassified shares. As a result, we may issue series or classes of common shares or preferred shares with preferences, dividends, powers, and rights, voting or otherwise, that are senior to, or otherwise conflict with, the rights of holders of our common shares. Although the board of trustees has no such intention at the present time, it could establish a class or series of preferred shares that could, depending on the terms of such class or series, delay, defer, or prevent a transaction or a change of control that might involve a premium price for our common shares or that our shareholders otherwise believe to be in their best interests.

Certain provisions in the partnership agreement of the Operating Partnership may delay or prevent unsolicited acquisitions of us.

Provisions in the partnership agreement of the Operating Partnership may delay, or make more difficult, unsolicited acquisitions of us or changes of our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some shareholders might consider such proposals, if made, desirable. These provisions include, among others:

- redemption rights;

- a requirement that the Trust may not be removed as the general partner of the Operating Partnership without our consent;
- transfer restrictions on OP Units;
- the Trust's ability, as general partner, in some cases, to amend the partnership agreement and to cause the Operating Partnership to issue units with terms that could delay, defer, or prevent a merger or other change of control of the Trust or the Operating Partnership without the consent of the limited partners; and
- the right of the limited partners to consent to direct or indirect transfers of the general partnership interest, including as a result of a merger or a sale of all or substantially all of our assets, in the event that such transfer requires approval by our common shareholders.

The Trust's declaration of trust and bylaws, Maryland law, and the partnership agreement of the Operating Partnership also contain other provisions that may delay, defer, or prevent a transaction or a change of control that might involve a premium price for our common shares or that our shareholders otherwise believe to be in their best interest.

Risks Related to Our Qualification and Operation as a REIT

If we fail to qualify as a REIT in any taxable year, we will face serious tax consequences that would substantially reduce funds available for distributions to our shareholders.

Since our formation, the Trust has been organized and has operated in such a manner as to qualify for taxation as a REIT under the U.S. federal income tax laws, and we intend to continue to operate in such a manner, but no assurances can be given that we will operate in a manner so as to qualify or remain qualified as a REIT.

Failure to qualify as a REIT, or failure to remain qualified as a REIT, would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distribution to our shareholders. If we fail to qualify as a REIT in any taxable year, we would face serious tax consequences that will substantially reduce the funds available for distribution to our shareholders because:

- we would not be allowed a deduction for dividends paid to shareholders in computing our taxable income and would be subject to U.S. federal income tax at regular corporate rates;
- we could possibly be subject to increased state and local taxes; and
- unless we are entitled to relief under certain U.S. federal income tax laws, we could not re-elect REIT status until the fifth calendar year after the year in which we failed to qualify as a REIT.

In addition, if we fail to qualify as a REIT, we will no longer be required to make distributions. As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and it would adversely affect the value of our shares of beneficial interest.

Failure to make required distributions would subject us to U.S. federal corporate income tax.

We intend to operate in a manner so as to qualify as a REIT for U.S. federal income tax purposes. In order to qualify as a REIT, we generally are required to distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain, each year to our shareholders. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our shareholders in a calendar year is less than a minimum amount specified under the Code.

Complying with REIT requirements may cause us to forego otherwise attractive opportunities or liquidate otherwise attractive investments.

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our shareholders, and the ownership of our shares of beneficial interest. In order to meet these tests, we may be required to forego investments we might otherwise make. Thus, compliance with the REIT requirements may hinder our performance.

In particular, we must ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities, and qualified real estate assets. The remainder of our investment in securities (other than government securities, securities of taxable REIT subsidiaries ("TRS"), and qualified real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than government securities, securities of TRSs, and qualified real estate assets) can consist of the securities of any one issuer, and no more than 20% of the value of our total assets can be represented by the securities of one or more TRSs. Further, debt instruments that do not otherwise qualify as real estate assets issued to us by publicly offered REITs will be treated as qualified real estate assets for purposes of the asset test, but no more than 25% of the value of our total assets may be represented by such debt instruments. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to our shareholders.

The prohibited transactions tax may limit our ability to dispose of our properties.

A REIT's net income from prohibited transactions is subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property other than "foreclosure property," held primarily for sale to customers in the ordinary course of business. We may be subject to the prohibited transactions tax equal to 100% of net gain upon a disposition of real property. Although a safe harbor to the characterization of the sale of real property by a REIT as a prohibited transaction is available, we cannot assure you that we can comply with the safe harbor or that we will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of business. Consequently, we may choose not to engage in certain sales of our properties or may conduct such sales through any TRS that we may form, which would be subject to federal and state income taxation.

Any ownership of a TRS will be subject to limitations and our transactions with a TRS will cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on arm's-length terms.

Overall, no more than 20% of the value of a REIT's assets may consist of stock or securities of one or more TRSs. In addition, the Code also imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. We will monitor the value of our respective investments in any TRS for the purpose of ensuring compliance with TRS ownership limitations and will structure our transactions with any TRS on terms that we believe are arm's-length to avoid incurring a 100% excise tax on such transactions. There can be no assurance, however, that we will be able to comply with the 20% limitation or avoid application of the 100% excise tax.

If leases of our properties are not respected as true leases for federal income tax purposes, we would fail to qualify as a REIT and would be subject to higher taxes and have less cash available for distribution to our shareholders.

To qualify as a REIT, we must satisfy two gross income tests, under which specified percentages of our gross income must be derived from certain sources, such as "rents from real property." Rents paid to the Operating Partnership by third party lessees and any TRS lessee pursuant to the leases of our properties will constitute substantially all of our gross income. In order for such rent to qualify as "rents from real property" for purposes of the gross income tests, the leases must be respected as true leases for federal income tax purposes and not be treated as service contracts, joint ventures, or some other type of arrangement. If our leases are not respected as true leases for federal income tax purposes, we would fail to qualify as a REIT.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum tax rate applicable to "qualified dividend income" payable to U.S. shareholders who are taxed at individual rates is 23.8%. Dividends payable by REITs, however, generally are not eligible for the reduced rates on qualified dividend income. The more favorable rates applicable to regular corporate qualified dividends could cause investors who are taxed at individual rates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common shares.

We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our common shares.

At any time, the U.S. federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. We cannot predict when or if any new U.S. federal income tax law, regulation, or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation, or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation, or interpretation may take effect retroactively. We and our shareholders could be adversely affected by any such change in the U.S. federal income tax laws, regulations, or administrative interpretations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Geographic Diversification/Concentration

The following table lists the states in which our properties are located and provides certain information regarding our portfolio's geographic diversification/concentration as of December 31, 2018:

State	Number of Properties	GLA (1) (square feet)	Percent of GLA	Annualized Base Rent (2) (thousands)	Percent of Annualized Base Rent
Alabama	10	488,709	3.6 %	$10,096	3.5 %
Arizona	13	733,791	5.4 %	15,931	5.6 %
Arkansas	8	283,440	2.1 %	4,515	1.6 %
Colorado	5	129,620	1.0 %	2,815	1.0 %
Connecticut	1	72,022	0.5 %	1,734	0.6 %
Florida	20	361,468	2.7 %	9,078	3.2 %
Georgia	7	1,042,328	7.7 %	24,716	8.6 %
Illinois	3	139,450	1.0 %	2,795	1.0 %
Indiana	21	998,831	7.3 %	19,824	6.9 %
Kentucky	12	976,620	7.2 %	16,552	5.8 %
Louisiana	3	150,777	1.1 %	5,856	2.0 %
Maine	1	44,677	0.3 %	894	0.3 %
Maryland	3	166,594	1.2 %	3,876	1.4 %
Michigan	6	250,456	1.8 %	6,202	2.2 %
Minnesota	19	810,301	5.9 %	17,154	6.0 %
Mississippi	2	97,294	0.7 %	2,429	0.8 %
Missouri	2	69,184	0.5 %	1,857	0.6 %
Montana	3	185,085	1.4 %	5,357	1.9 %
Nebraska	13	979,303	7.2 %	17,739	6.2 %
New Mexico	2	53,029	0.4 %	1,404	0.5 %
New York	13	613,520	4.5 %	14,393	5.0 %
North Dakota	8	434,215	3.2 %	7,795	2.7 %
Ohio	12	650,319	4.8 %	13,451	4.7 %
Oklahoma	1	52,000	0.4 %	504	0.2 %
Pennsylvania	11	403,811	3.0 %	5,512	1.9 %
Tennessee	8	689,498	5.1 %	12,451	4.4 %
Texas	28	1,880,974	13.8 %	44,064	15.4 %
Virginia	1	72,255	0.5 %	1,787	0.6 %
Washington	10	589,141	4.3 %	10,286	3.6 %
Wisconsin (3)	6	205,886	1.4 %	4,947	1.8 %
Total	252	13,624,598	100.0%	$286,014	100.0 %

(1) "GLA" means gross leasable area.

(2) Annualized base rent is calculated by multiplying (a) base rental payments for the month ended December 31, 2018, by (b) 12.

(3) Excludes leases related to the Company's 108,843 square foot corporate office building.

Scheduled Lease Expirations

The following table provides a summary of lease expirations for our properties owned as of December 31, 2018, for the periods indicated:

Expiration (1)	Number of Leases Expiring	GLA	Percent of GLA	Annualized Base Rent (thousands)	Percent of Annualized Base Rent	Annualized Base Rent Leased per Square Foot (2)
2019	103	345,677	2.5 %	7,752	2.7 %	$ 22.43
2020	111	466,063	3.4 %	9,963	3.5 %	21.38
2021	148	575,475	4.2 %	12,240	4.3 %	21.27
2022	100	633,649	4.7 %	16,070	5.6 %	25.36
2023	110	606,918	4.5 %	13,627	4.8 %	22.45
2024	65	767,566	5.6 %	15,859	5.5 %	20.66
2025	134	926,790	6.8 %	22,114	7.7 %	23.86
2026	121	3,580,117	26.3 %	72,165	25.2 %	20.16
2027	69	1,192,916	8.8 %	25,143	8.8 %	21.08
2028	70	1,316,431	9.7 %	30,826	10.8 %	23.42
Thereafter	73	2,507,308	18.3 %	57,642	20.2 %	22.99
Month to month (3)	49	117,602	0.9 %	2,613	0.9 %	22.22
Vacant	—	588,086	4.3 %	—	—	—
Total / Weighted average	1,153	13,624,598	100.0%	$286,014	100.0 %	$ 21.94

(1) Excludes leases related to the Company’s 108,843 square foot corporate office building.

(2) Annualized base rent per leased square foot is calculated by dividing (a) annualized base rent as of December 31, 2018 by (b) square footage under executed leases as of December 31, 2018.

(3) Includes 5 leases which expired on December 31, 2018, representing 0.2% of portfolio leasable square feet.

Tenants

As of December 31, 2018, our properties were approximately 96% leased. No single tenant accounted for more than 5.7% of our total annualized base rent or 5.5% of total base revenue as of December 31, 2018; however, 19.2% of our total annualized base rent as of December 31, 2018 were from tenants affiliated with CHI.

The following table sets forth certain information about the 10 largest tenants in our portfolio based on total annualized base rent as of December 31, 2018:

Tenant	# of Properties	Leased GLA	% GLA	Annualized Base Rent (thousands)	% of Portfolio Annualized Rent
CHI - Nebraska	13	895,138	6.6 %	$ 16,336	5.7 %
CHI - KentuckyOne Health	11	752,480	5.5 %	13,577	4.8 %
Northside Hospital	5	475,571	3.5 %	10,086	3.5 %
Baylor Scott and White Health	2	268,639	2.0 %	7,583	2.7 %
Ascension - St. Vincent's - Indianapolis	4	357,110	2.6 %	7,291	2.5 %
US Oncology	5	254,939	1.9 %	6,810	2.4 %
CHI - St. Alexius (ND)	7	362,284	2.7 %	6,391	2.2 %
HonorHealth	6	243,482	1.8 %	5,953	2.1 %
CHI - Franciscan (WA)	8	332,089	2.4 %	5,780	2.0 %
Great Falls Clinic	3	185,085	1.3 %	5,357	1.9 %
Total	64	4,126,817	30.3%	$ 85,164	29.8 %

Before entering into a lease and during the lease term, we seek to manage our exposure to significant tenant credit issues. In most instances, we seek to obtain tenant financial information, including credit reports, financial statements, and tax returns. Where appropriate, we seek to obtain financial commitments in the form of letters of credit, security deposits, or

personal guarantees from tenants. On an ongoing basis, we monitor accounts receivable and payment history for both tenants and properties and seek to identify any credit concerns as quickly as possible. In addition, we keep in close contact with our tenants in an effort to identify and address negative changes to their businesses prior to such adverse changes affecting their ability to pay rent to us.

Ground Leases

We lease the land upon which 76 of our properties are built, representing approximately 40.4% of our total leasable square feet and 38.4% of our annualized base revenue as of December 31, 2018. The ground leases subject these properties to certain restrictions. These restrictions may limit our ability to re-let such facilities to tenants not affiliated with the healthcare delivery system that owns the underlying land. Restrictions may also include rights of first offer and refusal with respect to sales of the properties and may limit the types of medical procedures that may be performed at the facilities.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of our business. We are not currently a party, as plaintiff or defendant, to any legal proceedings which, individually or in the aggregate, would be expected to have a material effect on our business, financial condition, or results of operations if determined adversely to us.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Physicians Realty Trust

The Trust's common shares are traded on the NYSE under the symbol "DOC." As of February 22, 2019, the Trust had 322 registered shareholders of record of the Trust's common shares.

It has been the Trust's policy to declare quarterly dividends to its shareholders so as to comply with applicable provisions of the Code governing REITs. The declaration and payment of quarterly dividends remains subject to the review and approval of the Board of Trustees.

Physicians Realty L.P.

There is no established public market for the Operating Partnership's OP Units or Series A Preferred Units. As of February 22, 2019, there were no holders of record and 187,719,170 OP Units outstanding, 182,645,051 of which were held by the Trust. As of February 22, 2019, there were an additional 104,172 Series A Preferred Units outstanding.

It has been the Operating Partnership's policy to declare quarterly distributions so as to allow the Trust to comply with applicable provisions of the Code governing REITs. The declaration and payment of quarterly distributions remains subject to the review and approval of the Trust's Board of Trustees.

Stock Performance Graph

This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of Physicians Realty Trust under the Securities Act or the Exchange Act.

The graph below compares the cumulative total return of our common shares, the Standard & Poor's 500, and the MSCI US REIT Index (RMS), from December 31, 2013 through December 31, 2018. The comparison assumes $100 was invested on December 31, 2013 in our common shares and in each of the foregoing indexes and assumes reinvestment of dividends, as applicable. The MSCI US REIT Index consists of equity REITs that are included in the MSCI US Investable Market 2500 Index, except for specialty equity REITS that do not generate a majority of their revenue and income from real estate rental and leasing operations. We have included the MSCI US REIT Index because we joined the MSCI US REIT Index in November 2014 and therefore we believe that it is representative of the industry in which we compete and is relevant to an assessment of our performance.

	Period Ending					
Index	**12/31/2013**	**12/31/2014**	**12/31/2015**	**12/31/2016**	**12/31/2017**	**12/31/2018**
Physicians Realty Trust	$100.00	$139.18	$149.29	$176.09	$175.26	$165.28
Standard & Poor's 500	$100.00	$113.69	$115.26	$129.05	$157.22	$150.33
MSCI US REIT (RMS)	$100.00	$130.38	$133.67	$145.16	$152.52	$145.55

Recent Sales of Unregistered Securities

From time to time, the Operating Partnership issues OP Units to the Trust, as required by the Partnership Agreement, to reflect additional issuances of common shares by the Trust and to preserve equitable ownership ratios.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table sets forth information relating to repurchases of our common shares of beneficial interest and OP Units during the three months ended December 31, 2018:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 1, 2018 - October 31, 2018	72,029 (1)	$16.64	N/A	N/A
November 1, 2018 - November 30, 2018	—	—	N/A	N/A
December 1, 2018 - December 31, 2018	—	—	N/A	N/A
Total	72,029	$16.64	—	—

(1) Represents OP Units redeemed by holders in exchange for common shares of the Trust.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read together with the discussion under the caption Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the consolidated financial statements and related notes thereto included in this report.

Physicians Realty Trust

(in thousands, except per share data)	Year Ended December 31, 2018	2017	2016	2015	2014
Statement of Operations Data					
Revenues:					
Rental revenues	$313,006	$259,673	$186,301	$103,974	$46,397
Expense recoveries	97,989	75,425	45,875	21,587	5,871
Interest income on real estate loans and other	11,556	8,486	8,858	3,880	1,066
Total revenues	422,551	343,584	241,034	129,441	53,334
Expenses:					
Interest expense	66,183	47,008	23,864	10,636	6,907
General and administrative	28,816	22,957	18,397	14,908	11,440
Operating expenses	122,620	97,035	65,999	31,026	10,154
Depreciation and amortization	158,389	125,159	86,589	45,471	16,731
Acquisition expenses	—	16,744	14,778	14,893	10,897
Impairment loss	—	965	—	—	1,750
Total expenses	376,008	309,868	209,627	116,934	57,879
Income (loss) before equity in income of unconsolidated entities and net gain on sale of investment properties	46,543	33,716	31,407	12,507	(4,545)
Equity in income of unconsolidated entities	114	183	115	104	95
Gain on sale of investment properties, net	11,664	5,874	—	130	32
Net income (loss)	58,321	39,773	31,522	12,741	(4,418)
Net (income) loss attributable to noncontrolling interests:					
Operating Partnership	(1,576)	(1,136)	(825)	(576)	695
Partially owned properties (1)	(515)	(491)	(716)	(377)	(314)
Net income (loss) attributable to controlling interest	56,230	38,146	29,981	11,788	(4,037)
Preferred distributions	(1,340)	(731)	(1,857)	(1,189)	—
Net income (loss) attributable to common shareholders	$54,890	$37,415	$28,124	$10,599	$(4,037)
Net income (loss) per share:					
Basic	$0.30	$0.23	$0.22	$0.15	$(0.12)
Diluted	$0.30	$0.23	$0.22	$0.15	$(0.12)
Dividends and distributions declared per common share and OP Unit	$0.920	$0.915	$0.900	$0.900	$0.900
Balance Sheet Data (as of end of period):					
Assets:					
Net real estate investments	$3,970,033	$4,045,388	$2,767,624	$1,579,483	$773,650
Cash and cash equivalents	19,161	2,727	15,491	3,143	15,923
Tenant receivables, net	8,881	9,966	9,790	2,977	1,324
Other assets	144,759	106,302	95,187	53,283	15,806
Total assets	$4,142,834	$4,164,383	$2,888,092	$1,638,886	$806,703
Liabilities and Equity:					
Credit facility	$457,388	$324,394	$643,742	$389,375	$134,144
Notes payable	966,961	966,603	224,330	—	—
Mortgage debt	108,504	186,471	123,083	94,240	77,091
Accounts payable	3,886	11,023	4,423	644	700
Dividends and distributions payable	43,821	43,804	32,179	20,783	16,548
Accrued expenses and other liabilities	76,282	56,405	42,287	24,473	6,140
Acquired lease intangible, net	13,585	15,702	9,253	5,950	2,871
Total liabilities	1,670,427	1,604,402	1,079,297	535,465	237,494
Redeemable noncontrolling interest – Series A Preferred Units (2018, 2016, and 2015) and partially owned properties	24,747	12,347	26,477	26,960	—

Total shareholders' equity	2,379,505	2,473,172	1,738,451	1,021,132	534,730
Total noncontrolling interests	68,155	74,462	43,867	55,329	34,479
Total liabilities and equity	$4,142,834	$4,164,383	$2,888,092	$1,638,886	$806,703

(1) Includes amounts attributable to redeemable noncontrolling interests for the years ended December 31, 2018, 2017, and 2016. No such adjustment was required for the years ended December 31, 2015 and 2014.

Physicians Realty L.P.

(in thousands, except per unit data)	Year Ended December 31, 2018	2017	2016	2015	2014
Statement of Operations Data					
Revenues:					
Rental revenues	$313,006	$259,673	$186,301	$103,974	$46,397
Expense recoveries	97,989	75,425	45,875	21,587	5,871
Interest income on real estate loans and other	11,556	8,486	8,858	3,880	1,066
Total revenues	422,551	343,584	241,034	129,441	53,334
Expenses:					
Interest expense	66,183	47,008	23,864	10,636	6,907
General and administrative	28,816	22,957	18,397	14,908	11,440
Operating expenses	122,620	97,035	65,999	31,026	10,154
Depreciation and amortization	158,389	125,159	86,589	45,471	16,731
Acquisition expenses	—	16,744	14,778	14,893	10,897
Impairment loss	—	965	—	—	1,750
Total expenses	376,008	309,868	209,627	116,934	57,879
Income (loss) before equity in income of unconsolidated entities and net gain on sale of investment properties	46,543	33,716	31,407	12,507	(4,545)
Equity in income of unconsolidated entities	114	183	115	104	95
Gain on sale of investment properties, net	11,664	5,874	—	130	32
Net income (loss)	58,321	39,773	31,522	12,741	(4,418)
Net (income) loss attributable to noncontrolling interests:					
Partially owned properties (1)	(515)	(491)	(716)	(377)	(314)
Net income (loss) attributable to controlling interest	57,806	39,282	30,806	12,364	(4,732)
Preferred distributions	(1,340)	(731)	(1,857)	(1,189)	—
Net income (loss) attributable to common unitholders	$56,466	$38,551	$28,949	$11,175	$(4,732)
Net income (loss) per unit:					
Basic	$0.30	$0.23	$0.22	$0.15	$(0.12)
Diluted	$0.30	$0.23	$0.22	$0.15	$(0.12)
Dividends and distributions declared per common unit	$0.920	$0.915	$0.900	$0.900	$0.900
Balance Sheet Data (as of end of period):					
Assets:					
Net real estate investments	$3,970,033	$4,045,388	$2,767,624	$1,579,483	$773,650
Cash and cash equivalents	19,161	2,727	15,491	3,143	15,923
Tenant receivables, net	8,881	9,966	9,790	2,977	1,324
Other assets	144,759	106,302	95,187	53,283	15,806
Total assets	$4,142,834	$4,164,383	$2,888,092	$1,638,886	$806,703
Liabilities and Capital:					
Credit facility	$457,388	$324,394	$643,742	$389,375	$134,144
Notes payable	966,961	966,603	224,330	—	—
Mortgage debt	108,504	186,471	123,083	94,240	77,091
Accounts payable	3,886	11,023	4,423	644	700
Dividends and distributions payable	43,821	43,804	32,179	20,783	16,548
Accrued expenses and other liabilities	76,282	56,405	42,287	24,473	6,140
Acquired lease intangible, net	13,585	15,702	9,253	5,950	2,871
Total liabilities	1,670,427	1,604,402	1,079,297	535,465	237,494
Redeemable noncontrolling interest – Series A Preferred Units (2018, 2016, and 2015) and partially owned properties	24,747	12,347	26,477	26,960	—
Total partners' capital	2,446,982	2,547,016	1,781,593	1,066,583	568,457

Noncontrolling interest - partially owned properties	678	618	725	9,878	752
Total liabilities and capital	$4,142,834	$4,164,383	$2,888,092	$1,638,886	$806,703

(1) Includes amounts attributable to redeemable noncontrolling interests for the years ended December 31, 2018, 2017, and 2016. No such adjustment was required for the years ended December 31, 2015 and 2014.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our financial statements, including the notes to those statements, included in this report, and the Section entitled "Cautionary Statement Regarding Forward-Looking Statements" in this report. As discussed in more detail in the Section entitled "Cautionary Statement Regarding Forward-Looking Statements," this discussion contains forward-looking statements which involve risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause those differences include those discussed in Part I, Item 1. "Business" and Part I, Item 1A. "Risk Factors" and elsewhere in this report.

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 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 healthcare related real estate. In particular, we believe the demand for healthcare will continue to increase as a result of the aging population as older persons generally utilize healthcare services at a rate well in excess of younger people. 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, as well as other real estate integral to healthcare providers. In recent years, we have seen increased competition for healthcare properties and we expect this trend to continue. 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 have grown our portfolio of gross real estate investments from approximately $124 million at the time of our IPO in July 2013 to approximately $4.4 billion as of December 31, 2018. During 2019, we look for a continuation of this strategy and execution with the potential for selective dispositions and investments, and a focus on operating performance. We intend to continue to be diligent in deploying capital in the market.

As of December 31, 2018, our portfolio consisted of 252 healthcare properties located in 30 states with approximately 13,624,598 net leasable square feet, which were approximately 96% leased with a weighted average remaining lease term of approximately 7.9 years. As of December 31, 2018, approximately 90% of the net leasable square footage of our portfolio was either on campus with a hospital or other healthcare facility or strategically affiliated with a hospital or other healthcare facility.

As of December 31, 2018, leases representing a percentage of our portfolio on the basis of leased square feet will expire as follows:

Year	Portfolio Lease Expirations
MTM (1)	0.9%
2019	2.7%
2020	3.6%
2021	4.4%
2022	4.9%
2023	4.7%
2024	5.9%
2025	7.1%

2026	27.5%
2027	9.2%
2028	10.1%
Thereafter	19.0%
Total	100.0%

(1) Includes 5 leases which expired on December 31, 2018, representing 0.2% of portfolio occupied leasable square feet.

We receive a cash rental stream from these healthcare providers under our leases. Approximately 93% of the annualized base rent payments from our properties as of December 31, 2018 are from absolute and 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 more predictable cash flow.

Approximately 6% of the annualized base rent payments from our properties as of December 31, 2018 are from modified gross base stop leases which allow us to pass through certain increases in future operating expenses (e.g., property tax and insurance) to tenants for reimbursement, thus protecting us from increases in such operating expenses. We seek to structure our triple-net leases to generate attractive returns on a long-term basis. Our leases typically have initial terms of 5 to 15 years and include annual rent escalators of approximately 1.5% to 3.0%. 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.

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 healthcare real estate developers or health system development professionals. Generally, we only expect to make investments in new development properties when approximately 80% 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; and
- specialty hospitals and treatment centers.

We believe that shifting consumer preferences, limited space in hospitals, the desire of patients and healthcare providers to limit non-essential services provided in a hospital setting, and cost considerations, among other trends, continue to drive the industry trend of performing procedures in outpatient facilities that have traditionally been performed in hospitals, such as surgeries and other invasive medical procedures. As these trends continue, we believe that demand for medical office buildings and similar healthcare properties will continue to rise, and that our investment strategy accounts for these trends.

We may invest opportunistically 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 qualification as a REIT, we may also opportunistically invest in companies that provide healthcare services, and in joint venture entities with operating partners, structured to comply with RIDEA.

The Trust is a Maryland real estate investment trust and elected to be taxed as a REIT for U.S. federal income tax purposes. 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. The Trust is the sole general partner of our Operating Partnership and, as of December 31, 2018, owned approximately 97.2% of the OP Units. As of February 22, 2019, we have 182,417,778 common shares outstanding.

2018 Investment Activity

During 2018, we completed acquisitions of 4 operating healthcare properties and 1 land parcel located in 5 states for an aggregate purchase price of approximately $252.8 million. In addition, we funded $18.2 million of other investments, including the issuance of loans and buyouts of noncontrolling interests, resulting in total investments of $271.0 million. We also acquired 2 properties and an adjacent land parcel through the conversion and satisfaction of a previously outstanding construction loan, valued at an aggregate $18.8 million. Additionally, we acquired 2 parcels of land, which we had previously leased, as the result of a lease restructuring arrangement and equity recapitalization. Acquisitions are detailed in Note 3 to our consolidated financial statements included in Item 8 to this report.

During 2018, we sold 34 medical office buildings located in 9 states for approximately $220.4 million and recognized a net gain of approximately $11.7 million.

Recent Developments

On December 21, 2018, the Trust's Board of Trustees authorized and we declared a cash distribution of $0.23 per common share and OP Unit for the quarterly period ended December 31, 2018. The distribution was paid on January 18, 2019 to common shareholders and OP Unit holders of record as of the close of business on January 4, 2019.

2019 Investment Activity

On January 18, 2019, the Company made a construction loan to finance the construction of a 27,000 square foot cancer center in Denton, Texas up to $15.5 million. The loan bears interest at a rate of 5.50% on the outstanding principal balance during construction and 6.25% following substantial completion. The loan is secured by a first deed of trust on the real estate and a completion guaranty, and includes a purchase option that is exercisable upon the first anniversary of substantial completion. The 100% pre-leased development is located across the street from the 208-bed Texas Health Presbyterian Hospital Denton campus, and is expected to include expanded radiation oncology services, CT, PET-CT, and a state of the art infusion center with direct access to a healing garden. As of February 22, 2019, $5.0 million has been funded under the construction loan facility.

On February 13, 2019, the Company funded a $15.0 million term loan that is secured by a first mortgage on real estate being developed in Columbus, Ohio and by a full recourse guaranty. The loan bears interest at a rate of 8.5% during its one-year term.

Assets Slated for Disposition

We consider 6 properties in 3 states, representing an aggregate of approximately 320,270 square feet of gross leasable area, to be slated for disposition as of December 31, 2018. These assets consist of 5 assets leased to entities who have succeeded to the interests of certain former Foundation Healthcare and 1 additional property which we believe no longer meet our core business strategy from a geography or line of business perspective. No assurance can be made, however, that any or all of the properties will be sold, that the Company will receive the anticipated consideration for the sale of any or all of the properties, or as to the timing of any such sale or sales.

Results of Operations

Year Ended December 31, 2018 compared to the Year Ended December 31, 2017.

The following table summarizes our results of operations for the years ended December 31, 2018 and 2017 (in thousands):

	2018	2017	Change	%
Revenues:				
Rental revenues	$313,006	$259,673	$53,333	20.5
Expense recoveries	97,989	75,425	22,564	29.9
Interest income on real estate loans and other	11,556	8,486	3,070	36.2
Total revenues	422,551	343,584	78,967	23.0
Expenses:				
Interest expense	66,183	47,008	19,175	40.8
General and administrative	28,816	22,957	5,859	25.5
Operating expenses	122,620	97,035	25,585	26.4
Depreciation and amortization	158,389	125,159	33,230	26.6
Acquisition expenses	—	16,744	(16,744)	(100.0)
Impairment loss	—	965	(965)	(100.0)
Total expenses	376,008	309,868	66,140	21.3
Income before equity in income of unconsolidated entities and gain on sale of investment properties, net:	46,543	33,716	12,827	38.0
Equity in income of unconsolidated entities	114	183	(69)	(37.7)
Gain on sale of investment properties, net	11,664	5,874	5,790	98.6
Net income	$58,321	$39,773	$18,548	46.6

Revenues

Total revenues increased $79.0 million, or 23.0%, for the year ended December 31, 2018 as compared to the year ended December 31, 2017. An analysis of selected revenues follows.

Rental revenues. Rental revenues increased $53.3 million, or 20.5%, from $259.7 million for the year ended December 31, 2017 to $313.0 million for the year ended December 31, 2018. The increase in rental revenues primarily resulted from our 2018 and 2017 acquisitions which resulted in additional rental revenue of $11.7 million and $47.7 million, respectively. Revenues for the year ended December 31, 2018 also increased at the medical office building located in Kennewick, Washington (the “Kennewick MOB”) by $2.3 million and at certain of our buildings formerly occupied by Foundation Healthcare by $2.1 million. This was offset by a decrease in rental revenue of $10.3 million associated with our properties sold during 2018 and 2017.

Expense recoveries. Expense recoveries increased $22.6 million, or 29.9%, for the year ended December 31, 2018 as compared to the year ended December 31, 2017. The increase in expense recoveries primarily resulted from our 2018 and 2017 acquisitions which resulted in additional expense recoveries of $3.0 million and $19.4 million, respectively, and increases on our existing properties of $1.8 million. This was partially offset by a decrease of $1.7 million associated with our properties sold during 2018 and 2017.

Interest income on real estate loans and other. Interest income on real estate loans and other increased $3.1 million for the year ended December 31, 2018 as compared to the year ended December 31, 2017. The increase is attributable to a lease termination settlement of $2.2 million in 2018, and interest income from note receivables of $0.9 million in 2018 when compared to 2017.

Expenses

Total expenses increased by $66.1 million, or 21.3%, for the year ended December 31, 2018 as compared to the year ended December 31, 2017. An analysis of selected expenses follows.

Interest expense. Interest expense for the year ended December 31, 2018 was $66.2 million compared to $47.0 million for the year ended December 31, 2017, representing an increase of $19.2 million, or 40.8%. The increase is primarily attributable to the issuance of our public senior notes in March 2017 and December 2017 for an increase of $3.3 million and $12.9 million, respectively. Additionally, higher LIBOR rates increased interest expense on our credit facility by $3.2 million.

General and administrative. General and administrative expenses increased $5.9 million or 25.5%, from $23.0 million during the year ended December 31, 2017 to $28.8 million during the year ended December 31, 2018. The increase is primarily attributable to the adoption of ASU 2017-01, which resulted in the addition of approximately $3.9 million of internal acquisition pursuit costs that would have previously been classified as acquisition expenses. The increase is also attributable to an increase in stock compensation of $1.9 million, office expenditures of $0.4 million, bonus expense of $0.3 million, and other payroll and benefit increases of $0.4 million. These increases were partially offset by a decrease in professional fees of $1.1 million. Of the $5.9 million increase in general and administrative expenses, non-cash share compensation accounted for $3.6 million.

Operating expenses. Operating expenses increased $25.6 million or 26.4%, from $97.0 million during the year ended December 31, 2017 to $122.6 million during the year ended December 31, 2018. The increase is primarily due to our 2018 and 2017 property acquisitions which resulted in additional operating expenses of $3.4 million and $22.4 million, respectively. In addition, there was an increase of $1.9 million from additional operating expenses associated with the remainder of the portfolio, excluding Foundation Healthcare which had additional operating expenses of $1.0 million. This was offset by $3.2 million associated with our properties sold during 2018 and 2017.

Depreciation and amortization. Depreciation and amortization increased $33.2 million, or 26.6%, from $125.2 million during the year ended December 31, 2017 to $158.4 million during the year ended December 31, 2018. Our 2018 and 2017 property acquisitions resulted in additional depreciation and amortization of $5.9 million and $27.5 million, respectively. The termination of a lease located at the Kennewick MOB increased in-place lease intangible amortization by $6.6 million, and was partially offset by a reduction in depreciation and amortization of $6.5 million associated with our properties sold during 2018 and 2017.

Acquisition expenses. During the first quarter of 2018, the Company adopted ASU 2017-01 which clarifies the framework for determining whether an integrated set of assets and activities meets the definition of a business. The Company determined that none of our 2018 acquisitions met the revised definition of a business. As such, acquisition pursuit costs are capitalized in accordance with the new guidance and there is no acquisition expense for the year ended December 31, 2018. The Company recorded acquisition expenses totaling $16.7 million during the year ended December 31, 2017.

Impairment loss. The Company did not record an impairment loss for the year ended December 31, 2018. The Company recorded a $1.0 million impairment loss on one medical office building for the year ended December 31, 2017.

Equity in income of unconsolidated entity. The change in equity in income of unconsolidated entity for the year ended December 31, 2017 compared to the year ended December 31, 2018 is not significant.

Gain on sale of properties, net. During the year ended December 31, 2018 we sold 34 properties located in 9 states for approximately $220.4 million, realizing a net gain of $11.7 million. During the year ended December 31, 2017 we sold 5 properties in 2 states for approximately $20.7 million, realizing a net gain of $5.9 million.

Year Ended December 31, 2017 compared to the Year Ended December 31, 2016.

The following table summarizes our results of operations for the years ended December 31, 2017 and 2016 (in thousands):

	2017	2016	Change	%
Revenues:				
Rental revenues	$259,673	$186,301	$73,372	39.4
Expense recoveries	75,425	45,875	29,550	64.4
Interest income on real estate loans and other	8,486	8,858	(372)	(4.2)
Total revenues	343,584	241,034	102,550	42.5
Expenses:				
Interest expense	47,008	23,864	23,144	97.0
General and administrative	22,957	18,397	4,560	24.8
Operating expenses	97,035	65,999	31,036	47.0
Depreciation and amortization	125,159	86,589	38,570	44.5
Acquisition expenses	16,744	14,778	1,966	13.3
Impairment loss	965	—	965	NM
Total expenses	309,868	209,627	100,241	47.8
Income before equity in income of unconsolidated entities and gain on sale of investment properties:	33,716	31,407	2,309	7.4
Equity in income of unconsolidated entities	183	115	68	59.1
Gain on sale of investment properties	5,874	—	5,874	NM
Net income	$39,773	$31,522	$8,251	26.2

NM = Not Meaningful

Revenues

Total revenues increased $102.6 million, or 42.5%, for the year ended December 31, 2017 as compared to the year ended December 31, 2016. An analysis of selected revenues follows.

Rental revenues. Rental revenues increased $73.4 million, or 39.4%, from $186.3 million for the year ended December 31, 2016 to $259.7 million for the year ended December 31, 2017. The increase in rental revenues primarily resulted from our 2017 and 2016 acquisitions which resulted in additional rental revenue of $35.4 million and $48.9 million, respectively. Revenues for the year ended December 31, 2017 were partially offset by declines in rental income recognized at the Kennewick MOB of $7.4 million and at certain of our buildings formerly occupied by Foundation Healthcare of $2.7 million.

Expense recoveries. Expense recoveries increased $29.6 million, or 64.4%, for the year ended December 31, 2017 as compared to the year ended December 31, 2016. The increase in expense recoveries primarily resulted from our 2017 and 2016 acquisitions which resulted in additional expense recoveries of $12.1 million and $16.7 million, respectively.

Interest income on real estate loans and other. Interest income on real estate loans and other decreased $0.4 million for the year ended December 31, 2017 as compared to the year ended December 31, 2016. Loan transactions completed during the prior year resulted in $2.0 million of increased interest revenue, while other income decreased $1.6 million relative to the prior year due to the payoff of a real estate loan, and interest income from note receivables decreased $0.8 million which relates to a note that was paid off during January 2017.

Expenses

Total expenses increased by $100.2 million, or 47.8%, for the year ended December 31, 2017 as compared to the year ended December 31, 2016. An analysis of selected expenses follows.

Interest expense. Interest expense for the year ended December 31, 2017 was $47.0 million compared to $23.9 million for the year ended December 31, 2016, representing an increase of $23.1 million, or 97.0%. An increase of $15.5 million

resulted from the issuance of our March 2017 and December 2017 public debt offerings, an increase of $3.8 million resulted from borrowings under the term loan provision of our unsecured credit facility, an increase of $2.2 million was the result of an increase in interest due to new mortgage debt, and an increase of $2.0 million resulted from the issuance of our 2016 senior notes.

General and administrative. General and administrative expenses increased $4.6 million or 24.8%, from $18.4 million during the year ended December 31, 2016 to $23.0 million during the year ended December 31, 2017. The increase is attributable to increased salaries and benefits, including non-cash share compensation of $1.1 million, increased office expenditures of $1.1 million, increased professional fees of $1.1 million, and increased travel expenditures of $0.5 million.

Operating expenses. Operating expenses increased $31.0 million or 47.0%, from $66.0 million during the year ended December 31, 2016 to $97.0 million during the year ended December 31, 2017. The increase is primarily due to our 2017 and 2016 property acquisitions which resulted in additional operating expenses of $13.5 million and $21.4 million, respectively, partially offset by a reduction in operating expenses associated with the previously existing portfolio.

Depreciation and amortization. Depreciation and amortization increased $38.6 million, or 44.5%, from $86.6 million during the year ended December 31, 2016 to $125.2 million during the year ended December 31, 2017. The increase is due to our 2017 and 2016 property acquisitions which resulted in additional depreciation and amortization of $18.8 million and $22.0 million, respectively, partially offset by a reduction in depreciation and amortization associated with the previously existing portfolio.

Acquisition expenses. Acquisition expenses increased $2.0 million, or 13.3%, from $14.8 million during the year ended December 31, 2016 to $16.7 million during the year ended December 31, 2017. During the twelve month periods ending December 31, 2017 and 2016, we acquired $1.2 billion and $735.8 million, respectively, of real estate that were considered business combinations and as such, the related acquisition costs were expensed.

Impairment loss. The Company recorded a $1.0 million impairment loss on one medical office building for the year ended December 31, 2017. No such impairment loss was recorded for the year ended December 31, 2016.

Equity in income of unconsolidated entity. The change in equity income from unconsolidated entity for the year ended December 31, 2016 compared to the year ended December 31, 2017 is not significant.

Gain on sale of properties. On April 7, 2017, the Company sold four properties with 80,292 net leasable square feet located in Georgia for approximately $18.2 million, recording a gain of $5.2 million. On December 18, 2017, the Company sold one property with 20,939 net leasable square feet located in Nebraska for approximately $2.5 million, recording a gain of $0.7 million. We did not dispose of any properties during the year ended December 31, 2016.

Cash Flows

Year Ended December 31, 2018 compared to the Year Ended December 31, 2017 (in thousands).

	2018	2017
Cash provided by operating activities	$208,694	$180,471
Cash used in investing activities	(77,183)	(1,302,638)
Cash (used in) provided by financing activities	(115,077)	1,109,403
Increase (decrease) in cash and cash equivalents	$16,434	$(12,764)

Cash flows from operating activities. Cash flows provided by operating activities was $208.7 million during the year ended December 31, 2018 compared to $180.5 million during the year ended December 31, 2017, representing an

increase of $28.2 million. This change is primarily attributable to the increased operating cash flows resulting from our 2018 and 2017 acquisitions.

Cash flows from investing activities. Cash flows used in investing activities was $77.2 million during the year ended December 31, 2018 compared to cash flows used in investing activities of $1.3 billion during the year ended December 31, 2017, representing a change of $1.2 billion. The decrease in cash flows used in investing activities was primarily attributable to our $1.0 billion decrease in acquisition activity over the prior year, and an additional $0.2 billion in proceeds provided by the properties sold in 2018.

Cash flows from financing activities. Cash flows used in financing activities was $115.1 million during the year ended December 31, 2018 compared to cash flows provided by financing activities of $1.1 billion during the year ended December 31, 2017, representing a change of $1.2 billion. The 2018 activity was primarily attributable to sales of our common shares, resulting in net proceeds of $10.8 million and $422.0 million of proceeds from the credit facility. These were partially offset by the $287.0 million of payoffs on our credit facility and $168.1 million of dividends paid.

Year Ended December 31, 2017 compared to Year Ended December 31, 2016 (in thousands).

	2017	2016
Net cash provided by operating activities	$180,471	$127,197
Net cash used in investing activities	(1,302,638)	(1,262,816)
Net cash provided by financing activities	1,109,403	1,147,967
(Decrease) increase in cash and cash equivalents	$(12,764)	$12,348

Cash flows from operating activities. Cash flows provided by operating activities was $180.5 million during the year ended December 31, 2017 compared to $127.2 million during the year ended December 31, 2016, representing an increase of $53.3 million. This change is primarily attributable to the increased operating cash flows resulting from our 2017 and 2016 acquisitions.

Cash flows from investing activities. Cash flows used in investing activities was $1.30 billion during the year ended December 31, 2017 compared to cash flows used in investing activities of $1.26 billion during the year ended December 31, 2016, representing a change of $39.8 million. The increase in cash flows used in investing activities was primarily attributable to our $31.8 million increase in acquisition activity over the prior year and cash used to fund real estate loans and notes totaling $28.9 million. These were partially offset by $20.4 million in proceeds on sale of investment property.

Cash flows from financing activities. Cash flows provided by financing activities was $1.11 billion during the year ended December 31, 2017 compared to cash flows provided by financing activities of $1.15 billion during the year ended December 31, 2016, representing a decrease of $38.6 million. The 2017 activity was primarily attributable to sales of our common shares, resulting in net proceeds of $844.7 million, $927.0 million of proceeds from the credit facility, and $743.1 million from our issuance of senior notes. These were partially offset by the $1.2 billion of payoffs on our credit facility and $143.1 million of dividends paid.

Non-GAAP Financial Measures

This report includes Funds From Operations (FFO), Normalized FFO, Normalized Funds Available For Distribution (FAD), Net Operating Income (NOI), Cash NOI, Earnings Before Interest, Taxes, Depreciation and Amortization for Real Estate (EBITDA*re*) and Adjusted EBITDA*re*, which are non-GAAP financial measures. For purposes of Item 10(e) of Regulation S-K promulgated under the Securities Act, a non-GAAP financial measure is a numerical measure of a company's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable financial measure calculated and presented in accordance with GAAP in the statement of operations, balance sheet or statement of cash flows (or equivalent statements) of the company, or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable financial measure so calculated and presented. As used in this report, GAAP refers to generally accepted accounting principles in the United States of America. Pursuant to the requirements of Item 10(e) of Regulation S-K promulgated under the Securities Act, we have provided reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

51

FFO and Normalized FFO

We believe that information regarding FFO is helpful to shareholders and potential investors because it facilitates an understanding of the operating performance of our properties without giving effect to real estate depreciation and amortization, which assumes that the value of real estate assets diminishes ratably over time. We calculate FFO in accordance with standards established by the National Association of Real Estate Investment Trusts ("NAREIT"). NAREIT defines FFO as net income or loss (computed in accordance with GAAP) before noncontrolling interests of holders of OP units, excluding preferred distributions, gains (or losses) on sales of depreciable operating property, impairment write-downs on depreciable assets, plus real estate related depreciation and amortization (excluding amortization of deferred financing costs). Our FFO computation may not be comparable to FFO reported by other REITs that do not compute FFO in accordance with NAREIT definition or that interpret the NAREIT definition differently than we do. The GAAP measure that we believe to be most directly comparable to FFO, net income, includes depreciation and amortization expenses, gains or losses on property sales, impairments, and noncontrolling interests. In computing FFO, we eliminate these items because, in our view, they are not indicative of the results from the operations of our properties. To facilitate a clear understanding of our historical operating results, FFO should be examined in conjunction with net income (determined in accordance with GAAP) as presented in our financial statements. FFO does not represent cash generated from operating activities in accordance with GAAP, should not be considered to be an alternative to net income or loss (determined in accordance with GAAP) as a measure of our liquidity and is not indicative of funds available for our cash needs, including our ability to make cash distributions to shareholders.

We use Normalized FFO, which excludes from FFO net change in fair value of derivative financial instruments, acquisition expenses, acceleration of deferred financing costs, change in fair value of contingent consideration, and other normalizing items. However, our use of the term Normalized FFO may not be comparable to that of other real estate companies as they may have different methodologies for computing this amount. Normalized FFO should not be considered as an alternative to net income or loss (computed in accordance with GAAP), as an indicator of our financial performance or of cash flow from operating activities (computed in accordance with GAAP), or as an indicator of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make distributions. Normalized FFO should be reviewed in connection with other GAAP measurements.

The following is a reconciliation from net income, the most direct financial measure calculated and presented in accordance with GAAP, to FFO and Normalized FFO (in thousands, except per share data):

	Year Ended December 31,		
	2018	2017	2016
Net income	$58,321	$39,773	$31,522
Earnings per share - diluted	$0.30	$0.23	$0.22
Net income	$58,321	$39,773	$31,522
Net income attributable to noncontrolling interests - partially owned properties	(515)	(491)	(716)
Preferred distributions	(1,340)	(731)	(1,857)
Depreciation and amortization expense	158,163	125,022	86,501
Depreciation and amortization expense - partially owned properties	(336)	(531)	(683)
Gain on sale of investment properties, net	(11,664)	(5,874)	—
Impairment loss	—	965	—
FFO applicable to common shares and OP Units	$202,629	$158,133	$114,767
FFO per common share and OP Unit	$1.08	$0.94	$0.88
Net change in fair value of derivative	(6)	150	(240)
Acquisition expenses	—	16,744	14,778
Net change in fair value of contingent consideration	(50)	(472)	(840)
Normalized FFO applicable to common shares and OP Units	$202,573	$174,555	$128,465

Normalized FFO per common share and OP Unit	$1.08	$1.04	$0.98
Weighted average number of common shares and OP Units outstanding	187,526,762	168,231,299	130,446,893

Normalized FAD

We define Normalized FAD, a non-GAAP measure, which excludes from Normalized FFO non-cash share compensation expense, straight-line rent adjustments, amortization of acquired above- or below-market leases and assumed debt, amortization of lease inducements, amortization of deferred financing costs, and recurring capital expenditures related to tenant improvements and leasing commissions, and includes cash payments from seller master leases and rent abatement payments. Other REITs or real estate companies may use different methodologies for calculating Normalized FAD, and accordingly, our computation may not be comparable to those reported by other REITs. Although our computation of Normalized FAD may not be comparable to that of other REITs, we believe Normalized FAD provides a meaningful supplemental measure of our performance due to its frequency of use by analysts, investors, and other interested parties in the evaluation of our performance as a REIT. Normalized FAD should not be considered as an alternative to net income or loss attributable to controlling interest (computed in accordance with GAAP) or as an indicator of our financial performance. Normalized FAD should be reviewed in connection with other GAAP measurements.

The following is a reconciliation from net income, the most direct financial measure calculated and presented in accordance with GAAP, to Normalized FAD (in thousands):

	Year Ended December 31,		
	2018	2017	2016
Net income	$58,321	$39,773	$31,522
Normalized FFO applicable to common shares and OP Units	$202,573	$174,555	$128,465
Normalized FFO applicable to common shares and OP Units	$202,573	$174,555	$128,465
Non-cash share compensation expense	8,681	5,073	3,920
Straight-line rent adjustments	(21,860)	(16,202)	(16,226)
Amortization of acquired above/below-market leases/assumed debt	3,287	3,596	2,778
Amortization of lease inducements	1,310	1,309	892
Amortization of deferred financing costs	2,428	2,299	2,325
TI/LC and recurring capital expenditures	(19,779)	(15,319)	(8,087)
Seller master lease and rent abatement payments	229	973	1,032
Normalized FAD applicable to common shares and OP Units	$176,869	$156,284	$115,099

NOI and Cash NOI

NOI is a non-GAAP financial measure that is defined as net income or loss, computed in accordance with GAAP, generated from our total portfolio of properties before general and administrative expenses, acquisition-related expenses, depreciation and amortization expense, interest expense, net change in the fair value of derivative financial instruments, gain or loss on the sale of investment properties, and impairment losses. We believe that NOI provides an accurate measure of operating performance of our operating assets because NOI excludes certain items that are not associated with management of the properties. Our use of the term NOI may not be comparable to that of other real estate companies as they may have different methodologies for computing this amount.

Cash NOI is a non-GAAP financial measure which excludes from NOI straight-line rent adjustments, amortization of acquired above and below market leases, and other non-cash and normalizing items. Other non-cash and normalizing items include items such as the amortization of lease inducements, payments received from seller master leases and rent abatements, and changes in fair value of contingent consideration. We believe that Cash NOI provides an accurate measure of the operating performance of our operating assets because it excludes certain items that are not associated with management of the properties. Additionally, we believe that Cash NOI is a widely accepted measure of comparative operating performance in the real estate community. Our use of the term Cash NOI may not be comparable to that of other real estate companies as such other companies may have different methodologies for

computing this amount.

The following is a reconciliation from the Trust's net income, the most direct financial measure calculated and presented in accordance with GAAP, to NOI, and Cash NOI (in thousands):

	Year Ended December 31,		
	2018	2017	2016
Net income	$58,321	$39,773	$31,522
General and administrative	28,816	22,957	18,397
Acquisition expenses	—	16,744	14,778
Depreciation and amortization	158,389	125,159	86,589
Interest expense	66,183	47,008	23,864
Net change in the fair value of derivative	(6)	150	(240)
Gain on sale of investment properties, net	(11,664)	(5,874)	—
Impairment loss	—	965	—
NOI	$300,039	$246,882	$174,910
NOI	$300,039	$246,882	$174,910