Physicians Realty Trust
Form S-11/A
December 02, 2013

Use these links to rapidly review the document
TABLE OF CONTENTS
INDEX TO FINANCIAL STATEMENTS

Table of Contents

As filed with the Securities and Exchange Commission on December 2, 2013

Registration No. 333-192293

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 1

to

FORM S-11

REGISTRATION STATEMENT
FOR REGISTRATION UNDER THE SECURITIES ACT OF 1933
OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

PHYSICIANS REALTY TRUST

(Exact name of registrant as specified in its governing instruments)

---

250 East Wisconsin Avenue
Suite 1900
Milwaukee, Wisconsin 53202
(414) 978-6494
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

John T. Thomas
Physicians Realty Trust
250 East Wisconsin Avenue
Suite 1900
Milwaukee, Wisconsin 53202
(414) 978-6494
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

David C. Wright
Hunton & Williams LLP

Wayne D. Boberg
Winston & Strawn LLP

Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
(804) 788-8200
(804) 343-4833 (fax)

35 W. Wacker Drive
Chicago, Illinois 60601
(312) 558-5600
(312) 558-5700 (fax)

Approximate date of commencement of proposed sale to the public:
As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. o

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

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ý (Do not check if a smaller reporting company)	Smaller reporting company o

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

Table of Contents

The information in this preliminary prospectus is not complete and may be changed or supplemented. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 2, 2013

PROSPECTUS

8,300,000 Common Shares

We are offering 8,300,000 of our common shares of beneficial interest, $0.01 par value per share. We are a self-managed healthcare real estate company that acquires, selectively develops, owns and manages healthcare properties that are leased to physicians, hospitals and healthcare delivery systems. We invest in real estate that is integral to providing high quality healthcare services. Our properties typically are on a campus with a hospital or other healthcare facilities or strategically located and affiliated with a hospital or other healthcare facilities. Our management team has significant public healthcare real estate investment trust ("REIT") experience and long established relationships with physicians, hospitals and healthcare delivery system decision makers that we believe will provide quality investment opportunities to generate attractive risk-adjusted returns to our shareholders.

Our common shares are listed on the New York Stock Exchange under the symbol "DOC." The last reported sale price of our common shares on the New York Stock Exchange, or NYSE, on November 29, 2013 was $11.95 per share.

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

We are an "emerging growth company" under the federal securities laws and have reduced public company reporting requirements. Investing in our common shares involves a high degree of risk. See "*Risk Factors*" beginning on page 22 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	**Total**
Public offering price	$	$
Underwriting discounts and commissions(1)	$	$

Proceeds, before expenses, to us	$	$

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

We have granted the underwriters an option to purchase up to 1,245,000 additional common shares at the public offering price, less the underwriting discount, to cover over-allotments. If the underwriters exercise this option in full, the total underwriting discounts and commissions will be $ and our total proceeds, before expenses, will be $.

Delivery of the common shares in book-entry form is expected to be made on or about December , 2013.

Joint Book-Running Managers

Wunderlich Securities **KeyBanc Capital Markets**

Co-Lead Managers

Oppenheimer & Co. **Janney Montgomery Scott**

Co-Managers

Compass Point **J.J.B. Hilliard, W.L. Lyons, LLC** **Ziegler**

, 2013

Table of Contents

Table of Contents

You should rely only upon the information contained in this prospectus and any free writing prospectus provided or approved by us. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely upon it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common shares.

TABLE OF CONTENTS

PROSPECTUS SUMMARY	1
SUMMARY FINANCIAL DATA	20
RISK FACTORS	22
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS	59
USE OF PROCEEDS	61
DISTRIBUTION POLICY	62
MARKET PRICE OF OUR COMMON SHARES	63
CAPITALIZATION	64
DILUTION	65
SELECTED FINANCIAL DATA	67
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION	69
OUR INDUSTRY AND MARKET OPPORTUNITY	87
OUR BUSINESS AND PROPERTIES	94
MANAGEMENT	124
EXECUTIVE COMPENSATION	135
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	147
POLICIES WITH RESPECT TO CERTAIN ACTIVITIES	149
STRUCTURE AND FORMATION OF OUR COMPANY	155
DESCRIPTION OF THE PARTNERSHIP AGREEMENT OF PHYSICIANS REALTY L.P.	158
PRINCIPAL SHAREHOLDERS	165
DESCRIPTION OF SHARES OF BENEFICIAL INTEREST	166
CERTAIN PROVISIONS OF MARYLAND LAW AND OF OUR DECLARATION OF TRUST AND BYLAWS	171
SHARES ELIGIBLE FOR FUTURE SALE	177
MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS	179
ERISA CONSIDERATIONS	205
UNDERWRITING	207
LEGAL MATTERS	212
EXPERTS	212
WHERE YOU CAN FIND MORE INFORMATION	212
INDEX TO FINANCIAL STATEMENTS	F-1

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

Table of Contents

INDUSTRY AND MARKET DATA

We use industry forecasts and projections and market data throughout this prospectus, including data from publicly available information and industry publications. The forecasts and projections are based on industry surveys and the preparers' experience in the industry and there can be no assurance that any of the projections will be achieved. We believe that the surveys and market research others have performed are reliable, but we have not independently verified this information and the accuracy and completeness of the information are not guaranteed.

Table of Contents

PROSPECTUS SUMMARY

This summary highlights key aspects of this offering. This summary is not complete and does not contain all of the information that you should consider before making your investment decision. Before investing in our common shares, you should carefully read this entire prospectus, including the more detailed information set forth under the caption "Risk Factors," the historical and pro forma financial statements, including the related notes thereto, appearing elsewhere in this prospectus, and any free writing prospectus provided or approved by us.

Unless the context otherwise requires or indicates references in this prospectus to "we," "us," "our," "our company," and "Physicians Realty" refer to Physicians Realty Trust, a Maryland real estate investment trust, together with its consolidated subsidiaries, including Physicians Realty L.P., a Delaware limited partnership, which we refer to in this prospectus as our "operating partnership," and the historical business and operations of four healthcare real estate funds that we have classified for accounting purposes as our "Predecessor" and which we sometimes refer to as the "Ziegler Funds." Unless the context otherwise requires or indicates, the information set forth in this prospectus assumes that the underwriters' option to acquire additional common shares is not exercised. The information included in this prospectus assumes a public offering price of $11.95 per share, the last reported sale price of our common shares on the NYSE on November 29, 2013.

Overview

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

We completed our initial public offering, or IPO, in July 2013, issuing an aggregate of 11,753,597 common shares and receiving approximately $123.7 million of net proceeds, including shares issued upon exercise of the underwriters' over- allotment option. Simultaneously with the closing of our IPO, we completed a series of related formation transactions pursuant to which we acquired 19 medical office buildings located in ten states with approximately 524,048 net leasable square feet in exchange for 2,744,000 common units in our operating partnership, or OP Units, and the assumption of approximately $84.3 million of debt related to such properties. We used a portion of the proceeds from the IPO to repay approximately $36.9 million of such debt. Since the completion of our IPO, we have acquired seven additional properties for an aggregate of approximately $132.5 million, including the issuance of 954,877 OP Units and acquired the approximately 40% and 35% joint venture interests we did not own with respect to two of our existing properties, which resulted in our 100.0% ownership of these properties. As of September 30, 2013, our portfolio was approximately 90.3% leased with a weighted average remaining lease term of 8.6 years and approximately 65.3% of the net leasable square footage of our portfolio was affiliated with a healthcare delivery system and approximately 52.6% of the net leasable square footage of our properties is located within approximately 1/4 mile of a hospital campus. Approximately 98% of our annualized base rent payments as of September 30, 2013 is from triple net leases, pursuant to which our 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. Our leases typically include rent escalation provisions designed to provide us with annual growth in our rental revenues. As of September 30, 2013, leases representing 1.2%, 2.5% and 1.3% of leasable square feet in our portfolio will expire in 2013, 2014 and 2015, respectively.

We are a Maryland real estate investment trust and intend to elect to be taxed as a REIT for U.S. federal income tax purposes beginning with our short taxable year ending December 31, 2013. We conduct our business through an UPREIT structure in which our properties are owned by our operating partnership directly or through limited partnerships, limited liability companies or other subsidiaries. We are the sole general partner of our operating partnership and, as of September 30, 2013 own approximately 76.4% of the partnership interests in our operating partnership.

Our Objectives and Growth Strategy

Our principal business objective is to provide attractive risk-adjusted returns to our shareholders through a combination of (i) sustainable and increasing rental income and cash flow that generates reliable, increasing dividends, and (ii) potential long-term appreciation in the value of our properties and common shares. Our primary strategies to achieve our business objective are to invest in, own and manage a diversified portfolio of high quality healthcare properties and pay careful attention to our tenants' real estate strategies, which we believe will drive high retention, high occupancy and reliable, increasing rental revenue and cash flow.

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

- medical office buildings
- outpatient treatment and diagnostic facilities
- physician group practice clinics
- ambulatory surgery centers
- specialty hospitals and treatment centers
- acute care hospitals
- post acute care hospitals and long-term care facilities

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

Table of Contents

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.

Post-IPO Property Activities

On August 30, 2013, we completed the acquisition of a 41,007 square foot medical office building (the "East El Paso Medical Office Building") and a 77,000 square foot, 40-bed acute care surgical hospital (the "East El Paso Surgical Hospital", together with the East El Paso Medical Office Building, the "East El Paso Property") located in El Paso, Texas for an aggregate purchase price of $40 million. We also acquired a right of first refusal to finance development on land adjacent to this hospital. The East El Paso Surgical Hospital is 100% leased to one tenant, East El Paso Surgical Hospital, until 2028, with annual rent escalations of 3%. The East El Paso Medical Office Building is 100% leased to one tenant, EEPPMC Partners, LLC, until 2018, with annual rent escalations of 3%. We funded the purchase price with proceeds from our IPO.

On September 18, 2013, we completed the acquisition of a 66-bed post-acute care specialty hospital (the "Plano Property" or "LifeCare Plano LTACH") located in Plano, Texas for $18.2 million. The hospital is 100% leased to a single tenant, New LifeCare hospitals of North Texas, L.L.C. The term of the lease expires January 1, 2028, and the tenant has one five year extension option. The tenant's obligations under the lease are guaranteed by its parent, which operates 26 hospitals in nine states. Rent increases annually based on the change in the consumer price index, with a minimum increase of 2.25% and a maximum increase of 3.75% per year. The acquisition was funded with proceeds from our IPO.

On September 30, 2013, we completed the acquisition of an approximately 52,000 square foot outpatient care building (the "Oklahoma City Property" or the "Foundation Surgical Affiliates Medical Office Building") located in Oklahoma City, Oklahoma for approximately $15.6 million. The property is leased to one tenant, Foundation Surgical Affiliates, LLC, until 2023 with annual rent escalations of 2%. We funded the purchase price for the property with proceeds from our IPO.

On September 30, 2013, we completed the acquisition of a surgical center (the "New Orleans Property" or the "Crescent City Surgical Centre") in the New Orleans, Louisiana metropolitan area for approximately $37.5 million. The surgical center is leased to Crescent City Surgical Centre, LLC until 2028 with annual rent escalations of 3%. We funded the purchase price with borrowings under our senior secured revolving credit facility, proceeds from our IPO and the issuance of 954,877 OP Units, valued at approximately $11.5 million, based on the average closing price for our common shares on the New York Stock Exchange for the three trading days prior to closing the acquisition.

Table of Contents

On September 30, 2013, we sold 4,000 square feet of space in our Summerfield Square condominium property in Florida for $0.5 million, leaving approximately 2,000 square feet for sale in this condominium property.

On October 4, 2013, we completed the acquisition of a 20,319 square foot medical office building and ambulatory surgery center (the "Pensacola Property" or the "Pensacola Medical Office Building") located in Pensacola, Florida for approximately $6.9 million. The facilities are leased to Pain Consultants of West Florida and its ambulatory surgery center operator, Cornerstone Surgicare, LLC., under a 15-year absolute net lease. The purchase price was paid from borrowings under our senior secured revolving credit facility.

On November 22, 2013, we completed the acquisition of the 40% joint venture equity interest in the entity that owns the Valley West Hospital Medical Office Building in Chicago, Illinois, not owned by us, for approximately $3.0 million, resulting in our 100.0% ownership of this property. The Valley West Hospital Medical Office Building is a 37,672 square foot multi-tenant medical office building which was 98% leased as of September 30, 2013. The purchase price was paid from borrowings under our senior secured revolving credit facility. Simultaneously with the closing of the acquisition of the joint venture interest, we repaid approximately $1.8 million of mortgage debt on this property with borrowings under our senior secured revolving credit facility. We also refinanced the remaining mortgage debt on this property.

On November 22, 2013, we completed the acquistion of the 35% joint venture equity interest in the entity that owns the Remington Medical Commons property in Chicago, Illinois, not owned by us, for approximately $1.1 million, resulting in our 100.0% ownership of this property. The Remington Medical Commons is a 37,240 square foot multi-tenant medical office building, which was 78.1% leased as of September 30, 2013. The purchase price was paid from borrowings under our senior secured revolving credit facility. Simultaneously with the closing of the acquisition of the joint venture interest, we repaid approximately $1.9 million of mortgage debt on this property with borrowings under our senior secured revolving credit facility.

On November 27, 2013, we completed the acquisition of a medical office building in Columbus, Ohio for a purchase price of $10.2 million. The 38,891 square foot medical office building is 100% leased with a 15 year absolute, net master lease. The building includes an ambulatory surgery center operated by a national ambulatory surgery center operator based in Nashville, TN. The medical office building portion of the property, 28,539 square feet, is subject to annual rent escalations of 2% per year. The purchase price was paid from borrowings under our senior secured revolving credit facility.

Pending Acquisitions

In addition to the completed acquisitions described above, on November 7, 2013, we entered into an agreement to purchase a group of four medical office buildings in the Atlanta, Georgia metropolitan area (the "Atlanta Property") for an aggregate purchase price of $20.8 million. The four medical office buildings contain an aggregate of approximately 68,711 rentable square feet and will be 100% leased with a 15-year absolute, net master lease to be signed at closing by a family practice physician group. We expect this acquisition to close on or about December 16, 2013. The acquisition is subject to customary closing conditions and there can be no assurance we will complete this transaction or acquire any of these buildings.

On November 26, 2013, we entered into an agreement to purchase an ambulatory surgery center in Great Falls, Montana (the "Great Falls Ambulatory Service Center" or the "Great Falls Property") for an aggregate purchase price of $4.0 million. The Great Falls Property is 12,636 rentable square feet and will be 100% leased with a 15-year absolute, net master lease to be signed at closing by Great Falls Clinic Surgery Center LLC. We expect this acquisition to close on or about December 16, 2013. The

Table of Contents

acquisition is subject to customary closing conditions and there can be no assurance we will complete this transaction or acquire this property.

Other Recent Developments

On August 29, 2013, we entered into a $75 million senior secured credit facility which is available to fund future acquisitions, return on investment initiatives and working capital requirements. On November 8, 2013, we agreed with the lenders to increase the total amount available under our senior secured credit facility from $75 million to $90 million. Subject to the satisfaction of certain conditions, including additional lender commitments, we have the option to increase the borrowing capacity under the revolving credit facility to up to $250 million. As of November 29, 2013, we had $48.4 million of outstanding borrowings under this credit facility. See " Credit Facility."

On September 30, 2013, we declared an initial, prorated quarterly dividend of $0.18 per share for the partial quarterly period from July 19, 2013 (the date of our IPO) through September 30, 2013, which is equivalent to a full quarterly dividend of $0.225 per share. The dividend was paid on November 1, 2013 to shareholders of record on October 18, 2013.

We have entered into an agreement to provide an approximate $6.9 million mezzanine loan ("Mezzanine Loan") to entities controlled by MedProperties, L.L.C., a Dallas, Texas based private investor in medical facilities ("MedProperties"). The Mezzanine Loan will be secured by MedProperties' ownership interest in two special purpose entities that own a surgical hospital located in San Antonio, Texas (the "Surgical Hospital") and an inpatient rehabilitation facility located in Scottsdale, Arizona (the "Rehab Hospital," and together with the Surgical Hospital, the "Hospitals"). The Surgical Hospital is leased to a joint ventured owned by National Surgical Hospitals, Inc. and a group of physicians under an absolute net lease with the current term expiring in 2028. The Rehab Hospital, constructed in 2013, is leased to a joint venture owned by Scottsdale Healthcare and Select Medical, Inc. (NYSE: "SEM") under an absolute net lease with the current term expiring in 2028. The Mezzanine Loan will have a five year term, is interest only during the term and bears interest at a 9% fixed annual interest rate. A small portion of the interest on the Mezzanine Loan may be made in the form of payment-in-kind, or PIK. As part of the consideration for providing the Mezzanine Loan, the Company will have an option to acquire the property leased to the Hospitals at a formula purchase price during year 4 of the Mezzanine Loan based on a fixed capitalization rate. The agreement to fund the Mezzanine Loan is contingent upon a number of conditions, and there can be no assurance the investment will be completed.

Our Management Team

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

Table of Contents

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

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

Healthcare Industry and Healthcare Real Estate Overview and Market Opportunity

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

$2.8 Trillion Healthcare Industry Projected to Grow to $4.8 Trillion (and 19.6% of U.S. GDP) by 2021

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

We believe the demand by healthcare providers for healthcare real estate will increase as health spending in the United States continues to increase. As shown in the chart below, national healthcare expenditures continue to rise and are projected to grow from an estimated $2.8 trillion in 2012 to $4.8

Table of Contents

trillion by 2021 representing an average annual rate of growth of 5.7%, reaching a projected 19.6% of GDP in 2021.

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. Between 2010 and 2050, the U.S. population over 65 years of age is projected to more than double from 40.2 million to nearly 88.5 million and the 85 and older population is expected to more than triple, from 5.7 million in 2010 to 19.0 million, as reflected in the chart below. The number of older Americans is also growing as a percentage of the total U.S. population with the number of persons older than 65 estimated to comprise 13.0% of the total U.S. population in 2010 and projected to grow to 20.2% by 2050.

Projected U.S. Population Aged 65+ (1900-2050)

Source: U.S. Census Bureau

Table of Contents

Affordable Care Act (30 Million More Insured and Increased Market Certainty)

The Patient Protection and Affordable Care Act of 2010, or the Affordable Care Act, constitutes a significant overhaul of many aspects of healthcare regulations and health insurance. We believe this evolution of U.S. health care policy creates the framework for healthcare services over the near term. The Affordable Care Act requires every American to have health insurance by 2014 or be subjected to a tax. Those who cannot afford health insurance will be offered insurance subsidies or Medicaid coverage. The U.S. Census Bureau estimates that approximately 50 million Americans did not have healthcare insurance in 2009. HHS predicts the Affordable Care Act will result in an additional 30 million Americans having healthcare insurance by 2020 which we believe will substantially increase the demand for healthcare services.

The Affordable Care Act also contains provisions which are designed to lower reimbursement amounts under Medicare and tie reimbursement levels to the quality of services provided. We believe these and other provisions of the Affordable Care Act will increase the pressure on healthcare providers to become more efficient in their business models, invest capital in their businesses, lower costs and improve the quality of care, which in turn will drive health care systems to monetize their real estate assets and create demand for new, modern and specialized facilities.

Table of Contents

Clinical Care Continues to Shift to Outpatient Care

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

Cumulative Change in Total Admissions and Total Outpatient Visits(1)

(1) Cumulative change is the total percent increase from 1999 through 2010. Data are admissions (all players) to and outpatient visits at about 5,000 community hospitals.

Source: American Hospital Association, AHA Hospital Statistics.

Physician Employment by Healthcare Delivery System Trend Improves Credit

As shown in the chart below, the total number of physicians is growing and the number and percentage of physicians employed by healthcare delivery systems and by large physician groups has increased in recent years, and this increase is expected to accelerate due to, among other factors, declining physician reimbursement and the increasing costs of practice due to changes under the Affordable Care Act, other healthcare regulations, expensive information technology and malpractice insurance. We also believe the continuing trends in hospital systems' consolidation will accelerate the integration of physician practice groups and other clinicians with hospitals. We believe physician employment by healthcare delivery systems and large group practices increases the demand for efficient real estate solutions and can lead to an improvement in the credit quality of our physician tenants and target physician tenants.

Employed or Affiliated Physicians As a Percent of Total Physicians(1)
Projected Change, 2000 - 2013 (000s)

---

(1) Estimated

Sources: Accenture Analysis, MGMA American Medical Association

Table of Contents

Healthcare Industry Employment Growth

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

Percentage Job Growth in the Health Sector Compared to All Other Employment Sectors in the U.S., 2000 - 2010 and Projected 2010 - 2020

Sources: U.S. Department of Labor, Bureas of Labor Statistics, National Employment Matric, employment by industry; occupation, and percent distribution, 2010 and projected 2020, Employment and Output by Industry. Table 2.7: Current Employment Survey. 2000 - 2010

Table of Contents

Monetization and Modernization

According to Stifel Nicolaus, hospitals and health systems own and control approximately 80% of the medical office buildings and outpatient facilities in the United States. We expect the need for capital and the growth in demand for healthcare at lower cost to cause many hospitals to seek to monetize their real estate through sale/leaseback or other arrangements as they seek capital for their physician integration and growth strategies. Hospitals also are seeking to become more efficient in the face of declining reimbursement and changing patient demographics by developing new, smaller, specialty healthcare facilities, as well as modernizing existing general acute care facilities.

Highly Fragmented Market

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

Stifel Nicolaus estimates the value of the total supply of medical office buildings and out-patient facilities at approximately $414 billion, with approximately $262 billion available for private investment, and is expected to grow at approximately $4.5 billion per year. In estimating facilities available for private investment, Stifel Nicolaus excludes medical office buildings and outpatient facilities located on hospital campuses or other property owned by government and buildings housing small physician practices that are likely not attractive to institutional investors. According to Healthcare Real Estate Insights, in 2012, there were sales of 455 medical office buildings (transactions in excess of $5 million) with total dollar volume of such transactions of $5.52 billion and total square footage of 26.5 million.

Limited New Supply

We believe construction of medical office buildings and other healthcare facilities has been relatively constrained by the recent recession and uncertainty in U.S. healthcare policy, while available space was absorbed and physicians, hospitals and healthcare delivery systems planned for the implementation of the Affordable Care Act. According to Marcus and Millichap's mid-year Medical Office Research report, approximately 9 million square feet of new medical office space was delivered in 2012, which is significantly lower than the square feet of medical office space delivered from 2007 to 2009, when medical office inventory grew collectively by nearly 60 million square feet. We believe the low levels of new medical office space delivered and increasing demand in recent years will create a positive environment for both occupancy and rental rates in the near term and longer term. We believe these trends will result in an increase in the number of quality properties meeting our investment criteria.

Table of Contents

U.S. Supply and Demand Trends

*Forecast

Sources: Marcus & Millichap Research Services, CoStar Group, Inc.

Competitive Strengths

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

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

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

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

Nimble Management Execution. We expect to focus on individual investment opportunities of $25 million or less in off market or lightly marketed transactions, with few transactions exceeding $50 million. We established our company to identify and execute on these types and size of transactions efficiently, which we believe provides us an advantage over other healthcare

Table of Contents

real estate investors, such as the larger health care REITs, that focus on larger properties or portfolios in more competitively marketed investment opportunities.

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

Strong Healthcare Delivery System Affiliation and Diverse Medical Tenant Base in Initial Properties. As of September 30, 2013, approximately 65.3% of the net leasable square footage of our initial properties is affiliated with a healthcare delivery system and approximately 52.6% of the net leasable square footage of our initial properties is located within approximately 1/4 mile of a hospital campus. We believe that a healthcare delivery system anchored property with a diversified, clinically interdependent tenant mix is essential to the success of any healthcare facility, and our management team's understanding of the dynamics associated with tenant mix and clinical interdependency will be a key to our success. At September 30, 2013, the leases for our initial properties have a weighted average remaining lease term of approximately 8.6 years and only 5.0% of our annualized rent expires over the following three years.

Properties

The table below sets forth certain information, as of September 30, 2013 regarding the 26 properties in our portfolio and the one property that we have under contract to purchase:

PROPERTY	PROPERTY MSA LOCATION	YEAR BUILT	% OWNED	NET LEASABLE SQUARE FOOTAGE	% LEASED	ANNUALIZED BASE RENT(1)	ANNUALIZED BASE RENT PER LEASED SQUARE FOOT	HEALTHCARE DELIVERY SYSTEM AFFILIATION	PRINCIPAL TENANTS
				Initial Properties(2)					
Arrowhead Commons	Phoenix, AZ	2004	100.0%	12,800	100.0%	$ 317,936	$ 24.84	N/A	Paseo Family Physicians
Aurora Medical Office Building	Green Bay, WI	2010	100.0%	9,112	100.0%	$ 191,352	$ 21.00	Aurora Health Care	Aurora Health Care
Austell Medical Office Building	Atlanta, GA	1971	100.0%	14,598	78.5%	$ 177,101	$ 15.45	N/A(2)	N/A(2)
Canton Medical Office Building	Atlanta, GA	1994	50.0%	38,098	100.0%	$ 817,225	$ 21.45	Medical Associates of North Georgia	Medical Associates of North Georgia
Decatur Medical Office Building	Atlanta, GA	1974	100.0%	13,300	100.0%	$ 336,365	$ 25.29	N/A	Georgia Urology, P.A.
El Paso Medical Office Building	El Paso, TX	1987	100.0%	21,777	100.0%	$ 364,545	$ 16.74	HCA	HCA Del Sol Medical Center
Farmington Professional Pavilion	Detroit, MI	1972	100.0%	21,338	62.7%	$ 200,061	$ 14.95	Botsford Hospital	Botsford Hospital, Farmington Dermatology
Firehouse Square	Milwaukee, WI	2002	100.0%	17,265	100.0%	$ 392,760	$ 22.75	Aurora Health Care	Aurora Health Care
Hackley Medical Center	Grand Rapids, MI	1968	100.0%	44,089	85.9%	$ 673,734	$ 17.78	Trinity Health	Hackley Hospital, Port City Pediatrics
Ingham Regional Medical Center	Lansing, MI	1994	100.0%	26,783	0%			N/A	N/A
MeadowView Professional Center	Kingsport, TN	2005	100.0%	64,200	100.0%	$ 1,299,930	$ 20.25	Holston Medical Group	Holston Medical Group
Mid Coast Hospital Medical Office Building	Portland, ME	2008	66.3%	44,677	100.0%	$ 1,175,640	$ 26.31	Mid Coast Hospital	Mid Caost Hospital
New Albany Professional Building	Columbus, OH	2000	100.0%	17,213	71.2%	$ 219,621	$ 17.93	N/A	Rainbow Pediatrics
Northpark Trail	Atlanta, GA	2001	100.0%	14,223	46.9%	$ 87,222	$ 13.07	N/A	

									Georgia Urology, P.A.
Remington Medical Commons	Chicago, IL	2008	65.0%(4)	37,240	78.1%	$ 648,933	$ 22.32	Adventist	Fresenius Dialysis, Gateway Spine and Pain
Stonecreek Family Health Center	Columbus, OH	1996	100.0%	20,329	34.9%	$ 116,001	$ 16.37	N/A	Pediatric Associates
Summerfield Square	Tampa, FL	2005	100.0%	2,000	0%	Condominium For Sale		N/A	N/A
Summit Healthplex	Atlanta, GA	2002	100.0%	67,334	100.0%	$ 1,947,909	$ 28.93	Piedmont	Georgia Bone and Joint, Piedmont Hospital
Valley West Hospital Medical Office Building	Chicago, IL	2007	59.6%(4)	37,672	98.8%	$ 778,602	$ 20.92	Kish Health System	Valley West Hospital, Midwest Orthopaedics
INITIAL PROPERTIES TOTAL/WEIGHTED AVERAGE				524,048	84.6%	$ 9,744,937	$ 21.97		

Table of Contents

PROPERTY	PROPERTY MSA LOCATION	YEAR BUILT	% OWNED	NET LEASABLE SQUARE FOOTAGE	% LEASED	ANNUALIZED BASE RENT(1)	ANNUALIZED BASE RENT PER LEASED SQUARE FOOT	HEALTHCARE DELIVERY SYSTEM AFFILIATION	PRINCIPAL TENANTS
Completed Acquisitions Since the IPO(4)									
Central Ohio Neurosurgical Surgeons Medical Office	Columbus, OH	2007	100.0%	38,891	100%(6)	$ 833,356(6)	$ 21.43(7)	N/A	CONS
Crescent City Surgical Centre	New Orleans, LA	2010	100.0%	60,000	100%	$ 3,000,000	$ 50.00	Crescent City Surgical Centre	Crescent City Surgical Centre
East El Paso Medical Office Building	El Paso, TX	2004	99.0%	41,007	100%	$ 574,098	$ 14.00	Foundation Surgical Affiliates	EEPPMC Partners, LLC
East El Paso Surgical Hospital	El Paso, TX	2004	99.0%	77,000	100%	$ 3,282,377	$ 42.63	Foundation Surgical Affiliates	East El Paso Physicians Medical Center, LLC
Foundation Surgical Affiliates Medical Office Building	Oklahoma City, OK	2004	99.0%	52,000	100%	$ 1,248,000	$ 24.00	Foundation Surgical Affiliates	Foundation Surgical Affiliates
LifeCare Plano LTACH	Plano, TX	1987	100.0%	75,442	100%	$ 1,425,000	$ 18.89	LifeCare Hospitals	LifeCare Hospitals of North Texas
Pensacola Medical Office Building(5)	Pensacola, FL	2012	100.0%	20,319	100%	$ 633,226	$ 31.39		
COMPLETED ACQUISITION TOTAL/WEIGHTED AVERAGE				364,659	100.0%	$ 10,996,057	$ 30.15		
PORTFOLIO TOTAL/WEIGHTED AVERAGE				888,707	90.9%	$ 20,740,994	$ 23.34		
Pending Acquisitions(6)									
Family Practice Medical Office Building Portfolio	Atlanta, GA	2006 - 2010	100%	68,711	100%(6)	$ 1,560,000(6)	$ 22.70(7)	N/A	EL Family Practice
Great Falls Ambulatory Service Center	Great Falls, MT	1999	100%	12,636	100%(6)	$340,000(6)	$ 26.91(7)	N/A	Great Falls Clinic Surgery Center LLC
PENDING ACQUISITIONS TOTAL/WEIGHTED AVERAGE				81,347	100%	$ 1,900,000			
PORTFOLIO INCLUDING PENDING ACQUISITIONS TOTAL/WEIGHTED AVERAGE				970,054	91.7%	$ 22,640,994	$ 25.43		

(1) Calculated by multiplying (a) base rent payments for the month ended September 30, 2013, by (b) 12.

(2) Properties acquired upon completion of the IPO and related formation transactions.

(3) Properties acquired following completion of the IPO.

(4) We have entered into an agreement to acquire the remaining interest in this property that we do not own. See" Pending Acquisitions."

(5) We acquired the Pensacola Medical Office Building on October 4, 2013.

(6) We have entered into purchase agreements for these properties and deem them to be probable acquisitions.

(7) Based on terms of proposed leases that will become effective upon our acquisition of these properties.

Our Acquisition Targets

In addition to the pending acquisitions described above, we currently are in discussions regarding a number of properties that meet our investment criteria but have not entered into any purchase and sale agreements or letters of intent.

As of the date of this prospectus, we are reviewing a number of potential acquisition and investment opportunities and we are in active discussions with the owners of seven medical office buildings or specialty surgical hospitals located in five states containing more than 344,000 rentable square feet in the aggregate. Six of the buildings are currently 100% occupied and one building is approximately currently 95% occupied. We have not entered into a letter of intent or any other documentation with respect to any of these properties and there can be no assurance we will enter into any such agreements or acquire any of these properties.

Credit Facility

On August 29, 2013, our operating partnership, as borrower, and we, as parent guarantor, and certain subsidiaries of the operating partnership, as guarantors, entered into a senior secured credit facility with Regions Bank, as Administrative Agent, Regions Capital Markets, as Sole Lead Arranger and Sole Book Runner, and various other lenders for a $75 million senior secured credit facility (the "senior secured credit facility"). On November 8, 2013, we agreed with the lenders to increase the total amount available under our senior secured revolving credit facility from $75 million to $90 million. Subject to satisfaction of certain conditions, including additional lender commitments, we have the option to increase the borrowing capacity under the revolving credit facility to up to $250 million. The amount available to us under the senior secured credit facility is subject to certain limitations including, but not limited to, the appraised value of the pledged properties that comprise the borrowing base of the credit facility.

The senior secured credit facility has a three-year term with an initial maturity date of August 29, 2016. Subject to the terms of the senior secured credit facility, we have the option to extend the term of the senior secured credit facility to August 29, 2017.

Base Rate Loans, Adjusted LIBOR Rate Loans and Letters of Credit (each, as defined in the senior secured credit facility) are subject to interest rates, based upon our consolidated leverage ratio as follows:

Consolidated Leverage Ratio	Adjusted LIBOR Rate Loans and Letter of Credit Fee	Base Rate Loans
≤35%	LIBOR + 2.65%	Base Rate + 1.65%
>35% and ≤45%	LIBOR + 2.85%	Base Rate + 1.85%
>45% and ≤50%	LIBOR + 2.95%	Base Rate + 1.95%
>50%	LIBOR + 3.40%	Base Rate + 2.40%

We may, at any time, voluntarily prepay any loan under the senior secured credit facility in whole or in part without premium or penalty.

The senior secured credit facility contains financial covenants that, among other things, require compliance with loan-to-value, leverage and coverage ratios and maintenance of minimum tangible net worth, as well as covenants that may limit our ability to incur additional debt or make distributions. The senior secured credit facility also contains customary events of default. Any event of default, if not cured or waived, could result in the acceleration of any outstanding indebtedness under the senior secured credit facility.

As of November 29, 2013, there was approximately $48.4 million outstanding under our senior secured credit facility and $9.9 million is available for us to borrow without adding additional properties to the borrowing base securing the senior secured revolving credit facility.

Implications of Being an Emerging Growth Company

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the "JOBS Act." An emerging growth company may take advantage of specified reduced reporting requirements and are relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company, among other things:

- we are exempt from the requirement to obtain an attestation and report from our auditors on the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act;
- we are permitted to provide less extensive disclosure about our executive compensation arrangements;
- we are not required to give our shareholders non-binding advisory votes on executive compensation or golden parachute arrangements; and
- we have elected not to use an extended transition period for complying with new or revised accounting standards and such election is irrevocable.

We may take advantage of these provisions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than $1 billion in annual revenues, have more than $700 million in market value of our common shares held by non-affiliates, or issue more than $1 billion of non-convertible debt securities over a three-year period.

Summary Risk Factors

An investment in our common shares involves a high degree of risk. You should carefully read and consider the risks discussed below and under the caption "Risk Factors" beginning on page 22 of this prospectus before investing in our common shares.

- We are recently formed and have a limited operating history, and there is no assurance that we will be able to achieve our investment objectives.
- Our portfolio is concentrated in medical office buildings and hospital facilities leased to healthcare providers, making us more vulnerable economically than if our investments were diversified across different industries.
- We may not be successful in identifying and consummating suitable investment opportunities which may impede our growth and negatively affect our cash available for distribution to shareholders.
- 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 the ability of our tenants to make rent payments to us.
- 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.
- Our failure to qualify and maintain our qualification as a REIT would result in higher taxes and reduced cash available for distribution to our shareholders.

The share ownership restrictions of the Internal Revenue Code of 1986, as amended, or the Code, applicable to REITs and the 9.8% share ownership limit in our declaration of trust may inhibit market activity in our shares and restrict our business combination opportunities.

The trading volume and price of our common shares may be volatile which could result in a substantial or complete loss of your investment.

Table of Contents

The historical performance of our Predecessor will not, and neither our historical performance nor the pro forma financial statements included in this prospectus may not, be indicative of our future results.

Our Tax Status

We intend to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2013. Our qualification as a REIT will depend upon our ability to meet, on a continuing basis, through actual investment and operating results, various complex requirements. Under the Code, REITs are subject to numerous organizational and operational requirements, including a requirement that they distribute each year at least 90% of their REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains. We believe that we will be organized in conformity with the requirements for qualification as a REIT under the Code and that our intended manner of operation will enable us to meet the requirements for qualification and taxation as a REIT for federal income tax purposes commencing with our taxable year ending December 31, 2013. See "Material U.S. Federal Income Tax Considerations."

Restrictions on Ownership of Our Shares

In order to help us qualify as a REIT, among other purposes, our declaration of trust, subject to certain exceptions, restricts the number of our shares of beneficial interest that a person may beneficially or constructively own. Our declaration of trust provides that, subject to certain exceptions, no person may beneficially or constructively own more than 9.8%, in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our shares of beneficial interest. A more complete description of our shares of beneficial interest, including restrictions upon the ownership and transfer thereof, is presented under the caption "Description of Shares of Beneficial Interest" in this prospectus.

Distribution Policy

We intend to pay regular quarterly distributions to holders of our common shares and holders of OP Units in our operating partnership. Generally, we expect to distribute 100% of our REIT taxable income so as to avoid the tax imposed upon undistributed REIT taxable income. Distributions made by us will be authorized by our board of trustees in its sole discretion out of funds legally available therefor and will be dependent upon a number of factors, including restrictions under applicable law and our capital requirements.

On September 30, 2013, we declared an initial, prorated quarterly dividend of $0.18 per share for the partial quarterly period from July 19, 2013 (the date of our IPO) through September 30, 2013, which is equivalent to a full quarterly dividend of $0.225 per share. The dividend was paid on November 1, 2013 to shareholders of record on October 18, 2013.

Corporate Information

We were formed as a Maryland real estate investment trust on April 9, 2013. Our corporate offices are located at 250 East Wisconsin Avenue, Suite 1900, Milwaukee, WI 53202. Our telephone number is 414-978-6494. Our internet website is www.docreit.com. The information contained on, or accessible through, this website, or any other website, is not incorporated by reference into this prospectus and should not be considered a part of this prospectus.

Table of Contents

The Offering

Common shares offered by us	8,300,000 shares(1)
Common shares to be outstanding after this offering	20,303,597 shares(2)
Common shares and OP units to be outstanding after completion of this offering and the formation transactions	24,002,474 shares and OP units(3)
Use of proceeds	We estimate that we will receive net proceeds from this offering of approximately $93.0 million, or approximately $107.1 million if the underwriters' over-allotment option is exercised in full, after deducting the underwriting discount and estimated offering expenses payable by us. We intend to use the net proceeds of this offering as follows: approximately $48.4 million to repay borrowings under our senior secured credit facility, plus any amounts borrowed under the facility to fund the closing of the pending acquisitions prior to completion of this offering; the balance for general corporate and working capital purposes, funding possible future acquisitions, including our pending acquisitions, and development activities. Pending application of net proceeds of this offering, we intend to invest the net proceeds in interest-bearing accounts, money market accounts and interest-bearing securities in a manner that is consistent with our intention to qualify for taxation as a REIT.
Risk Factors	An investment in our common shares involves a high degree of risk. You should carefully read and consider the risks discussed under the caption "Risk Factors" beginning on page 22 and all other information in this prospectus before investing in our common shares.
NYSE symbol	"DOC"

(1) Excludes up to 1,245,000 common shares that may be issued by us upon exercise of the underwriters' over-allotment option.

(2) Includes 250,000 restricted common shares granted to our officers and trustees under our 2013 Equity Incentive Plan that are subject to vesting over a three year period. Does not include up to 1,245,000 common shares that may be issued by us upon exercise of the underwriters' over-allotment option for this offering, 350,000 common shares available for future issuance under our 2013 Equity Incentive Plan and up to 3,698,877 common shares that we may issue upon the redemption of outstanding OP units.

(3) Does not include up to 1,245,000 common shares that may be issued by us upon exercise of the underwriters' over-allotment option for this offering or 350,000 common shares available for future issuance under our 2013 Equity Incentive Plan.

Table of Contents

SUMMARY FINANCIAL DATA

The following table shows selected consolidated pro forma and historical financial data for our company and combined historical financial data for our Predecessor for the periods indicated. Our Predecessor, which is not a legal entity, is comprised of the four Ziegler Funds that owned directly or indirectly interests in entities that owned the initial properties we acquired on July 24, 2013 in connection with completion of our IPO and related formation transactions.

You should read the following selected consolidated pro forma and combined historical financial data together with the discussion under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the consolidated pro forma financial data and combined historical financial statements and related notes thereto included elsewhere in this prospectus.

We had no business operations prior to completion of the IPO and the formation transactions on July 24, 2013. As a result, the balance sheet data as of December 31, 2012 reflects the financial condition of the Predecessor and the balance sheet data as of September 30, 2013 reflects our financial condition. The results of operation for years ended December 31, 2012 and 2011 reflect the results of operations of the Predecessor. The results of operations for the nine months ended September 30, 2012 reflect the results of operations of the Predecessor. The results of operations for the nine months ended September 30, 2013 reflect the results of operations of the Predecessor (through July 23, 2013) and reflect our results of operations from July 24, 2013 through September 30, 2013. References in the notes to the condensed consolidated and combined financial statements refer to Physicians Realty Trust for the period July 24, 2013, the date of completion of the IPO and the related formation transactions through September 30, 2013, and to the Predecessor for all prior periods.

The following summary combined historical balance sheet data as of December 31, 2012 and 2011 and the combined historical statements of operations data and cash flows data for the two-year period ended December 31, 2012 have been derived from the audited combined historical financial statements of our Predecessor. The historical financial statements have been audited by Plante & Moran, PLLC, an independent registered public accounting firm whose report with respect thereto is included elsewhere in this prospectus with the combined balance sheets as of December 31, 2012 and 2011 and the related combined statements of operations and cash flows for the two-year period ended December 31, 2012, and the related notes thereto.

The pro forma financial data for our company for the year ended December 31, 2012 and the nine months ended September 30, 2013 give effect to (i) the IPO and the formation transactions (including acquisition of our initial properties from the Ziegler Funds), (ii) our acquisition of the seven properties acquired and our purchase of our joint venture partners' interest in two of our existing properties since completion of our IPO, (iii) our acquisition of the pending property acquisitions, (iv) the funding of the Mezzanine Loan, and (v) this offering and the use of proceeds from this offering as of the beginning of the periods presented for the statement of operations data and as of September 30, 2013 for the balance sheet data.

The historical financial data for us and our Predecessor is not indicative of our future financial position or results of operations. Furthermore, our pro forma financial information is not necessarily indicative of what our actual financial position and results of operations would have been as of the dates and for the periods indicated, nor do our interim results and pro forma financial information purport to represent our future financial position or results of operations.

Table of Contents

Physicians Realty Trust (Pro Forma) and Predecessor (Historical)

	Pro Forma Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	Pro Forma Year Ended December 31, 2012	Year Ended December 31, 2012	Year Ended December 31, 2011
	(in thousands)					
Statement of Operations Data:						
Revenues:						
Rental revenues	$ 18,987	$ 7,952	$ 7,396	$ 25,113	$ 9,821	$ 10,472
Expense recoveries	2,399	2,399	2,151	3,111	3,111	3,314
Interest income	466			621		
Other revenues			7	15	15	61
Total revenues	21,852	10,351	9,554	28,860	12,947	13,847
Expenses:						
Management fees		475	713		951	951
General and administrative	3,543	1,507	292	4,724	362	301
Operating expenses	3,578	3,578	3,460	4,758	4,758	4,953
Depreciation and amortization	6,562	3,123	2,901	9,051	4,150	4,588
Loss on sale of property under development	2	2	228		228	
Impairment losses				937	937	1,437
Acquisition expenses	1,350	756		1,350		
Total expenses	15,035	9,441	7,594	20,820	11,386	12,230
Total operating income	6,817	910	1,960	8,040	1,561	1,617
Other expenses/(income)						
Interest expense	3,381	3,114	3,667	4,797	4,536	4,618
Change in fair value of derivatives, net	(206)	(206)	(58)	(122)	(122)	325
Net income/(loss) from continuing operations	3,642	(1,998)	(1,649)	3,365	(2,853)	(3,326)
Discontinued Operations						
Income from discontinued operations			(199)		(197)	265
Gain on sale of discontinued investment properties			1,519		1,519	
Income from discontinued operations			1,320		1,323	265
Net income/(loss)	3,642	(1,998)	$ (329)	3,365	(1,531)	(3,061)
Less net (income)/loss attributable to noncontrolling interest	(1,139)	262		(1,829)	(124)	(36)
Consolidated/combined net income/(loss) attributable to the Trust and Predecessor	2,503	(1,736)		$ 1,536	$ (1,655)	$ (3,097)
Less net loss attributable to Predecessor	572	576				
Net income/(loss) attributable to common shareholders	$ 3,075	$ (1,160)				
Pro forma basic earnings per share	$ 0.15	$ (0.10)		$ 0.08		
Pro forma diluted earnings per share	$ 0.15	$ (0.10)		$ 0.14		
Balance Sheet Data (as of end of period):						
Assets:						
Investment properties	$ 223,057	$ 187,312			$ 94,653	$ 109,849
Cash and cash equivalents	16,952	4,233			2,614	1,932

Tenant receivables, net	710	710	682	1,034
Deferred costs, net	2,012	2,012	1,107	1,349
Lease intangibles, net	26,821	20,716	5,243	7,218
Loan receivable	6,900			
Other assets	5,652	5,652	3,292	3,628
Total assets	$ 282,104	$ 220,635	$ 107,591	$ 125,010
Liabilities and Equity				
Accounts payable to related parties	$	$	$ 1,530	$ 1,275
Accounts payable	485	485	802	598
Dividends payable	2,655	2,655		
Accrued expenses and other liabilities	2,501	2,329	1,031	1,087
Derivative liabilities	437	437	643	765
Debt	39,538	66,525	84,489	98,674
Total liabilities	45,616	72,431	88,495	102,399
Total equity	207,535	119,779	19,068	22,499
Noncontrolling interest in operating partnership	28,953	28,425		
Noncontrolling interest in Predecessor			28	112
Total liabilities and equity	$ 282,104	$ 220,635	$ 107,591	$ 125,010

Table of Contents

RISK FACTORS

An investment in our common shares involves a high degree of risk. In addition to all other information contained in this prospectus, you should carefully consider the following risk factors before purchasing our common shares. The occurrence of any of the following risks might cause you to lose all or part of your investment. The risks set forth below represent those risks and uncertainties that we believe are material to our business, financial condition and results of operations, our ability to make distributions to our shareholders and the trading price of our common shares. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section captioned "Cautionary Note Regarding Forward-Looking Statements."

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 formation and structure;*
- *Risks related to our qualification and operation as a REIT, and*
- *Risks related to this offering.*

Risks Related to Our Business

We are recently formed and have a very limited operating history; therefore there is no assurance that we will be able to achieve our investment objectives.

We commenced operations on July 24, 2013 and have a very limited operating history. We are subject to all of the business risks and uncertainties associated with any new business, including the risk that we will not achieve our investment objectives as described in this prospectus and that the value of your investment could decline substantially. Our financial condition and results of operations will depend on many factors, including the availability of investment opportunities, readily accessible short and long-term financing, conditions in the financial markets and economic conditions generally. There can be no assurance that we will be able to generate sufficient cash flow over time to pay our operating expenses and make distributions to shareholders.

Our real estate investments are concentrated in healthcare properties, making us more vulnerable economically than if our investments were diversified in other segments of the economy.

We will acquire, own, manage, operate and selectively develop properties for lease to physicians, hospitals and healthcare delivery systems. We are subject to risks inherent in concentrating investments in real estate, and the risks resulting from a lack of diversification become even greater as a result of our business strategy to concentrate 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 trading price of our common shares.

Table of Contents

A number of our properties are located in Texas, with a further concentration in and around El Paso, and changes in this market may materially adversely affect us.

Of our 26 properties, the three properties located in Texas provided approximately $5 million, or approximately 26% of our total annualized rent as of September 30, 2013. These properties are concentrated in El Paso and Plano. As a result of this geographic concentration, we are particularly exposed to downturns in this local 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 this area could have a disproportionate effect on our overall business results. In the event of negative economic or other changes in this market, 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.

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.

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. In particular, we may not obtain or realize increased rents, long-term tenants, or 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. If we do not realize the benefits that we anticipate from this focus and those strategic alignments dissolve and we are not successful in replacing them, our reputation, business, financial results and prospects may be adversely affected.

The bankruptcy, insolvency or weakened financial position of our tenants could seriously harm our operating results and financial condition.

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 $9.85 million, or 51.2%, of the annualized rent from our initial properties as of September 30, 2013. 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. Additionally, private or governmental payors may lower the reimbursement rates paid to our tenants for their healthcare services. For example, the Affordable Care Act provides for significant reductions to Medicare and Medicaid payments. As a result, our tenants may delay lease commencement or renewal, fail to make rent payments when due or declare bankruptcy. Any leasing delays, lessee failures to make rent payments when due or tenant bankruptcies could result in the termination of the tenant's lease and, particularly in the case of a large tenant, or a significant number of tenants, 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 trading price of our common shares. In addition, to the extent a tenant vacates specialized space in one of our properties (such as imaging space, ambulatory surgical space, or inpatient hospital space), re-leasing the vacated space could be more difficult than re-leasing more generic office space, as there are fewer users for such specialized healthcare space in a typical market than for more traditional office space.

Table of Contents

Any bankruptcy filings by or relating to one of our tenants could bar all efforts by us to collect pre-bankruptcy debts from that tenant or seize its property, unless we receive an order permitting us to do so from a bankruptcy court, which we may be unable to obtain. A tenant bankruptcy could also delay our efforts to collect past due balances under the relevant leases and could ultimately preclude full collection of these sums. If a tenant assumes the lease while in bankruptcy, all pre-bankruptcy balances due under the lease must be paid to us in full. However, if a tenant rejects the lease while in bankruptcy, we would have only a general unsecured claim for pre-petition damages. Any unsecured claim that we hold may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims. It is possible that we may recover substantially less than the full value of any unsecured claims that we hold, if any, 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 trading price of our common shares. Furthermore, dealing with a tenant bankruptcy or other default may divert management's attention and cause us to incur substantial legal and other costs.

Adverse economic or other conditions in the geographic markets in which we conduct business could negatively affect our occupancy levels and rental rates and therefore our operating results.

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. The failure of our properties to generate revenues sufficient to meet our cash requirements, including operating and other expenses, debt service and capital expenditures, may have an adverse effect on our business, financial condition and results of operations, our ability to make distributions to our shareholders and the trading price of our common shares.

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.

We cannot predict whether our tenants will renew existing leases beyond their current terms. Nearly all of our initial properties are subject to leases which have multi-year terms. As of September 30, 2013, leases representing 1.2%, 2.5% and 1.3% of leasable square feet at our initial properties will expire in the remainder of 2013, 2014 and 2015, respectively. If any of our leases are not renewed, we would attempt to lease those properties to another tenant. In case of non-renewal, we generally have advance notice before expiration of the lease term to arrange for repositioning of the properties and our tenants are required to continue to perform all of their obligations (including the payment of all rental amounts) for the non-renewed assets 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 reposition the properties with a suitable replacement tenant. 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 repositioned. Our ability to reposition our properties with a suitable tenant 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.

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 space, like hospital or outpatient treatment facilities located in our properties, and could have a material adverse effect on us.

We may fail to complete the pending acquisitions or fund the mezzanine loan, which could have a material adverse impact on our results of operations, earnings and cash flow.

The acquisition of the properties and the funding of the mezzanine loan described in the sections entitled "Prospectus Summary Pending Acquisitions" and " Recent Developments" are subject to customary closing conditions, and there can be no assurance that those conditions will be satisfied or that the acquisitions or funding will close on the terms described herein or at all. These transactions, whether or not successful, require substantial time and attention from management. Furthermore, the potential acquisitions require significant expense, including expenses for due diligence, legal and accounting fees and other costs. In the event we do not complete these transactions, these expenses will not be offset by revenues from the investments and we will have issued a significant number of additional common shares without realizing a corresponding increase in earnings and cash flow from the investments. As a result, our failure to complete these transactions could have a material adverse impact on our financial condition, results of operations and the market price of our common shares.

We may be unable to successfully acquire or develop properties and expand our operations into new or existing markets.

We intend to explore acquisitions or developments of properties in new and existing geographic markets. These acquisitions and developments could divert management's attention from our existing properties, and we may be unable to retain key employees or attract highly qualified new employees. In addition, we may not possess familiarity with the dynamics and prevailing conditions of any new geographic markets which could adversely affect our ability to successfully expand into or operate within those markets. For example, new markets may have different insurance practices, reimbursement rates and local real estate, zoning and development regulations than those with which we are familiar. We may find ourselves more dependent on third parties in new markets because our distance could hinder our ability to directly and efficiently manage and otherwise monitor new properties in new markets. Our expansion into new markets could result in unexpected costs or delays as well as lower occupancy rates and other adverse consequences. We may not be successful in identifying suitable properties or other assets which meet our acquisition or development criteria or in consummating acquisitions or developments on satisfactory terms or at all for a number of reasons, including, among other things, unsatisfactory results of our due diligence investigations, failure to obtain financing for the acquisition or development on favorable terms or at all, and our misjudgment of the value of the opportunities. We may also be unable to successfully integrate the operations of acquired properties, maintain consistent standards, controls, policies and procedures, or realize the anticipated benefits of the acquisitions within the anticipated timeframe or at all. If we are unsuccessful in expanding into new or our existing markets, it could adversely affect our business, financial condition and results of operations, our ability to make distributions to our shareholders and the trading price of our common shares.

Table of Contents

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 and our ability to make distributions to our shareholders.

An important component of our growth strategy is to acquire properties before they are widely marketed by the owners, or off-market. 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. 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 targeting 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. This competition will result in increased demand for these assets and therefore increased prices paid for them. Those higher prices for healthcare properties or other assets may adversely affect our returns from our investments.

Some of our initial 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.

Three of our properties, representing approximately 17% of our total leasable square feet and 25.6% of our annualized revenue for the period ended September 30, 2013, are subject to ground leases that contain certain restrictions. These restrictions include limits on our ability to re-let 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-letting could impede our growth. We may not be able to re-let 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-let our initial properties, if the rates upon such re-letting are significantly lower than expected or if we are required to undertake significant capital expenditures in connection with re-letting, 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.

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.

Our healthcare properties and the associated healthcare delivery systems with which our healthcare properties are strategically aligned often face competition from nearby hospitals and other healthcare properties that provide comparable services. 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. There are numerous factors that determine the ability of a healthcare delivery system to compete successfully, most of which are outside of our control.

Table of Contents

Similarly, our tenants face competition from other medical practices and service providers at nearby hospitals and other healthcare properties. From time to time and for reasons beyond our control, managed care organizations may change their lists of preferred hospitals or in-network physicians. Physicians also may change hospital affiliations. If competitors of our tenants or competitors of the associated healthcare delivery systems with which our healthcare properties are strategically aligned have greater geographic coverage, improve access and convenience to physicians and patients, provide or are perceived to provide higher quality services, recruit physicians to provide competing services at their facilities, expand or improve their services or obtain more favorable managed care contracts, our tenants may not be able to successfully compete. Any reduction in rental revenues resulting from the inability of our tenants or the associated healthcare delivery systems with which our healthcare properties are strategically aligned to compete in providing medical services and/or receiving sufficient rates of reimbursement for healthcare services rendered could have an adverse effect on our business, financial condition and results of operations, our ability to make distributions to our shareholders and the trading price of our common shares.

Our investments in development projects 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.

27

Table of Contents

We currently have, and 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 currently have, and 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 management, financial and operating 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 business interests or goals with respect to the healthcare related facility 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;
- 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 partner might at any time have economic or other business interests or goals that are or become inconsistent with our interests or goals; that we could become engaged in a dispute with our partner, which could require us to expend additional resources to resolve such disputes and could have an adverse impact on the operations and profitability of the joint venture; and that our partner may be in a position to take action or withhold consent contrary to our instructions or requests. In addition, our ability to transfer our interest in a joint venture to a third party may be restricted. In the future, in certain instances, we or our partner may have the right to trigger a buy-sell arrangement, which could cause us to sell our interest, or acquire our partner's interest, at a time when we otherwise would not have initiated such a transaction. Our ability to acquire our partner's 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.

Table of Contents

RIDEA and operating properties.

We may invest in hospitals or other providers that are tenants of our properties, structured, where applicable, in compliance with RIDEA or other applicable REIT laws or regulations. If so, we will be exposed to various operational risks with respect to those operating properties that may increase our costs or adversely affect our ability to generate revenues. These risks include fluctuations in patient volume and occupancy, Medicare and Medicaid reimbursement, if applicable, and private pay rates; economic conditions; competition; federal, state, local, and industry-regulated licensure, certification and inspection laws, regulations, and standards; the availability and increases in cost of general and professional liability insurance coverage; state regulation; the availability and increases in cost of labor (as a result of unionization or otherwise) and other risks applicable to operating businesses. Any one or a combination of these factors may adversely affect our revenue and operations.

We may not be able to control our operating costs or our expenses may remain constant or increase, even if our revenue does not increase, which could cause our results of operations to be adversely affected.

Factors that may adversely affect our ability to control operating costs include the need to pay for insurance and other operating costs, including real estate taxes, which could increase over time, the need periodically to repair, renovate and re-let space, the cost of compliance with governmental regulation, including zoning and tax laws, the potential for liability under applicable laws, interest rate levels and the availability of financing. Certain costs associated with real estate investments may not be reduced even if a healthcare related facility is not fully occupied or other circumstances cause our revenues to decrease. If our operating costs increase as a result of any of the foregoing factors, our results of operations 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 initial properties. Certain types of losses, however, may be either uninsurable or not economically insurable, such as losses due to earthquakes, 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 and 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 trading 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

Table of Contents

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 trading price of our common shares may be adversely affected.

Costs associated with complying with the Americans with Disabilities Act of 1990 may result in unanticipated expenses.

Under the Americans with Disabilities Act of 1990, or the ADA, all places of public accommodation are required to meet certain U.S. federal requirements related to access and use by disabled persons. A number of additional U.S. federal, state and local laws may also require modifications to our healthcare properties, or restrict certain further renovations of the buildings, with respect to access thereto by disabled persons. Noncompliance with the ADA could result in the imposition of fines, an award of damages to private litigants and/or an order to correct any non-complying feature which could result in substantial capital expenditures. We have not conducted a detailed audit or investigation of all of our properties to determine our compliance, and we cannot predict the ultimate cost of compliance with the ADA or other legislation. If one or more of our properties is not in compliance with the ADA or other related legislation, then we would be required to incur additional costs to bring the facility into compliance. If we incur substantial costs to comply with the ADA or other related legislation, 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.

Acquiring outstanding mortgages or other debt secured by a healthcare related facility or land suitable for development as a healthcare related facility may expose us to risks of costs and delays in acquiring the underlying property.

We may decide to acquire outstanding mortgages or other debt secured by a healthcare related facility or land suitable for development as a healthcare related facility from lenders and investors if we believe we can ultimately foreclose or otherwise acquire ownership of the underlying property in the near-term through foreclosure, deed-in-lieu of foreclosure or other means. However, if we do acquire such debt, borrowers may seek to assert various defenses to our foreclosure or other actions and we may not be successful in acquiring the underlying property on a timely basis, or at all, in which event we could incur significant costs and experience significant delays in acquiring such properties, all of which could adversely affect our financial performance and reduce our expected returns from such investments. In addition, we may not earn a current return on such investments particularly if the mortgage or other debt that we acquire is in default.

Table of Contents

We have now, and may have in the future, exposure to contingent rent escalators, which can hinder our growth and profitability.

We receive a significant portion of our revenues by leasing our assets under long-term triple-net leases in which the rental rate is generally fixed with annual escalations. Leases in the future may contain escalators contingent upon the achievement of specified revenue parameters or based on changes in the Consumer Price Index. If, as a result of weak economic conditions or other factors, the revenues generated by our triple-net leased properties do not meet the specified parameters or the Consumer Price Index does not increase, our growth and profitability will be hindered by these leases.

We may not be able to maintain or expand our relationships with our existing and future hospital and healthcare delivery system clients.

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, or if a conflict of interest or non-compete arrangement prevents us from expanding these relationships, 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.

Sequestration and legislation to address the federal government's projected operating deficit could have a material adverse effect on our tenants' liquidity, financial condition or results of operations.

Deficit reduction legislation generally referred to as Sequestration recently took effect, including a 2% reduction in Medicare reimbursement to hospitals and other Medicare providers. President Obama and members of the U.S. Congress have recently proposed various spending cuts and tax reform initiatives to reduce the federal government's projected operating deficit. Some of these initiatives could result in changes (including substantial reductions in funding) to Medicare, Medicaid or Medicare Advantage Plans. Although the President has signed legislation to fund the federal government through the remainder of early 2014, future federal legislation relating to deficit reduction that reduces reimbursement payments to healthcare providers could have a material adverse effect on our tenants' liquidity, financial condition or results of operations, which could adversely affect their ability to satisfy their obligations to us.

Our investments in real estate-related investments will be subject to the risks typically associated with real estate, which may have a material effect on your investment.

Our loans held for investment generally will be directly or indirectly secured by a lien on real property, or the equity interests in an entity that owns real property, that, upon the occurrence of a default on the loan, could result in our acquiring ownership of the property. We will not know whether the values of the properties ultimately securing our loans will remain at or above the levels existing on the dates of origination of those loans. If the values of the underlying properties decline, our risk will increase because of the lower value of the security associated with such loans. In this manner, real estate values could impact the values of our loan investments. Any investments in mortgage-related securities, collateralized debt obligations and other real estate-related investments (including potential investments in real property) may be similarly affected by real estate property values. Therefore, our investments will be subject to the risks typically associated with real estate.

The value of real estate may be adversely affected by a number of risks, including:

- natural disasters, such as hurricanes, earthquakes and floods;

Table of Contents

- acts of war or terrorism, including the consequences of terrorist attacks, such as those that occurred on September 11, 2001;
- adverse changes in national and local economic and real estate conditions;
- an oversupply of (or a reduction in demand for) space in the areas where particular properties are located and the attractiveness of particular properties to prospective tenants;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance therewith and the potential for liability under applicable laws;
- costs of remediation and liabilities associated with environmental conditions affecting properties; and
- the potential for uninsured or underinsured property losses.

The value of each property is affected significantly by its ability to generate cash flow and net income, which in turn depends on the amount of rental or other income that can be generated net of expenses required to be incurred with respect to the property. Many expenditures associated with properties (such as property taxes, operating expenses and capital expenditures) cannot be reduced when there is a reduction in income from the properties. These factors may have a material adverse effect on the ability of the borrowers to pay their loans, as well as on the value that we can realize from assets we own or acquire.

Our investments in, or originations of, senior debt or mezzanine debt will be subject to the specific risks relating to the particular company and to the general risks of investing in real estate-related loans and securities, which may result in significant losses.

We may invest in, or originate, senior debt or mezzanine debt. These investments will involve special risks relating to the particular borrower, including its financial condition, liquidity, results of operations, business and prospects. In particular, the debt securities may not be collateralized and also may be subordinated to the entity's other obligations. We are likely to invest in debt securities of companies that are not rated or are rated non-investment grade by one or more rating agencies. Investments that are not rated or are rated non-investment grade have a higher risk of default than investment grade rated assets and therefore may result in losses to us. We have not adopted any limit on such investments.

These investments also will subject us to the risks inherent with real estate investments referred to previously, including:

- risks of delinquency and foreclosure, and risks of loss in the event thereof;
- the dependence upon the successful operation of, and net income from, real property;
- risks generally incident to interests in real property; and
- risks specific to the type and use of a particular property.

These risks may adversely affect the value of our investments and the ability of our borrowers to make principal and interest payments in a timely manner, or at all, and could result in significant losses.

Our independent registered public accountants have reported to us that, at December 31, 2012, we had material weaknesses in our internal control over financial reporting.

In connection with the audit of the combined financial statements of our Predecessor for the year ended December 31, 2012, our independent registered public accountants identified a material weakness deficiency in our internal control over financial reporting. A "deficiency" in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the combined financial statements will not be prevented or detected on a timely basis.

The issues identified by our independent registered public accountants related to the timing of data collection from our property managers, resulting in a limited amount of review of this financial information by our Predecessor's management, and a recommendation to adopt formal procedures and process to identify potential impairment issues of the Predecessor's properties. We have already taken steps to address these data collection and controls with our property managers, implement formal procedures and processes to adequately review this financial information, and will have a formal procedure and process to identify potential impairment issues, if any, with our properties going forward.

Material weaknesses and significant deficiencies that may be identified in the future will need to be addressed as part of the evaluation of our internal controls over financial reporting under Section 404 of the Sarbanes-Oxley Act, which will not apply to us until our annual report on Form 10-K for the year ending December 31, 2014.

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 will be 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, will change how healthcare services are covered, delivered and reimbursed through expanded coverage of uninsured individuals and reduced Medicare program spending. In addition, the new law 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 will be implemented in a phased approach that began in 2010. At this time, it is 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 and possible amendment. Further, we are unable to foresee how individuals and businesses will respond to the choices afforded them by the Affordable Care Act. 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.

Many states also regulate the construction of healthcare facilities, the expansion of healthcare facilities, the construction or expansion of certain services, including by way of example specific bed types and medical equipment, as well as certain capital expenditures through certificate of need, or CON, laws. Under such laws, the applicable state regulatory body must determine a need exists for a project before the project can be undertaken. If one of our tenants seeks to undertake a CON-regulated project, but is not authorized by the applicable regulatory body to proceed with the project, the tenant would be prevented from operating in its intended manner.

Table of Contents

Failure to comply with these laws and regulations could adversely affect us directly and 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 trading 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 and joint ventures; 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 trading price of our common shares.

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 lease.

Sources of revenue for our tenants typically include the U.S. federal Medicare program, state Medicaid programs, private insurance payors and health maintenance organizations. 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. The Congressional Budget Office, or CBO, estimates the reductions required by the Affordable Care Act over the next ten years will include $415 billion in cuts to Medicare fee-for-service payments, the majority of which will come from hospitals, and that some hospitals will become insolvent as a result of the reductions. 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 trading price of our common shares.

Table of Contents

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.

These laws include without limitation:

- the Federal Anti-Kickback Statute, which prohibits, among other things, the offer, payment, solicitation or receipt of any form of remuneration in return for, or to induce, the referral of any federal or state healthcare program patients;

- the Federal Physician Self-Referral Prohibition (commonly called the "Stark Law"), which, subject to specific exceptions, restricts physicians who have financial relationships with healthcare providers from making referrals for designated health services for which payment may be made under Medicare or Medicaid programs to an entity with which the physician, or an immediate family member, has a financial relationship;

- the False Claims Act, which prohibits any person from knowingly presenting false or fraudulent claims for payment to the federal government, including under the Medicare and Medicaid programs;

- the Civil Monetary Penalties Law, which authorizes the Department of Health and Human Services to impose monetary penalties for certain fraudulent acts; and

- state anti-kickback, anti-inducement, anti-referral and insurance fraud laws which may be generally similar to, and potentially more expansive than, the federal laws set forth above.

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 trading 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 physician 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 often 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

Table of Contents

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 trading 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 trading 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 initial 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 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 enforcement of, laws, regulations and governmental policies associated with real estate, including, without limitation, health, safety, environmental, zoning and tax laws, governmental fiscal policies and the ADA.

Table of Contents

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 trading 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 you 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 trading 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 our 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. 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 you will receive 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

Table of Contents

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 and FFO in the period in which the impairment charge is recorded.

Our mezzanine loan assets will involve greater risks of loss than senior loans secured by income-producing properties.

We may originate (in connection with a forward purchase or option to purchase contract or otherwise) or acquire mezzanine loans or 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. 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 second 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 our mezzanine loan. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine 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 mezzanine loans. As a result, we may not recover some or all of our initial expenditure. Our mezzanine 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 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 loans would result in operating losses for us and may limit our ability to make distributions to our stockholders.

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.

On September 30, 2013, we had approximately $66.6 million of outstanding indebtedness, $46.7 million of which was mortgage debt on individual properties and $19.9 million of which was outstanding under our senior secured credit facility and have incurred additional debt since September 30, 2013 and 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;

Table of Contents

- 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;
- After debt service, the amount available for distributions to our shareholders is reduced;
- 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 initial 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 trading price of our common shares.

We will 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 Code, we will be 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 market conditions, the market's perception of our current and potential future earnings and cash distributions and the market price of our common shares. 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.

Table of Contents

We could become highly leveraged in the future because our organizational documents contain no limitations on the amount of debt that we may incur.

As of September 30, 2013, our indebtedness represented approximately 30.2% of our total assets. However, our organizational documents contain no limitations on the amount of indebtedness that we or our operating partnership may incur. We could alter the balance between our total outstanding indebtedness and the value of our properties at any time. 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 trading price of our common shares.

Increases in interest rates may increase our interest expense and adversely affect our cash flows and our ability to service our indebtedness and to make distributions to our shareholders.

As of September 30, 2013, we had approximately $26.3 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 senior secured credit facility since September 30 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.

Failure to hedge effectively against interest rate changes may adversely affect our results of operations.

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 trading price of our common shares.

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.

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, including:

- the extent of investor interest;
- our ability to satisfy the distribution requirements applicable to REITs;
- the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- our financial performance and that of our tenants;
- analyst reports about us and the REIT industry;

- general stock and bond market conditions, including changes in interest rates on fixed income securities, which may lead prospective purchasers of our common shares to demand a higher annual yield from future distributions;

- a failure to maintain or increase our dividend which is dependent, in large part, upon FFO which, in turn, depends upon increased revenue from additional acquisitions and rental increases; and

- other factors such as governmental regulatory action and changes in REIT tax laws.

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.

Risks Related to Our Formation and Structure

We did not use third-party appraisals of our initial properties to determine the consideration paid in the formation transactions. As a result, the value of the consideration paid for our initial properties in the formation transactions may exceed their aggregate fair market value.

We did not use third-party appraisals or obtain any independent third-party valuations or fairness opinions in establishing the consideration paid for our initial properties contributed to us in connection with our formation transactions. Our operating partnership issued OP units and assumed certain indebtedness secured by the initial properties in exchange for the contribution of the initial properties. The total value of the consideration issued in exchange for the contribution of ownership interests in the initial properties may have exceeded the fair market value of such assets. Upon a sale of any of the initial properties, we may not realize the value that we attributed to such property at the time of our IPO.

We may have assumed unknown liabilities in connection with the formation transactions which could result in unexpected liabilities and expenses.

As part of the acquisition of our initial properties, we (through our operating partnership) received certain assets or interests in certain assets subject to existing liabilities, some of which may be unknown to us. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims of tenants, vendors or other persons dealing with the entities prior to this offering (including those that had not been asserted or threatened prior to this offering), tax liabilities, and accrued but unpaid liabilities incurred in the ordinary course of business. Our recourse with respect to such liabilities may be limited. Depending upon the amount or nature of such liabilities, our business, financial condition and results of operations, our ability to make distributions to our shareholders and the trading price of our shares may be adversely affected.

Our title insurance policies may not cover all title defects.

Each of our properties is insured by a title insurance policy. We did not, however, obtain new owner's title insurance policies in connection with the acquisition of all of our initial properties in the formation transactions. In some instances, these title insurance policies are effective as of the time of the initial acquisition or later refinancing of the relevant property by the prior owner of such property. For such properties, it is possible that there may be title defects that have arisen since such acquisition or refinancing for which we will have no title insurance coverage. If there were a material title defect related to any of our properties that is not adequately covered by a title insurance policy, we could lose some or all of our capital invested in and our anticipated profits from such property.

Table of Contents

We did not obtain new Phase I environmental site assessments for our initial properties in connection with our formation transactions, and the assessments our Predecessor obtained before their acquisition of these properties do not provide assurance that we will not be exposed to environmental liabilities at our initial properties.

We did not obtain new Phase I environmental site assessments with respect to all of our initial properties in connection with the formation transactions. No assurances can be given that any of the prior Phase I environmental site assessments previously obtained by the prior owner identify all environmental conditions impacting the properties because material environmental conditions may have developed since the Phase I environmental site assessments were conducted. The Phase I environmental site assessments are also of limited scope and do not include comprehensive asbestos, lead-based paint or lead in drinking water assessments. Therefore, the initial properties developed earlier than 1989 may contain such hazardous substances. Comprehensive mold and radon assessments also were not conducted and some of the initial properties were identified in areas with radon levels above action levels for residential buildings by the Environmental Protection Agency. We also cannot guarantee that a prior owner or tenant of our initial properties or that an adjacent property owner has not created a material environmental condition that is unknown to us or that there are no other unknown material environmental conditions as to any one or more of our initial properties. There also exists the risk that material environmental conditions, liabilities or compliance concerns may arise in the future. 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 trading price of our common shares.

We have no direct operations and rely upon funds received from our operating partnership to meet our obligations.

We conduct substantially all of our operations through our operating partnership. After giving effect to this offering, we will own approximately 84.6% of the OP units of our operating partnership and apart from this ownership interest, we will not have any independent operations. As a result, we rely upon distributions from our operating partnership to pay any distributions that we might declare on our common shares. We also rely upon distributions from our operating partnership to meet our obligations, including tax liability on taxable income allocated to us from our operating partnership (which might make distributions to us 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 our operating partnership and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, claims of our shareholders will be satisfied only after all of our and our operating partnership's and its subsidiaries' liabilities and obligations have been paid in full.

We are an "emerging growth company," and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common shares less attractive to investors.

The Jumpstart Our Business Startups Act, or the "JOBS Act" contains provisions that, among other things, relax certain reporting requirements for "emerging growth companies," including certain requirements relating to accounting standards and compensation disclosure. We are classified as an emerging growth company. For as long as we are an emerging growth company, which may be up to five full fiscal years, we may take advantage of exemptions from various reporting and other requirements that are applicable to other public companies that are not emerging growth companies, including the requirements to:

- provide an auditor's attestation report on management's assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404;

Table of Contents

- comply with any new or revised financial accounting standards applicable to public companies until such standards are also applicable to private companies;

- comply with any new requirements adopted by the Public Company Accounting Oversight Board, or the PCAOB, requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer;

- comply with any new audit rules adopted by the PCAOB after April 5, 2012 unless the SEC determines otherwise;

- provide certain disclosure regarding executive compensation required of larger public companies; or

- hold shareholder advisory votes on executive compensation.

We cannot predict if investors will find our common shares less attractive because we will not be subject to the same reporting and other requirements as other public companies. If some investors find our common shares less attractive as a result, there may be a less active trading market for our common shares, the per share trading price of our common shares could decline and may be more volatile.

We incur new costs as a result of becoming a public company, and such costs may increase if and when we cease to be an "emerging growth company."

As a public company, we incur significant legal, accounting, insurance and other expenses that we have not incurred as a private company, including costs associated with public company reporting requirements. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect compliance with these public reporting requirements and associated rules and regulations to increase expenses, particularly after we are no longer an emerging growth company, although we are currently unable to estimate theses costs with any degree of certainty. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, which could result in our incurring additional costs applicable to public companies that are not emerging growth companies.

We will be subject to the requirements of the Sarbanes-Oxley Act of 2002.

As long as we remain an emerging growth company, we will be permitted to gradually comply with certain of the on-going reporting and disclosure obligations of public companies pursuant to the Sarbanes-Oxley Act of 2002. See " We are an 'emerging growth company,' and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common shares less attractive to investors."

However, after we are no longer an emerging growth company under the JOBS Act, management will be required to deliver a report that assesses the effectiveness of our internal controls over financial reporting, pursuant to Section 302 of the Sarbanes-Oxley Act. Section 404 of the Sarbanes-Oxley Act may require our auditors to deliver an attestation report on the effectiveness of our internal controls over financial reporting in conjunction with their opinion on our audited financial statements as of December 31 subsequent to the year in which the registration statement (of which this prospectus forms a part) relating to this offering becomes effective. Substantial work on our part is required to implement appropriate processes, document the system of internal control over key processes, assess their design, remediate any deficiencies identified and test their operation. This process is expected to be both costly and challenging. We cannot give any assurances that material weaknesses will not be identified in the future in connection with our compliance with the provisions of Section 302 and 404 of the Sarbanes-Oxley Act. The existence of any material weakness described above would preclude a

Table of Contents

conclusion by management and our independent auditors that we maintained effective internal control over financial reporting. Our management may be required to devote significant time and expense to remediate any material weaknesses that may be discovered and may not be able to remediate any material weakness in a timely manner. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause investors to lose confidence in our reported financial information, all of which could lead to a decline in the per share trading price of our common shares.

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. Sweet, our Executive Vice President and Chief Investment Officer, Mr. Lucey, our Senior Vice President Principal Accounting and Reporting Officer and Mr. Theine, our Senior Vice President of Asset and Investment Management. 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 we have entered into employment agreements with Messrs. Thomas, Sweet, Lucey and Theine, we cannot provide any assurance that any of them will remain employed by us. 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.

Our use of OP units as currency to acquire properties could result in shareholder dilution and/or limit our ability to sell such properties, which could have a material adverse effect on us.

We may continue to acquire some properties or portfolios of properties through tax deferred contribution transactions in exchange for OP units, which may result in shareholder dilution. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation we could deduct over the tax life of the acquired properties, and may require that we agree to protect the contributors' ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions could limit our ability to sell properties at a time, or on terms, that would be favorable absent such restrictions.

We may pursue less vigorous enforcement of the terms of the contribution and other agreements because of conflicts of interest with certain of our officers and trustees, and the terms of those agreements may be less favorable to us than they might otherwise be in an arm's-length transaction.

The contribution agreements relating to the contribution to our operating partnership of the indirect interests in certain properties and assets comprising our initial properties, contain very limited representations and warranties and have no express indemnification rights in the event of a breach of those agreements. In addition, we have entered into a shared services agreement with Ziegler pursuant to which Ziegler provides certain support services to us, including providing office space and administrative support, accounting support, information technology services, which include hosting and maintaining a separate and secure website, email service and other software necessary to operate our business. Furthermore, Mr. Sweet, our Executive Vice President and Chief Investment Officer previously served as an officer of the Ziegler Funds. Further, Mr. Baumgartner, one of our trustees, is an officer with Ziegler and will have a conflict with respect to any matters that require consideration by

Table of Contents

our board of trustees that occur between us and Ziegler. Even if we have actionable rights, we may choose not to enforce, or to enforce less vigorously, our rights under these agreements or under other agreements we may have with these parties, including employment agreements, because of our desire to maintain positive relationships with the individuals who are parties to these agreements.

Conflicts of interest could arise as a result of our UPREIT structure.

Conflicts of interest could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our operating partnership or any partner thereof, on the other. Our trustees and officers have duties to us under applicable Maryland law in connection with their management of our company. At the same time, we, as general partner, have fiduciary duties to our operating partnership and to the limited partners under Delaware law in connection with the management of our operating partnership. Our duties, as general partner, to our operating partnership and its limited partners may come into conflict with the duties of our trustees and officers.

Unless otherwise provided for in the relevant partnership agreement, Delaware law generally requires a general partner of a Delaware limited partnership to adhere to fiduciary duty standards under which it owes its limited partners the highest duties of good faith, fairness and loyalty and which generally prohibits such general partner from taking any action or engaging in any transaction as to which it has a conflict of interest.

Additionally, the partnership agreement expressly limits our liability by providing that we, as the general partner of the operating partnership, and our trustees and officers are not be liable or accountable in damages to our operating partnership, the limited partners or assignees for errors in judgment, mistakes of fact or law or for any act or omission if we or our trustees of officers acted in good faith. In addition, our operating partnership is required to indemnify us, our affiliates and each of our respective officers and trustees, to the fullest extent permitted by applicable law against any and all losses, claims, damages, liabilities (whether joint or several), expenses (including, without limitation, attorneys' fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the operating partnership, provided that our operating partnership will not indemnify any such person for (1) acts or omissions committed in bad faith or that were the result of active and deliberate dishonesty, (2) any transaction for which such person received an improper personal benefit in money, property or services, or (3) in the case of a criminal proceeding, the person had reasonable cause to believe the act or omission was unlawful.

The provisions of Delaware law that allow the common law fiduciary duties of a general partner to be modified by a partnership agreement have not been resolved in a court of law, and we have not obtained an opinion of counsel covering the provisions set forth in the partnership agreement that purport to waive or restrict our fiduciary duties that would be in effect under common law were it not for the partnership agreement.

Our 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 our 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 other than our initial REIT taxable year. Subject to certain exceptions, our 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. The constructive ownership rules under the Code are complex and may cause the outstanding shares owned by a group of related individuals or

Table of Contents

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 our declaration of trust's ownership limit. Our 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.

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 us or of impeding a change of control under circumstances that otherwise could provide our 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 company (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.

Pursuant to the statute, our 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 our board of trustees (including a majority of trustees who are not affiliates or associates of such person). In addition, our bylaws contain a provision exempting any and all acquisitions of our shares from the control share provisions of the MGCL. However, our 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 our board of trustees, without shareholder approval and regardless of what is currently provided in our declaration of trust or bylaws, to implement certain corporate governance provisions, 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

Table of Contents

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. See "Certain Provisions of Maryland Law and of Our Declaration of Trust and Bylaws."

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

Our board of trustees, without shareholder approval, has the power under our 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 that we are authorized to issue, and to authorize us to issue authorized but unissued common shares or preferred shares. In addition, under our declaration of trust, our 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. See "Description of Shares of Beneficial Interest Power to Increase or Decrease Authorized Shares of Beneficial Interest and Issue Additional Common Shares and Preferred 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 our 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.

We may change our business, investment and financing strategies without shareholder approval.

We may change our business, investment and financing strategies without a vote of, or notice to, our shareholders, which could result in our making investments and engaging in business activities that are different from, and possibly riskier than, the investments and businesses described in this prospectus. In particular, a change in our investment strategy, including the manner in which we allocate our resources across our portfolio or the types of assets in which we seek to invest, may increase our exposure to real estate market fluctuations. In addition, we may in the future increase the use of leverage at times and in amounts that we, in our discretion, deem prudent, and such decision would not be subject to shareholder approval. Furthermore, our board of trustees may determine that healthcare properties do not offer the potential for attractive risk-adjusted returns for an investment strategy. Changes to our strategies with regards to the foregoing could adversely affect our financial condition, results of operations and our ability to make distributions to our shareholders.

Our rights and the rights of our shareholders to take action against our trustees and officers are limited, which could limit your recourse in the event that we take certain actions which are not in your best interests.

Our declaration of trust eliminates the liability of our trustees and officers to us and our shareholders for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or

- active and deliberate dishonesty by the trustee or officer that was established by a final judgment and is material to the cause of action adjudicated.

Our declaration of trust authorizes us to indemnify our present and former trustees and officers for actions taken by them in those and other capacities to the maximum extent permitted by Maryland law. Our bylaws obligate us to indemnify each present and former trustee or officer, to the maximum

Table of Contents

extent permitted by Maryland law, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service to us. In addition, we may be obligated to advance the defense costs incurred by our trustee and officers. We have also entered into indemnification agreements with our officers and trustees granting them express indemnification rights. As a result, we and our shareholders may have more limited rights against our trustees and officers than might otherwise exist absent the current provisions in our declaration of trust, bylaws and indemnification agreements or that might exist with other companies.

Our declaration of trust contains provisions that make removal of our trustees difficult, which could make it difficult for our shareholders to effect changes to our management and may prevent a change in control of our company that is in the best interests of our shareholders. Our declaration of trust provides that a trustee may only be removed for cause upon the affirmative vote of holders of two-thirds of all the votes entitled to be cast generally in the election of trustees. Vacancies may be filled only by a majority of the remaining trustees in office, even if less than a quorum. These requirements make it more difficult to change our management by removing and replacing trustees and may prevent a change in control of our company that is in the best interests of our shareholders.

Certain provisions in the partnership agreement of our operating partnership may delay or prevent unsolicited acquisitions of us.

Provisions in the partnership agreement of our 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 we may not be removed as the general partner of our operating partnership without our consent;
- transfer restrictions on OP units;
- our 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 us or our 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.

Our declaration of trust and bylaws, Maryland law and the partnership agreement of our 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. See "Description of the Partnership Agreement of Physicians Realty L.P. Restrictions on Transfers by the General Partner," "Certain Provisions of Maryland Law and of Our Declaration of Trust and Bylaws Removal of Trustees," " Business Combinations," " Control Share Acquisitions," " Subtitle 8," " Advance Notice of Trustee Nominations and New Business," " Anti-takeover Effect of Certain Provisions of Maryland Law and of Our Declaration of Trust and Bylaws" and "Description of the Partnership Agreement of Physicians Realty L.P."

Table of Contents

Compensation awards to our management may not correlate to or correspond with our financial results or share price.

The compensation, nominating and governance committee of our board of trustees is responsible for overseeing our compensation and employee benefit plans and practices, including our incentive compensation and equity-based compensation plans. Our compensation, nominating and governance committee has significant discretion in structuring compensation packages and may make compensation decisions based upon any number of factors. As a result, compensation awards may not correlate to or correspond with our financial results or the share price of our common shares. We may give bonuses, grant equity awards and otherwise highly compensate our management even if we are performing poorly.

Our operating partnership may issue additional OP units to third parties without the consent of our shareholders, which would reduce our ownership percentage in our operating partnership and could have a dilutive effect on the amount of distributions made to us by our operating partnership and, therefore, the amount of distributions we can make to our shareholders.

As of September 30, 2013, we owned 76.4% of the outstanding partnership interests in our operating partnership. Our operating partnership may, in connection with our acquisition of properties or otherwise, issue additional OP units to third parties. Such issuances would reduce our ownership percentage in our operating partnership and could affect the amount of distributions made to us by our operating partnership and, therefore, the amount of distributions we can make to our shareholders. Because you will not directly own OP units, you will not have any voting rights with respect to any such issuances or other partnership level activities of our operating partnership.

Risks Related to Our Qualification and Operation 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 distributions to our shareholders.

We believe that our organization and proposed method of operation will enable us to meet the requirements for qualification and taxation as a REIT commencing with our taxable year ending December 31, 2013. However, we cannot assure you that we will qualify and remain qualified as a REIT. We received an opinion from Baker & McKenzie LLP at our IPO and we will receive an opinion from Baker & McKenzie LLP at the completion of this offering that, commencing with our taxable year ending December 31, 2013, we will be organized in conformity with the requirements for qualification and taxation as a REIT under the U.S. federal income tax laws and our proposed method of operations will enable us to satisfy the requirements for qualification and taxation as a REIT under the U.S. federal income tax laws for our taxable year ending December 31, 2013 and subsequent taxable years. Investors should be aware that Baker & McKenzie LLP's opinions are based upon customary assumptions, will be conditioned upon certain representations made by us as to factual matters, including representations regarding the nature of our assets and the conduct of our business, is not binding upon the Internal Revenue Service, or the IRS, or any court and speaks as of the date issued. In addition, Baker & McKenzie LLP's opinion will be based on existing U.S. federal income tax law governing qualification as a REIT, which is subject to change either prospectively or retroactively. Moreover, our qualification and taxation as a REIT depend upon our ability to meet on a continuing basis, through actual annual operating results, certain qualification tests set forth in the federal tax laws. Baker & McKenzie LLP will not review our compliance with those tests on a continuing basis. Accordingly, no assurance can be given that our actual results of operations for any particular taxable year will satisfy such requirements.

Table of Contents

If we fail to qualify as a REIT in any taxable year, we will face serious tax consequences that will substantially reduce the funds available for distributions 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 be subject to the federal alternative minimum tax and possibly 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. See "Material U.S. Federal Income Tax Considerations" for a discussion of material U.S. federal income tax consequences relating to us and our common shares.

Even if we qualify as a REIT, we may face other tax liabilities that reduce our cash flows.

Even if we qualify for taxation as a REIT, we may be subject to certain federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property and transfer taxes. In addition, any taxable REIT subsidiary, or "TRS," that we may form would be subject to regular corporate federal, state and local taxes. Any of these taxes would decrease cash available for distributions to shareholders.

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 TRSs 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 25% of the value of our total assets can be represented by the securities of one or more

Table of Contents

TRSs. 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 transaction 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.

We may pay taxable dividends in our common shares and cash, in which case shareholders may sell our common shares to pay tax on such dividends, placing downward pressure on the market price of our common shares.

We may distribute taxable dividends that are payable in cash and common shares at the election of each shareholder. The IRS has issued private letter rulings to other REITs treating certain distributions that are paid partly in cash and partly in shares as taxable dividends that would satisfy the REIT annual distribution requirement and qualify for the dividends paid deduction for U.S. federal income tax purposes. Those rulings may be relied upon only by taxpayers to whom they were issued, but we could request a similar ruling from the IRS. In addition, the IRS issued a revenue procedure creating a temporary safe harbor that authorized publicly traded REITs to make elective cash/share dividends, but that temporary safe harbor has expired. Accordingly, it is unclear whether and to what extent we will be able to make taxable dividends payable in cash and common shares.

If we made a taxable dividend payable in cash and common shares, taxable shareholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of our current and accumulated earnings and profits, as determined for U.S. federal income tax purposes. As a result, shareholders may be required to pay income tax with respect to such dividends in excess of the cash dividends received. If a U.S. shareholder sells the common shares that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common shares at the time of the sale. Furthermore, with respect to certain non-U.S. shareholders, we may be required to withhold U.S. federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in common shares. If we made a taxable dividend payable in cash and our common shares and a significant number of our shareholders determine to sell our common shares in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common shares. We do not currently intend to pay taxable dividends using both our common shares and cash, although we may choose to do so in the future.

The ability of our board of trustees to revoke our REIT qualification without shareholder approval may cause adverse consequences to our shareholders.

Our declaration of trust provides that our board of trustees may revoke or otherwise terminate our REIT election, without the approval of our shareholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become

Table of Contents

subject to U.S. federal income tax on our taxable income and would no longer be required to distribute most of our taxable income to our shareholders, which may have adverse consequences on our total return to our shareholders.

Any ownership of a TRS we may form in the future 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 25% of the value of a REIT's assets may consist of stock or securities of one or more TRSs. In addition, the Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. 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. Furthermore, we will monitor the value of our respective investments in any TRS that we may form 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 the 100% excise tax described above. There can be no assurance, however, that we will be able to comply with the 25% REIT subsidiaries limitation or to avoid application of the 100% excise tax.

The formation of a TRS lessee would increase our overall tax liability.

We may, in the future, form one or more TRS lessees to lease "qualified health care properties" from us. Any TRS lessee we may form would be subject to federal and state income tax on its taxable income, which would consist of the revenues from the qualified health care properties leased by the TRS lessee, net of the operating expenses for such properties and rent payments to us. Accordingly, although our ownership of a TRS lessee would allow us to participate in the operating income from our properties leased to the TRS lessee on an after tax basis in addition to receiving rent, that operating income would be fully subject to federal and state income tax. The after-tax net income of a TRS lessee would be available for distribution to us.

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 our operating partnership by third-party lessees and any TRS lessee that we may form in the future 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.

If a TRS lessee failed to qualify as a TRS or the facility operators engaged by a TRS lessee did not qualify as "eligible independent contractors," 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.

Rent paid by a lessee that is a "related party tenant" of ours would not be qualifying income for purposes of the two gross income tests applicable to REITs. We may, in the future, lease certain of our properties that qualify as "qualified health care properties" to a TRS lessee. So long as that TRS lessee qualifies as a TRS, it will not be treated as a "related party tenant" with respect to our properties that are managed by an independent facility operator that qualifies as an "eligible independent contractor." We would seek to structure any future arrangements with a TRS lessee such that the TRS lessee would qualify to be treated as a TRS for federal income tax purposes, but there can be no assurance that the IRS would not challenge the status of a TRS for federal income tax purposes or that a court would not sustain such a challenge. If the IRS were successful in disqualifying a TRS lessee from treatment as a TRS, it is possible that we would fail to meet the asset tests applicable to REITs and a significant portion of our income would fail to qualify for the gross income tests. If we failed to meet either the asset or gross income tests, we would likely lose our REIT qualification for federal income tax purposes.

Additionally, if the facility operators engaged by a TRS lessee do not qualify as "eligible independent contractors," we would fail to qualify as a REIT. Each of the facility operators that would enter into a management contract with any TRS lessee must qualify as an "eligible independent contractor" under the REIT rules in order for the rent paid to us by such a TRS lessee to be qualifying income for purposes of the REIT gross income tests. Among other requirements, in order to qualify as an eligible independent contractor a facility operator must not own, directly or indirectly, more than 35% of our outstanding shares and no person or group of persons can own 35% or more of our outstanding shares and more than 35% of the the ownership interests of the facility operator, taking into account certain ownership attribution rules. The ownership attribution rules that apply for purposes of these 35% thresholds are complex. Although we would monitor ownership of our shares by any facility operators and their owners, there can be no assurance that these ownership levels will not be exceeded.

You may be restricted from acquiring or transferring certain amounts of our common shares.

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 our declaration of trust may inhibit market activity in our shares of beneficial interest and restrict our business combination opportunities.

In order to qualify as a REIT for each taxable year after 2013, five or fewer individuals, as defined in the Code, may not own, beneficially or constructively, more than 50% in value of our issued and outstanding shares of beneficial interest at any time during the last half of a taxable year. Attribution rules in the Code determine if any individual or entity beneficially or constructively owns our shares of beneficial interest under this requirement. Additionally, at least 100 persons must beneficially own our shares of beneficial interest during at least 335 days of a taxable year for each taxable year after 2013. To help insure that we meet these tests, our declaration of trust restricts the acquisition and ownership of shares of our beneficial interest.

Our declaration of trust, with certain exceptions, authorizes our trustees to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted by our board of trustees, our declaration of trust prohibits any person from beneficially or constructively owning 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. Our board of trustees may not grant an exemption from this restriction to any proposed transferee whose ownership in excess of 9.8% of the number or value of our outstanding shares would result in our failing to qualify as a REIT. This as well as other restrictions on transferability and ownership will not apply, however, if our board of trustees determines that it is no longer in our best interests to continue 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 that are taxed at individual rates is 20%. 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

Table of Contents

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.

If our operating partnership fails to qualify as a partnership for federal income tax purposes, we would cease to qualify as a REIT and suffer other adverse consequences.

We believe that our operating partnership will be treated as a partnership for federal income tax purposes. As a partnership, our operating partnership will not be subject to federal income tax on its income. Instead, each of its partners, including us, will be allocated, and may be required to pay tax with respect to, its share of our operating partnership's income. We cannot assure you, however, that the IRS will not challenge the status of our operating partnership or any other subsidiary partnership in which we own an interest as a partnership for federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our operating partnership or any such other subsidiary partnership as an entity taxable as a corporation for federal income tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, we would likely cease to qualify as a REIT. Also, the failure of our operating partnership or any subsidiary partnerships to qualify as a partnership could cause it to become subject to federal and state corporate income tax, which would reduce significantly the amount of cash available for debt service and for distribution to its partners, including us.

The failure of a mezzanine loan to qualify as a real estate asset could adversely affect our ability to maintain our qualification as a REIT.

In general, in order for a loan to be treated as a qualifying real estate asset producing qualifying income for purposes of the federal income tax asset and income tests applicable to REITs, the loan must be secured by real property. We may originate (in connection with a forward purchase or option to purchase contract) or acquire mezzanine loans that are not directly secured by real property but instead secured by equity interests in a partnership or limited liability company that directly or indirectly owns real property. In Revenue Procedure 2003-65, the IRS provided a safe harbor pursuant to which a mezzanine loan that is not secured by real estate would, if it meets each of the requirements contained in the Revenue Procedure, be treated by the IRS as a qualifying real estate asset. Although the Revenue Procedure provides a safe harbor on which taxpayers may rely, it does not prescribe rules of substantive tax law and in many cases it may not be possible for us to meet all the requirements of the safe harbor. We cannot provide assurance that any mezzanine loan in which we invest would be treated as a qualifying asset producing qualifying income for REIT qualification purposes. If any such loan fails either the REIT income or asset tests, we may be disqualified as a REIT.

Furthermore, if we participate in any appreciation in value of real property securing a mortgage loan and the IRS characterizes such "shared appreciation mortgage" as equity rather than debt, for example, because of a large interest in cash flow of the borrower, we may be required to recognize income, gains, and other items with respect to the real property for U.S. federal income tax purposes. This could affect our ability to qualify as a REIT.

Risks Related to This Offering

The market price and trading volume of our common shares may be volatile following this offering and may be affected by a number of factors.

The per share trading price of our common shares may be volatile. In addition the trading volume in our common shares may fluctuate and cause significant price variations to occur, and investors in our common shares may from time to time experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. If the per share trading price of our common shares declines significantly, you may be unable to resell your shares at or above the public offering price. We cannot assure you that the per share trading price of our common shares will not fluctuate or decline significantly in the future.

Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common shares include:

- actual or anticipated variations in our quarterly operating results or dividends;
- changes in our funds from operations or earnings estimates;
- publication of research reports about us or the real estate industry;
- increases in market interest rates that lead purchasers of our shares to demand a higher yield;
- changes in market valuations of similar companies;
- adverse market reaction to any additional debt we incur in the future;
- additions or departures of key management personnel;
- actions by institutional shareholders;
- speculation in the press or investment community;
- the realization of any of the other risk factors presented in this prospectus;
- the extent of investor interest in our securities;
- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate based companies;

- our underlying asset value;
- investor confidence in the stock and bond markets generally;
- changes in tax laws;
- future equity issuances;
- failure to meet earnings estimates;
- failure to meet and maintain REIT qualification;
- changes in our credit ratings; and
- general market and economic conditions

In the past, securities class-action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have a material adverse effect on us, including our financial condition, results of operations, cash flow, and per share trading price of our common shares.

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

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 distribution 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 will be made at the discretion of our board of trustees and will be based upon, among other factors, our historical and projected results of operations, financial condition, cash flows and liquidity, maintenance of our REIT qualification and other tax considerations, capital expenditure and other expense obligations, debt covenants, contractual prohibitions or other limitations and applicable law and such other matters as our board of trustees may deem relevant from time to time. We may not be able to make distributions in the future, and our inability to make distributions, or to make distributions at expected levels, could result in a decrease in the market price of our common shares.

We may use a portion of the net proceeds from this offering to make distributions to our shareholders, which would, among other things, reduce our cash available to develop or acquire properties and may reduce the returns on your investment in our common shares.

Prior to the time we have fully invested the net proceeds of this offering, we may fund distributions to our shareholders out of the net proceeds of this offering, which would reduce the amount of cash we have available to acquire properties and may reduce the returns on your investment in our common shares. The use of these net proceeds for distributions to shareholders could adversely affect our financial results. In addition, funding distributions from the net proceeds of this offering may constitute a return of capital to our shareholders, which would have the effect of reducing each shareholder's tax basis in our common shares.

You will experience immediate and material dilution in connection with the purchase of our common shares in this offering.

As of September 30, 2013, our aggregate historical combined net tangible book value was approximately $125.5 million, or $7.99 per common share, assuming the redemption of all OP units in exchange for our common shares on a one-for-one basis. As a result, the pro forma net tangible book value per common share after the completion of this offering will be less than the public offering price. Assuming a public offering price of $11.95 per share, the last reported sale price of our common shares on the NYSE on November 29, 2013, purchasers of our common shares offered hereby will experience immediate and substantial dilution of $3.30 per share in the pro forma net tangible book value per share of our common shares. See "Dilution."

The combined financial statements of our Predecessor, our unaudited pro forma consolidated financial statements may not be representative of our financial statements as an independent public company.

The combined financial statements of our Predecessor and our unaudited pro forma consolidated financial statements that are included in this prospectus do not necessarily reflect what our financial

Table of Contents

position, results of operations or cash flows would have been had we been an independent entity during the periods presented. Furthermore, this financial information is not necessarily indicative of what our results of operations, financial position or cash flows will be in the future. It is not possible for us to accurately estimate all adjustments needed to reflect all the significant changes that may occur in our future cost structure, funding and operations. See "Summary Selected Financial and Other Data" and the financial statements herein, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations," appearing elsewhere in this prospectus.

Increases in market interest rates may have an adverse effect on the trading prices of our common shares as prospective purchasers of our common shares may expect a higher dividend yield and as an increased cost of borrowing may decrease our funds available for distribution.

One of the factors that influences the trading prices of our common shares is the dividend yield on the common shares (as a percentage of the price of our common shares) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of our common shares to expect a higher dividend yield (with a resulting decline in the trading prices of our common shares) and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common shares to decrease.

The number of our common shares available for future issuance or sale could materially adversely affect the per share trading price of our common shares.

We are offering 8,300,000 common shares as described in this prospectus. Upon completion of this offering, we will have outstanding approximately 20,303,597 common shares and 3,698,877 common shares reserved for issuance upon redemption of our outstanding OP units. Of these shares, all will be freely tradable, except for any shares owned or any shares purchased in this offering by our affiliates, as that term is defined by Rule 144 under the Securities Act. We have agreed to register the shares issuable upon redemption of the OP units so that such shares will be freely tradable under the securities laws.

We cannot predict whether future issuances or sales of our common shares or the availability of shares for resale in the open market will decrease the per share trading price of our common shares. The per share trading price of our common shares may decline significantly when the OP units become redeemable.

Our issuance of equity securities, including OP units, or the perception that such issuances might occur could materially adversely affect us, including the per share trading price of our common shares.

The exercise of the underwriters' overallotment option, the redemption of OP units for common shares, the vesting of any restricted shares granted to certain 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 could have an adverse effect on the per share trading price of our common shares may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future issuances of our common shares may be dilutive to existing shareholders.

Future offerings of debt, which would be senior to our common shares upon liquidation, or preferred equity securities which may be senior to our common shares for purposes of dividend distributions or upon liquidation, may materially adversely affect us, including the per share trading price of our common shares.

In the future, we may attempt to increase our capital resources by making additional offerings of debt or equity securities (or causing our 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, if issued, could 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 trading price of our common shares and dilute their interest in us.

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 trading market for our common shares depends in part upon the research and reports that industry or financial analysts publish about us or 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.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

We make statements in this prospectus that are 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, our pro forma financial statements and 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 "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "pro forma," "estimates" or "anticipates" or the negative of these words and phrases or similar 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 or intentions.

Forward-looking statements 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 in which our properties are located;
- our failure to generate sufficient cash flows to service our outstanding indebtedness;
- fluctuations in interest rates and increased operating costs;
- the availability, terms and deployment of debt and equity capital;
- our ability to make distributions on our shares of beneficial interest;
- general volatility of the market price of our common shares;
- our limited operating history;
- 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, tax rates and similar matters;

defaults on 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;

our failure to successfully develop, integrate and operate acquired properties and operations;

the impact of our investment in joint ventures;

the financial condition and liquidity of, or disputes with, joint venture and development partners;

Table of Contents

- our ability to operate as a public company;
- changes in GAAP;
- lack of or insufficient amounts of insurance;
- other factors affecting the real estate industry generally;
- our failure to qualify and 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
- changes in governmental regulations or interpretations thereof, such as real estate and zoning laws and increases in real property tax rates and taxation of REITs.

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, of new information, data or methods, future events or other changes after the date of this prospectus, 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 the section below entitled "Risk Factors."

Table of Contents

USE OF PROCEEDS

After deducting the underwriting discount and commissions and estimated expenses of this offering payable by us, we expect to receive net proceeds from this offering of approximately $93.0 million, or approximately $107.1 million if the underwriters' overallotment option is exercised in full, in each case assuming an initial public offering price of $11.95 per share.

We intend to contribute the net proceeds of this offering to our operating partnership in exchange for OP units in our operating partnership, and our operating partnership intends use the net proceeds received from us as described below:

- approximately $48.4 million to repay borrowings under our senior secured revolving credit facility, plus any amounts borrowed under the facility to fund the closing of the pending acquisitions prior to completion of this offering; and

- the balance for general corporate and working capital purposes, funding possible future acquisitions, including our pending acquisitions, and development activities.

Borrowings under our senior secured revolving credit facility bear interest at interest rates based upon LIBOR. At September 30, 2013, the interest rate under our credit facility was 3.12%. See "Management's Discussion and Analysis of Financial Condition and Results of Operation Credit Facility."

Pending application of net proceeds of this offering, we intend to invest the net proceeds in interest-bearing accounts, money market accounts and interest-bearing securities in a manner that is consistent with our intention to qualify for taxation as a REIT. Such investments may include, for example, government and government agency certificates, government bonds, certificates of deposit, interest-bearing bank deposits, money market accounts and mortgage loan participations.

Table of Contents

DISTRIBUTION POLICY

We intend to make regular quarterly distributions to our common shareholders. We intend to distribute at least 90% of our taxable income each year (subject to certain adjustments as described below) to our shareholders in order to qualify as a REIT under the Code and generally expect to distribute 100% of our REIT taxable income so as to avoid the excise tax on undistributed REIT taxable income.

Distributions to our common shareholders will be authorized and determined by our board of trustees in its sole discretion out of funds legally available therefor. We expect that our board of trustees, in authorizing and determining the amounts of distributions, will consider a variety of factors, including:

- actual results of operations and our cash available for distribution;
- the timing of the investment of the net proceeds of this offering;
- debt service requirements and any restrictive covenants in our loan agreements;
- capital expenditure requirements for our properties;
- our taxable income;
- the annual distribution requirement under the REIT provisions of the Code;
- our operating expenses; and
- other factors that our board of trustees may deem relevant.

On September 30, 2013, we declared an initial, prorated quarterly dividend of $0.18 per share for the partial quarterly period from July 19, 2013 (the date of our IPO) through September 30, 2013, which is equivalent to a full quarterly dividend of $0.225 per share. The dividend was paid on November 1, 2013 to shareholders of record on October 18, 2013.

We anticipate that, at least initially, our distributions will exceed our then current and accumulated earnings and profits as determined for U.S. federal income tax primarily due to depreciation and amortization that we expect to incur. Therefore, a portion of these distributions may represent a return of capital for federal income tax purposes. Distributions in excess of our current and accumulated earnings and profits and not treated by us as a distribution will not be taxable to a taxable U.S. shareholder under current U.S. federal income tax law to the extent those distributions do not exceed the shareholder's adjusted tax basis in his or her common shares, but rather will reduce the adjusted basis of the common shares. Therefore, the gain (or loss) recognized on the sale of the common shares or upon our liquidation will be increased (or decreased) accordingly. To the extent those distributions exceed a taxable U.S. shareholder's adjusted tax basis in his or her common shares, they generally will be treated as a capital gain realized from the taxable disposition of those shares. The percentage of our shareholder distributions that exceeds our current and accumulated earnings and profits may vary substantially from year to year. For a more complete discussion of the tax treatment of distributions to holders of our common shares, see "Material U.S. Federal Income Tax Considerations."

Our actual results of operations will be affected by a number of factors, including the revenue we receive from our properties, our operating expenses, interest expense, the ability of our tenants to meet their obligations and unanticipated expenditures. For more information regarding risk factors that could materially adversely affect our actual results of operations, please see "Risk Factors."

Although we have no current intention to do so, we may in the future also choose to pay distributions in the form of our own shares. See "Material U.S. Federal Income Tax Considerations Distribution Requirements" and "Risk Factors Risks Related to Our Qualification and Operation as a REIT We may pay taxable dividends in our common shares and cash, in which case shareholders may sell our common shares to pay tax on such dividends, placing downward pressure on the market price of our common shares."

Table of Contents

MARKET PRICE OF OUR COMMON SHARES

Our common shares are traded on the NYSE under the symbol "DOC." As of November 29, 2013, we had 12,003,597 common shares outstanding and 11 registered shareholders of record for our common shares. On November 29, 2013, the closing price of our common shares, as reported on the NYSE, was $11.95. The following table sets forth, for the periods indicated, the high and low sale prices of our common shares since completion of our IPO, as reported on the NYSE, and the dividends paid by us with respect to those periods.

2013	High	Low	Dividends
Third quarter (commencing July 19, 2013 to September 30, 2013)	$ 12.74	$ 11.00	$ 0.18(1)
Fourth quarter (through November 29, 2013)	$ 12.96	$ 11.89	

(1) On September 30, 2013, we declared an initial, prorated quarterly dividend of $0.18 per share for the partial quarterly period from July 19, 2013 (the date of our IPO) through September 30, 2013, which is equivalent to a full quarterly dividend of $0.225 per share. The dividend was paid on November 1, 2013 to shareholders of record on October 18, 2013.

Table of Contents

CAPITALIZATION

The following table sets forth (i) our historical capitalization, and (ii) our historical capitalization on an as adjusted basis to give effect to this offering, based on an assumed sales price of our common shares of $11.95, the last reported sales price on the NYSE on November 29, 2013, and the use of net proceeds as set forth in "Use of Proceeds." You should read this table in conjunction with "Use of Proceeds," "Selected Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes appearing elsewhere in this prospectus.

	As of September 30, 2013	
	Historical	**As Adjusted**
	(In thousands, except share amounts)	
Debt	$ 66,525	$ 39,538
Equity:		
Common shares, $0.01 par value per share, 500,000,000 shares authorized, 12,003,597 shares issued and outstanding; 24,002,474 shares issued and outstanding on an as adjusted basis(1)	120	203
Additional paid in capital	122,980	215,875
Accumulated deficit	(3,321)	(8,543)
Non-controlling interests	28,425	28,953
Total equity	148,204	236,488
Total capitalization	$ 214,729	$ 276,026

(1) As adjusted common shares outstanding include 8,300,000 common shares to be issued in this offering but exclude (i) up to 1,245,000 common shares issuable upon exercise of the underwriters' overallotment option, (ii) 350,000 additional common shares available for future issuance under our 2013 Equity Incentive Plan, and (iii) 3,698,877 common shares that may be issued, at our option, upon redemption of outstanding OP units as of September 30, 2013. The OP units may, subject to holding period requirements and other limits in the operating partnership agreement, be redeemed at the option of the holder for cash or, at our option, for common shares on a one-for-one basis.

Table of Contents

DILUTION

Purchasers of our common shares in this offering will experience an immediate and substantial dilution of the net tangible book value of our common shares from the public offering price. At September 30, 2013, we had a combined net tangible book value of approximately $125.5 million, or $7.99 per common share, assuming the redemption of all outstanding OP units (other than OP units held by us) for our common shares on a one-for-one basis. Assuming a public offering price of $11.95 per share in this offering, which was the last reported sale price of our common shares on the NYSE on November 29, 2013 and after giving effect to the expected use of the net proceeds as described under "Use of Proceeds," and the deduction of underwriting discounts and commissions and estimated offering expenses, the pro forma net tangible book value at September 30, 2013 attributable to common shareholders would have been approximately $207.7 million, or $8.65 per common share. This amount represents an immediate increase in net tangible book value of $0.66 per share to the prior investors and an immediate dilution in pro forma net tangible book value of $3.30 per share from the assumed public offering price of $11.95 per share of our common shares to new public investors. See "Risk Factors Risks Related to this Offering You will experience immediate and material dilution in connection with the purchase of our common shares in this offering." The following table illustrates this per share dilution:

Assumed public offering price per share(1)		11.95
Net tangible book value per share before this offering(2)	$ 7.99	
Increase in pro forma net tangible book value per share after this offering(3)	$ 0.66	
Pro forma net tangible book value per share after this offering(4)		$ 8.65
Dilution in pro forma net tangible book value per share to new investors(5)		$ 3.30

(1) Assumes a public offering price per share of $11.95, which was the last reported sale price of our common shares on the NYSE on November 29, 2013.

(2) Net tangible book value per share of our common shares before this offering is determined by dividing the net tangible book value based on September 30, 2013 net book value of tangible assets (consisting of total assets less intangible assets, which are comprised of deferred financing and leasing costs, acquired above-market leases and acquired in-place lease value, net of liabilities assumed, excluding acquired below-market leases) by the number of common shares outstanding immediately before this offering, assuming the exchange for common shares on a one-for-one basis of all outstanding OP units.

(3) The increase in pro forma net tangible book value per share attributable to this offering is determined by subtracting (a) the sum of (i) the net tangible book value per share before this offering (see note (2) above) from (b) the pro forma net tangible book value per share after this offering (see note (4) below).

(4) Based on pro forma net tangible book value of approximately $207.7 million divided by 24,002,474 common shares and OP units to be outstanding after this offering (excluding OP units held by us), not including (a) up to 1,245,000 common shares issuable upon the exercise of the underwriters' overallotment option and (b) 350,000 common shares available for issuance under our 2013 Equity Incentive Plan.

(5) Dilution is determined by subtracting pro forma net tangible book value per common share after this offering from the assumed public offering price paid by a new investor for a common share in this offering.

Table of Contents

The table below summarizes, as of September 30, 2013, on a pro forma basis after giving effect to this offering, the differences between:

the number of OP units received by the Ziegler Funds in the formation transactions, the number of common shares issued to trustees and officers the number of shares purchased in the IPO and the number of common shares purchased by new investors in this offering; and

the total consideration paid and the average price per OP unit paid by the Ziegler Funds (based on the net tangible book value of the assets and properties acquired by our operating partnership in the formation transactions) and the total consideration paid and the average price per share paid by our trustees and officers, investors in the IPO and investors purchasing shares in this offering.

	Common Units/Shares Issued		Net Tangible Book Value of Contribution/Cash		Average Price per Share/OP Unit
	Number	Percentage	Amount	Percentage	
Ziegler Funds	2,744,000(1)	11.43%	31,556,000(1)	11.37%	$ 11.50
Trustees and officers	250,000(2)	1.04%			
IPO investors	11,753,597(3)	48.97%	135,166,366(3)	48.72%	$ 11.50
Other investors	954,877(4)	3.98%	11,534,914	4.16%	$ 12.08
New investors	8,300,000	34.58%	99,185,000(5)	35.75%	$ 11.95(5)
Total	24,002,474	100.0%	277,442,280	100.0%	

(1) Represents OP units issued in the formation transactions valued at the IPO price.

(2) Represents awards of restricted common shares granted to our trustees and officers under our 2013 Equity Incentive Plan upon completion of our IPO.

(3) Represents shares issued in the IPO, including shares issued upon exercise of the underwriters' over-allotment option, valued at the IPO price.

(4) Reflects OP units issued in connection with our acquisition of the New Orleans Property.

(5) Assumes a public offering price of $11.95 per share, which was the last reported sale price of our common shares on the NYSE on November 29, 2013.

Table of Contents

SELECTED FINANCIAL DATA

The following table shows selected consolidated pro forma and historical financial data for our company and combined historical financial data for our Predecessor for the periods indicated. Our Predecessor, which is not a legal entity, is comprised of the four Ziegler Funds that owned directly or indirectly interests in entities that owned the initial properties, we acquired on July 24, 2013 in connection with completion of our IPO and related formation transactions.

You should read the following selected consolidated pro forma and combined historical financial data together with the discussion under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the consolidated pro forma financial data and combined historical financial statements and related notes thereto included elsewhere in this prospectus.

We had no business operations prior to completion of the IPO and the formation transactions on July 24, 2013. As a result, the balance sheet data as of December 31, 2013 reflects the financial condition of the Predecessor and the balance sheet data as of September 30, 2013 reflects our financial condition. The results of operation for years ended December 31, 2012 and 2011 reflect the results of operations of the Predecessor. The results of operations for the nine months ended September 30, 2012 reflect the results of operations of the Predecessor. The results of operations for the nine months ended September 30, 2013 reflect the results of operations of the Predecessor (through July 23, 2013) and reflect our results of operations from July 24, 2013 through September 30, 2013. References in the notes to the condensed consolidated and combined financial statements refer to Physicians Realty Trust for the period July 24, 2013, the date of completion of the IPO and the related formation transactions through September 30, 2013, and to the Predecessor for all prior periods.

The following summary combined historical balance sheet data as of December 31, 2012 and 2011 and the combined historical statements of operations data and cash flows data for the two-year period ended December 31, 2012 have been derived from the audited combined historical financial statements of our Predecessor. The historical financial statements have been audited by Plante & Moran, PLLC, an independent registered public accounting firm whose report with respect thereto is included elsewhere in this prospectus with the combined balance sheets as of December 31, 2012 and 2011 and the related combined statements of operations and cash flows for the two-year period ended December 31, 2012, and the related notes thereto.

The pro forma financial data for our company for the year ended December 31, 2012 and the nine months ended September 30, 2013 give effect to (i) the IPO, and the formation transactions (including acquisition of our initial properties from the Ziegler Funds), (ii) our acquisition of the seven properties and our purchase of our joint venture partners' interest in two of our existing properties acquired since completion of our IPO, (iii) our acquisition of the pending acquisitions, (iv) the funding of the Mezzanine Loan, and (v) this offering and the use of proceeds from this offering as of the beginning of the periods presented for the statement of operations data and as of September 30, 2013 for the balance sheet data.

The historical financial data for us and our Predecessor is not indicative of our future financial position or results of operations. Furthermore, our pro forma financial information is not necessarily indicative of what our actual financial position and results of operations would have been as of the dates and for the periods indicated, nor do our interim results and pro forma financial information purport to represent our future financial position or results of operations.

Table of Contents

Physicians Realty Trust (Historical and Pro Forma) and Predecessor (Historical)

	Pro Forma Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	Pro Forma Year Ended December 31, 2012	Year Ended December 31, 2012	Year Ended December 31, 2011
	(in thousands)					
Statement of Operations Data:						
Revenues:						
Rental revenues	$ 18,987	$ 7,952	$ 7,396	$ 25,113	$ 9,821	$ 10,472
Expense recoveries	2,399	2,399	2,151	3,111	3,111	3,314
Interest income	466			621		
Other revenues			7	15	15	61
Total revenues	21,852	10,351	9,554	28,860	12,947	13,847
Expenses:						
Management fees		475	713		951	951
General and administrative	3,543	1,507	292	4,724	362	301
Operating expenses	3,578	3,578	3,460	4,758	4,758	4,953
Depreciation and amortization	6,562	3,123	2,901	9,051	4,150	4,588
Loss on sale of property under development	2	2	228		228	
Impairment losses				937	937	1,437
Acquisition expenses	1,350	756		1,350		
Total expenses	15,035	9,441	7,594	20,820	11,386	12,230
Total operating income	6,817	910	1,960	8,040	1,561	1,617
Other expenses/(income)						
Interest expense	3,381	3,114	3,667	4,797	4,536	4,618
Change in fair value of derivatives, net	(206)	(206)	(58)	(122)	(122)	325
Net income/loss from continuing operations	3,642	(1,998)	(1,649)	3,365	(2,853)	(3,326)
Discontinued Operations						
Income from discontinued operations			(199)		(197)	265
Gain on sale of discontinued investment properties			1,519		1,519	
Income from discontinued operations			1,320		1,323	265
Net income/(loss)	3,642	(1,998)	$ (329)	3,365	(1,531)	(3,061)
Less net (income)/loss attributable to noncontrolling interest	(1,139)	262		(1,829)	(124)	(36)
Consolidated/combined net income/(loss) attributable to the Trust and Predecessor	2,503	(1,736)		$ 1,536	$ (1,655)	$ (3,097)
Less net loss attributable to Predecessor	572	576				
Net income/loss attributable to common shareholders	$ 3,075	$ (1,160)				
Pro forma basic earnings per share	$ 0.15	$ (0.10)		$ 0.08		
Pro forma diluted earnings per share	$ 0.15	$ (0.10)		$ 0.14		
Balance Sheet Data (as of end of period):						
Assets:						
Investment properties	$ 223,057	$ 187,312			$ 94,653	$ 109,849
Cash and cash equivalents	16,952	4,233			2,614	1,932

Tenant receivables, net	710	710	682	1,034
Deferred costs, net	2,012	2,012	1,107	1,349
Lease intangibles, net	26,821	20,716	5,243	7,218
Loan receivable	6,900			
Other assets	5,652	5,652	3,292	3,628
Total assets	$ 282,104	$ 220,635	$ 107,591	$ 125,010
Liabilities and Equity				
Accounts payable to related parties	$	$	$ 1,530	$ 1,275
Accounts payable	485	485	802	598
Dividends payable	2,655	2,655		
Accrued expenses and other liabilities	2,501	2,329	1,031	1,087
Derivative liabilities	437	437	643	765
Debt	39,538	66,525	84,489	98,674
Total liabilities	45,616	72,431	88,495	102,399
Total equity	207,535	119,779	19,068	22,499
Noncontrolling interest in operating partnership	28,953	28,425		
Noncontrolling interest in Predecessor			28	112
Total liabilities and equity	$ 282,104	$ 220,635	$ 107,591	$ 125,010

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Overview

We are a self-managed healthcare real estate company organized in April 2013 to acquire, selectively develop, own and manage healthcare properties that are leased to physicians, hospitals and healthcare delivery systems. We invest in real estate that is integral to providing high quality healthcare services. Our properties are typically located on a campus with a hospital or other healthcare facilities or strategically located and affiliated with a hospital or other healthcare facilities. We believe the impact of government programs and continuing trends in the healthcare industry create attractive opportunities for us to invest in 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, acute and post-acute care hospitals, as well as other real estate integral to health care providers. We seek to generate attractive risk-adjusted returns for our shareholders through a combination of stable and increasing dividends and potential long-term appreciation in the value of our properties and our common shares. We intend to elect and qualify to be taxed as a REIT for federal income tax purposes commencing with our short taxable year ending December 31, 2013.

We completed our IPO and related formation transactions on July 24, 2013, issuing 11,753,597 common shares, including shares issued upon exercise of the underwriters' over-allotment option, and received net proceeds of approximately $123.8 million, after deducting the underwriting discounts and expenses of the IPO payable by us. We contributed the net proceeds of the IPO to our operating partnership in exchange for 11,753,597 common units of partnership interest in our operating partnership ("OP units") and at September 30, 2013, we owned a 76.4% interest in our operating partnership. Our operating partnership used the net proceeds of the IPO to repay approximately $36.9 million of outstanding indebtedness related to properties in our initial portfolio and to purchase the 50% interest in the Arrowhead Common property not owned by the Ziegler Funds for approximately $850,000, after which we became the 100% owner of that property, and to pay certain expenses related to debt and transfer and our senior secured revolving credit facility.

Prior to completion of our IPO on July 24, 2013, we had no operations or assets, other than $1,000 of cash from our initial capitalization. We acquired 19 properties upon the completion of our IPO and related formation transactions on July 24, 2013. Since the completion of our IPO, we have acquired 5 additional properties containing an aggregate of 305,449 square feet. At September 30, 2013, our portfolio consisted of 24 properties located in 12 states with approximately 829,477 net leasable square feet, which were approximately 90.3% leased with a weighted average remaining lease term of approximately 8.6 years. We receive a cash rental stream from these healthcare providers under our leases. Approximately 98% of the annualized base rent payments from our properties as of September 30, 2013 are from triple net leases, pursuant to which the tenants are responsible for all operating expenses relating to the property, including but not limited to real estate taxes, utilities, property insurance, routine maintenance and repairs, and property management. This structure helps insulate us from increases in certain operating expenses and provides more predictable cash flow. We seek to structure our triple-net leases to generate attractive returns on a long-term basis. Our leases typically have initial terms of 5 to 15 years and include annual rent escalators of approximately 2%. Our operating results depend significantly upon the ability of our tenants to make required rental payments. We believe that our portfolio of medical office buildings and other healthcare facilities will enable us to generate stable cash flows over time because of the diversity of our tenants, staggered lease expiration schedule, long-term leases, and low historical occurrence of tenants defaulting under their leases. As of September 30, 2013, leases representing 1.2%, 2.5% and 1.3% of leasable square feet in our portfolio will expire in 2013, 2014 and 2015, respectively.

Table of Contents

We did not conduct business operations prior to completion of our IPO on July 24, 2013, therefore, the financial information herein for periods prior to July 24, 2013 reflects the operations of the four healthcare real estate funds managed by B.C. Ziegler & Company ("Ziegler"), which we refer to as the Ziegler Funds, from whom we acquired the equity interests in the 19 properties that constituted our initial properties upon completion of our IPO and formation transactions. We determined the Ziegler Funds to be our accounting predecessor (the "Predecessor"). The financial information herein since July 24, 2013 reflect our operations since completion of the IPO and formation transactions and include the results of operations of the five acquisition properties described above from the date of our acquisition.

We have entered into a $75 million senior secured revolving credit facility and intend to use borrowings under the facility to finance future acquisitions and developments, fund tenant improvements, leasing commissions to third parties, and capital expenditures, provide for working capital and for other general corporate purposes. At September 30, 2013, we had approximately $46.7 million of mortgage indebtedness outstanding secured by first mortgages on certain of our properties and approximately $19.9 million of outstanding borrowings under our senior secured revolving credit facility.

Concurrently with the completion of the IPO, we entered into a series of contribution transaction where we acquired the entities that own 19 properties that comprised our initial portfolio from the Ziegler Funds, as well as certain operating assets and liabilities, and issued to the Ziegler Funds an aggregate of 2,744,000 OP units having an aggregate value of approximately $31.6 million based on the price to the public per share in the IPO and the payment of approximately $36.9 million of debt related to such properties. In addition, at the completion of the IPO, we entered into a shared services agreement the ("Shared Services Agreement") with Ziegler pursuant to which Ziegler provides office space, IT support, accounting support and other services to us in exchange for an annual fee.

Following completion of our IPO and related formation transactions through September 30, 2013, we completed the acquisitions of five healthcare properties as summarized below using proceeds from the IPO, borrowings under our senior secured revolving credit facility and issuance of OP units.

Property	Location	Acquisition Date	Square Footage	Purchase Price
Hospital	El Paso, TX	August 30, 2013	77,000	$ 32,823,775
Medical Office Building	El Paso, TX	August 30, 2013	41,007	$ 7,176,225
Long Term Acute Care Specialty Hospital	Plano, TX	September 18, 2013	75,442	$ 18,200,000
Surgical Center Hospital	New Orleans, LA	September 30, 2013	60,000	$ 37,500,000
Outpatient Care Building	Oklahoma City, OK	September 30, 2013	52,000	$ 15,600,000

Since September 30, 2013, we completed the acquisitions of two additional healthcare properties.

Property	Location	Acquisition Date	Square Footage	Purchase Price
Medical Office Building	Pensacola, FL	October 4, 2013	20,319	$ 6,900,000
Medical Office Building	Columbus, OH	November 27, 2013	38,891	$ 10,156,925

As partial payment of the purchase price for the hospital in New Orleans, Louisiana, described above, on September 30, 2013, we issued an aggregate of 954,877 OP Units to the sellers of that property valued at approximately $11.5 million (based on the average three-day closing price of our common shares on the NYSE prior to closing).

In addition, we have entered into agreements to acquire additional properties and to fund a mezzanine loan as described in "Prospectus Summary Pending Acquisitions" and "Prospectus Summary Recent Developments."

We are a self-managed REIT and conduct our operations through our Operating Partnership and wholly-owned subsidiaries of our Operating Partnership.

Components of Our Revenues, Expenses and Cash Flow

The financial information of our Predecessor, the Ziegler Funds, prior to completion of the IPO, reflects a different structure, principally relating to expenses, than our operations following the inception of operations upon completion of our IPO and as a result, the results of operations of the Predecessor and our results since our inception of operations may not be comparable. While the financial presentation of revenues pursuant to the leases at the properties in our initial portfolio and certain expenses, such as depreciation and amortization, are substantially consistent for the Predecessor and for us, the expense structure of our company since completion of the IPO and the formation transactions differs from the historical expense structure of the Predecessor. During the periods of financial information for the Predecessor, the Ziegler Funds had no direct employees and paid a fixed annual management fee to Ziegler, which managed the operations of the Ziegler Funds. By contrast, as a self-managed REIT, we do not pay management fees to third parties (other than to third party property management companies with respect to certain of our properties) but rather we pay cash and other forms of compensation to our officers and employees. Also, effective upon completion of the formation transactions, we entered into a Shared Services Agreement with Ziegler pursuant to which we pay Ziegler a fixed annual fee for office space, IT support, accounting support and similar services. In addition, as a public reporting company, we have incurred and expect to continue to incur certain expenses, such as legal and accounting expenses relating to SEC reporting and other matters that were not incurred historically by the Predecessor, which was not a public reporting company.

Revenues

Revenues consist primarily of the rental revenues and property operating expense recoveries we collect from tenants pursuant to our leases. Additionally, we recognize certain cash and non-cash revenues. These other cash and non-cash revenues are highlighted below.

Rental revenues. Rental revenues represent rent under existing leases that is paid by our tenants and straight-lining of contractual rents reduced by lease inducements and above market leases.

Expense recoveries. Certain of our leases require our tenants to make estimated payments to us to cover their proportional share of operating expenses, including but not limited to real estate taxes, property insurance, routine maintenance and repairs, utilities, and property management expenses. We collect these estimated expenses and are reimbursed by our tenants for any actual expenses in excess of our estimates or reimburse tenants if our collected estimates exceed our actual operating expenses. The net reimbursed operating expenses are included in revenues as expense recoveries.

We have certain tenants with absolute net leases. Under these lease agreements, the tenant is responsible for operating and building expenses. For absolute net leases, we do not recognize expense recoveries.

Other revenues. We sweep our excess cash balances into interest-bearing accounts which produce interest revenues.

Table of Contents

Expenses

Expenses consist primarily of depreciation and amortization, operating expenses of our properties, the general and administrative costs associated with operating our business and costs we incur to acquire properties. In addition, we incur interest expenses on our borrowings.

Management fees. Ziegler and another subsidiary of the Ziegler Companies, Inc. historically charged a management fee to the Ziegler Funds. These management fees were discontinued upon our acquisition of our initial properties upon completion of our IPO and the formation transactions.

General and administrative. General and administrative expenses include certain expenses such as compensation, accounting, legal and other professional fees as well as certain other administrative and travel costs, and expenses related to bank charges, franchises taxes, corporate filing fees, exchange listing fees, officer and trustee insurance costs and other costs associated with being a public company. In addition, effective upon completion of the IPO, we entered into a Shared Services Agreement with Ziegler with respect to certain overhead expenses. See "Certain Relationships and Related Transactions Shared Services Agreement." The fees paid under the Shared Services Agreement are included in general and administrative expenses.

Operating Expenses. Operating expenses include property operating expenses such as real estate taxes, property insurance, routine maintenance and repairs, utilities and property management expenses, some of which are reimbursed to us by tenants under the terms of triple net leases.

Depreciation and amortization. We incur depreciation and amortization expense on all of our long-lived assets. This non-cash expense is designed under generally accepted accounting principles, or GAAP, to reflect the economic useful lives of our assets.

Loss on sale of property under development. We record any gain or loss resulting from the sale of assets at the time of sale. We record any gains or losses resulting from the sale of assets at the time we enter into a definitive agreement for the sale of the asset.

Impairment losses. We periodically assess the carrying value of real estate investments and related intangible assets in accordance with ASC 360, Property, Plant, and Equipment (ASC 360), to determine if facts and circumstances exist that would suggest that assets might be impaired or that the useful lives should be modified. Factors that are considered, include, but are not limited to, a significant decrease in market value, an adverse change in the manner in which a long-lived asset is used or a deterioration in physical condition, an adverse change in legal factors or business climate, or a decline in current-period operating cash flows. In the event impairment in value occurs and a portion of the carrying amount of the real estate investments will not be recovered in part or in whole, a provision will be recorded to reduce the carrying basis of the real estate investments and related intangibles to their estimated fair value. The estimated fair value of our real estate investments is determined by using customary industry standard methods that include discounted cash flow and/or direct capitalization analysis or estimated cash proceeds received upon the anticipated disposition of the asset from market comparables.

Acquisition expenses. Acquisition costs are costs we incur in pursuing and closing property acquisitions. These costs include legal, accounting, valuation, and other professional or consulting fees. We account for acquisition related costs as expenses in the period in which the costs are incurred and the services are received.

Change in fair value of derivatives, net. We have implemented Accounting Standards Codification (ASC) 815, Derivatives and Hedging (ASC 815), which establishes accounting and reporting standards requiring that all derivatives, including certain derivative instruments embedded in other contracts, be recorded as either an asset or liability measured at their fair value unless they qualify for a normal purchase or normal sales exception. When specific hedge accounting criteria are not met, ASC 815 requires that changes in a derivative's fair value be recognized currently in earnings. All of the changes in the fair market values of our derivative instruments are recorded in the combined statements of operations.

Interest expense. We recognize the interest expense we incur on our borrowings as interest expense. Additionally, we incur non-cash charges such as legal fees, commitment fees and arrangement fees that reflect costs incurred with arranging certain debt financings. We generally recognize these costs over the term of the respective debt instrument for which the costs were incurred.

Cash Flow

Cash flows from operating activities. Cash flows from operating activities are derived largely from net income by adjusting our revenues for those amounts not collected in cash during the period in which the revenue is recognized and for cash collected that was billed in prior periods or will be billed in future periods. Net income is further adjusted by adding back expenses charged in the period that is not paid for in cash during the same period. We expect to make our distributions based largely from cash provided by operations.

Cash flows from investing activities. Cash flows from investing activities consist of cash that is used during a period for making new investments and capital expenditures offset by cash provided from sales of real estate investments.

Cash flows from financing activities. Cash flows from financing activities consist of cash we receive from issuances of debt and equity financings. This cash provides the primary basis for investments in new properties and capital expenditures. While we may invest a portion of our cash from operations into new investments, as a result of the distribution requirements to maintain our REIT status, it is likely that additional debt or equity financings will finance the majority of our investment activity. Cash used in financing activities consists of repayment of debt and distributions paid to shareholders and OP unit holders.

Results of Operations

Overview

As described above, following the completion of the IPO and the formation transactions, our structure and operations differ from the historical structure and operations of the Ziegler Funds. For this and other reasons set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations," we do not believe that the Predecessor's historical results of operations are indicative of our future operating results.

Three months ended September 30, 2013 compared to the three months ended September 30, 2012

We were organized on April 9, 2013 and commenced operations on July 24, 2013. The 2013 results disclosed in this section include our results from July 24, 2013 through September 30, 2013, combined with the results of our Predecessor from July 1, 2013 through July 23, 2013. Comparative results reflect only the results of the Predecessor.

Table of Contents

The following table summarizes our historical results of operations and the historical operations of our Predecessor for the three months ended September 30, 2013 and 2012 (in thousands):

	2013	2012	Change	%
Revenues				
Rental revenues	$ 2,920	$ 2,359	$ 561	23.8
Expense recoveries	798	750	48	6.4
Other revenues	(5)	2	(7)	NM
Total revenues	3,713	3,111	602	19.4
Expenses				
Management fees		238	(238)	(100.0)
General and administrative	1,285	104	1,181	1,135.6
Operating expenses	1,130	1,110	20	1.8
Depreciation and amortization	1,146	973	173	17.7
Loss on sale of property under development	2	161	(159)	(98.8)
Acquisition expenses	756		756	NM
Total expenses	4,319	2,586	1,733	67.0
Operating (loss)/income	(606)	525	(1,131)	(215.4)
Interest expense	826	1,203	(377)	(31.3)
Change in value of derivatives, net	(16)		(16)	
Loss from continuing operations	(1,416)	(678)	(738)	108.9
Discontinued operations:				
Loss from operations on discontinued operations		(262)	262	(100.0)
Gain on sale of investment properties		1,179	(1,179)	(100.0)
Income from discontinued operations		917	(917)	(100.0)
Net (loss)/income	$ (1,416)	$ 239	$ (1,655)	(692.5)

NM = Not Meaningful

Revenues

Total revenues increased $0.6 million, or 19.4%, for the three months ended September 30, 2013 as compared to the Predecessor's three months ended September 30, 2012. An analysis of selected revenues follows.

Rental revenues. Rental revenues increased $0.6 million, or 23.8%, from $2.4 million for the three months ended September 30, 2012 to $2.9 million for the three months ended September 30, 2013. The increase in rental revenues primarily resulted from two property acquisitions which closed on August 30, 2013 and September 18, 2013 and resulted in an additional $0.4 million in revenue for the three months ended September 2013. The remaining increase was the result of contract rent increases and new leases.

Expense recoveries. Expense recoveries were relatively unchanged for the three months ended September 30, 2012 and 2013.

Expenses

Total expenses increased by $1.7 million, or 67%, for the three months ended September 30, 2013 as compared to the Predecessor's three months ended September 30, 2012. An analysis of selected expenses follows.

Management Fees. The Predecessor incurred $0.2 million of management fees in the three months ended September 30, 2012. We do not incur these management fees. No management fees were incurred by the Predecessor in the three months ended September 30, 2013.

General and administrative. General and administrative expenses increased $1.2 million or 1,135.6%, from $0.1 million during the three months ended September 30, 2012 to $1.3 million during the three months ended September 30, 2013. The increase was the result of our operating as a public company since completion of our IPO on July 24, 2013. The increases included salaries and benefits of $0.6 million (including non-cash share compensation of $0.2 million), professional fees of $0.3 million, office start-up costs of $0.2 million and other administrative costs of $0.1 million.

Operating expenses. Operating expenses were relatively unchanged for the three months ended September 30, 2012 and 2013.

Depreciation and amortization. Depreciation and amortization increased $0.2 million, or 17.7%, from $1.0 million during the three months ended September 30, 2012 to $1.2 million during the three months ended September 30, 2013. The increase in depreciation and amortization was primarily from two acquisitions which closed on August 30, 2013 and September 18, 2013 and resulted in an additional $0.2 million in depreciation and amortization for the three months ended September 30, 2013.

Loss on sale of property under development. We incurred a loss of $1,846 on the sale of a medical office building condominium unit at the Summerfield Square property during the three months ended September 30, 2013. Total proceeds of the sale were $0.5 million. During the three months ended September 30, 2012, the Predecessor incurred a loss of $0.2 million on the sale of a condominium unit at the Summerfield Square property. Total proceeds on the sale were $0.3 million. We have 2,000 square feet remaining in the Summerfield Square property.

Acquisition expenses. Acquisition expenses were $0.8 million for the three months ended September 30, 2013. The Predecessor did not incur any acquisition expenses in the three months ended September 30, 2012. During the 2013 period, we acquired $111.8 million of real estate following completion of our IPO on July 24, 2013.

Interest expense. Interest expense for the three months ended September 30, 2013 was $0.8 million compared to $1.2 million for the Predecessor for the three months ended September 30, 2012, representing a decrease of $0.4 million, or 31.3%. The decrease was primarily the result of the repayment of $36.9 million of mortgage notes payable in connection with the formation transactions using proceeds from our IPO.

The above changes resulted in an increase of net loss from continuing operations of $0.7 million from a net loss from continuing operations of $0.7 million for the Predecessor for the three months ended September 30, 2012, to a net loss from continuing operations of $1.4 million for the three months ended September 30, 2013.

Income from discontinued operations. There were no discontinued operations in the three months ended September 30, 2013. In 2012, the Predecessor recorded income from discontinued operations and recognized a gain on the sale of a property of $1.2 million.

Net (loss)/income. Net loss for the three months ended September 30, 2013 was $1.4 million compared to net income of the Predecessor of $0.2 million for the three months ended September 30, 2012, due to the reasons described above.

Nine months ended September 30, 2013 compared to nine months ended September 30, 2012

The Trust was organized on April 9, 2013 and commenced operations on July 24, 2013. The 2013 results disclosed in this section include our results from July 24, 2013 through September 30, 2013,

Table of Contents

combined with the results of our Predecessor from January 1, 2013 through July 23, 2013. Comparative results reflect only the results of the Predecessor.

The following table summarizes our historical results of operations and the historical operations of our Predecessor for the nine months ended September 30, 2013 and 2012 (in thousands):

	2013	2012	Change	%
Revenues				
Rental revenues	$ 7,952	$ 7,396	$ 556	7.5
Expense recoveries	2,399	2,151	248	11.5
Other revenues		7	(7)	100.0
Total revenues	10,351	9,554	797	8.3
Expenses				
Management fees	475	713	(238)	(33.4)
General and administrative	1,507	292	1,215	416.1
Operating expenses	3,578	3,460	118	3.4
Depreciation and amortization	3,123	2,901	222	7.7
Loss on sale of property under development	2	228	(226)	(99.1)
Acquisition expenses	756		756	
Total expenses	9,441	7,594	1,847	24.3
Operating income	910	1,960	(1,050)	(53.6)
Interest expense	3,114	3,667	(553)	(15.1)
Change in value of derivatives, net	(206)	(58)	(148)	255.2
Loss from continuing operations	(1,998)	(1,649)	(349)	21.2
Discontinued operations:				
Loss from discontinued operations		(199)	199	(100.0)
Gain on sale of discontinued investment properties		1,519	(1,519)	(100.0)
Income from discontinued operations		1,320	(1,320)	(100.0)
Net loss	$ (1,998)	$ (329)	$ (1,669)	507.3

Revenues

Total revenues increased $0.8 million, or 8.3%, for the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012. An analysis of selected revenues follows.

Rental revenues. Rental revenues increased $0.6 million, or 7.5%, from $7.4 million to $8.0 million. The increase in rental revenue primarily resulted from two property acquisitions which closed on August 30, 2013 and September 18, 2013, and resulted in an additional $0.4 million of revenue in the nine months ended September 30, 2013.

Expense recoveries. Expense recoveries increased $0.2 million, or 11.5%, from $2.2 million for the nine months ended September 30, 2012 to $2.4 million for the nine months ended September 30, 2013 due primarily to an increase in property related expenses which are reimbursed to us by tenants under our triple net leases.

Expenses

Total expenses increased $1.8 million, or 24.3% for the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012. An analysis of selected expenses follows.

Table of Contents

Management Fees. The Predecessor incurred $0.5 million of management fees in the nine months ended September 30, 2013, compared to $0.7 million of management fees incurred by the Predecessor through July 23, 2013 in the nine months ended September 30, 2013. We do not incur these management fees.

General and administrative. General and administrative expenses increased $1.2 million, or 416.1%, from $0.3 million for the Predecessor during the nine months ended September 30, 2012 to $1.5 million during the nine months ended September 30, 2013. The increase in expenses is the result of Physicians Realty Trust operating as a public company since July 24, 2013. The increases included salaries and benefits of $0.6 million (including non-cash share compensation of $0.2 million), professional fees of $0.3 million, office start-up costs of $0.2 million and other administrative costs of $0.1 million.

Operating expenses. Operating expenses increased $0.1 million, or 3.4%, from $3.5 million for the Predecessor for the nine months ended September 30, 2012 to $3.6 million for the nine months ended September 30, 2013, due primarily to increases in real estate taxes of $0.1 million.

Depreciation and amortization. Depreciation and amortization increased $0.2 million, or 7.7%, from $2.9 million during the nine months ended September 30, 2012 to $3.1 million during the nine months ended September 30, 2013. The increase in depreciation and amortization resulted primarily from two property acquisitions which closed on August 30, 2013 and September 18, 2013 and resulted in an additional $0.2 million in depreciation and amortization for the nine months ended September 30, 2013.

Loss on sale of property under development. In September 2013, a loss on sale of $1,826 was recognized in connection with the sale of a condominium unit at the Summerfield Square property. In July 2012, a loss on sale of $0.2 million was recognized by the Predecessor in connection with the sale of a condominium unit at the Summerfield Square property.

Acquisition expenses. Acquisition expenses were $0.8 million for the nine months ended September 30, 2013. The Predecessor did not incur any acquisition expenses in the nine months ended September 30, 2012. During the 2013 period, we acquired $111.8 million of properties following completion of our IPO on July 24, 2013.

Interest expense. Interest expense for the nine months ended September 30, 2013 was $3.1 million compared to $3.7 million for the Predecessor for the nine months ended September 30, 2012, representing a decrease of $0.6 million, or 15.1%. The decrease was primarily due to the repayment of $36.9 million of mortgage notes payable in connection with the formation transactions using proceeds from our IPO.

Income from discontinued operations. There were no discontinued operations in the nine months ended September 30, 2013. In the nine months ended September 30, 2013, the Predecessor sold two properties located in Georgia and recognized a gain of $1.5 million.

Net loss. Net loss for the nine months ended September 30, 2013 was $2.0 million compared to a net loss of $0.3 million for the Predecessor for the nine months ended September 30, 2013, due to the reasons described above.

Table of Contents

Cash Flows

Nine months ended September 30, 2013 compared to nine months ended September 30, 2012 (In thousands):

	2013	2012
Cash (used in)/provided by operating activities	$ (197)	$ 2,424
Cash (used in)/provided by investing activities	(101,179)	13,877
Cash provided by/(used in) financing activities	102,995	(13,630)
Increase in cash and cash equivalents	$ 1,619	$ 2,671

Cash flows from operating activities. Cash flows used in operating activities was $0.2 million during the nine months ended September 30, 2013 compared to cash flow provided by operating activities of the Predecessor of $2.4 million during the nine months ended September 30, 2012, representing a decrease of $2.6 million. This change was primarily attributable to a $1.7 million decrease in net income, a $1.7 million decrease in related party accounts payable and a $0.5 million increase in other assets, partially offset by a $0.8 million increase in accrued expenses.

Cash flows from investing activities. Cash flows used in investing activities was $101.2 million during the nine months ended September 30, 2013 compared to cash flow provided by investing activities of the Predecessor of $13.9 million during the nine months ended September 30, 2012, representing a change of $115.1 million. The increase in cash flows used in investing activities was primarily attributable to the acquisition of five properties for $100.1 million following the IPO and a $14.0 million decrease in proceeds from the Predecessor's sale of property in the 2012 period.

Cash flows from financing activities. Cash flows provided by financing activities was $103.0 million during the nine months ended September 30, 2013 compared to cash flows used in financing activities for the Predecessor of $13.6 million during the nine months ended September 30, 2012, representing an increase of $116.6 million. The increase was primarily attributable to $135.2 million in proceeds from our IPO and proceeds of $19.9 million from credit facility borrowings, partially offset by $25.3 million in increased debt repayments and $12.3 million in IPO costs.

Liquidity and Capital Resources

Our short-term liquidity requirements consist primarily of operating and interest expenses and other expenditures directly associated with our properties, including:

- property expenses,
- interest expense and scheduled principal payments on outstanding indebtedness,
- general and administrative expenses, and
- capital expenditures for tenant improvements and leasing commissions.

In addition, we will require funds for future distributions expected to be paid to our common shareholders and OP Unit holders in our Operating Partnership.

We expect to satisfy our short-term liquidity requirements through our existing cash and cash equivalents, cash flow from operating activities and borrowings available under our senior secured revolving credit facility.

Our long-term liquidity needs consist primarily of funds necessary to pay for acquisitions, recurring and non-recurring capital expenditures and scheduled debt maturities. We expect to satisfy our long-term liquidity needs through cash flow from operations, long-term secured and unsecured borrowings, issuances of equity securities, and, in connection with acquisitions of additional properties, the issuance of OP Units of our Operating Partnership, and proceeds from select property dispositions and joint venture transactions.

78

Table of Contents

We intend to invest in additional properties as suitable opportunities arise and adequate sources of financing are available. We currently are evaluating additional potential investments consistent with the normal course of our business. There can be no assurance as to whether or when any portion of these investments will be completed. Our ability to complete investments is subject to a number of risks and variables, including our ability to negotiate mutually agreeable terms with sellers and our ability to finance the investment. We may not be successful in identifying and consummating suitable acquisitions or investment opportunities, which may impede our growth and negatively affect our results of operations and may result in the use of a significant amount of management resources. We expect that future investments in properties will depend on and will be financed by, in whole or in part, our existing cash, borrowings, including under our senior secured revolving credit facility or the proceeds from additional issuances of common or preferred shares, issuances of OP Units or other securities.

On August 29, 2013, we entered into a $75.0 million senior secured revolving credit facility. Subject to the satisfaction of certain conditions, including additional lender commitments, we have the option to increase the borrowing capacity under the revolving credit facility up to $250.0 million. The revolving credit facility has a three-year term with an initial maturity date of August 29, 2016. We have the option to extend the term to August 29, 2017. Borrowings under the senior secured revolving credit facility bear interest at rates generally between LIBOR plus 2.65% and LIBOR plus 3.40%. Any additional indebtedness incurred or issued by us may be secured or unsecured, may have a short, medium, or long term fixed or variable interest rate and may be subject to other terms and conditions. We may also enter into financing arrangements on terms that we might not otherwise accept if we were in need of liquidity and had limited options.

We currently do not expect to sell any of our properties to meet our liquidity needs, although we may do so in the future.

We intend to refinance at maturity the mortgage notes payable that have balloon payments at maturity.

We currently are in compliance with all debt covenants in our outstanding indebtedness.

Critical Accounting Policies

Our condensed, consolidated and combined financial statements are prepared in conformity with accounting policies generally accepted in the United States of America ("GAAP"), which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Set forth below is a summary of our accounting policies that we believe are critical to the preparation of our condensed, consolidated and combined financial statements.

Principles of Consolidation and Combination

Concurrently with the completion of the IPO, we entered into a series of contribution transactions with the Zeigler Funds acquiring 19 properties that comprise our initial properties, as well as certain operating assets and liabilities.

We did not conduct business operations prior to completion of the IPO on July 24, 2013, so the financial information herein for periods prior to July 24, 2013 reflects the operations of the Ziegler Funds, from whom we acquired the equity interests in the 19 properties that constituted our initial portfolio upon completion of the IPO and formation transactions. We determined the Ziegler Funds to be our accounting Predecessor. The financial information herein since July 24, 2013 reflect the operations of Physicians Realty Trust since completion of the IPO and formation transactions and includes the results of operations of the five acquisition properties described above from the date of our acquisition.

Our Predecessor, which is not a legal entity, is comprised of the four Ziegler Funds that owned directly or indirectly interests in entities that owned our initial 19 properties. Upon completion of the IPO and formation transactions, we acquired the interests in these entities from the Ziegler Funds. The combined historical data for our Predecessor is not indicative of our financial position or results of operations.

The accompanying condensed, consolidated and combined financial statements include the accounts of all controlled subsidiaries and joint ventures. The portion of the net income or loss attributed to third parties is reported as net income allocable to noncontrolling interests on the condensed, consolidated and combined statements of operations, and such parties' portion of the net equity in such subsidiaries is reported on the condensed, consolidated and combined balance sheets as noncontrolling interests. All significant intercompany balances and transactions have been eliminated in consolidation and combination.

We consider ourselves to control an entity under Accounting Standards Codification ("ASC") Topic 810 Consolidation ("ASC 810"), if we are the majority owner of and have voting control over such entity. We also assess control through means other than voting rights ("variable interest entities" or "VIEs") and determine which business entity is the primary beneficiary of the VIE. A VIE is broadly defined as an entity where either the equity investors as a group, if any, do not have a controlling financial interest or the equity investment at risk is insufficient to finance that entity's activities without additional subordinated financial support. We consolidate VIEs when it is determined that we are the primary beneficiary of the VIE at either the date we became involved with the variable interest entity or upon the occurrence of a reconsideration event. We have concluded that one of our partially-owned entities (Summerfield Square) is a VIE.

Real Estate Investment Properties and Identified Intangible Assets

We are required to make subjective assessments of the useful lives of our properties for purposes of determining the amount of depreciation to record on an annual basis with respect to our investments in real estate. These assessments have a direct impact on our net income because if we were to shorten the expected useful lives of our investments in real estate we would depreciate such investments over fewer years, resulting in more depreciation expense and lower net income on an annual basis. Real estate investment properties and identified intangible assets are carried at cost, net of accumulated depreciation and amortization. Medical office buildings are depreciated over their estimated useful lives ranging up to 50 years using the straight-line method. Tenant improvements and in-place leases are amortized over the lease life of the in-place leases or the tenant's respective lease term. Cost of maintenance and repairs are charged to expense when incurred.

We periodically assess the carrying value of real estate investments and related intangible assets in accordance with ASC 360, Property, Plant, and Equipment ("ASC 360"), to determine if facts and circumstances exist that would suggest that the recorded amount of an asset might be impaired or that the estimated useful live should be modified. In the event impairment in value occurs and a portion of the carrying amount of the real estate investment will not be recovered in part or in whole, a provision will be recorded to reduce the carrying basis of the real estate investment and related intangibles to their estimated fair value. The estimated fair value of our real estate investments is determined by use of a number of customary industry standard methods that include discounted cash flow modeling using appropriate discount and capitalization rates and/or estimated cash proceeds received upon the anticipated disposition of the asset from market comparables. Estimates of future cash flows is based on a number of factors including the historical operating results, leases in place, known trends, and other market or economic factors affecting the real estate investment. The evaluation of anticipated cash flows is subjective and is based on assumptions regarding future occupancy, lease rates and capital requirements that could differ materially from actual results. If our anticipated holding periods change or estimated cash flows decline based on market conditions or other unforeseen factors, impairment may be recognized. Long-lived assets to be disposed of are recorded at the lower of carrying value or fair value less costs to sell.

Revenue

We recognize rental revenues in accordance with ASC 840, Leases ("ASC 840"). ASC 840 requires that rental revenue, less lease inducements and above market leases, be recognized on a straight-line basis over the term of the lease when collectability is reasonably assured. Recognizing rental revenue on a straight-line basis for leases may result in recognizing revenue for amounts more or less than amounts currently due from tenants. Amounts recognized in excess of amounts currently due are included in other assets on the combined balance sheets. If we determine the collectability of straight-line rents is not reasonable assured, we limit future recognition to amounts contractually owed and, where appropriate, establish an allowance for estimated losses.

Expense recoveries related to tenant reimbursement for real estate taxes, insurance, and other operating expenses are recognized as expense recoveries revenue in the period the applicable expenses are incurred. The reimbursements are recognized at gross, as we are generally the primary obligor with respect to real estate taxes and purchasing goods and services from third-party suppliers, and have discretion in selecting the supplier, and bear the credit risk.

We have certain tenants with absolute net leases. Under these lease agreements, the tenant is responsible for operating and building expenses. For absolute net leases, the Trust does not recognize expense recoveries.

Lease Accounting

We, as lessor, make a determination with respect to each of our leases whether they should be accounted for as operating leases or direct financing leases. The classification criteria is based on estimates regarding the fair value of the leased facilities, minimum lease payments, effective cost of funds, the economic life of the facilities, the existence of a bargain purchase option, and certain other terms in the lease agreements. We believe all of our leases should be accounted for as operating leases. Payments received under operating leases are accounted for in the condensed, consolidated and combined statements of operations as rental revenue for actual rent collected plus or minus a straight-line adjustment for estimated minimum lease escalators, minus lease inducements, and minus above market leases. Assets subject to operating leases are reported as real estate investments in the condensed, consolidated and combined balance sheets.

Substantially all of our leases contain fixed or formula-based rent escalators. To the extent that the escalator increases are tied to a fixed index or rate, lease payments are accounted for on a straight-line basis over the life of the lease.

Derivative Instruments

We have implemented ASC 815, Accounting for Derivative Instruments and Hedging Activity ("ASC 815"), which establishes accounting and reporting standards requiring that all derivatives, including certain derivative instruments embedded in other contracts, be recorded as either an asset or liability measured at their fair value unless they qualify for a normal purchase or normal sales exception. We recognize our derivatives as a liability on the consolidated and combined balance sheets. When specific hedge accounting criteria is not met, ASC 815 requires that changes in a derivative's fair value be recognized currently in earnings. Changes in the fair market values of our derivative instruments are recorded in the condensed, consolidated and combined statements of operations. We did not designate our derivatives as a hedge.

Purchase of Investment Properties

Upon the acquisition of real estate properties, we estimate the fair value of acquired tangible assets (consisting of land, building, and improvements) and identified intangible assets and liabilities (consisting of above- and below-market leases, in place leases, and tenant relationships) based on the evaluation of information and estimates available at that date in accordance with the provisions of ASC 805, Business Combinations ("ASC 805"), and we allocate purchase price based on these assessments. We make estimates of the fair value of the tangible and intangible assets and acquired liabilities using information obtained from multiple sources as a result of pre-acquisition due diligence, which generally represents Level 3 inputs, and includes the assistance of a third party appraiser using the income approach method valuation. The income approach methodology utilizes the remaining noncancelable lease terms as defined in the lease agreements, market rental data, capitalization and discount rates. Based on these estimates, we recognize the acquired assets and liabilities at their estimated fair values. Initial valuations are subject to change until the information is finalized, no later than 12 months from the acquisition date. We expense transaction costs associated with ASC 805 in the period incurred. The fair value of tangible property assets acquired under ASC 805 considers the value of the property as if vacant determined by sales comparables and other relevant data. The fair value reflects the depreciated replacement cost of the permanent assets, with no trade fixtures included. The determination of fair value involves the use of significant judgment and estimation.

We determine the value of land either based on real estate tax assessed values in relation to the total value of the asset, internal analyses of recently acquired and existing comparable properties within our portfolio, or third party appraisals.

In recognizing identified intangible assets and liabilities of an acquired property, the value of above-or-below market leases is estimated based on the present value (using an interest rate which reflected the risks associated with the leases acquired) of the difference between contractual amounts to be received pursuant to the leases and management's estimate of market lease rates measured over a period equal to the estimated remaining term of the lease. The capitalized above-market or below-market lease intangibles are amortized as a reduction or addition to rental income over the estimated remaining term of the respective leases.

In determining the value of in-place leases and tenant relationships, management considers current market conditions and costs to execute similar leases in arriving at an estimate of the carrying costs during the expected lease-up period from vacant to existing occupancy. In estimating carrying costs, management includes real estate taxes, insurance, other operating expenses, estimates of lost rental revenue during the expected lease-up periods, and costs to execute similar leases, including leasing commissions, tenant improvements, legal, and other related costs based on current market demand. The values assigned to in-place leases and tenant relationships are amortized over the estimated remaining term of the lease. If a lease terminates prior to its scheduled expiration, all unamortized costs related to that lease are written off.

Use of Estimates

The preparation of the consolidated and combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated and combined financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made for the valuation of real estate and related intangibles, valuation

Table of Contents

of financial instruments, impairment assessments and fair value assessments with respect to purchase price allocations. Actual results could differ from those estimates.

Jumpstart Our Business Startups Act of 2012

The Jumpstart Our Business Startups Act of 2012, or JOBS Act, permits us, as an "emerging growth company," to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected to "opt out" of this provision and, as a result, we will be required to comply with new or revised accounting standards as required when they are adopted. The decision to opt out of the extended transition period under the JOBS Act is irrevocable.

REIT Qualification Requirements

We are subject to a number of operational and organizational requirements necessary to qualify and maintain our qualification as a REIT. If we fail to qualify as a REIT or fail to remain qualified as a REIT in any taxable year, our income would be subject to federal income tax at regular corporate rates and potentially increased state and local taxes and could incur substantial tax liabilities which could have an adverse impact upon our results of operations, liquidity and distributions to our shareholders.

Real Estate Taxes

As owner of our properties, we are ultimately liable for the real estate taxes on our properties. Pursuant to our triple net lease agreements, tenants generally are responsible, directly or indirectly, for the payment of all real estate taxes assessed on our properties, which are subject to triple net leases.

Credit Facility

On August 29, 2013, we entered into a Credit Agreement with Regions Bank, as Administrative Agent, Regions Capital Markets, as Sole Lead Arranger and Sole Book Runner, and various other lenders in connection with a $75 million senior secured revolving credit facility (the "Credit Agreement"). Subject to satisfaction of certain conditions, including additional lender commitments, we have the option to increase the borrowing capacity under the revolving credit facility to up to $250 million. On November 8, 2013, we agreed with the lenders to increase the total amount available under our senior secured revolving credit facility from $75 million to $90 million. The amount available to us under the Credit Agreement is subject to certain limitations including, but not limited to, the appraised value of the pledged properties that comprise the borrowing base of the credit facility.

The Credit Agreement has a three-year term with an initial maturity date of August 29, 2016. Subject to the terms of the Credit Agreement, the operating partnership has the option to extend the term of the Credit Agreement to August 29, 2017.

We and certain subsidiaries guarantee the obligations of the operating partnership under the Credit Agreement. In addition, the Credit Agreement provides for security in the form of, among other things, mortgage liens on certain properties owned by the operating partnership that comprise the borrowing base.

The Credit Agreement provides for revolving credit loans to the operating partnership. Base Rate Loans, Adjusted LIBOR Rate Loans and Letters of Credit (each, as defined in the Credit Agreement)

Table of Contents

will be subject to interest rates, based upon the consolidated leverage ratio of us, the Operating Partnership and its subsidiaries as follows:

Consolidated Leverage Ratio	Adjusted LIBOR Rate Loans and Letter of Credit Fee	Base Rate Loans
≤35%	LIBOR + 2.65%	Base Rate + 1.65%
>35% and ≤45%	LIBOR + 2.85%	Base Rate + 1.85%
>45% and ≤50%	LIBOR + 2.95%	Base Rate + 1.95%
>50%	LIBOR + 3.40%	Base Rate + 2.40%

The operating partnership may, at any time, voluntarily prepay any loan under the Credit Agreement in whole or in part without premium or penalty.

The Credit Agreement contains financial covenants that, among other things, require compliance with loan-to-value, leverage and coverage ratios and maintenance of minimum tangible net worth, as well as covenants that may limit our and the operating partnership's ability to incur additional debt or make distributions. The Credit Agreement also contains customary events of default. Any event of default, if not cured or waived, could result in the acceleration of any outstanding indebtedness under the Credit Agreement.

Inflation

Historically, inflation has not had a significant impact on the operating performance of our properties. Many of our lease agreements contain provisions designed to mitigate the adverse impact of inflation. These provisions include clauses that enable us to receive payment of increased rent pursuant to escalation clauses which generally increase rental rates during the terms of the leases. These escalation clauses often provide for fixed rent increases or indexed escalations (based upon changes in the consumer price index or other measures). However, some of these contractual rent increases may be less than the actual rate of inflation. Most of our lease agreements require the tenant to pay an allocable share of operating expenses, including common area maintenance costs, real estate taxes and insurance. This requirement reduces our exposure to increases in these costs and operating expenses resulting from inflation.

Seasonality

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

Quantitative and Qualitative Disclosures about Market Risk

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevailing market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. We use certain derivative financial instruments to manage, or hedge, interest rate risks related to our borrowings. We do not use derivatives for trading or speculative purposes and only enter into contracts with major financial institutions based upon their credit rating and other factors.

An interest rate swap is a contractual agreement entered into by two counterparties under which each agrees to make periodic payments to the other for an agreed period of time based on a notional amount of principal. Under the most common form of interest rate swap, known from our perspective as a floating-to-fixed interest rate swap, a series of floating, or variable, rate payments on a notional amount of principal is exchanged for a series of fixed interest rate payments on such notional amount.

No assurance can be given that any future hedging activities by us will have the desired beneficial effect on our results of operations or financial condition.

Table of Contents

The variable rate component of our consolidated indebtedness at September 30, 2013 is LIBOR based. Assuming no increase in the amount of our variable rate debt, if LIBOR were to increase by 100 basis points, interest expense on our variable rate debt at September 30, 2013 would increase by approximately $0.3 million annually, and if LIBOR were to decrease by 100 basis points, interest expense on our variable rate debt at September 30, 2013 would decrease by approximately $0.3 million annually.

Interest risk amounts are our management's estimates and were determined by considering the effect of hypothetical interest rates on our consolidated financial instruments. These analyses do not consider the effect of any change in overall economic activity that could occur in that environment. Further, in the event of a change of that magnitude, we may take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, these analyses assume no changes in our financial structure.

Commitments

The following table sets forth our principal obligations and commitments, including periodic interest payments related to our indebtedness outstanding as of September 30, 2013:

	Payments by Period				
	Total	2013	2014	2015	Thereafter
	(in thousands)				
Principal payments(1)	$ 46,675	$ 249	$ 1,022	$ 1,063	$ 44,341
Senior secured revolving credit facility	19,850				19,850
Interest payments fixed rate debt(1)	8,122	570	2,259	2,215	3,078
Interest payments variable rate debt(1)	723	48	188	182	305
Ground lease payments	27,638	69	279	287	27,003
Ziegler shared services agreement fee	3,087	163	650	650	1,624
Total	$ 106,095	$ 1,099	$ 4,398	$ 4,397	$ 96,201

(1) Payments shown above represent 100% of debt service and does not reflect joint venture interests.

In addition to the contractual obligations set forth in the table above, we have entered into employment agreements with certain of our executive officers. These employment agreements will provide for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances. We will also enter into contracts for services at certain properties from time to time.

Indebtedness

As of September 30, 2013, we had total consolidated indebtedness of approximately $66.5 million. The weighted average interest rate on our consolidated indebtedness was 4.62% (based on the 30-day LIBOR rate as of September 30, 2013 of 0.17965%). As of September 30, 2013, we had approximately $26.3 million, or approximately 40%, of our outstanding long-term debt exposed to fluctuations in short-term interest rates.

Table of Contents

The following table sets forth certain information with respect to our consolidated indebtedness outstanding as of September 30, 2013.

(in thousands)	Principal	Fixed/Floating Rate	Rate	Maturity
Senior Secured Revolving Credit Facility	$ 19,850	Floating	LIBOR + 2.95%	08/29/16
Canton Medical Office Building(1)	6,333	Fixed	5.94%	06/06/17
Firehouse Square	2,843	Fixed	6.58%	09/06/17
Hackley Medical Center	5,539	Fixed	5.93%	01/06/17
MeadowView Professional Center	10,626	Fixed	5.81%	06/06/17
Mid Coast Hospital Medical Office Building(2)	8,121	Fixed	4.82%(3)	05/16/16
Remington Medical Commons(4)	6,429	Floating	LIBOR + 2.75%	09/28/17
Valley West Hospital Medical Office Building(5)	6,784	Fixed	5.35%	01/01/18
Total	$ 66,525			

(1) We own a 50.0% interest in the joint venture that owns this property. Debt shown in this schedule is the full amount of the mortgage indebtedness on this property.

(2) We own a 66.3% interest in the joint venture that owns this property. Debt shown in this schedule is the full amount of the mortgage indebtedness on this property.

(3) This loan bears interest at a rate of LIBOR + 2.25%. We have entered into an interest rate swap to effectively fix the rate on this loan at 4.82% through the date of maturity.

(4) We completed the acquisition of the remaining interest in the entity that owns this property on November 22, 2013, which will result in our 100.0% ownership of this property.

(5) We completed the acquisition of the remaining interest in the entity that owns this property on November 22, 2013, which resulted in our 100.0% ownership of this property.

Table of Contents

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.

$2.8 Trillion Healthcare Industry Projected to Grow to $4.8 Trillion (and 19.6% of U.S. G.D.P.) by 2021

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

We believe the demand by healthcare providers for healthcare real estate will increase as health spending in the United States continues to increase. As shown in the chart below, national healthcare expenditures continue to rise and are projected to grow from an estimated $2.8 trillion in 2012 to $4.8 trillion by 2021 representing an average annual rate of growth of 5.7%, reaching a projected 19.6% of GDP in 2021.

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 2012 Mid-Year Consumer Expenditure Survey, persons aged 65 to 74 years spent the highest amount

Table of Contents

annually for healthcare with more than $5,314 in annual personal expenditures, including health insurance premiums. Persons 75 years and older followed closely with nearly $4,683 spent on healthcare per year. In contrast, persons less than 25 years of age spent only $953 per year on healthcare. Between 2010 and 2050, the U.S. population over 65 years of age is projected to more than double from 40.2 million to nearly 88.5 million and the 85 and older population is expected to more than triple, from 5.7 million in 2010 to 19.0 million, as reflected in the chart below. The number of older Americans is also growing as a percentage of the total U.S. population with the number of persons older than 65 estimated to comprise 13.0% of the total U.S. population in 2010 and projected to grow to 20.2% by 2050. According to the Centers for Disease Control and Prevention, from 1950 to 2008, the average life expectancy at birth increased from 68.2 years to 78.1 years. By 2060, the average life expectancy at birth is projected to increase to 84.8 years, according to the U.S. Census Bureau.

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

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

Projected U.S. Population Aged 65+ (1900-2050)

Source: U.S. Census Bureau

Affordable Care Act (30 Million More Insured and Increased Market Certainty)

The Affordable Care Act constitutes a significant overhaul of many aspects of healthcare regulations and health insurance. We believe this evolution of U.S. health care policy creates the framework for healthcare services over the near term. The Affordable Care Act requires every American to have health insurance by 2014 or be subjected to a tax. Those who cannot afford health insurance will be offered insurance subsidies or Medicaid coverage. The U.S. Census Bureau estimates that approximately 50 million Americans did not have healthcare insurance in 2009. HHS predicts the

Table of Contents

Affordable Care Act will result in an additional 30 million Americans having healthcare insurance by 2020 which we believe will substantially increase the demand for healthcare services.

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

The Affordable Care Act further contains provisions which are designed to lower reimbursement amounts under Medicare and tie reimbursement levels to the quality of services provided. We believe these and other provisions of the Affordable Care Act will increase the pressure on healthcare providers to become more efficient in their business models, invest capital in their businesses, lower costs and improve the quality of care, which in turn will drive health care systems to monetize their real estate assets and create demand for new, modern and specialized facilities.

Clinical Care Continues to Shift to Outpatient Care

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

Table of Contents

specifically for particular specialties and that physicians want to locate their practices in medical office space that is in or adjacent to these facilities.

Cumulative Change in Total Admissions and Total Outpatient Visits(1)

(1) Cumulative change is the total percent increase from 1999 through 2010. Data are admissions (all players) to and outpatient visits at about 5,000 community hospitals.

Source: American Hospital Association, AHA Hospital Statistics.

Physician Employment by Healthcare Delivery System Trend Improves Credit

As shown in the chart below, the total number of physicians is growing and the number and percentage of physicians employed by healthcare delivery systems and by large physician groups has increased in recent years, and this increase is expected to accelerate due to, among other factors, declining physician reimbursement and the increasing costs of practice due to changes under the Affordable Care Act, other healthcare regulations, expensive information technology and malpractice insurance.

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

Table of Contents

According to Accenture, the rate of independent physicians employed by healthcare delivery systems will grow by an annual five percent over three years as shown in the chart below. By 2013, less than one-third of physicians are expected to remain truly independent.

Employed or Affiliated Physicians As a Percent of Total Physicians(1)
Projected Change, 2000 - 2013 (000s)

(1) Estimated

Sources: Accenture Analysis, MGMA American Medical Association

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

Healthcare Industry Employment Growth

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

The rate of employment growth in physicians' offices and outpatient care facilities has outpaced employment growth in hospitals during the past decade, further evidencing the trend of increased utilization of healthcare services outside traditional hospitals. These factors, in combination with

Table of Contents

changing consumer preferences and limitations on hospital expansion, have resulted in increased demand and need for medical office space, a trend which we expect will continue over the long term. We expect the continued growth in employment in the healthcare industry, and in particular the outpatient setting, will lead to growth in demand for medical office buildings and other facilities that serve the healthcare industry.

Percentage Job Growth in the Health Sector Compared to All Other Employment Sectors in the U.S., 2000 - 2010 and Projected 2010 - 2020

Sources: U.S. Department of Labor, Bureas of Labor Statistics, National Employment Matric, employment by industry; occupation, and percent distribution, 2010 and projected 2020, Employment and Output by Industry. Table 2.7: Current Employment Survey. 2000 - 2010

Monetization and Modernization

According to Stifel Nicolaus, hospitals and health systems own and control approximately 80% of the medical office buildings and outpatient facilities in the United States. We expect the need for capital and the growth in demand for healthcare at lower cost to cause many hospitals to seek to monetize their real estate through sale/leaseback or other arrangements as they seek capital for their physician integration and growth strategies. Hospitals also are seeking to become more efficient in the face of declining reimbursement and changing patient demographics by developing new, smaller, specialty healthcare facilities, as well as modernizing existing general acute care facilities.

We believe medical providers are increasingly focusing on investing their capital in their medical business and a growing number of medical providers have determined that third-party ownership of real estate with long term leases is an attractive alternative to investing their limited capital in bricks-and-mortar. Increasing use of expensive medical technology has placed additional demands on the capital requirements of medical services providers and physician practice groups. By selling their real estate assets and relying on third-party ownership of new healthcare properties, medical services providers and physician practice groups can generate and utilize capital needed to acquire medical equipment and technology to provide more comprehensive services to patients and improve overall patient care. We believe hospitals, physician practice groups and other medical services providers will increasingly monetize their real estate assets to redeploy capital into other mission-critical areas.

Highly Fragmented Market

The Journal of Real Estate Portfolios' research report on "Slicing, Dicing, and Scoping the Size of the U.S. Commercial Real Estate Market" estimates that there is more than $1 trillion in U.S. healthcare real estate and less than 10% of all medical office/outpatient care facilities currently are owned by public REITs and even a smaller percentage of hospitals. While a large percentage of these

Table of Contents

assets are not desirable for institutional investment, we believe the market of desirable, institutional quality assets in our target asset classes is large and there is growing demand by healthcare providers for new, high quality specialized space. We believe the current highly fragmented ownership of these target assets by, including hospital systems, physician groups, local developers and smaller private investors, provides a significant source of investment opportunities for the foreseeable future.

Stifel Nicolaus estimates the value of the total supply of medical office buildings and out-patient facilities at approximately $414 billion, with approximately $262 billion available for private investment, and is expected to grow at approximately $4.5 billion per year. In estimating facilities available for private investment, Stifel Nicolaus excludes medical office buildings and outpatient facilities located on hospital campuses or other property owned by government and buildings housing small physician practices that are likely not attractive to institutional investors. According to Healthcare Real Estate Insights, in 2012, there were sales of 455 medical office buildings (transactions in excess of $5 million) with total dollar volume of such transactions of $5.52 billion and total square footage of 26.5 million.

Limited New Supply

We believe construction of medical office buildings and other healthcare facilities has been relatively constrained by the recent recession and uncertainty in U.S. healthcare policy, while available space was absorbed and physicians, hospitals and healthcare delivery systems planned for the implementation of the Affordable Care Act. According to Marcus and Millichap's mid-year Medical Office Research report, approximately 9 million square feet of new medical office space was delivered in 2012, which is significantly lower than the square feet of medical office space delivered from 2007 to 2009, when medical office inventory grew collectively by nearly 60 million square feet. We believe the low levels of new medical office space delivered and increasing demand in recent years will create a positive environment for both occupancy and rental rates in the near term and longer term. We believe these trends will result in an increase in the number of quality properties meeting our investment criteria.

U.S. Supply and Demand Trends

*Forecast

Sources: Marcus & Millichap Research Services, CoStar Group, Inc.

Table of Contents

OUR BUSINESS AND PROPERTIES

Overview

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

We completed our initial public offering, or IPO, in July 2013, issuing an aggregate of 11,753,597 common shares and receiving approximately $123.7 million of net proceeds, including shares issued upon exercise of the underwriters' over- allotment option. Simultaneously with the closing of our IPO, we completed a series of related formation transactions pursuant to which we acquired 19 medical office buildings located in ten states with approximately 524,048 net leasable square feet in exchange for 2,744,000 common units in our operating partnership, or OP Units and the assumption of approximately $84.3 million of debt related to such properties. We used a portion of the proceeds from the IPO to repay approximately $36.9 million of such debt. Since the completion of our IPO, we have acquired seven additional properties for an aggregate of approximately $132.5 million, including the issuance of 954,877 OP Units and acquired the approximately 40% and 35% joint venture interests we did not own with respect to two of our existing properties, which resulted in our 100.0% ownership of these properties. As of September 30, 2013, our portfolio was approximately 90.3% leased with a weighted average remaining lease term of 8.6 years and approximately 65.3% of the net leasable square footage of our portfolio was affiliated with a healthcare delivery system and approximately 52.6% of the net leasable square footage of our properties is located within approximately 1/4 mile of a hospital campus. Approximately 98% of our annualized base rent payments as of September 30, 2013 is from triple net leases, pursuant to which our 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. Our leases typically include rent escalation provisions designed to provide us with annual growth in our rental revenues. As of September 30, 2013, leases representing 1.2%, 2.5% and 1.3% of leasable square feet in our portfolio will expire in 2013, 2014 and 2015, respectively.

We are a Maryland real estate investment trust and intend to elect to be taxed as a REIT for U.S. federal income tax purposes beginning with our short taxable year ending December 31, 2013.

Our Objectives and Growth Strategy

Our principal business objective is to provide attractive risk-adjusted returns to our shareholders through a combination of (i) sustainable and increasing rental income and cash flow that generates reliable, increasing dividends, and (ii) potential long-term appreciation in the value of our properties and common shares. Our primary strategies to achieve our business objective are to invest in, own and manage a diversified portfolio of high quality healthcare properties and pay careful attention to our

Table of Contents

tenants' real estate strategies, which we believe will drive high retention, high occupancy and reliable, increasing rental income 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. We may also selectively finance the development of new healthcare facilities through joint venture or fee arrangements with premier healthcare real estate developers. Generally, we only expect to make investments in new development properties when approximately 70% or more of the development property has been pre-leased before construction is commenced. We will 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 will focus our investment activity on the following types of healthcare properties:

- medical office buildings
- outpatient treatment and diagnostic facilities
- physician group practice clinics
- ambulatory surgery centers
- specialty hospitals and treatment centers
- acute care hospitals
- post acute care hospitals and long-term care facilities

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

Our objective is to grow our portfolio with medical office buildings and other healthcare related facilities that provide stable revenue growth and predictable long-term cash flows. In connection with our review and consideration of 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 if tenants have strong affiliations 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 as well as 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 acquisitions or developments; and

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

Our Management Team

Our senior executive officers have extensive experience investing in and developing healthcare related real estate through several real estate, credit and healthcare cycles. John Thomas, our President and Chief Executive Officer, most recently served as Executive Vice President-Medical Facilities Group

Table of Contents

of Health Care REIT (NYSE: "HCN") where he was responsible for managing over $5 billion of medical facilities and oversaw the acquisition and development of medical properties valued in excess of $2.5 billion from 2009 to 2012. Prior to Health Care REIT, Mr. Thomas held senior healthcare executive management positions with the Sisters of Mercy Health System of St. Louis, Inc. and Baylor Health Care System. Mr. Thomas's experience includes managing medical office, outpatient care facilities, hospitals and research life science facilities. John Sweet, our Executive Vice President and Chief Investment Officer, established and managed the Ziegler Funds, whose properties we acquired in our formation transactions. Prior to re-joining Ziegler in 2005 to create the Ziegler Funds, Mr. Sweet was a co-founder of Windrose Medical Properties Trust ("Windrose"), a publicly-held healthcare REIT which completed its initial public offering in August 2002. Mr. Sweet assisted in the creation and initial public offering of Windrose as an independent consultant and subsequent its initial public offering joined the company as the Vice-President Business Development where he was responsible for identifying and negotiating the acquisition of new medical office buildings. John Lucey, our Senior Vice President Principal Accounting and Reporting Officer, has more than twenty years of public company financial experience, of which more than ten of those years have been in the senior living healthcare industry. Since 2005, Mr. Lucey has served as the Director of Financial Reporting for Assisted Living Concepts, Inc. (NYSE: "ALC"), a senior housing operator with over 200 locations in 20 states and annual revenues of approximately $230 million. Prior to Assisted Living Concepts, Mr. Lucey served as the Manager of Financial Reporting for Case New Holland from 2003 to 2005 and as a Division Controller at Monster Worldwide from 2001 to 2003. From 1996 to 2001, Mr. Lucey was the Director of Financial Reporting for Alterra Healthcare Corporation (now Brookdale Living Communities, NYSE: "BKD"). Mr. Lucey's experience includes initial public offerings, as well as various equity and debt offerings and mergers and acquisitions. From 2005 until completion of our IPO, Mark Theine, our Senior Vice President of Asset and Investment Management, was the senior asset manager for the properties we acquired from the Ziegler Funds. We believe our management team's long established, trusted relationships with physicians, hospitals and healthcare delivery system decision makers, provides to us and our shareholders a competitive advantage in sourcing attractive investment opportunities and growth opportunities. Our management team and trustees also have relationships and access to state and federal policy makers to stay informed with health care policy directions that may affect our investment decisions and management.

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

Competitive Strengths

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

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

Table of Contents

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

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

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

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

Strong Healthcare Delivery System Affiliation and Diverse Medical Tenant Base in Initial Properties. As of September 30, 2013, approximately 65.3% of the net leasable square footage of our initial properties is affiliated with a healthcare delivery system and approximately 52.6% of the net leasable square footage of our initial properties is located within approximately $^{1}/_{4}$ mile of a hospital campus. We believe that a healthcare delivery system anchored property with a diversified, clinically interdependent tenant mix is essential to the success of any healthcare facility, and our management team's understanding of the dynamics associated with tenant mix and clinical interdependency will be a key to our success. At September 30, 2013, the leases for our properties have a weighted average remaining lease term of approximately 8.6 years and only 5% of our annualized rent expires over the following three years.

Table of Contents

Properties

The table below sets forth certain information as of September 30, 2013 regarding the 26 properties in our portfolio and the two properties that we have under contract to purchase:

PROPERTY	PROPERTY MSA LOCATION	YEAR BUILT	% OWNED	NET LEASABLE SQUARE FOOTAGE	% LEASED	ANNUALIZED BASE RENT(1)	ANNUALIZED BASE RENT PER LEASED SQUARE FOOT	HEALTHCARE DELIVERY SYSTEM AFFILIATION	PRINCIPAL TENANTS
				Initial Properties(2)					
Arrowhead Commons	Phoenix, AZ	2004	100.0%	12,800	100.0%	$317,936	$ 24.84	N/A	Paseo Family Physicians
Aurora Medical Office Building	Green Bay, WI	2010	100.0%	9,112	100.0%	$191,352	$ 21.00	Aurora Health Care	Aurora Health Care
Austell Medical Office Building	Atlanta, GA	1971	100.0%	14,598	78.5%	$177,101	$ 15.45	N/A(2)	N/A(2)
Canton Medical Office Building	Atlanta, GA	1994	50.0%	38,098	100.0%	$817,225	$ 21.45	Medical Associates of North Georgia	Medical Associates of North Georgia
Decatur Medical Office Building	Atlanta, GA	1974	100.0%	13,300	100.0%	$336,365	$ 25.29	N/A	Georgia Urology, P.A.
El Paso Medical Office Building	El Paso, TX	1987	100.0%	21,777	100.0%	$364,545	$ 16.74	HCA	HCA Del Sol Medical Center
Farmington Professional Pavilion	Detroit, MI	1972	100.0%	21,338	62.7%	$200,061	$ 14.95	Botsford Hospital	Botsford Hospital, Farmington Dermatology
Firehouse Square	Milwaukee, WI	2002	100.0%	17,265	100.0%	$392,760	$ 22.75	Aurora Health Care	Aurora Health Care
Hackley Medical Center	Grand Rapids, MI	1968	100.0%	44,089	85.9%	$673,734	$ 17.78	Trinity Health	Hackley Hospital, Port City Pediatrics
Ingham Regional Medical Center	Lansing, MI	1994	100.0%	26,783	0%			N/A	N/A
MeadowView Professional Center	Kingsport, TN	2005	100.0%	64,200	100.0%	$1,299,930	$ 20.25	Holston Medical Group	Holston Medical Group
Mid Coast Hospital Medical Office Building	Portland, ME	2008	66.3%	44,677	100.0%	$1,175,640	$ 26.31	Mid Coast Hospital	Mid Caost Hospital
New Albany Professional Building	Columbus, OH	2000	100.0%	17,213	71.2%	$219,621	$ 17.93	N/A	Rainbow Pediatrics
Northpark Trail	Atlanta, GA	2001	100.0%	14,223	46.9%	$87,222	$ 13.07	N/A	Georgia Urology, P.A.
Remington Medical Commons	Chicago, IL	2008	65.0%(4)	37,240	78.1%	$648,933	$ 22.32	Adventist	Fresenius Dialysis, Gateway Spine and Pain
Stonecreek Family Health Center	Columbus, OH	1996	100.0%	20,329	34.9%	$116,001	$ 5.71	N/A	Pediatric Associates
Summerfield Square	Tampa, FL	2005	100.0%	2,000	0%	Condominium For Sale		N/A	N/A
Summit Healthplex	Atlanta, GA	2002	100.0%	67,334	100.0%	$1,947,909	$ 28.93	Piedmont	Georgia Bone and Joint, Piedmont Hospital
Valley West Hospital Medical Office Building	Chicago, IL	2007	59.6%(4)	37,672	98.8%	$778,602	$ 20.68	Kish Health System	Valley West Hospital, Midwest Orthopaedics

INITIAL PROPERTIES TOTAL/WEIGHTED AVERAGE	524,048	84.6%	$9,744,937	$ 21.97

Table of Contents

PROPERTY	PROPERTY MSA LOCATION	YEAR BUILT	% OWNED	NET LEASABLE SQUARE FOOTAGE	% LEASED	ANNUALIZED BASE RENT(1)	ANNUALIZED BASE RENT PER LEASED SQUARE FOOT	HEALTHCARE DELIVERY SYSTEM AFFILIATION	PRINCIPAL TENANTS
Completed Acquisitions Since the IPO(4)									
Central Ohio Neurosurgical Surgeons Medical Office Building	Columbus, OH	2007	100.0%	38,891	100%(6)	$833,356	$ 21.43(7)	N/A	CONS
Crescent City Surgical Centre	New Orleans, LA	2010	100.0%	60,000	100%	$3,000,000	$ 50.00	Crescent City Surgical Centre	Crescent City Surgical Centre
East El Paso Medical Office Building	El Paso, TX	2004	99.0%	41,007	100%	$574,098	$ 14.00	Foundation Surgical Affiliates	EEPPMC Partners, LLC
East El Paso Surgical Hospital	El Paso, TX	2004	99.0%	77,000	100%	$3,282,377	$ 42.63	Foundation Surgical Affiliates	East El Paso Physicians Medical Center, LLC
Foundation Surgical Affiliates Medical Office Building	Oklahoma City, OK	2004	99.0%	52,000	100%	$1,248,000	$ 24.00	Foundation Surgical Affiliates	Foundation Surgical Affiliates
LifeCare Plano LTACH	Plano, TX	1987	100.0%	75,442	100%	$1,425,000	$ 18.89	LifeCare Hospitals	LifeCare Hospitals of North Texas
Pensacola Medical Office Building(5)	Pensacola, FL	2012	100.0%	20,319	100%	$633,226	$ 31.39		
COMPLETED ACQUISITION TOTAL/WEIGHTED AVERAGE				364,659	100.0%	$10,996,057	$ 30.15		
PORTFOLIO TOTAL/WEIGHTED AVERAGE				888,707	90.9%	$20,740,994	$ 23.34		
Pending Acquisitions(6)									
Family Practice Medical Office Building Portfolio	Atlanta, GA	2006 - 2010	100%(6)	68,711	100%	$1,560,000	$ 22.70(7)	N/A	EL Family Practice
Great Falls Ambulatory Service Center	Great Falls, MT	1999	100%(6)	12,636	100%	$340,000	$ 26.91(7)	N/A	Great Falls Clinic Surgery Center LLC
PENDING ACQUISITIONS TOTAL/WEIGHTED AVERAGE				81,347	100%	$1,900,000			
PORTFOLIO INCLUDING PENDING ACQUISITIONS TOTAL/WEIGHTED AVERAGE				970,054	91.7%	$22,640,994	$ 25.43		

---

(1) Calculated by multiplying (a) base rent payments for the month ended September 30, 2013, by (b) 12.

(2)

Properties acquired upon completion of the IPO and related formation transactions.

(3) Properties acquired following completion of the IPO.

(4) We have entered into an agreement to acquire the remaining interest in this property that we do not own. See" Pending Acquisitions."

(5) We acquired the Pensacola Medical Office Building on October 4, 2013.

(6) We have entered into purchase agreements for these properties and deem them to be probable acquisitions.

(7) Based on terms of proposed leases that will become effective upon our acquisition of these properties.

We have engaged third party property managers at four of our properties and we provide the property management services at the remainder of our properties.

Table of Contents

Scheduled Lease Expirations

The following table shows information for lease expirations as of September 30, 2013 for our properties owned as of September 30, 2013 for the periods indicated.

	NUMBER OF LEASES EXPIRING	NET RENTABLE SQUARE FEET	PERCENTAGE OF NET RENTABLE SQUARE FEET:	ANNUALIZED RENT(1)	PERCENTAGE OF ANNUALIZED RENT	ANNUALIZED RENT LEASED SQUARE FOOT(2)
2013	3	9,885	1.2%	$ 160,456	0.8%	$ 16.23
2014	8	21,034	2.5%	$ 494,585	2.6%	$ 23.51
2015	3	11,138	1.3%	$ 147,829	0.8%	$ 13.27
2016	8	43,201	5.2%	$ 869,137	4.5%	$ 20.12
2017	6	50,724	6.1%	$ 1,037,850	5.4%	$ 20.46
2018	12	129,994	15.7%	$ 2,702,503	14.0%	$ 20.79
2019	6	84,157	10.1%	$ 1,754,714	9.1%	$ 20.85
2020	1	5,076	0.6%	$ 91,019	0.5%	$ 17.93
2021	4	18,372	2.2%	$ 347,908	1.8%	$ 18.94
2022	3	85,901	10.4%	$ 1,620,996	8.4%	$ 18.87
Thereafter	17	287,967	34.7%	$ 10,012,727	52.0%	$ 34.77
Month to month	1	1,600	0.2%	9,000	0.0%	$ 5.63
Vacant	22	80,448	9.7%			
Total/ Weighted average	94	829,497	100.00%	$ 19,248,724	100.00%	$ 25.70

(1) Annualized base rent is calculated by multiplying (a) base rental payments for the month ended September 30, 2013, by (b) 12.

(2) Annualized rent leased square foot is calculated by dividing (a) annualized rent as of September 30, 2013, by (b) square footage under commenced leases as of September 30, 2013.

Table of Contents

Tenants

As of September 30, 2013, our properties were 90.3% leased to 60 tenants, with 10 tenants leasing space pursuant to more than one lease or occupying more than one building. No single tenant accounts for more than 17.1% of our total annualized rent.

The following table sets forth certain information about the 10 largest tenants in our portfolio based on total annualized rent as of September 30, 2013.

TENANT	# OF PROPERTIES	PROPERTY	PROPERTY MSA LOCATION	LEASE EXPIRATION	LEASED SQUARE FEET	ANNUALIZED BASE RENT(1)	% OF TOTAL PORTFOLIO ANNUALIZED BASE RENT(2)
East El Paso Physicians Medical Center, LLC	1	East El Paso Surgical Center	El Paso, TX	08/31/2028	77,000	$ 3,282,377	17.05%
Crescent City Surgical Centre	1	Crescent City Surgical Centre	New Orleans, LA	9/30/2028	60,000	$ 3,000,000	15.59%
LifeCare Hospitals of North Texas	1	LifeCare Plano Hospital	Plano, TX	12/31/2022	75,442	$ 1,425,000	7.40%
Foundation Surgical Affiliates	1	Foundation Medical Office Building	Oklahoma City, OK	9/30/2023	52,000	$ 1,248,000	6.48%
Holston Medical Group	1	Meadowview Professional Center	Kingsport, TN	12/31/2019; 3/31/2020	36,977	$ 895,498	4.65%
Medical Associates of North Georgia	1	Canton Medical Office Building	Atlanta, GA	5/30/2017	38,098	$ 817,225	4.25%
Mid Coast Hospital	1	Mid Coast Hospital Medical Office Building	Portland, ME	5/31/2018	28,203	$ 742,129	3.86%
Georgia Bone and Joint	1	Summit Healthplex	Atlanta, GA	7/20/2028	21,388	$ 588,974	3.06%
Aurora Healthcare	2	Firehouse Square; Aurora Medical Office Building	Milwaukee, WI; Green Bay, WI	3/31/2018; 1/31/2026	26,377	$ 584,112	3.03%
EEPPMC Partners, LLC	1	East El Paso Medical Office Building	El Paso, TX	8/31/2018	41,007	$ 574,098	2.98%
Total						$ 13,157,413	68.35%

(1) Calculated for each tenant as the monthly contracted base rent per the terms of such tenant's lease, as of September 30, 2013, multiplied by 12.

(2) Calculated as annualized base rent for such tenant as of September 30, 2013 divided by annualized base rent for the total portfolio as of September 30, 2013.

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. Pursuant to our shared services agreement with Ziegler, we have access to Ziegler's proprietary credit research which tracks quarterly financial data on over 500 healthcare organizations. Where appropriate, we seek to obtain financial commitments in the form of letters of credit and security deposits 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.

Table of Contents

Post-IPO Property Activities

On August 30, 2013, we completed the acquisition of a 41,007 square foot medical office building (the "East El Paso Medical Office Building") and a 77,000 square foot, 40-bed acute care surgical hospital (the "East El Paso Surgical Hospital", together with the East El Paso Medical Office Building, the "East El Paso Property") located in El Paso, Texas for an aggregate purchase price of $40 million. We also acquired a right of first refusal to finance development on land adjacent to this hospital. The East El Paso Surgical Hospital is 100% leased to one tenant, East El Paso Surgical Hospital, until 2028, with annual rent escalations of 3%. The East El Paso Medical Office Building is 100% leased to one tenant, EEPPMC Partners, LLC, until 2018, with annual rent escalations of 3%. We funded the purchase price with proceeds from our IPO.

On September 18, 2013, we completed the acquisition of a 66-bed post-acute care specialty hospital (the "Plano Property" or "LifeCare Plano LTACH") located in Plano, Texas for $18.2 million. The hospital is 100% leased to a single tenant, New LifeCare hospitals of North Texas, L.L.C. The term of the lease expires January 1, 2028, and the tenant has one five year extension option. The tenant's obligations under the lease are guaranteed by its parent, which operates 26 hospitals in nine states. Rent increases annually based on the change in the consumer price index, with a minimum increase of 2.25% and a maximum increase of 3.75% per year. The acquisition was funded with proceeds from our IPO.

On September 30, 2013, we completed the acquisition of an approximately 52,000 square foot outpatient care building (the "Oklahoma City Property" or the "Foundation Surgical Affiliates Medical Office Building") located in Oklahoma City, Oklahoma for approximately $15.6 million. The property is leased to one tenant, Foundation Surgical Affiliates, LLC, until 2023 with annual rent escalations of 2%. We funded the purchase price for the property with proceeds from our IPO.

On September 30, 2013, we completed the acquisition of a surgical center (the "New Orleans Property" or the "Crescent City Surgical Centre") in the New Orleans, Louisiana metropolitan area for approximately $37.5 million. The surgical center is leased to Crescent City Surgical Centre, LLC until 2028 with annual rent escalations of 3%. We funded the purchase price with borrowings under our senior secured revolving credit facility, proceeds from our IPO and the issuance of 954,877 OP Units, valued at approximately $11.5 million, based on the average closing price for our common shares on the New York Stock Exchange for the three trading days prior to closing the acquisition.

On September 30, 2013, we sold 4,000 square feet of space in our Summerfield Square condominium property in Florida for $0.5 million, leaving approximately 2,000 square feet for sale in this condominium property.

On October 4, 2013, we completed the acquisition of a 20,319 square foot medical office building and ambulatory surgery center (the "Pensacola Property" or the "Pensacola Medical Office Building") located in Pensacola, Florida for approximately $6.9 million. The facilities are leased to Pain Consultants of West Florida and its ambulatory surgery center operator, Cornerstone Surgicare, LLC., under a 15-year absolute net lease. The purchase price was paid from borrowings under our senior secured revolving credit facility.

On November 22, 2013, we completed the acquisition of the 40% joint venture equity interest in the entity that owns the Valley West Hospital Medical Office Building in Chicago, Illinois, not owned by us, for approximately $3.0 million, resulting in our 100.0% ownership of this property. The Valley West Hospital Medical Office Building is a 37,672 square foot multi-tenant medical office building which was 98% leased as of September 30, 2013. The purchase price was paid from borrowings under our senior secured revolving credit facility. Simultaneously with the closing of the acquisition of the joint venture interest, we repaid $1.8 million of mortgage debt on this property with borrowings under

Table of Contents

our senior secured revolving credit facility. We also refinanced the remaining mortgage debt on this property.

On November 22, 2013, we completed the acquisition of the 35% joint venture equity interest in the entity that owns the Remington Medical Commons property in Chicago, Illinois, not owned by us, for approximately $1.1 million, resulting in our 100.0% ownership of this property. The Remington Medical Commons is a 37,240 square foot multi-tenant medical office building, which was 78.1% leased as of September 30, 2013. The purchase price was paid from borrowings under our senior secured revolving credit facility. Simultaneously with the closing of the acquisition of the joint venture interest, we repaid $1.9 million of mortgage debt on this property with borrowings under our senior secured revolving credit facility.

On November 27, 2013, we completed the acquisition of a medical office building in Columbus, Ohio for a purchase price of $10.2 million. The 38,891 square foot medical office building is 100% leased with a 15 year absolute, net master lease. The building includes an ambulatory surgery center operated by a national ambulatory surgery center operator based in Nashville, TN. The medical office building portion of the property, 28,539 square feet, is subject to annual rent escalations of 2% per year. The purchase price was paid from borrowings under our senior secured revolving credit facility.

Pending Acquisitions

In addition to the completed acquisitions described above, on November 7, 2013, we entered into an agreement to purchase a group of four medical office buildings in the Atlanta, Georgia metropolitan area (the "Atlanta Property") for an aggregate purchase price of $20.8 million. The four medical office buildings contain an aggregate of approximately 68,711 rentable square feet and will be 100% leased with a 15-year absolute, net master lease to be signed at closing by a family practice physician group. We expect this acquisition to close on or about December 16, 2013. The acquisition is subject to customary closing conditions and there can be no assurance we will complete this transaction or acquire any of these buildings.

On November 26, 2013, we entered into an agreement to purchase an ambulatory surgery center in Great Falls, Montana (the "Great Falls Ambulatory Service Center" or the "Great Falls Property") for an aggregate purchase price of $4.0 million. The Great Falls Property is 12,636 rentable square feet and will be 100% leased with a 15-year absolute, net master lease to be signed at closing by Great Falls Clinic Surgery Center LLC. We expect this acquisition to close on or about December 16, 2013. The acquisition is subject to customary closing conditions and there can be no assurance we will complete this transaction or acquire this property.

Other Recent Developments

On August 29, 2013, we entered into a $75 million senior secured credit facility which is available to fund future acquisitions, return on investment initiatives and working capital requirements. On November 8, 2013, we agreed with the lenders to increase the total amount available under our senior secured credit facility from $75 million to $90 million. Subject to the satisfaction of certain conditions, including additional lender commitments, we have the option to increase the borrowing capacity under the revolving credit facility to up to $250 million. As of November 29, 2013, we had $48.4 million of outstanding borrowings under this credit facility. See " Credit Facility."

On September 30, 2013, we declared an initial, prorated quarterly dividend of $0.18 per share for the partial quarterly period from July 19, 2013 (the date of our IPO) through September 30, 2013, which is equivalent to a full quarterly dividend of $0.225 per share. The dividend was paid on November 1, 2013 to shareholders of record on October 18, 2013.

Table of Contents

We have entered into an agreement to provide an approximate $6.9 million Mezzanine loan to entities controlled by MedProperties, a Dallas, Texas based private investor in medical facilities. The Mezzanine Loan will be secured by MedProperties' ownership interest in two special purpose entities that own the Surgical Hospital in San Antonio, Texas and the Rehab Hospital in Scottsdale, Arizona. The Surgical Hospital is leased to a joint ventured owned by National Surgical Hospitals, Inc. and a group of physicians under an absolute net lease with the current term expiring in 2028. The Rehab Hospital, constructed in 2013, is leased to a joint venture owned by Scottsdale Healthcare and Select Medical, Inc. (NYSE:SEM) under an absolute net lease with the current term expiring in 2028. The Mezzanine Loan will have a five year term, is interest only during the term and bears interest at a 9% fixed annual interest rate. A small portion of the interest on the Mezzanine Loan may be made in the form of payment-in-kind, or PIK. As part of the consideration for providing the Mezzanine Loan, the Company will have an option to acquire the property leased to the Hospitals at a formula purchase price during year 4 of the Mezzanine Loan based on a fixed capitalization rate. The agreement to fund the Mezzanine Loan is contingent upon a number of conditions, and there can be no assurance the investment will be completed.

Our Acquisition Targets

As of the date of this prospectus, we are reviewing a number of potential acquisition and investment opportunities and we are in active discussions with the owners of seven medical office buildings located in five states containing more than 344,000 rentable square feet in the aggregate. Six of buildings are currently 100% occupied and one of the buildings is currently 95% occupied. We have not entered into a letter of intent or any other documentation with respect to any of these properties and there can be no assurance we will enter into any such agreements or acquire any of these properties.

Description of Properties

Our Initial Properties

In connection with completion of the IPO and related formation transactions, effective July 24, 2013, we acquired 100% of each of the entities that own the following properties, except where noted below.

Arrowhead Commons Phoenix, Arizona. This property is a 12,800 square foot medical office building, which was 100% leased as of September 30, 2013, 2013. The principal tenant and 50% owner of the property, Paseo Family Physicians, provides full-service primary care medicine, wellness, and prevention to children, adolescents, and adults in the region. The property was constructed in 2004 and is located between Arrowhead Hospital and Banner Thunderbird Medical Campus, two major hospitals in the area.

Aurora Medical Office Building Green Bay, Wisconsin. This property is a 9,112 square foot medical office building, which was 100% leased as of September 30, 2013. The building was constructed in April 2010 and is 100% leased to Aurora Health Care through January 2026. Aurora Health Care is the largest healthcare provider in the state of Wisconsin and serves more than 90 communities throughout eastern Wisconsin with 15 hospitals, over 140 clinics and nearly 1,500 employed physicians. The Aurora Medical Office Building houses family medicine physicians who offer the full spectrum of medical treatment for patients from newborns to the elderly. Laboratory and diagnostic testing are also offered at the facility. Aurora Health Care, Inc. guarantees the lease payments for this medical office building.

Austell Medical Office Building Atlanta, Georgia. This property is a 14,598 square foot medical office building, which was 35.5% leased as of September 30, 2013. Subsequent to December 31, 2012,

Table of Contents

Northside Hospital executed a lease to occupy 7,522 square feet for a specialty center through February 2024. The current occupancy of the Austell Medical Office Building is 87.0%. Other medical practices in the Austell Medical Office Building include ear, nose and throat, plastic surgery, nephrology and hypertension, and pediatric dentistry. The Austell Medical Office Building, constructed in 1971, is located adjacent to WellStar Cobb Hospital, a 382-bed hospital.

Canton Medical Office Building Atlanta, Georgia. This property is a 38,098 square foot medical office building, which was 100% leased as of September 30, 2013. The building, constructed in 1994, is located adjacent to Northside Cherokee Hospital and home to North Georgia Medical Associates, a large multi-specialty practice founded in 1981. The physician practice group offers services in primary care, pediatrics, family medicine, gastroenterology, cardiology, neurology and pulmonary medicine. Additionally the building includes a Women's Breast Health Center, a fully certified Diabetic Counseling and Education Program, and the North Georgia Outpatient Endoscopy Center. The lease for the North Georgia Medical Associates extends through May 2017. We own a 50% interest in the joint venture that owns this property.

Decatur Medical Office Building Atlanta, Georgia. This property is a 13,300 square foot medical office building, which was 100% leased as of September 30, 2013. Georgia Urology, a large private urology group, occupies the full building through October 2016, with nearly half of the facility containing medical office space and the remainder housing an ambulatory surgery and diagnostic center. The Decatur Medical Office Building, constructed in 1974, is located one-half mile from the DeKalb Medical Center, an acute care hospital with 591 beds and approximately 775 physicians.

El Paso Medical Office Building El Paso, Texas. This property is a 21,777 square foot medical office building, which was 100% occupied as of September 30, 2013. The building, constructed in 1987, is located adjacent to the Del Sol Medical Center, a 350-bed acute care hospital specializing in emergency medicine, cardiovascular care, oncology, neuroscience, maternal/child services, women's services, and rehabilitation. The Del Sol Medical Center is owned by Hospital Corporation of America (HCA). The Del Sol Medical Center leases 66% of the El Paso Medical Office Building for diagnostics and imaging services through April 2019. The remainder of the El Paso Medical Office Building is leased to Fresenius Medical Care, a leading provider of dialysis services through May 2015.

Farmington Professional Pavilion Detroit, Michigan. This property is a 21,338 square foot medical office building, constructed in 1972, which was 62.7% leased as of September 30, 2013. The anchor tenant in the Farmington Professional Pavilion is Botsford General Hospital, an independent, 330-bed community teaching hospital which occupies space in the building for a pediatrics clinic pursuant to a lease that extends through 2018. Botsford Hospital, a nationally recognized teaching facility, is part of the Statewide Campus System for the Michigan State University College of Osteopathic Medicine.

Firehouse Square Milwaukee, Wisconsin. This property is a 17,265 square foot medical office building, which was 100% leased as of September 30, 2013 to Aurora Health Care through March 2018. Firehouse Square, constructed in 2002, is located near Aurora Health Care's West Allis Memorial Hospital and is less than four miles from the Milwaukee Regional Medical Center, which includes the Medical College of Wisconsin, Children's Hospital of Wisconsin and Froedtert Hospital. Aurora Health Care, Inc. guarantees the lease payments for Firehouse Square.

Hackley Medical Center Grand Rapids, Michigan. This property is a 44,099 square foot medical office building which was 85.9% occupied as of September 30, 2013. Hackley Hospital, a part of Trinity Health, leases approximately 60% of the building. Hackley Hospital, which is located just under two miles from Hackley Medical Center, is a 181-bed acute care facility that serves a region of more than 300,000 people. According to Trinity Health, Trinity Health is the fourth-largest Catholic health system in the United States based on operating revenue. The Hackley Medical Center was constructed in 1968 and includes services such as family practice, pediatrics, hearing, radiology and dentistry.

Table of Contents

Ingham Regional Medical Center Lansing, Michigan. This property is a 26,783 square foot medical office building that was vacant as of September 30, 2013. The Ingham Medical Center, constructed in 1994, is located in a suburb of Lansing, Michigan near Michigan State University and numerous state government offices. We are currently in negotiations with a potential tenant to occupy up to 20,000 square feet of this building with an anticipated lease commencement date in mid-2013. There is no assurance that we will be able to enter into this lease, or any other lease for this property.

MeadowView Professional Center Kingsport, Tennessee. This property is a 64,200 square foot medical office building, which was 100% leased as of September 30, 2013. Holston Medical Group, ("HMG"), is the anchor tenant and occupies 66% of the building through December 31, 2019. Established in 1977, HMG's multi-specialty physician practice employs more than 800 people, including 150 physicians in its provision of 24-hour medical/surgical coverage. HMG has numerous locations throughout Northeast Tennessee and Southwest Virginia. The remaining leasable space at MeadowView Professional Center is occupied by United Healthcare through 2016. The MeadowView Professional Center was constructed in 2005.

Mid Coast Hospital Medical Office Building Portland, Maine. This property is a 44,677 square foot medical office building, which was 100% leased as of September 30, 2013. The building was constructed in 2008 and is located on the campus of Mid Coast Hospital, Mid Coast Hospital occupies approximately 62% of the space in the building. All leases at the Mid Coast Hospital Medical Office Building extend until May 2018. Mid Coast Hospital is a part of Mid Coast Health Services, which was formed to bring together Bath Memorial and Regional Memorial Hospitals. This property is subject to a ground lease. See " Ground Leases" below. We own a 66.3% interest in the joint venture that owns this property.

New Albany Professional Building Columbus, Ohio. This property is a 17,213 square foot medical office building, which was 81.8% occupied as of September 30, 2013. The New Albany Professional Building, constructed in 2000, is a multi-tenant medical office building with physician specialists, including physical therapy, chiropractic, urgent care, orthodontics, and pediatrics.

Northpark Trail Atlanta, Georgia. This property is a 14,233 square foot multi-tenant medical office building, which was 42.5% leased as of September 30, 2013. Northpark Trail, constructed in 2001, is located approximately one-half mile from the Piedmont Henry Medical Center, a 215-bed, not-for-profit, acute care hospital. The primary tenant at Northpark Trail is Georgia Urology whose lease extends through March 2017.

Remington Medical Commons Chicago, Illinois. This property is a 37,240 square foot medical office building, which was 78.1% leased as of September 30, 2013. Constructed in 2008, the Remington Medical Commons is located approximately one-quarter mile from the Adventist Bollingbrook Hospital, which is a part of the Adventist Health System. Services offered at Remington Medical Commons include cardiology, oncology, family medicine, diagnostic imaging, physical therapy, and nephrology.

Summerfield Square Tampa, Florida. This property is a 32,000 square foot condominium medical office building, of which we acquired approximately 6,000 square feet in connection with the formation transactions. Since then, we had sold approximately 4,000 square feet and currently own approximately 2,000 square feet of space. Our space is 0% leased, and we are actively marketing this property for sale.

Stonecreek Family Health Center Columbus Ohio. This property is a 20,329 square foot medical office building, which was 34.9% leased as of September 30, 2013. The Stonecreek Family Health Center, constructed in 1996, is partially leased to a pediatric practice. In 2012, OhioHealth, Columbus's largest healthcare system acquired 70 acres of land approximately one-half mile from the Stonecreek Family Health Center for the development of a healthcare delivery system campus.

Table of Contents

Summit Healthplex Atlanta, Georgia. This property is a 67,334 square foot medical office building which was 100% leased as of September 30, 2013. All leases in the Summit Healthplex extend through 2028. Constructed in 2002, the Summit Healthplex is a specialty orthopedic and wellness outpatient facility that is connected to a YMCA through a walkway. Primary tenants in the medical office building include Georgia Bone and Joint and Piedmont Hospital who offer services in orthopedics, rehabilitation, medical imaging, urgent care, neurology and a women's center. The Summit Healthplex also has a certificate of need approved outpatient surgery center located in the building. In May 2012, Piedmont Healthcare opened its relocated hospital near the Summit Healthplex, which added approximately 136 beds and 300 physicians to the market.

Valley West Hospital Medical Office Building Chicago, Illinois. This property is a 37,672 square foot medical office building which was 98% leased as of September 30, 2013. Constructed in 2007, the Valley West Hospital Medical Office Building is located on the campus of Valley West Hospital which is a part of the Kish Health System. The Kish Health system operates two community hospitals as well as several cancer centers, imaging facilities, and an eye institute that serve the greater Chicago and northern Illinois area. Specialty services in the Valley West Hospital Medical Office Building include cardiology, emergency care, neurosurgery, obstetrics, and orthopedics. Valley West Hospital occupies more than half of the leasable space at Valley West Hospital Medical Office Building. This property is subject to a ground lease. See " Ground Leases" below. We own a 59.6% interest in the joint venture that owns this property.

Post-IPO Acquisition Properties

Central Ohio Neurosurgical Surgeons Medical Office Building Columbus, Ohio. This property, acquired on November 27, 2013, is a 38,891 square foot medical office building which is 100% leased. Upon completion of the acquisition, Central Ohio Neurological Surgeons ("CONS"), one of the largest neurosurgical groups in the country, entered into a new 15-year absolute net master lease though November 30, 2028. Built in 2007, the building includes clinical office space and an 11,000 square foot ambulatory surgery center ("ASC") with two operating rooms and two procedure rooms. CONS operates the medical practice and co-owns the ASC tenant with Meridian Surgical Partners, a national ASC management company based in Nashville, Tennessee. CONS offers the full spectrum of treatments for afflictions of the brain, spine and peripheral nerves and provides in the building a full imaging facility, including MRI/CT and x-ray, as well as a pain management center and on-site physical therapy.

Crescent City Surgical Centre New Orleans, Louisiana. This property, acquired on September 30, 2013, is a specialty surgical center which was 100% leased as of September 30, 2013. Situated in the economically vibrant and high ground in Metairie, Louisiana, a suburb of New Orleans, the surgical center contains 60,000 square feet of clinical space and inpatient rooms, and provides a full range of outpatient and inpatient surgical services in eight state-of-the-art operating rooms. Clinical services include orthopedics, neurosurgical and spine care, bariatric and general surgery, and a full range of surgical services. Built in 2010, the facility is located along Causeway Boulevard, providing very convenient access to physicians and patients from both the south shore of Lake Pontchartrain and the affluent suburbs of the lake's north shore. Crescent City Surgical Operating Company, LLC entered into a new 15-year absolute-net lease for 100% of the building upon closing of this acquisition. Annual rent escalations are 3%. This property is subject to a ground lease. See " Ground Leases." The sole tenant in the surgical center is Crescent City Surgical Centre, LLC, an independent group of 29 physicians who developed and owned the property prior to selling to us. As partial consideration for the contribution of the 29 physicians' membership interests in the facility, the entity that owned the property prior to the acquisition, to our operating partnership, the physicians received 954,877 OP units, valued at approximately $11.5 million.

Table of Contents

East El Paso Medical Office Building El Paso, Texas. This property, acquired on August 30, 2013, is a 41,007 square foot medical office building which was 100% leased as of September 30, 2013. The medical office building was constructed in 2004 and is leased to EEPPMC Partners, LLC until 2018. EEPPMC Partners, LLC entered into a new 5-year absolute-net master lease for 100% of the building upon closing of this acquisition. Annual rent escalations are 3%. We have provided the physician group that currently owns the hospital, or the individual physicians, the opportunity to acquire up to 49% of the equity interests in our subsidiary that owns the property.

East El Paso Surgical Hospital El Paso, Texas. This property, acquired on August 30, 2013, is a 77,000 square foot, 40-bed acute care facility with six operating rooms, and is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). Constructed in 2004, the surgical hospital was 100% leased as of September 30, 2013 to East El Paso Physician's Medical Center, LLC d/b/a Foundation Surgical Hospital of El Paso until 2028. Foundation Surgical Hospital of El Paso, LLC is a joint venture owned by more than 60 physicians and Foundation Surgical Hospital Affiliates, LLC, a wholly owned subsidiary of Graymark Healthcare, Inc. (OTCQB:GRMH), headquartered in Oklahoma City, Oklahoma. East El Paso Physicians Medical Center, LLC entered into a new 15-year absolute-net lease for 100% of the building upon closing of this acquisition. Annual rent escalations are 3%. We have provided the physician group that currently owns the hospital, or the individual physicians, the opportunity to acquire up to 49% of the equity interests in our subsidiary that owns the property.

Foundation Surgical Affiliates Medical Care Building Oklahoma City, Oklahoma. This property, acquired on September 30, 2013, is a 52,000 square foot medical office building which was 100% leased as of September 30, 2013. Constructed in 2004, the Foundation Medical Care Building contains five operating rooms and one procedure room, physician clinical office space, as well as office space for Foundation's corporate headquarters. The outpatient facility is leased to Foundation Surgical Affiliates, L.L.C., a wholly owned subsidiary of Graymark Healthcare, Inc. until 2023 through a new 10-year absolute net master lease. We have provided the physician group that currently owns the hospital, or the individual physicians, the opportunity to acquire up to 49% of the equity interests in our subsidiary that owns the property.

LifeCare Plano LTACH Plano, Texas. This property, acquired on September 18, 2013, is a 75,442 square foot long term post-acute care specialty hospital which was 100% leased as of September 30, 2013. The hospital was constructed in 1974 and is leased to New LifeCare Hospital of North Texas, L.L.C, until January 1, 2028. The tenant has the option to extend the lease for one, five-year term. The tenant's obligations under the lease are guaranteed by its parent, which operates 26 hospitals in nine states. Rent increases annually based on the change in the consumer price index with a minimum increase of 2.25% and a maximum increase of 3.75% per year.

Pensacola Medical Office Building Pensacola, Florida. This property, acquired on October 4, 2013, is a 20,319 square foot medical office building and ambulatory surgery center which was 100% leased as of September 30, 2013. Constructed in 2012, the facilities are leased to Pain Consultants of West Florida and its ambulatory surgery center operator, Cornerstone Surgicare, LLC., under a 15-year absolute net lease.

Additional Information with Respect to Certain Properties

Crescent City Surgical Centre

Crescent City Surgical Centre contains 60,000 square feet of leasable space and is situated within the metropolitan statistical area of New Orleans, Louisiana. Crescent City Surgical Operating Company, LLC entered into a new 15-year absolute-net lease for 100% of the building upon closing of

Table of Contents

this acquisition, and this property was 100% occupied as of September 30, 2013. This property is subject to a ground lease. See "Ground Leases."

We have no immediate plans with respect to major renovation or redevelopment of the Crescent City Surgical Centre property. The 2012 annual property taxes for Crescent City Surgical Centre were $306,902 based on a tax rate of $11.23 per $100 of assessed value.

Crescent City Surgical Centre Primary Tenants

The following table sets forth information with respect to the tenants at the Crescent City Surgical Centre which occupy 10% or more of Crescent City Surgical Centre's leasable square feet, future lease expirations, and other real estate information related to the property as of September 30, 2013.

Tenant	Principal Nature of Business	Lease Expiration	Total Leased Square Feet	% Property Net Rentable Square Feet	Annualized Base Rent	% of Property Annualized Base Rent	Annualized Base Rent per Leased Square Foot	Renewal Option
Crescent City Surgical Operating Company, LLC	Healthcare Services	9/30/28	60,000	100.0%	$ 3,000,000	100.0%	$ 50.00	No

Crescent City Surgical Centre Revenue Per Rentable Square Foot

Revenue Per Rentable Square Foot September 30, 2013(1)
$ 50.00

(1) Data is not available earlier than September 30, 2013 because the property was acquired on that date.

Crescent City Surgical Centre Lease Expirations

The following table sets forth the lease expirations for leases in place at Crescent City Surgical Centre as of September 30, 2013 for each of the ten full calendar years beginning January 1, 2014. The

Table of Contents

information set forth in the table assumes that tenants exercise no renewal options and no early termination rights.

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	% Property Net Rentable Square Feet	Annualized Base Rent	% of Property Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available						
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
Thereafter	1	60,000	100%	$ 3,000,000	100%	$ 50.00

(1) Annualized rent revenue represents the annualized monthly contractual rent under existing leases of September 30, 2013.

Crescent City Surgical Centre Percentage Leased and Base Rent

The following table sets forth the percentage leased, annualized base rent per leased square foot and average net effective annual base rent per leased square foot for Crescent City Surgical Centre for the leases in place as of September 30, 2013 for the dates indicated below:

Date	Percentage Leased	Annualized Base Rent per Leased Square Foot
September 30, 2013(1)	100%	$ 50.00

(1) Data is not available earlier than September 30, 2013 because the property was acquired on that date.

Crescent City Surgical Centre Tax Basis and Depreciation

Summit Healthplex	Tax Basis	Net Book Value	Life in Years	Method(1)
Land	$			
Building	34,200,000	34,200,000	39	SL
Tenant Improvements			15	SL
Total	$ 34,200,000	34,200,000		

(1) Straight line method of depreciation

The Crescent City Surgical Centre is has been contributed to the borrowing base securing the credit facility.

110

Table of Contents

East El Paso Surgical Center

The East El Paso Surgical Center contains 77,000 square feet of leasable space and is situated within the metropolitan statistical area of El Paso, Texas. East El Paso Physicians Medical Center, LLC entered into a new 15-year absolute-net lease for 100% of the building upon closing of this acquisition, and the property was 100% occupied as of September 30, 2013. We have provided the physician group that previously owned the hospital, or to individual physicians, the opportunity to acquire up to 49% of the equity interests in our subsidiary that owns the property.

We have no immediate plans with respect to major renovation or redevelopment of the East El Paso Surgical Center property. The 2012 annual property taxes for Crescent City Surgical Centre were $185,644 based on a tax rate of $2.73 per $100 of assessed value.

East El Paso Surgical Center Primary Tenants

The following table sets forth information with respect to the tenants at the East El Paso Surgical Center which occupy 10% or more of East El Paso Surgical Center's leasable square feet, future lease expirations, and other real estate information related to the property as of September 30, 2013.

Tenant	Principal Nature of Business	Lease Expiration	Total Leased Square Feet	% Property Net Rentable Square Feet	Annualized Base Rent	% of Property Annualized Base Rent	Annualized Base Rent per Leased Square Foot	Renewal Option
East El Paso Physicians Medical Center, LLC	Healthcare Services	8/30/28	77,000	100.0%	$ 3,282,377	100.0%	$ 42.63	No

East El Paso Surgical Center Revenue Per Rentable Square Foot

Revenue Per Rentable Square Foot September 30, 2013(1)
$ 42.63

(1) Data is not available earlier than September 30, 2013 because the property was acquired on August 30, 2013.

East El Paso Surgical Center Lease Expirations

The following table sets forth the lease expirations for leases in place at East El Paso Surgical Center as of September 30, 2013 for each of the ten full calendar years beginning January 1, 2014. The

Table of Contents

information set forth in the table assumes that tenants exercise no renewal options and no early termination rights.

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	% Property Net Rentable Square Feet	Annualized Base Rent	% of Property Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available						
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
Thereafter	1	77,000	100%	$ 3,282,377	100%	$ 42.63

(1)
Annualized rent revenue represents the annualized monthly contractual rent under existing leases of September 30, 2013.

East El Paso Surgical Center Percentage Leased and Base Rent

The following table sets forth the percentage leased, annualized base rent per leased square foot and average net effective annual base rent per leased square foot for East El Paso Surgical Center for the leases in place as of September 30, 2013 for the dates indicated below:

Date	Percentage Leased	Annualized Base Rent per Leased Square Foot
September 30, 2013(1)	100%	$ 42.63

(1)
Data is not available earlier than September 30, 2013 because the property was acquired on August 30, 2013.

Table of Contents

East El Paso Surgical Center Tax Basis and Depreciation

East El Paso Surgical Center	Tax Basis	Net Book Value	Life in Years	Method(1)
Land	$ 3,070,000	$ 3,070,000		
Building	23,600,000	23,600,000	39	SL
Tenant Improvements			15	SL
Total	$ 26,670,000	$ 26,670,000		

(1) Straight line method of depreciation

East El Paso Surgical Center is currently included in the borrowing base of our secured credit facility.

LifeCare Plano LTACH

The LifeCare Plano LTACH contains 77,442 square feet of leasable space and is located in Plano, Texas. New LifeCare Hospital of North Texas, LLC entered into a new 15-year absolute-net lease for 100% of the building upon closing of this acquisition, and this property was 100% occupied as of September 30, 2013.

We have no immediate plans with respect to major renovation or redevelopment of the LifeCare Plano LTACH property. The 2012 annual property taxes for LifeCare Plano LTACH were $196,947 based on a tax rate of $2.19 per $100 of assessed value.

LifeCare Plano LTACH Primary Tenants

The following table sets forth information with respect to the tenants at the LifeCare Plano LTACH which occupy 10% or more of LifeCare Plano LTACH's leasable square feet, future lease expirations, and other real estate information related to the property as of September 30, 2013.

Tenant	Principal Nature of Business	Lease Expiration	Total Leased Square Feet	% Property Net Rentable Square Feet	Annualized Base Rent	% of Property Annualized Base Rent	Annualized Base Rent per Leased Square Foot	Renewal Option
New LifeCare Hospital of North Texas, L.L.C	Healthcare Services	1/1/28	75,442	100.0%	$ 1,425,000	100.0%	$ 18.89	One five-year option to renew

LifeCare Plano LTACH Per Rentable Square Foot

Revenue Per Rentable Square Foot September 30, 2013(1)
$ 18.89

(1) Data is not available earlier than September 30, 2013 because the property was acquired on September 18, 2013.

Table of Contents

LifeCare Plano LTACH Lease Expirations

The following table sets forth the lease expirations for leases in place at LifeCare Plano LTACH as of September 30, 2013 for each of the ten full calendar years beginning January 1, 2014. The information set forth in the table assumes that tenants exercise no renewal options and no early termination rights.

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	% Property Net Rentable Square Feet	Annualized Base Rent	% of Property Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available						
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
Thereafter	1	77,442	100%	$ 1,425,000	100%	$ 18.89

(1)
Annualized rent revenue represents the annualized monthly contractual rent under existing leases of September 30, 2013.

LifeCare Plano LTACH Percentage Leased and Base Rent

The following table sets forth the percentage leased, annualized base rent per leased square foot and average net effective annual base rent per leased square foot for LifeCare Plano LTACH for the leases in place as of September 30, 2013 for the dates indicated below:

Date	Percentage Leased	Annualized Base Rent per Leased Square Foot
September 30, 2013(1)	100%	$ 18.88

(1)
Data is not available earlier than September 30, 2013 because the property was acquired on September 18, 2013.

LifeCare Plano LTACH Tax Basis and Depreciation

	Tax Basis	Net Book Value	Life in Years	Method(1)
LifeCare Plano LTACH				
Land	$ 3,400,000	$ 3,400,000		
Building	11,700,000	11,700,000	39	SL
Tenant Improvements			15	SL
Total	$ 15,100,000	$ 15,100,000		

(1) Straight line method of depreciation

Table of Contents

LifeCare Plano LTACH is currently included in the borrowing base of our secured credit facility.

Foundation Surgical Affiliates Medical Office Building

The Foundation Surgical Affiliates Medical Office Building contains 52,000 square feet of leasable space and is located in Oklahoma City, Oklahoma. Foundation Surgical Affiliates LLC entered into a new 15-year absolute-net master lease for 100% of the building upon closing of this transaction and was 100% occupied as of September 30, 2013. We have provided the physician group that currently owns the hospital, or to individual physicians, the opportunity to acquire up to 49% of the equity interests in our subsidiary that owns the property.

We have no immediate plans with respect to major renovation or redevelopment of the Foundation Surgical Affiliates Medical Office Building property. The 2012 annual property taxes for Foundation Surgical Affiliates Medical Office Building were $79,344 based on a tax rate of $12.21 per $100 of assessed value.

Foundation Surgical Affiliates Medical Office Building Primary Tenants

The following table sets forth information with respect to the tenants at the Foundation Surgical Affiliates Medical Office Building which occupy 10% or more of Foundation Surgical Affiliates Medical Office Building's leasable square feet, future lease expirations, and other real estate information related to the property as of September 30, 2013.

Tenant	Principal Nature of Business	Lease Expiration	Total Leased Square Feet	% Property Net Rentable Square Feet	Annualized Base Rent	% of Property Annualized Base Rent	Annualized Base Rent per Leased Square Foot	Renewal Option
Foundation Surgical Affiliates, LLC	Healthcare Services	9/30/28	52,000	100.0%	$ 1,248,000	100.0%	$ 24.00	None

Foundation Surgical Affiliates Medical Office Building Per Rentable Square Foot

Revenue Per Rentable Square Foot September 30, 2013(1)
$ 24.00

(1) Data is not available earlier than September 30, 2013 because the property was acquired on that date.

Foundation Surgical Affiliates Medical Office Building Lease Expirations

The following table sets forth the lease expirations for leases in place at Foundation Surgical Affiliates Medical Office Building as of September 30, 2013 for each of the ten full calendar years

Table of Contents

beginning January 1, 2014. The information set forth in the table assumes that tenants exercise no renewal options and no early termination rights.

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	% Property Net Rentable Square Feet	Annualized Base Rent	% of Property Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available						
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
Thereafter	1	52,000	100%	$ 1,248,000	100%	$ 24.00

(1) Annualized rent revenue represents the annualized monthly contractual rent under existing leases of September 30, 2013.

Foundation Surgical Affiliates Medical Office Building Percentage Leased and Base Rent

The following table sets forth the percentage leased, annualized base rent per leased square foot and average net effective annual base rent per leased square foot for Foundation Surgical Affiliates Medical Office Building for the leases in place as of September 30, 2013 for the dates indicated below:

Date	Percentage Leased	Annualized Base Rent per Leased Square Foot
September 30, 2013(1)	100%	$ 0

(1) Data is not available earlier than September 30, 2013 because the property was acquired on that date.

Foundation Surgical Affiliates Medical Office Building Tax Basis and Depreciation

	Tax Basis	Net Book Value	Life in Years	Method(1)
Foundation Surgical Affiliates Medical Office Building				
Land	$ 1,300,000	$ 1,300,000		
Building	12,700,000	12,700,000	39	SL
Tenant Improvements			15	SL
Total	$ 14,000,000	$ 14,000,000		

(1) Straight line method of depreciation

Foundation Surgical Affiliates Medical Office Building is currently unencumbered.

Table of Contents

Summit Healthplex

Summit Healthplex is the largest medical office building among our initial properties by square footage and gross revenue. The property contains 67,334 square feet of leasable space and is situated within the metropolitan statistical area of Atlanta, Georgia. Summit Healthplex, as of December 31, 2012, was 100% occupied, with major tenants including Georgia Bone & Joint, Piedmont, Warm Springs Hospital, Southern Bone & Joint and Georgia Rehab Care.

We have no immediate plans with respect to major renovation or redevelopment of the Summit Healthplex property. The 2012 annual property taxes for Summit Healthplex were $74,573 based on a tax rate of $2.85 per $100 of assessed value.

Summit Healthplex Primary Tenants

The following table sets forth information with respect to the tenants at the Summit Healthplex which occupy 10% or more of Summit Healthplex's leasable square feet, future lease expirations, and other real estate information related to the property as of December 31, 2012.

Tenant	Principal Nature of Business	Lease Expiration	Total Leased Square Feet	% Property Net Rentable Square Feet	Annualized Base Rent	% of Property Annualized Base Rent	Annualized Base Rent per Leased Square Foot	Renewal Option
Georgia Bone & Joint	Healthcare Services	7/20/28	21,388	31.8%	$ 588,974	30.24%	$ 27.60	No
Piedmont	Healthcare Services	7/20/28	22,056	32.8%	$ 523,653	26.9%	$ 23.74	No
Warm Springs Hospital	Healthcare Services	7/20/28	9,148	13.6%	$ 296,487	15.22%	$ 32.41	No
Southern Bone & Joint	Healthcare Services	7/20/28	7,306	10.9%	$ 240,959	12.4%	$ 32.98	No

Summit Healthplex Revenue Per Rentable Square Foot

Revenue Per Rentable Square Foot				
2012	2011	2010	2009	2008
$ 28.93	$ 28.29	$ 32.01	$ 30.47	$ 30.44

Table of Contents

Summit Healthplex Lease Expirations

The following table sets forth the lease expirations for leases in place at Summit Healthplex as of December 31, 2012 for each of the ten full calendar years beginning January 1, 2013. The information set forth in the table assumes that tenants exercise no renewal options and no early termination rights.

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	% Property Net Rentable Square Feet	Annualized Base Rent	% of Property Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available						
2013						
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
Thereafter	12	67,333	100%	$ 1,947,909	100%	$ 28.93

(1) Annualized rent revenue represents the annualized monthly contractual rent under existing leases of March 31, 2013.

Summit Healthplex Percentage Leased and Base Rent

The following table sets forth the percentage leased, annualized base rent per leased square foot and average net effective annual base rent per leased square foot for Summit Healthplex for the leases in place as of December 31, 2012 for the dates indicated below:

Date	Percentage Leased	Annualized Base Rent per Leased Square Foot
December 31, 2012	100%	$ 1,947,909
December 31, 2011	100%	$ 2,118,875
December 31, 2010	100%	$ 2,182,382
December 31, 2009	100%	$ 2,146,756
December 31, 2008	100	