HILLIARD LYONS

Healthcare Real Estate Investment Trusts
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COMPANY UPDATE/ESTIMATE CHANGE

Key Metrics

DOC-NYSE	5/2/17	$19.25
Price Target		$ 23.00
52-Week Range		$17.12 - $22.03
Shares Outstanding (mm)*		142.6
Market Cap. ($mm)		$2,745.1
1-Mo. Average Daily Volume		3,505,680
Institutional Ownership		75.6%
Debt/Total Capital	Mar-17	24.3%
Est 3-year FFO Growth Rate		8.0%
Est 3-year Dividend Growth Rate		0.0%
Book Value		$ 10.23
Dividend		$ 0.90
Dividend Yield		4.68%
Est. Fixed Charge Coverage		4.6X

FFO

	2016	Prior 2017E	Current 2017E		Prior 2018E	Current 2018E
1Q	$0.22	--	$0.28	A	--	$0.30
2Q	$0.25	$0.29	$0.30		--	$0.33
3Q	$0.27	$0.32	$0.31		--	$0.34
4Q	$0.27	$0.34	$0.33		--	$0.35
Year	$0.98	$1.25	$1.22		$1.35	$1.32
P/FFO	19.6x		15.8x			14.6x

Note that quarters may not add due to rounding

Revenue ($mm)

	2016	Prior 2017E	Current 2017E		Prior 2018E	Current 2018E
1Q	$44.1	$81.1	$76.7	A	--	$97.7
2Q	$53.2	$89.3	$85.0		--	$109.0
3Q	$70.0	$96.2	$92.6		--	$116.5
4Q	$73.7	$102.1	$98.8		--	$122.7
Year	$241.0	$368.6	$353.0			$445.9

Company Description: *Physician's Realty, headquartered in Milwaukee, WI, is a real estate investment trust (REIT) that is focused on investments in the medical facilities sector. Its current portfolio is heavy in the medical office building sector, with a geographic focus in the center of the country.*

Physicians Realty Trust

DOC -- NYSE – Long-term Buy-3

Q1 Earnings Highlights

Investment Highlights

- DOC reported normalized Q1 FFO of $0.28 a share two cents below our estimate and a penny above the consensus. We are adjusting our 2017 FFO estimate to $1.22 with the miss and dilutive impact of a recent equity offering being somewhat offset by recent strong acquisition activity. Our 2018 FFO estimate is now $1.32 a share.
- DOC's current dividend is $0.90 a year, resulting in a yield of 4.7%, above its direct peers. While management has not discussed potential dividend increases, we believe there is the possibility of one sometime in the next 2-3 years, although we are certainly not predicting it at this point.
- We are retaining our rating on DOC at Long-term Buy and our 2-3 year price target remains at $23 a share, based on a 15 target multiple, which continues to be well below its direct peers. We remain of the opinion that the peer group is on the expensive side, although a recent decline has made them less so. DOC's target multiple remains at a solid discount to the peer group, making our positive rating appropriate, in our opinion, with a more than 20% discount. DOC allows investors to gain exposure to the medical facilities area, a very popular asset class among investors, at a discount to the other players in the group. This has been a consolidating property group, and one that remains a magnet for investment. The dividend yield is also an attraction here, although its dividend is higher risk than others in the group due to its higher payout ratio.

Note Important Disclosures on Pages 8-9.
Note Analyst Certification on Page 8.

First Quarter Review

Total revenue was $76.7 million versus $44.1 million, a 73.7% increase due to the company's recent acquisitions. Rental income of $59.1 million was up 69.5% (please see income statement on page 3), which again was a function of recent property purchases and rent increases. Expense recoveries were up 106.9% to $16.4 million.

General and administrative expense were up 14.9% and amounted to $4.7 million versus $4.1 million. Acquisition expenses rose from $3.4 million to $5.4 million. Operating and other expenses doubled to $22.1 million. Interest expense rose 133.9% to $9.8 million as the company added debt to pay for recent property purchases. Depreciation expense increased 74.5% to $27.9 million versus $16.0 million, showing the acquisitions the company has consummated over the past year. First quarter net income available to common shareholders was $6.2 million versus $4.4 million in the year earlier period. Net income per share was $0.04 in both quarters. Ongoing funds from operations (FFO) on a normalized basis, which exclude real estate gains as well as other non-recurring items, were $39.6 million compared to $23.7 million in last year's first quarter, a 67.1% increase. FFO per diluted share on a normalized basis were $0.28 versus $0.22 on a 33.1% increase in shares outstanding.

DOC continues to ramp up both the debt and equity on its balance sheet as the company issues debt and sells shares to fund acquisitions. Total shares outstanding (including operating partnership units) after the recent offering have moved up to an estimated 161 million from 143 million, as management issued equity to fund purchases. This balance street strength should allow significant room to use leverage going forward. Debt was $1,007 million at the end of Q1 2017 compared to $380 million at the end of the first quarter 2016 (please see balance sheet on page 4). The company's debt to total capital was estimated at 24.3% at the end of Q1 2017, up solidly from the year earlier period.

Other 1st Quarter Activity

Investment Activity – DOC continued its active acquisition activity in Q1, closing on another $248.3 million in purchases and investments. The deals announced encompass a total of 7 healthcare facilities amounting to more than 500,000 square feet with yields in the low 6% area on average. In general, the purchases made during Q1were all very consistent with our expectations. DOC management remains very active on the investment front. Subsequent to quarter-end, DOC announced that it had sold four properties in Georgia, part of its legacy portfolio for $18.2 million generating a gain of $5.5 million. We note that the company also completed the purchase of one more property in the portfolio from Catholic Health Initiatives during the quarter and only has one small property remaining to purchase. Management is retaining its acquisition guidance at $0.8-1.0 billion, although we are at the high end of this range.

Capital Markets Activity – In March, DOC priced a public offering of approximately 17.3 million shares (including the overallotment option) at $18.20 a share. The company raised around $300 million from this offering after expenses, which was used to consummate recent purchases and reduce borrowings on the credit line. The company also added some long-term debt capital with the issuance of $400 million in senior notes due 2027 at 4.3%.

Dividend – DOC management declared a partial quarter dividend of $0.18 a share for its initial quarter in 2013 and then declared its regular payment of $0.90 annually, or $0.225 a quarter with the first quarterly payment. The company should be in line to cover the payment for this year, and we believe that it has adequate cash and cash flow ability to be able to cover it going forward. Once the company reaches our expectation of the steady state FFO run-rate number of close to $1.30 (our estimate of initial, steady state FFO generation), the payout ratio will be in-line with the peer group. At that point we might see management consider an increase in the dividend, although we believe that is at least a couple of years away.

Quarterly Income Statement

(in thousands)	1Q 2017	1Q 2016	% Change
Rental Income	$59,092	$34,855	69.5%
Expense Recoveries	16,354	7,903	106.9%
Other Operating Income	1,220	1,376	-11.3%
Total Revenue	76,666	44,134	73.7%
General & Admin	4,736	4,121	14.9%
Management Fees	0	0	
Acquisition Expense	5,405	3,377	60.1%
Loss on Sale of Property	0	0	
Operating and other	22,089	11,037	100.1%
EBITDA	44,436	25,599	73.6%
Interest Expense	9,815	4,197	133.9%
Depreciation & Amortization Expense	27,933	16,010	74.5%
Income (Loss) Before Discontinued Operations and Other Items	6,688	5,392	24.0%
Discontinued Operations (including gain on sale of assets)	0	0	
Charges	0	0	
Income taxes	0	0	
Equity in income of JVs	28	32	
Minority Interest	(314)	(490)	
Preferred dividends	(211)	(548)	
Change in value of derivatives	0	0	
Net Income (Loss)	$6,191	$4,386	41.2%
Net EPS (diluted)	$0.04	$0.04	
Avg. Shares Outstanding (diluted)	142,606	107,148	33.1%

Funds From Operations	1Q 2017	1Q 2016	
Net Income	$6,716	$5,424	
Depreciation Expense	27,911	15,989	
Other (adding/substracting one-time items)	4,970	2,277	
Funds From Operations	**$39,597**	**$23,690**	67.1%
Normalized FFO Per Share (diluted)	**$0.28**	**$0.22**	

Source: Company reports.

Consolidated Balance Sheet

(in thousands)	March 31, 2017	December 31, 2016
Real Estate Assets		
Land	$201,372	$189,759
Buildings and Improvements (net of Depreciation)	$2,373,379	$2,220,858
Tenant improvements	$15,646	$14,133
Construction in progress	$0	$0
Investment in Unconsolidated	$2,231	$2,258
Mortgage Loans Receivable	40,258	39,154
Total Net Real Estate Investments	2,632,886	2,466,162
Cash and Cash Equivalents	117,484	15,491
Tenant Receivables	6,882	9,790
Deferred Costs	0	0
Restricted cash	0	0
Intangibles	341,417	301,462
Real estate held for sale	11,926	0
Other assets	85,798	95,187
Total Assets	**$3,196,393**	**$2,888,092**
Credit Facility	$243,163	$643,742
Mortgage Loan payable	763,515	347,413
Accounts Payable	3,126	4,423
Dividends Payable	36,485	32,179
Acquired Lease Intangibles	9,433	9,253
Other Liabilities	36,206	42,287
Minority interest in JVs	0	0
Derivative Liabilities	0	0
Total Liabilities	**$1,091,928**	**$1,079,297**
Non-controlling interest	83,622	70,344
Common Stock	1,535	1,362
Capital in Excess of Par Value	2,230,631	1,920,642
Other	14,533	13,708
Cumulative Net Income for Shareholders	(225,856)	(197,261)
Predecessor Equity	0	0
Total Shareholders' Equity	**2,104,465**	**1,808,795**
Total Liabilities and Shareholders' Equity	**$3,196,393**	**$2,888,092**

Balance Sheet Ratio Analysis	March 31, 2017	December 31, 2016
Net R/E Investments / Total Debt	38.2%	40.2%
Debt to Equity	48.0%	55.0%
Debt as % of Total Assets	31.6%	34.5%
Shareholders' Equity as % of Total Assets	65.8%	62.6%

Source: Company reports.

Conference Call Discussion

Management added some color on its recent acquisition activity, noting that the price paid for these properties is a little higher than what they have spent recently, which has generally ranged from a low of 6% to 7%. The average cap rate in the first quarter was only 6%. Management stressed that the properties in its pipeline are expected to be in the 6-6.5% range, more in line with what they have seen recently. They noted the recent acquisition of a medical office building (MOB) portfolio at an even lower rate involving another public REIT to illustrate how popular the asset class is currently. At the very least this pricing appears indicative of the popularity of the MOB sector currently. Of course, our worry is that this cycle could very well turn at some point in the future. Based on these transactions, the company's asset value is much higher than when the company purchased the bulk of its properties, although we note that such a value is just a point in time. With interest rates likely to be on an upward move, we would anticipate that cap rates will be slowly moving up over the next several years. If the properties purchased during Q1 had been held for the full quarter DOC would have reported $2.4 million more in NOI. Based on the current pipeline, management's guidance remains for $800-$1,000 million in acquisitions closing during 2017.

On the operational front, management noted that same store NOI for the quarter was a very strong 6.7%, although they pointed out that excluding some extraordinary items that number would have only been 3.5%, still very strong. Occupancy at quarter-end was among the highest in the group at 96.5%, and management is working on the unoccupied space that remains. Same store occupancy for the quarter was up 1%. Lease rollovers are also well timed and not a real issue with no more than 4.7% of leases rolling in any single year between now and 2023. And while lease rollovers this year tend to be near market, beyond 2017 lease rates are generally 2-3% below market, so we should see some additive impact from those rollovers. The balance sheet also remains strong when looking at potential activity. All of the investments made during Q1 used the proceeds of the recent equity offering, and on top of that the company has more than $100 million in cash and its line of credit is fully available.

Q2 and 2017 Outlook

Following the conference call and discussions with management and taking into account the level of acquisitions closed over the past several quarters, the recent equity offering and the Q1 results, we are fine-tuning our estimate for full year 2017 FFO to $1.22, five cents above the consensus. Following the recent equity offering, we are anticipating that much of the remaining capital used to consummate investments in the near term will be debt. The company has retained its expectations for investments in 2017 at $0.8-$1.0 billion, although based on what has been consummated so far, we believe that the company is likely to hit at least the high end of that range. Our Q2 estimate is now $0.30 a share. Our 2018 FFO estimate is $1.32 a share, assuming an equity issuance early that year and a decline in the investment level to $800 million, as finding appropriately priced investments becomes more difficult.

Valuation and Rating

In looking at the current valuation for DOC the multiple is becoming more meaningful, as the company's on-going cash flow is getting closer to what we consider a steady state basis, and the dilution from equity issuance should be less of an issue going forward. The valuation on an expected steady state run rate for the company will look even better once it reaches that level.

What we would consider the specific peer group to compare DOC to is reasonably small, so we include other smaller cap healthcare REITs that are more focused on senior living, skilled nursing, etc., as well as some of the larger healthcare REITs with significant MOB exposure. However, as those companies that are more exposed to MOB and related properties tend to command higher valuations, we take that into account as we evaluate DOC. As the table on the next page shows, DOC is currently trading in line with its peer group on our current year earnings estimate. Looking at valuation more critically, we expect the 2018 number will be close to DOC's run rate on our estimate, and we are more comfortable using that number, even though there may still be some upside to the eventual steady state run rate. Our new 2018 number is $1.32. With DOC continuing to become more seasoned, we are using a multiple of 15 times, compared to the peer group trading at 15.3 times. We believe that this is a more appropriate comparison, and one that reflects DOC's forward earnings power. We believe that our number could also be considered even more conservative with its chief direct peers (HR and HTA) trading at 17.7 times the 2018 number (although we believe that is above where they should be trading). Looking out 2-3 years, we estimate the company will be generating FFO of $1.55 a share, equating to a value of $23 a share. Combine this with the company's $0.90 a share annual dividend and we believe that investors can achieve a potential annual total return just over 12% should the share price reach our target.

Health Care REITs	Symbol	Closing Price 5/2/2017	Current Dividend	Yield	2018E Payout Ratio	2017E	2018E	2-Year Average Growth Rate	Price / FFO 2017E	Price / FFO 2018E
Welltower, Inc.	HCN	$70.75	$3.48	4.9%	76.1%	$4.34	$4.57	0.0%	16.3x	15.5x
National Health Investors	NHI	$72.80	$3.80	5.2%	70.4%	$5.20	$5.40	5.3%	14.0x	13.5x
Healthcare Realty	HR	$31.95	$1.20	3.8%	66.7%	$1.70	$1.80	5.1%	18.8x	17.8x
Healthcare Trust of America	HTA	$29.62	$1.18	4.0%	69.8%	$1.64	$1.69	2.5%	18.1x	17.5x
LTC Properties, Inc.	LTC	$47.41	$2.28	4.8%	69.3%	$3.13	$3.29	3.7%	15.1x	14.4x
Health Care Sector Average		**$51.28**	**$2.39**	**4.7%**	**70.5%**	**$3.20**	**$3.35**	3.2%	**16.0x**	**15.3x**
Physicians Realty Trust	DOC	$19.25	$0.90	4.7%	68.2%	$1.22	$1.32	13.2%	15.8x	14.6x

Note: NHI is rated Neutral, HCN, HR and LTC Underperform by Hilliard Lyons. HTA is not rated. Source: NAREIT, Baseline and Hilliard Lyons' estimates.

With all of that in mind, we are retaining our rating on DOC at Long-term Buy. This rating is based on our belief that the stock is attractively priced versus the peer group and offers an attractive dividend yield.

Suitability

DOC has a suitability rating of 3 on our 1-4 scale. We find the company to have a very strong balance sheet in relation to its peers. Its real estate ownership is also a positive factor, as is the company's geographic and operator diversification. On the other hand, the company has significant dependence upon acquisitions, has been making many large purchases that could cause risk and has a reasonably short history.

Risks

There are a number of risks to owning DOC shares and REITs as an investment group. REITs in general need access to debt capital to grow, if such debt and equity capital is unavailable, the company may have difficulty in growing. The company's initial dividend is very attractive to shareholders and DOC, as well as REITs in general, had seen their prices rise with the decline in overall interest rates. Rising rates could hurt DOC's share price, something that has already occurred to DOC's healthcare REIT peers. Further, as noted above we believe there is more risk to DOC's dividend than its peer group due to its higher payout rate. Should management not live up to expectations or need to reduce the dividend some time in the future, the stock would be hurt. Because of their thirst for debt, changes in interest rates can also impact a REIT's cash flow and ability to make accretive acquisitions. DOC's concentration upon the healthcare facility real estate sector could be a risk due to various legislative issues. Unintended consequences from the recent Obamacare legislation could lead to outcomes that could hurt the value of DOC's portfolio. DOC's initial concentrated geographic exposure to the middle of the country could be an issue if that area has a problem. We also note that much of DOC's dividend is likely to be a return of capital based on our calculation of taxable income, which will result in additional record-keeping for tax purposes, as investors will need to reduce their cost basis by the amount of return of capital.

Annual yield is calculated by dividing the distribution amount by the current market price of the security. For US income tax purposes, the Company may classify all or a portion of its distributions as dividends or other non-dividend distributions. Note that for some investors, for US income tax purposes all or a portion of the Company's 2016 dividend or distribution was treated as return of capital and not as "dividend income" as reflected on the IRS Form 1099-Div for the 2016 tax year. The Company generally makes a final determination regarding the proper tax treatment of distributions after calendar year end. We urge each shareholder to consult with his or her own tax advisor to determine the tax consequences of the distributions received, including any state, local or foreign tax considerations.

Table 1. Consolidated Income Statement
In Thousands

	2014	2015	2016					2017E					2018E				
	Year	Year	Q1	Q2	Q3	Q4	Year	Q1A	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Rental Revenue	$46,397	$103,974	$34,855	$42,196	$53,327	$55,923	$186,301	$59,092	$65,794	$70,755	$75,515	$271,157	$76,499	$84,785	$89,805	$94,447	$345,537
Expense Recoveries	$5,871	$21,587	$7,903	$9,552	$14,361	$14,059	$45,875	$16,354	$17,041	$18,326	$19,559	$71,279	$19,737	$21,875	$23,170	$24,367	$89,149
Other/interest	$1,025	$3,880	$1,376	$1,468	$2,322	$3,692	$8,858	$1,220	$2,150	$3,500	$3,700	$10,570	$1,500	$2,300	$3,500	$3,900	$11,200
	$53,293	$129,441	$44,134	$53,216	$70,010	$73,674	$241,034	$76,666	$84,985	$92,581	$98,774	$353,006	$97,736	$108,960	$116,475	$122,715	$445,886
Expenses																	
General & Administrative	$11,440	$14,908	$4,121	$4,926	$4,917	$4,433	$18,397	$4,736	$5,091	$5,481	$5,778	$21,086	$5,757	$6,320	$6,523	$6,995	$25,594
Property operating expense	10,154	31,026	11,037	13,798	19,159	22,005	65,999	22,089	21,383	25,260	24,920	93,652	26,698	28,403	31,432	31,262	117,795
Management Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition Expense	10,897	14,893	3,377	3,256	4,398	3,747	14,778	5,405	3,500	3,500	2,500	14,905	3,500	3,500	3,500	3,500	14,000
Interest Expense, net	6,907	10,636	4,197	4,279	7,300	8,088	23,864	9,815	10,649	11,450	12,181	44,096	13,032	14,523	15,808	17,277	60,640
Other	250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortization	16,731	45,471	16,010	19,799	23,969	26,811	86,589	27,933	31,209	33,674	35,849	128,664	38,024	40,344	42,664	44,984	166,014
Total Expenses	$56,379	$116,934	$38,742	$46,058	$59,743	$65,084	$209,627	$69,978	$71,832	$79,364	$81,228	$302,402	$87,011	$93,089	$99,926	$104,018	$384,043
Income from Operations	($3,086)	$12,507	$5,392	$7,158	$10,267	$8,590	$31,407	$6,688	$13,154	$13,216	$17,546	$50,604	$10,726	$15,871	$16,549	$18,697	$61,842
Minority interests	$448	($875)	($490)	($235)	($404)	($359)	($1,488)	($286)	($526)	($529)	($702)	($2,043)	($429)	($635)	($662)	($748)	($2,474)
Equity income from unconsolidated JVs	$0	$26	$0	$0	$0	$30	$30	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Oper. Income from discontinued opers.	$60	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other	$41	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Impairments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
(Loss)/Gain on sale of assets	$0	$130	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Income Bef. Preferred div	($2,537)	$11,788	$4,902	$6,923	$9,863	$8,261	$29,949	$6,402	$12,627	$12,688	$16,844	$48,561	$10,297	$15,236	$15,887	$17,949	$59,369
Preferred dividends	$0	$1,189	$548	$437	$436	$436	$1,857	$211	$211	$211	$211	$844	$211	$211	$211	$211	$844
Net Income for common	($2,537)	$10,599	$4,354	$6,486	$9,427	$7,825	$28,092	$6,191	$12,416	$12,477	$16,633	$47,717	$10,086	$15,025	$15,676	$17,738	$58,525
Per share bef. Extra	($0.08)	$0.14	$0.04	$0.05	$0.07	$0.06	$0.22	$0.04	$0.08	$0.08	$0.10	$0.30	$0.06	$0.08	$0.09	$0.09	$0.32
Extraordinary item	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Net (loss) income per share	($0.08)	$0.14	$0.04	$0.05	$0.07	$0.06	$0.22	$0.04	$0.08	$0.08	$0.10	$0.30	$0.06	$0.08	$0.09	$0.09	$0.32
Quarterly dividend rate	$0.90	$0.90	$0.23	$0.23	$0.23	$0.23	$0.90	$0.23	$0.23	$0.23	$0.23	$0.90	$0.22	$0.22	$0.22	$0.22	$0.88
Shs Outstanding	33,023,000	74,760,609	107,148,000	135,945,000	138,881,000	139,602,000	130,394,000	142,605,930	157,605,930	160,142,576	167,474,649	156,957,271	173,026,817	178,443,582	183,735,938	188,862,050	181,017,097

Table 5. Funds From Operations Calculation
In Thousands

			2016					2017E					2018E				
	Year	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Net income for common shareholders	($2,537)	$11,950	$5,424	$7,184	$10,294	$7,825	$28,092	$6,716	$12,416	$12,477	$16,633	$47,717	$10,086	$15,025	$15,676	$17,738	$58,525
Add Back:																	
Depreciation	16,731	45,310	15,989	19,778	23,779	26,811	86,357	27,911	31,209	33,674	35,849	128,642	38,024	40,344	42,664	44,984	166,014
JV Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	$14,432	$14,169	2,277	2,575	2,946	3,847	$11,645	4,970	3,500	3,500	2,500	$14,470	3,500	3,500	3,500	3,500	$14,000
Non-recurring																	
Deduct:																	
Gain/loss on sales of real estate	$0	($92)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FFO Available for common	$28,626	$71,337	$23,690	$29,537	$37,019	$38,483	$126,094	$39,597	$47,125	$49,650	$54,981	$190,829	$51,609	$58,868	$61,839	$66,222	$238,539
Diluted FFO available for common	$26,745	$71,337	$23,690	$29,537	$37,019	$38,483	$128,729	$39,597	$47,125	$49,650	$54,981	$191,354	$51,609	$58,868	$61,839	$66,222	$238,539
Basic FFO per share	$0.77	$0.95	$0.23	$0.22	$0.28	$0.28	$1.01	$0.28	$0.30	$0.31	$0.33	$1.22	$0.30	$0.33	$0.34	$0.35	$1.32
Diluted FFO per share	$0.72	$0.92	$0.22	$0.22	$0.27	$0.27	$0.98	$0.28	$0.30	$0.31	$0.33	$1.22	$0.30	$0.33	$0.34	$0.35	$1.32
Shares, basic	33,023,000	74,760,609	102,704,008	131,645,000	134,581,000	139,602,000	127,133,002	142,605,930	157,605,930	160,142,576	167,474,649	156,957,271	173,026,817	178,443,582	183,735,938	188,862,050	181,017,097
Shares, diluted	37,049,757	76,693,468	107,148,380	135,945,000	138,881,000	143,502,000	131,369,095	142,605,930	157,605,930	160,142,576	167,474,649	156,957,271	173,026,817	178,443,582	183,735,938	188,862,050	181,017,097

Table 6. Funds Available for Distribution Calculation

FFO Available for common	$28,626	$71,337	$23,690	$29,537	$37,019	$38,483	$126,094	$39,597	$47,125	$49,650	$54,981	$190,829	$51,609	$58,868	$61,839	$66,222	$238,539
Less:																	
Recurring real estate CAPX	($4,744)	($10,504)	($3,632)	($5,200)	($5,200)	($6,007)	($20,040)	($6,445)	($7,007)	($7,507)	($7,945)	($28,904)	($8,445)	($8,945)	($9,445)	($9,945)	($36,779)
Debt adjustments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Funds available for distribution	$23,882	$60,833	$20,058	$24,337	$31,819	$32,476	$106,054	$33,152	$40,118	$42,143	$47,037	$161,925	$43,164	$49,924	$52,395	$56,277	$201,760
Per share	$0.72	$0.81	$0.20	$0.18	$0.24	$0.23	$0.83	$0.23	$0.25	$0.26	$0.28	$1.03	$0.25	$0.28	$0.29	$0.30	$1.11

Source: Company reports and Hilliard Lyons estimates

Additional information is available upon request.

Analyst Certification

I, John M. Roberts, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

Important Disclosures

Hilliard Lyons' analysts receive bonus compensation based on Hilliard Lyons' profitability. They do not receive direct payments from investment banking activity.

Hilliard Lyons acted as a manager or co-manager of an offering of securities of Physicians Realty Trust in the past 12 months.

Hilliard Lyons has received investment banking compensation from Physician Realty Trust in the past 12 months.

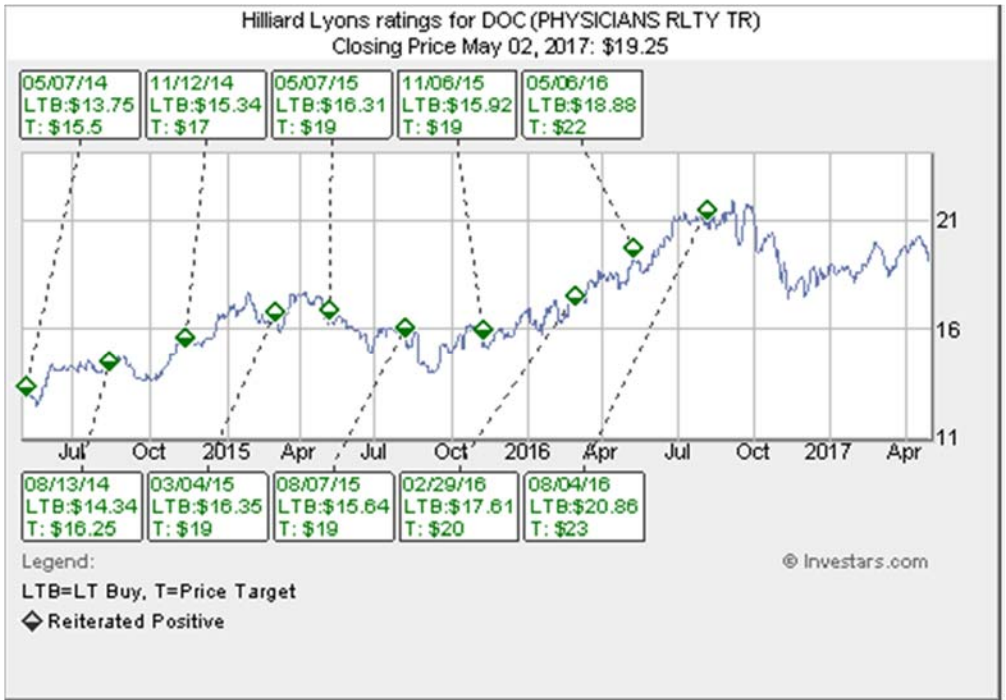
Hilliard Lyons expects to receive investment banking compensation from Physicians Realty Trust in the coming three months.

Investment Ratings
Buy - We believe the stock has significant total return potential in the coming 12 months.
Long-term Buy - We believe the stock is an above average holding in its sector, and expect solid returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.
Neutral - We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.
Underperform - We believe the stock is vulnerable to a price set back in the next 12 months.

Suitability Ratings
1 - A large cap, core holding with a solid history
2 - A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks
3 - An above average risk/reward ratio could be due to small size, lack of product diversity, sporadic earnings or high leverage
4 - Speculative, due to small size, inconsistent profitability, erratic revenue, volatility, low trading volume or a narrow customer or product base.

	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
Rating	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	36	30%	14%	86%
Hold/Neutral	71	58%	6%	94%
Sell	15	12%	7%	93%

As of 5 April 2017



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