

Edgar Filing: Physicians Realty Trust - Form 8-K

Physicians Realty Trust  
Form 8-K  
January 19, 2016

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 8-K

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CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 19, 2016

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PHYSICIANS REALTY TRUST  
(Exact name of registrant as specified in its charter)

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|   |                                       |  |
|---|---------------------------------------|--|
| Maryland<br>(State or other jurisdiction of<br>incorporation or organization) | 001-36007<br>(Commission File Number) | 46-2519850<br>(I.R.S. Employer Identification No.) |
|---|---------------------------------------|--|

|  |                     |
|--|---------------------|
| 309 N. Water Street, Suite 500<br>Milwaukee, Wisconsin<br>(Address of principal executive offices) | 53202<br>(Zip Code) |
|--|---------------------|

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

Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01. Other Events.

During the quarter ended December 31, 2015, Physicians Realty Trust (the "Company") acquired 19 healthcare properties in 11 transactions, as well as 3 condominium units, located in 11 states containing an aggregate of approximately 494,567 net leasable square feet for an aggregate of approximately \$142.6 million. In addition, the Company funded 3 mezzanine loan investments and provided 3 advances on 1 construction loan totaling approximately \$10.2 million. Investment activity for the quarter ended December 31, 2015 is summarized below:

| Property(1)   | Location             | Acquisition Date  | Square Footage | Purchase Price (in thousands) |
|---|----------------------|-------------------|----------------|-------------------------------|
| Tinseltown Construction Loan                        | (2) Jacksonville, FL |                   | —              | \$1,006                       |
| Fairhope MOB  | Fairhope, AL         | October 13, 2015  | 35,550         | \$6,360                       |
| Foley MOB   | Foley, AL            | October 13, 2015  | 6,000          | \$1,318                       |
| Foley Venture                                       | Foley, AL            | October 13, 2015  | 7,500          | \$1,725                       |
| North Okaloosa MOB                                  | Crestview, FL        | October 13, 2015  | 5,345          | \$1,714                       |
| Commons on North Davis                              | Pensacola, FL        | October 13, 2015  | 7,793          | \$2,186                       |
| Sorrento Road                                       | Pensacola, FL        | October 13, 2015  | 6,000          | \$1,296                       |
| Breakfast Point Medical Park                        | Panama City, FL      | October 13, 2015  | 3,500          | \$965                         |
| Panama City Beach                                   | Panama City, FL      | October 13, 2015  | 2,500          | \$1,002                       |
| Perdido Medical Park                                | Pensacola, FL        | October 13, 2015  | 6,000          | \$1,425                       |
| Ft. Walton Beach                                    | Ft. Walton Beach, FL | October 13, 2015  | 4,600          | \$1,702                       |
| Panama City   | Panama City, FL      | October 13, 2015  | 2,300          | \$1,040                       |
| Pensacola - Catalyst                                | Pensacola, FL        | October 13, 2015  | 6,424          | \$3,072                       |
| Truman Medical Center Mezz Loan                     | (3) Kansas City, MO  | October 16, 2015  | —              | \$4,500                       |
| Arete Surgical Center                               | Johnstown, CO        | October 19, 2015  | 15,000         | \$9,100                       |
| Cambridge Professional Center                       | Waldorf, MD          | October 30, 2015  | 41,493         | \$11,550                      |
| Great Falls Replacement Surgical Hospital Mezz Loan | (4) Great Falls, MT  | November 2, 2015  | —              | \$4,500                       |
| HonorHealth 44th Street                             | Phoenix, AZ          | November 13, 2015 | 27,270         | \$7,163                       |
| Mercy Medical Center                                | Fenton, MO           | December 1, 2015  | 30,000         | \$9,850                       |
| Nashville MOB                                       | (5) Nashville, TN    | December 17, 2015 | 108,853        | \$45,440                      |
| Wilson Surgery Center Mezz Loan                     | (6) Wilson, NC       | December 17, 2015 | —              | \$216                         |
| Hillside Medical Center - Suite 100                 | Hanover, PA          | December 18, 2015 | 16,669         | \$4,240                       |
| Randall Road MOB - Suite 170                        | Elgin, IL            | December 21, 2015 | 1,786          | \$408                         |
| KSF Orthopaedic                                     | Houston, TX          | December 22, 2015 | 49,868         | \$6,250                       |
| Great Falls Clinic                                  | Great Falls, MT      | December 29, 2015 | 108,000        | \$24,244                      |
| Randall Road MOB - Suite 320                        | Elgin, IL            | December 30, 2015 | 2,116          | \$500                         |
| Total   |                      |                   | 494,567        | \$152,772                     |

(1) "MOB" refers to medical office building.

(2) The Company made additional advances on a construction loan to Tinseltown Partners, LLC to fund the renovations and additions of two re-purposed buildings in Jacksonville, Florida. The additional advances total \$1.0 million and accrue at an interest rate of 9.0% per year.

(3) The Company made a \$4.5 million mezzanine term loan to partially fund the owner's permanent financing of the 87,500 square foot Truman Medical Center in Kansas City, Missouri. The loan accrues interest at the rate of 8.02% per year. We have rights of first offer and first refusal to purchase the property.

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(4) The Company made a \$4.5 million mezzanine term loan to partially fund the construction of the 63,250 square foot Great Falls Hospital in Great Falls, Montana. The loan accrues interest at the rate of 9.0% per year. We have a contract to purchase the property upon completion of construction.

(5) Our operating partnership, Physicians Realty L.P. (the "Operating Partnership") partially funded the purchase price of this acquisition by issuing a total of 91,236 Series A Preferred Units valued at approximately \$19.7 million in the aggregate on the

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date of issuance. Holders of the Series A Preferred Units issued in connection with the acquisition of the Nashville MOB are entitled to certain redemption rights under the partnership agreement of the Operating Partnership which allow them to cause the Operating Partnership to redeem the Series A Preferred Units in exchange for cash, or at the Company's option, for common shares, pursuant to a formula provided in the partnership agreement. The investors in the Series A Preferred Units have agreed not cause the Operating Partnership to redeem their Series A Preferred Units prior to December 17, 2016.

(6) The Company made a \$0.2 million short term mezzanine loan to partially fund the owner's acquisition of a 9,890 square foot ambulatory surgery center in Wilson, North Carolina. The loan accrues interest at the rate of 8.8% per year.

In addition, on January 14, 2016, the Company acquired an additional Randall Road Medical Office Facility condominium unit, located in Elgin, Illinois (the "Randall Road Acquisition"). The suite is 2,645 square feet, 100% occupied, was purchased for \$0.7 million, and the first year unlevered cash yield is expected to be approximately 8.1%.

All of the investments made during the quarterly period ended December 31, 2015, as well as the Randall Road Acquisition, utilized proceeds from the Company's October 2015 follow-on public offering and borrowings under the Company's unsecured credit facility.

A copy of the Company's press release announcing the transactions discussed in this 8-K is furnished as Exhibit 99.1 to this report.

Item 9.01 Financial Statement and Exhibits

(d) 99.1 Press Release, dated January 19, 2016, issued by Physicians Realty Trust

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 19, 2016

PHYSICIANS REALTY TRUST

By: /s/ John T. Thomas  
John T. Thomas  
President and Chief Executive Officer

EXHIBIT INDEX

| Exhibit No. | Description  |
|-------------|--|
| 99.1        | Press Release, dated January 19, 2016, issued by Physicians Realty Trust |

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