



TAX DEFERRED STRUCTURING

Physicians Realty Trust has elected to be taxed as a real estate investment trust under the U.S. Internal Revenue Code. As such, we have a number of tools available to us to structure investments in a tax efficient manner, and are committed to working with property owners to help them meet their objectives, consistent with our investment criteria and delivering optimal total shareholder return. These structures could include:

- **Section 721 UPREIT Common Transactions**—simply stated, property owners contribute their facility to our operating partnership in exchange for common operating partnership units, with economic value generally tracking the value of our common shares on the New York Stock Exchange (NYSE:DOC);
- **Section 721 UPREIT Participating Preferred Transactions**—simply stated, similar to an UPREIT Common Transaction, but the property owners contribute their facility to our operating partnership in exchange for participating preferred partnership units, where the partnership units combine a “fixed” economic value with an economic value generally tracking the value of our common shares;
- **Section 1031 Exchanges**—simply stated, property owners exchange their “fee” interest in real estate for a “fee” interest in another qualified real estate investment;
- **Section 368 Exchanges**—simply stated, in rare circumstances, where property is owned by a corporation, and the corporation’s stock is exchanged for our stock;
- **Entity Transactions**—simply stated, where property is owned by a special purpose entity like a limited liability company or limited partnership, we may be able to acquire the ownership in the entity, and thus, indirectly in the property, in a more efficient transaction;
- **Other**—for potential investments that otherwise meet our investment criteria, we are happy to evaluate, with a property owner and her tax advisors, other tax-efficient structures for our investment, that otherwise meets our business purpose objectives and the goals of the property owner. These may include joint ventures, other forms of partial ownership or co-investment opportunities and structures.

All of the structures described are sophisticated from a legal, tax, securities law, and state and local law perspective. They may not apply to particular fact patterns and properties and property owners; but we are happy to explore each situation on a case by case basis. Please contact us to learn more.

