

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

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 12, 2019 (November 12, 2019)

Global Medical REIT Inc.

(Exact name of registrant as specified in its charter)

Maryland
(State or Other Jurisdiction
of Incorporation)

001-37815
(Commission
File Number)

46-4757266
(I.R.S. Employer
Identification No.)

2 Bethesda Metro Center, Suite 440
Bethesda, MD
20814

(Address of Principal Executive Offices)
(Zip Code)

(202) 524-6851
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former name or former address, if changed since last report)

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))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class:</u>	<u>Trading Symbols:</u>	<u>Name of each exchange on which registered:</u>
Common Stock, par value \$0.001 per share	GMRE	NYSE
Series A Preferred Stock, par value \$0.001 per share	GMRE PrA	NYSE

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

On November 12, 2019, Global Medical REIT Inc. (the “Company”) updated a presentation concerning the Company on its website, www.globalmedicalreit.com, on the “Investors” page. A copy of the investor presentation is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein solely for purposes of this Item 7.01 disclosure. Such investor presentation shall not be deemed “filed” for any purpose, including for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section. The information in this Item 7.01, as well as Exhibit 99.1, shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No. Description

[99.1](#) [Investor Presentation dated November 12, 2019.](#)

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.

Global Medical REIT Inc.

By: /s/ Jamie A. Barber

Jamie A. Barber
Secretary and General Counsel

Date: November 12, 2019



Investor Presentation
November 2019

This presentation is for informational purposes only and does not constitute an offer to sell, or a solicitation of offers to purchase, Global Medical REIT Inc.'s (the "Company", or "GMRE") securities. The information contained in this presentation does not purport to be complete and should not be relied upon as a basis for making an investment decision in the Company's securities. This presentation also contains statements that, to the extent they are not recitations of historical fact, constitute "forward-looking statements." Forward-looking statements are typically identified by the use of terms such as "may," "should," "expect," "could," "intend," "plan," "anticipate," "estimate," "believe," "continue," "predict," "potential" or the negative of such terms and other comparable terminology. The forward-looking statements included herein are based upon the Company's current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the Company's control. Although the Company believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, the Company's actual results and performance could differ materially from those set forth in the forward-looking statements due to the impact of many factors including, but not limited to, those discussed under "Risk Factors" in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q and any prospectus or prospectus supplement filed with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any such information for any reason after the date of this presentation, unless required by law.

This presentation includes information regarding certain of our tenants, which are not subject to SEC reporting requirements. The information related to our tenants contained in this report was provided to us by such tenants or was derived from publicly available information. We have not independently investigated or verified this information. We have no reason to believe that this information is inaccurate in any material respect, but we cannot provide any assurance of its accuracy. We are providing this data for informational purposes only.



DIFFERENTIATED STRATEGY

- ▶ Net lease operating platform, which tends to be more resilient during economic fluctuations
- ▶ Healthcare facilities providing mission critical services with leading operators
- ▶ Proven investment strategy resulting in operational flexibility for tenants and improved asset value



DISCIPLINED EXECUTION

- ▶ Primary focus on physician and real estate tenants with triple-net lease structures
- ▶ Meticulous underwriting with multiple layers of review and approvals for acquisitions
- ▶ Investments are structured with favorable credit support and attractive lease coverage ratios



LARGE MARKET OPPORTUNITY

- ▶ Long-term demographic tailwinds – increasing specialization and localization of healthcare delivery
- ▶ Robust investment pipeline with network that facilitates referral-based transactions with attractive pricing
- ▶ Deep market of high-quality assets with attractive cap rates in secondary markets



SEASONED MANAGEMENT TEAM AND BOARD OF DIRECTORS

- ▶ Extensive expertise in healthcare real estate acquisitions, finance, development and administration
- ▶ Decades of experience with deep relationships in the space
- ▶ Board with decades of public company and real estate experience

Company Profile

Owner of national portfolio of purpose-built healthcare facilities leased to strong healthcare systems and groups with leading market share in secondary markets, designed to produce increasing, reliable rental revenue by leasing each property under a long-term, triple-net lease

Portfolio Snapshot

Gross Real Estate Assets	\$830M
Annualized Base Rent (ABR)	\$64.6M
# of Buildings Owned	101
# of Tenants	84
Weighted Average Rent Escalations	2.1%
Gross Leasable Area (SF)	2.6M
Portfolio Rent Coverage	4.90x
MOB/ASC Rent Coverage	5.99x
IRF, SH, LTACH Rent Coverage	3.93x
Leased Rate	100%
Weighted Average Cap Rate	7.9%
Weighted Average Lease Term (years)	8.9



**NYSE:
GMRE**

\$450M
Market Capitalization
(Common and OP)

\$928.3M
Total Enterprise Value

7.0%
Dividend Yield

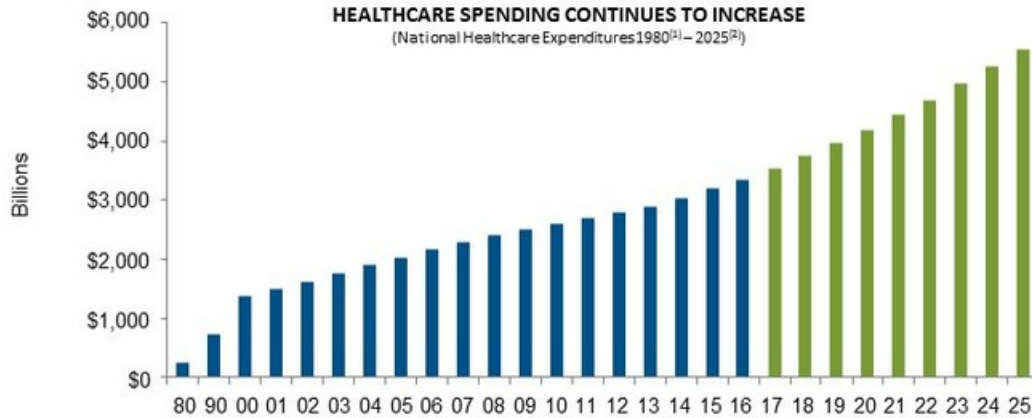


Increasing Demand for Localized Delivery

Shifting demographics and consumer preferences drive healthcare industry growth

An Aging Population Will Drive Healthcare Costs ⁽¹⁾

- ▶ The U.S. 65+ age group is growing faster than the country's population
 - ~10,000 Baby Boomers turn 65 every day
 - By 2030, older adults will make up 20% of the American population, up from 13% today
- ▶ Approximately 90% of adults over 65 have one or more chronic conditions; this includes diabetes, heart disease, arthritis, depression, and hypertension
- ▶ About 25% of Baby Boomers expect to live past age 90, which will require more medical attention and lead to an increase to healthcare spending



Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released December 6, 2017.

⁽¹⁾Years 2017 – 2025 are projections.

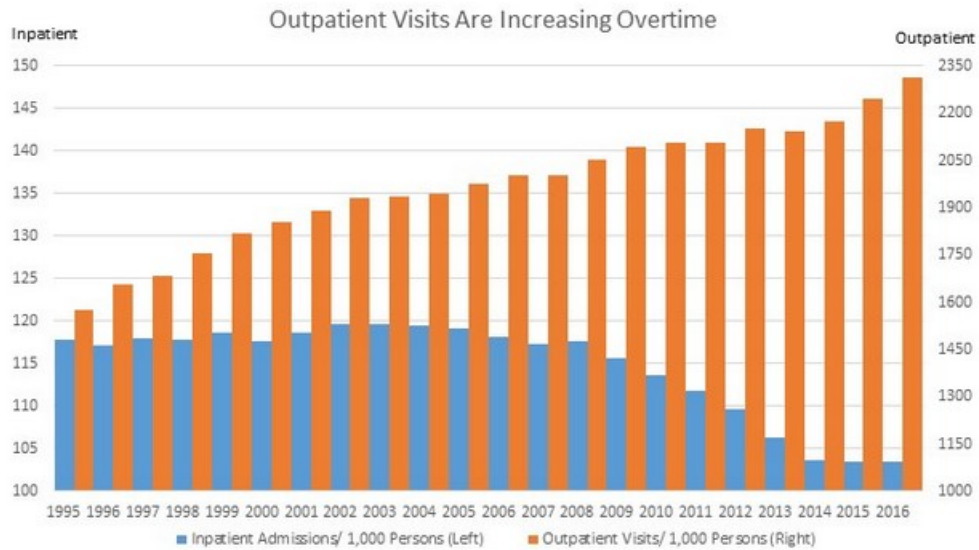
⁽²⁾CMS completed a benchmark revision in 2009, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information, on this revision, see <http://www.cms.gov/nationalhealthexpenddata/downloads/benchmark2009.pdf>.

Increasing Demand for Localized Delivery

Shifting demographics and consumer preferences drive healthcare industry growth

Conveniently Located Healthcare Will Be in Higher Demand ⁽¹⁾

- ▶ According to the 2017 CVS Health Institute survey, individuals aged 65+ want to be independent as long as possible.
- ▶ 79% of the survey participants noted that they plan to “age in place,” either alone or with a spouse or family member.
- ▶ 96% of seniors rated convenient location as somewhat important or very important to their healthcare decisions

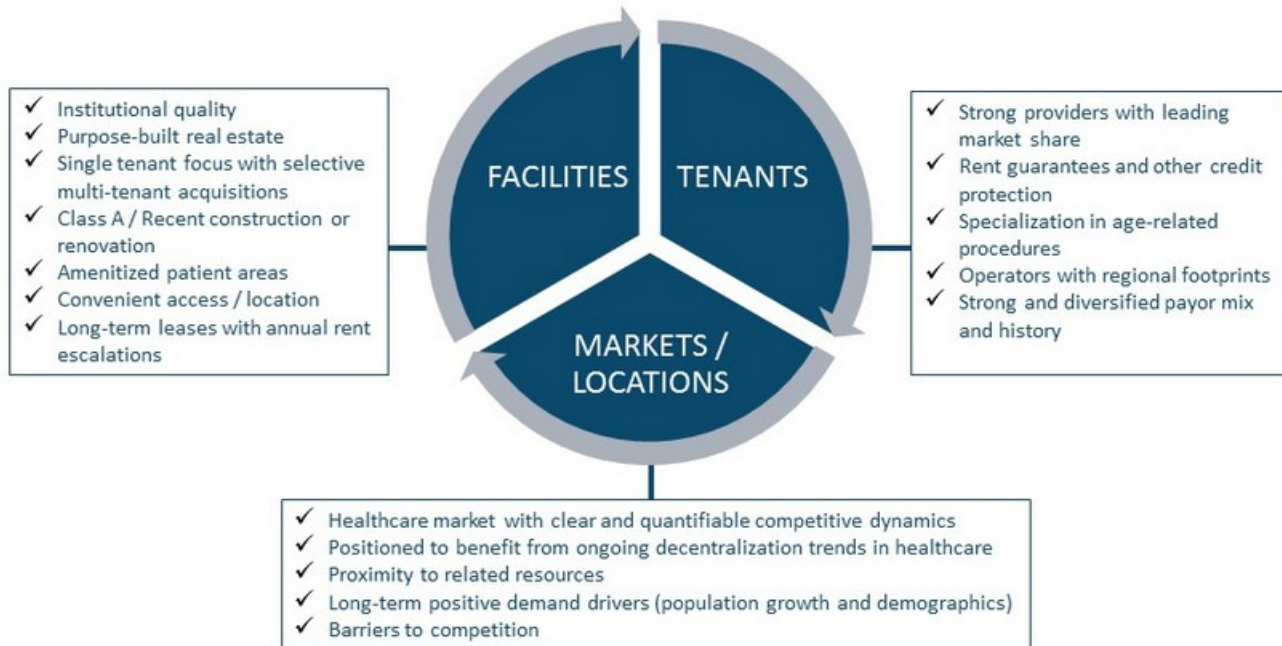


Source:AMA Annual Survey 2018
(1) CVS Health Institute, 2017.

all data as of September 30, 2019 unless otherwise stated

Targeted Approach To Acquisitions

Focused on constructing a portfolio comprised substantially of off-campus, purpose-built, medical facilities such as MOBs, specialty hospitals, IRFs and ASCs, that are geographically situated to take advantage of the aging U.S. population and the decentralization of healthcare



Attractive Deal Partner

Maintain a pipeline of \$100-200 million of actionable acquisition opportunities to sustain long term growth

Flexible Partner

Ability to navigate complex transactions through an adaptable approach to negotiations and deal structuring, creating a favorable reputation within the market

Strong Broker Relationships

Large, broad network of investment sales brokers, coupled with a solid reputation of being able to execute, drives direct referrals to prospective sellers

Certainty of Closing

Well-positioned with a variety of capital sources to pursue investment transactions with a competitive advantage among other bidders who have limited capital sources

Tax Efficient Currency – OP Units

OP Units provide efficient use of equity currency while offering sellers an attractive, tax-advantaged form of consideration

Strong Track Record of Acquisitions Since IPO

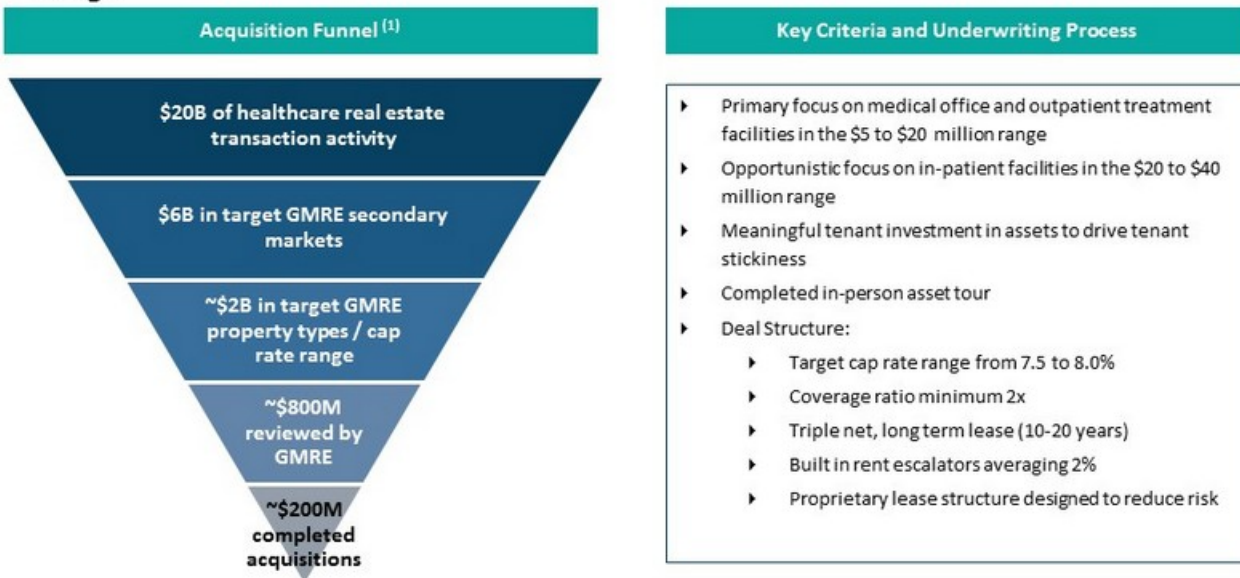
Since January 1, 2019, the Company has completed 16 acquisitions, encompassing an aggregate 664,515 leasable square feet for a total purchase price of \$239 million at a weighted average cap rate of 7.5%.



Since IPO, portfolio has grown from \$93 million to \$879 million of Gross Real Estate Assets, or 52% annually.

Disciplined Underwriting and Due Diligence Process

Focus on acquiring medical office and outpatient treatment facilities in the \$5 to \$20 million range and opportunistically acquire in-patient facilities in the \$20 to \$40 million range



Healthcare real estate is highly liquid, with transaction volumes averaging \$2 to \$4 billion per quarter over the last five years.

⁽¹⁾Annual basis

Portfolio Constructed to Maximize Risk Adjusted Returns

Diversified portfolio by tenant affiliation/property location, strong tenant credit metrics and well-laddered lease expirations provide cash flow stability

Tenant Affiliations/Property Locations % of Annualized Base Rent⁽¹⁾

(A)	On Campus or Adjacent	23%
(B)	Health System Affiliated	49%
(C)	On Campus or Affiliated	57%
(D)	Rehab Hospital / LTACH	31%
(E)	Retail Center	25%
(F)	Medical Office Park	25%
(G)	National Surgical Operator	13%
(A), (B), (D), (E), (F) or (G)		95%

Tenant Credit Strength By Asset

Type Category	% of ABR	Rent Coverage Ratio
Inpatient Rehab Facility (IRF)	28.0%	3.6x
Surgical Hospital (SH)	5.6%	5.7x
Long-term Acute Care Hospital (LTACH)	3.5%	3.4x
TOTAL/WEIGHTED AVERAGE IRF, SH, LTACH	37.2%	3.9x
Medical Office Building (MOB)	20.8%	5.7x
MOB/Ambulatory Surgery Center (ASC)	12.1%	6.5x
TOTAL/WEIGHTED AVERAGE MOB's	32.9%	6.0x
All Tenants Calculated for Rent Coverage	70.1%	4.9x
Large/Credit Tenants Not Calculated	23.6%	N/A
Other Tenants Not Available	6.3%	N/A

Lease Expiration Schedule % of Annualized Base Rent⁽¹⁾



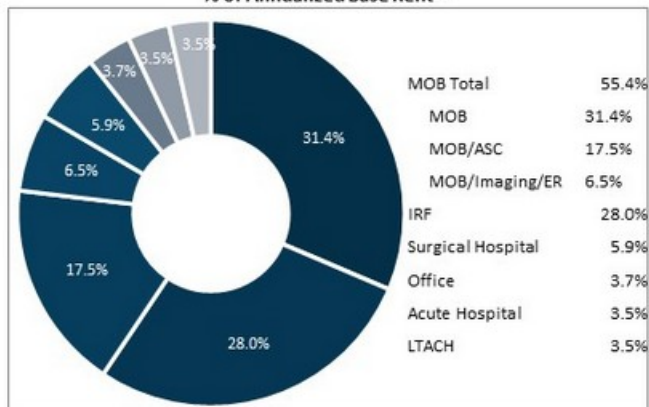
(1) Monthly base rent as of September 30, 2019 multiplied by 12

all data as of September 30, 2019 unless otherwise stated – see page 23 for additional disclosures

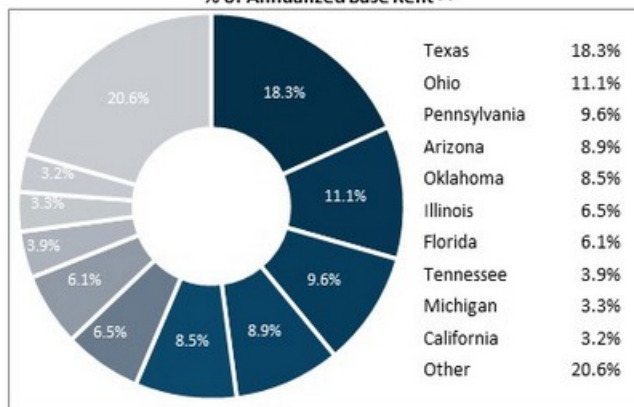
Tenant Base – Diversified by Use and Geography

No one tenant contributes greater than 10.9% to annualized based rent

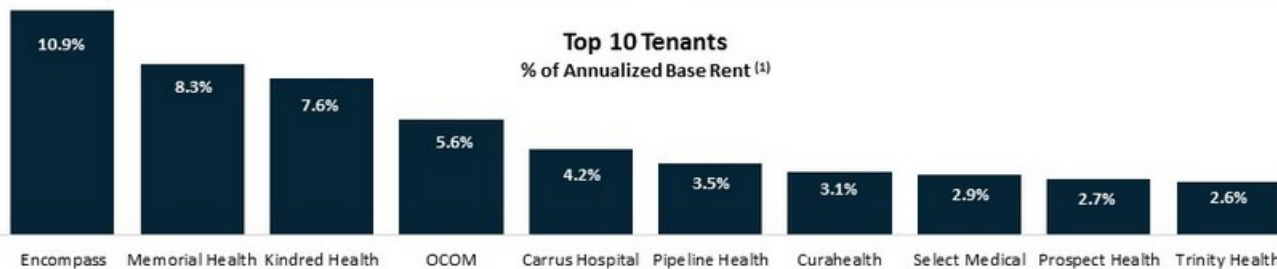
Top Asset Types
% of Annualized Base Rent⁽¹⁾



Top 10 States
% of Annualized Base Rent⁽¹⁾



Top 10 Tenants
% of Annualized Base Rent⁽¹⁾



⁽¹⁾ Monthly base rent as of September 30, 2019 multiplied by 12
all data as of September 30, 2019 unless otherwise stated

Established Strong Healthcare Operators as Tenants



Not-For-Profit Health System Affiliations



For-Profit Systems Affiliations and Surgical Operator Partnerships



Dominant Local Physician Groups



Key Highlights

Asset Type	Four Inpatient Rehabilitation Facilities ("IRFs")
Gross Leasable Area	207,204 square feet
Total Beds	180
Average Year Built	2011
Year 1 Rent (psf)	\$6.8 million (\$32.87)
W.A. Lease Term	7.8 years
Purchase Price (psf)	\$94.0 million (\$454)
Cap Rate (Yr. 1 / Yr. 2)	7.3% / 7.6% ⁽¹⁾

(1) See additional information on page 23

Transaction Highlights

- ▶ Portfolio comprised of four IRFs located in Nevada, Arizona, Oklahoma and Indiana being sold by CNL Healthcare Properties
- ▶ Attractive population growth – particularly within the Southwestern markets
- ▶ Large operator tenants with national scale
- ▶ Estimated 2.4% compound annual growth of triple net ("NNN") rents over the first five years

Premier Facilities



Large National Tenants

- ▶ *Encompass* – Nation's largest owner and operator of IRFs, including 130 IRFs and 278 home health and hospice locations
- ▶ *Cobalt/Tenet* – Cobalt is a leader in healthcare real estate development and rehab hospital operations with 80+ years of industry expertise amongst its leadership team. Tenet operates 68 hospitals, 23 surgical hospitals, and 475 outpatient centers
- ▶ *Saint Joseph Health System* – Part of Trinity Health, one of the nation's largest multi-institutional Catholic healthcare systems with 94 hospitals and 109 continuing care locations in 22 states
- ▶ *Mercy Health/Kindred Healthcare* – Mercy Health operates 40+ acute care and specialty hospitals. Kindred provides healthcare services in 1,800+ locations in 45 states

Las Vegas, NV - Key Highlights

Gross Leasable Area	53,260 square feet
Total Beds	50
Year Built	2007
Year 1 Rent (psf)	\$1.5 million (\$28.24)
Lease Term	5.7 years
Purchase Price (psf)	\$21.5 million (\$404)
Cap Rate	7.0%
Tenant	Encompass (Ba3) ⁽¹⁾ Largest owner and operator of IRFs in the U.S.



Surprise, AZ - Key Highlights



Gross Leasable Area	54,575 square feet
Total Beds	40
Year Built	2015
Year 1 Rent (psf)	\$2.0 million (\$36.12)
Lease Term	11.2 years
Purchase Price (psf)	\$28.5 million (\$522)
Cap Rate	6.9%
Tenant	Cobalt / Tenet (NR / Ba3) ⁽¹⁾ Cobalt has 80+ years combined experience in healthcare real estate development Tenet operates 68 hospitals, 23 surgical hospitals, and 475 outpatient centers

(1) Moody's credit rating.

IRF Portfolio – Oklahoma / Indiana

Oklahoma City, OK - Key Highlights

Gross Leasable Area	53,449 square feet
Total Beds	50
Year Built	2012
Year 1 Rent (psf)	\$1.9 million (\$35.02)
Lease Term	8.0 years
Purchase Price (psf)	\$28.0 million (\$524)
Cap Rate	6.7%
Tenant	Mercy / Kindred (Aa3 / B2) ⁽¹⁾ Mercy Health operates more than 40 acute care and specialty hospitals Kindred provides healthcare services in 1,800+ locations in 45 states



Mishawaka, IN - Key Highlights



Gross Leasable Area	45,920 square feet
Total Beds	40
Year Built	2009
Year 1 Rent (psf)	\$1.5 million (\$31.89)
Lease Term	5.3 years
Purchase Price (psf)	\$16.0 million (\$348)
Cap Rate	9.2%
Tenant	St. Joseph Health System Member of Trinity Health (Aa3) ⁽¹⁾ healthcare network - nation's 4 th largest Catholic health system

(1) Moody's credit rating.

Strong Balance Sheet to Support Long Term Growth



Aim to continue to expand access to multiple sources of capital over time to fund acquisition activity

Highlights

- ▶ Total liquidity of \$136M, including \$133M of availability on the Credit Facility ⁽¹⁾
- ▶ Manageable near term debt maturities through 2023
- ▶ Weighted Average Interest Rate of Debt was 4.19%
- ▶ Weighted Average Term of Debt is 3.85 years

Capitalization (\$ MM)



Total Debt	\$407
7.5% Series A Preferred Equity	\$75
Market Capitalization (Common and OP)	\$450
Total Capitalization	\$932

Multiple Capital Sources

**\$500 Million
Credit Facility**

**Equity
Issuance**

ATM Program

**Tax
Advantaged
OP Units**

**Asset Level
Mortgage
Financing**

Credit Facility

(1) On September 30, 2019, the Company amended its Credit Facility to, among other things, exercise the remaining \$75 million accordion feature and add a new \$150 million accordion feature to the Credit Facility. Upon completing the amendment, the Credit Facility consisted of a \$200 million Revolver, a \$300 million Term Loan and a \$150 million accordion.

Seasoned Leadership

JEFFREY BUSCH, *Chairman, Chief Executive Officer and President*



- 20+ years of experience in healthcare, real estate development, management and investment
- Former assistant to the U.S. Secretary of Housing & Urban Development
- United States Special Representative to United Nations in Geneva
- Developed a multitude of institutional quality real estate assets spanning several sectors including residential, commercial, hospitality and retail

ROBERT KIERNAN, *Chief Financial Officer and Treasurer*



- 30+ years of experience in financial accounting, reporting and management, with extensive experience in SEC reporting and SOX compliance
- Served as the Senior Vice President, Controller and Chief Accounting Officer of FBR & Co. ("FBR") (NASDAQ: FBRC) beginning in October 2007
- Prior role as Senior Vice President, Controller and Chief Accounting Officer of Arlington Asset Investment Corp. (NYSE: AI)
- Previously Senior Manager in the assurance practice at Ernst & Young

ALFONZO LEON, *Chief Investment Officer*



- 17+ years of experience in real estate finance and has completed \$3 billion of transactions
- Prior experience as principal at investment advisor to pension funds and investment banker representing healthcare systems, developers and REITs
- Healthcare real estate investment banker for Cain Brothers
- Acquired \$800 million in multi-family, office, medical office, and industrial property on behalf of institutional investors while at LaSalle Investment

DANICA HOLLEY, *Chief Operating Officer*



- 18+ years of management and business development experience
- More than a decade of experience managing multinational teams for complex service delivery across disciplines
- More than 8 years in healthcare programs and infrastructure as Executive Director of Safe Blood International

JAMIE BARBER, *General Counsel and Corporate Secretary*



- 10+ years of experience with SEC compliance and reporting matters, corporate governance, investment banking and REIT-related capital markets
- Served as Associate General Counsel of FBR
- Prior role as Senior Associate – REIT Capital Markets at Hunton & Williams LLP, where he represented public REITs in conjunction with their SEC compliance requirements, corporate governance matters, offerings of equity and debt securities and merger and acquisition transactions
- Previously with Sullivan & Cromwell LLP and KPMG

Independent Directors



Majority independent Board with strong backgrounds in healthcare, real estate and capital markets

Henry Cole

- President of Global Development International, providing development support and oversight for initiatives in medical and healthcare programs (e.g. Instant Labs Medical Diagnostics, MedPharm & MPRC Group)
- Former President and Founder of international programs at The Futures Group International, a healthcare consulting firm
- Director of International Health and Population Programs for GE's Center for Advanced Studies
- Yale (B.S.); Johns Hopkins (MA)

Paula Crowley

- Current Chair Emeritus of Anchor Health Properties, previously Chairman of the Board from October 2015 through November 2017
- Co-founder and former CEO of Anchor Health Properties which was sold to Brinkman Management and Development in October 2015
- Prior to Anchor, spent eight year as Development Director with The Rouse Company of Columbia, Maryland
- University of Pennsylvania (M.B.A., Masters in City Planning); Middlebury College (B.A.)

Matthew Cypher, Ph.D.

- Director of the Steers Center for Global Real Estate and Atara Kaufman Professor of Real Estate at Georgetown University's McDonough School of Business
- Former director at Invesco Real Estate (NYSE: IVR) where he was responsible for oversight of the Underwriting Group, which acquired \$10.2 billion worth of institutional real estate
- Underwrote \$1.5 billion of acquisitions and oversaw the Valuations group, which marked to market Invesco's more than \$13 billion North American portfolio
- Penn State University (B.S.); Texas A&M University (M.S. and Ph.D.)

Ronald Marston

- Founder and CEO of Health Care Corporation of America (HCCA) Management Company, originally a subsidiary of Hospital Corporation of America (HCA)
- 30+ years in international healthcare focused on healthcare systems with prior experience developing the Twelfth Evacuation Hospital in Vietnam
- Tennessee Technological University (B.S.); California Western University (Ph.D.)

Dr. Roscoe Moore

- Rear Admiral (Retired) and Chief Veterinary Medical Officer of United States Public Health Service
- Former Assistant United States Surgeon General, point person for global development support with a focus on less developed countries
- Epidemic Intelligence Service Officer with the U.S. Centers for Disease Control and Prevention (CDC)
- Chief epidemiologist with the Centers of Devices and Radiological Health in the US Food and Drug Administration (FDA)
- Tuskegee University (B.S. & DVM); University in Michigan (M.P.H.); Johns Hopkins University (Ph.D.)

Lori Wittman

- Served as the Chief Financial Officer for Care Capital Properties, Inc. (NYSE: CCP) ("Care Capital"), a publicly-traded REIT which was originally formed as a spin-off from Ventas, Inc. (NYSE: VTR) ("Ventas") and owned over 340 healthcare properties nationwide and had an enterprise value of approximately \$3.5 billion prior to its acquisition by Sabra Healthcare in August 2017
- University of Chicago (M.B.A., Finance & Accounting); University of Pennsylvania (M.C.P., Housing & Real Estate Finance) Clark University (B.A.)

Jeffrey Busch, *Chairman*

- Over 20 years of experience in healthcare, real estate development, management and investment
- Former assistant to the U.S. Secretary of Housing & Urban Development
- United States Special Representative to United Nations in Geneva
- Developed large-scale residential, commercial, hospitality and retail properties

Zhang Jingguo, *Director*

- Approximately 20 years experience in real estate development in China
- Serves as President of Henan Real Estate Chamber of Commerce
- Co-founder of Henan Zensun Real Estate, one of the top 100 property development companies in China
- Honored with many awards as an outstanding developer and contributor to the Henan real estate industry

Zhang Huiqi, *Director*

- Supervisor for Henan Hongguang Real Estate Limited, a company engaged in property development in China
- Supervisor for Henan Zensun Corporate Development Company Limited, a company engaged in construction and management in China
- University College London (B.S); Beijing Forestry University (B.S); University of Leicester (MA);



APPENDIX

External Management Structure

Structure reduced G&A expense during post-IPO initial growth phase while providing path to potential internalization

Background

- Advisor, Inter-American Management, LLC, is 85% owned by ZH International Holdings, Ltd., a Hong Kong listed real estate company and manages day to day affairs of Company
- Affiliates of the manager own 10% of shares outstanding, providing for strong alignment with shareholders

Agreement Terms and Fees

- Three year initial term, automatic annual renewals thereafter
- Base management fee equal to 1.5% of stockholders equity, paid quarterly
- Incentive fee of 20% of year-over-year increase in AFFO after 8% hurdle to investors
- Reimbursement of certain operating expenses incurred by advisor but no reimbursement of compensation expense

Internalization Criteria

- Process begins in calendar quarter following the quarter in which stockholders equity reaches \$500M
- Formation of special committee of independent directors to evaluate potential internalization, designed to promote shareholders' interests, with 2/3 vote of independent directors' required to approve new structure
- Board and advisor must mutually agree on terms, termination fee to be calculated as three times the sum of the average annual base management fee from trailing eight quarters and the average annual incentive fee over the same time period

Portfolio Snapshot (see page 3)

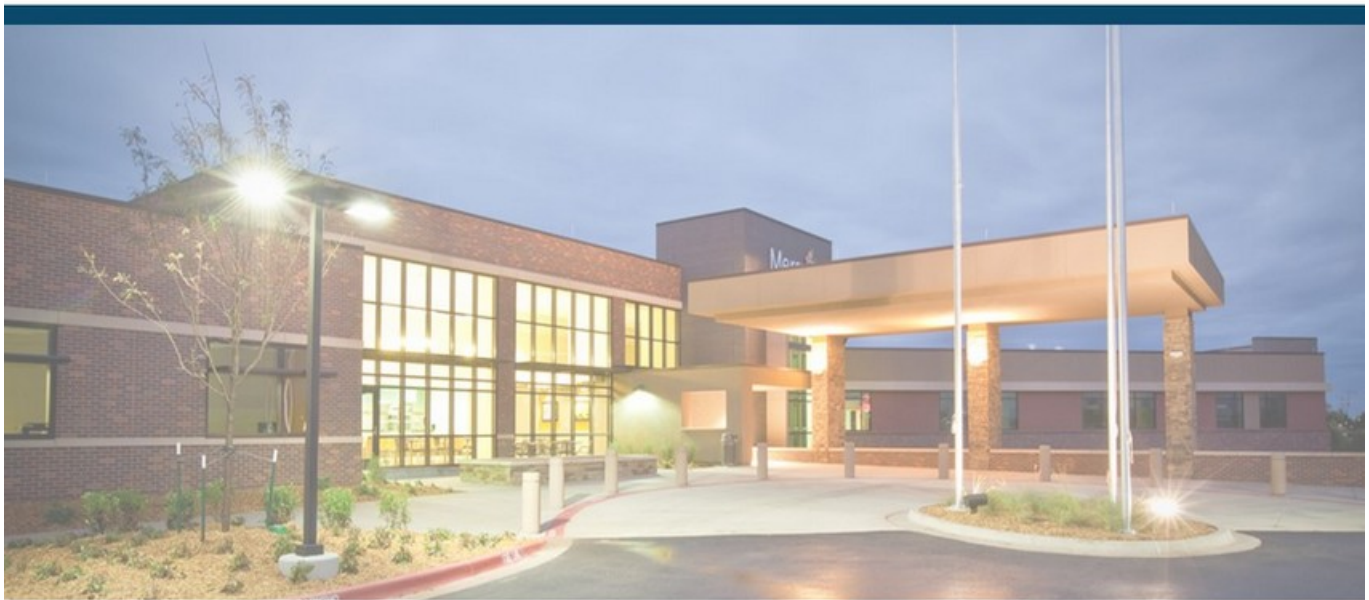
Annualized Base Rent (ABR) represents monthly base rent at September 30, 2019 (or estimated NOI for cCare, East Lansing, Bannockburn, and Mission Health properties) multiplied by 12. Accordingly, this methodology produces an annualized amount as of a point in time but does not take into account future contractual rental rate increases.

Rent Coverage Ratio (see pages 3 and 11)

For purposes of calculating our portfolio weighted-average EBITDARM coverage ratio ("Rent Coverage Ratio"), we excluded medical office buildings and other non-hospital tenants that are themselves credit rated or are subsidiaries of credit-rated health systems. These ratios are based on latest available information only, some of which may be more than one year old. Most tenant financial statements are unaudited and we have not independently verified any tenant financial information (audited or unaudited) and, therefore, we cannot assure you that such information is accurate or complete. Certain tenants (approximately 6% of our portfolio) are excluded from the calculation due to lack of available financial information or, with respect to the City Hospital at White Rock and Star Medical Center properties, a lack of relevant operating history with a new tenant operator. Additionally, certain components of our Rent Coverage Ratio include management assumptions to adjust for differences in tenant businesses, accounting and reporting practices, including, but not limited to, adjustments (i) for non-cash charges, (ii) for physician distributions and compensation, (iii) for differences in fiscal year, (iv) for changes in financial statement presentation and (v) for straight-line rent. Management believes that all adjustments are reasonable and necessary.

IRF Portfolio Summary Year 2 Cap. Rate (see pages 15 and 16)

Calculated by dividing the year two annualized base rent (total of monthly base rent during month of contractual rent increase at each property times 12) by the allocated price of each IRF, for an aggregate of \$94 million. The rent escalation terms for each of the facilities is as follows: (i) 2.0% annual increase effective January 1, 2020 for the South Bend facility; (ii) 2.5% annual increase effective October 1, 2019 for the Oklahoma City facility; (iii) annual increase effective January 1, 2020 of the greater of (a) 2% or (b) the CPI Index, not to exceed 3%, for the Surprise facility (assumed CPI of 2.5% in 2020 for purposes of the table above); (iv) increase effective June 1, 2020 equal to the lesser of (a) the percentage increase in the CPI-U (All Urban Consumers) during the preceding 5-year period (May 2015 and May 2020), or (b) 15% (assumed CPI of 1.5% and 2.5% in 2019 and 2020, respectively, for purposes of the table above) for the Las Vegas facility. The rent escalation at the Las Vegas facility occurs every five years during the lease term.



INVESTOR RELATIONS

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